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, 2019** 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, 7th Floor,
Verdun, Québec, Canada H3E 3B3, (514) 870-8777

(Address and telephone number of Registrant's principal executive offices)

CT Corporation System, 28 Liberty St., New York, N.Y. 10005, (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
Chief Legal Officer and Corporate Secretary
BCE Inc.
1, carrefour Alexander-Graham-Bell
Building A, 7th Floor
Verdun, Québec H3E 3B3
Canada
Tel: (514) 786-8424

Donald R. Crawshaw
Sullivan & Cromwell LLP
125 Broad Street
New York, New York 10004-2498
Tel: (212) 558-4000

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

Title of each class	Trading symbol	Name of each exchange on which registered
Common shares	**BCE**	**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	903,908,182
First Preferred Shares	
Series R	8,000,000
Series S	3,513,448
Series T	4,486,552
Series Y	8,081,491
Series Z	1,918,509
Series AA	11,398,396
Series AB	8,601,604
Series AC	10,029,691
Series AD	9,970,309
Series AE	9,292,133
Series AF	6,707,867
Series AG	4,985,351
Series AH	9,014,649
Series AI	5,949,884
Series AJ	8,050,116
Series AK	22,745,921
Series AL	2,254,079
Series AM	9,546,615
Series AN	1,953,385
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 Securities Exchange Act of 1934 (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: ☒ NO: ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files).

YES: ☒ NO: ☐

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule12b-2 of the Exchange Act.

Emerging Growth Company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

PRIOR FILINGS MODIFIED AND SUPERSEDED

The annual report on Form 40-F of BCE Inc. ("BCE") for the year ended December 31, 2019, 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, 2019 (the "BCE 2019 Financial Statements"), see pages 111 to 159 of the BCE 2019 Annual Report (the "BCE 2019 Annual Report"), which BCE 2019 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 for the year ended December 31, 2019 (the "BCE 2019 MD&A"), see pages 28 to 108 of the BCE 2019 Annual Report, which BCE 2019 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 of December 31, 2019, 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 Exchange Act, 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 of December 31, 2019.

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 109 of the BCE 2019 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 independent registered public accounting firm concerning the effectiveness of BCE's internal control over financial reporting appearing at page 110 of the BCE 2019 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, 2019 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. The adoption of IFRS 16, Leases, effective January 1, 2019, required the implementation of new accounting systems, processes and controls, which changed the company's internal controls over lease accounting. No significant changes were made to our internal control over financial reporting due to the adoption of the new standard in 2019.

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 the current Chair of the Audit Committee, Mr. P.R. Weiss, and Mr. D.F. Denison, Ms. K. Lee and Ms. M.F. Leroux are qualified as "audit committee financial experts", 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 2019 and January 2020, amendments were made to the Code of Conduct in order to:

- update the description of BCE's goal and strategic imperatives, and include a new message from BCE's President and Chief Executive Officer;
- update the sections entitled *Trading in Securities* and *Public Disclosure of Information* to clarify the scope of the relevant rules and guidelines;
- update the section entitled *Information Classification and Records Management* to clarify employees' obligation to return any equipment entrusted to them upon termination of the employment relationship;
- update the section entitled *Dealing with Customers* to clarify and update certain of its content, including as it relates to ethical practices;

- update the section entitled *Safeguarding Bell Assets – Information Security* as it relates to external e-mails; and
- update the section entitled *Work Environment* to add information and guidelines relating to diversity and inclusion in the workplace, as well as the prevention of workplace violence and harassment, and to reorganize certain of its content.

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

A copy of the Code of Conduct, as amended, has been posted on BCE's website at BCE.ca.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

A brief description of our pre-approval policies and procedures and information about principal accountant fees and services can be found under the sections entitled "Pre-approval policies and procedures" and "External auditors' fees" on page 34 of our Annual Information Form contained in Exhibit 99.1, which sections are incorporated by reference in this annual report on Form 40-F.

In 2019 and 2018, no audit-related, tax or other services were submitted to BCE's Audit Committee for approval pursuant to the pre-approval requirement waiver provision set out in 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 82 of the BCE 2019 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 82 of the BCE 2019 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), Mr. D.F. Denison, Mr. R.P. Dexter, Mr. I. Greenberg, Ms. K. Lee, Ms. M.F. Leroux 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.

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 11, 2020

LIST OF EXHIBITS TO FORM 40-F

Annual Information Form of BCE Inc. for the year ended December 31, 2019	Exhibit 99.1
Annual audited consolidated financial statements of BCE Inc. for the year ended December 31, 2019 and the related management's discussion and analysis	Exhibit 99.2
Management's report on internal control over financial reporting and the Report of Independent Registered Public Accounting Firm thereon	Exhibit 99.3
Consent of Independent Registered Public Accounting Firm	Exhibit 99.4
Bell Canada Unaudited Selected Summary Financial Information	Exhibit 99.5
Exhibit to 2019 Annual Financial Statements – Earnings Coverage	Exhibit 99.6
Certifications of the Chief Executive Officer and the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Exhibit 99.31
Certification of the Chief Executive Officer and the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Exhibit 99.32
XBRL Instance Document	Exhibit 101

Exhibit 99.1

Building Better Experiences

Annual Information Form for the year ended December 31, 2019



March 5, 2020

BCE

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.

Each section of BCE's 2017, 2018 and 2019 management's discussion and analysis (BCE 2017 MD&A, BCE 2018 MD&A and BCE 2019 MD&A, respectively) and each section of BCE's 2019 consolidated financial statements referred to in this Annual Information Form is incorporated by reference herein. No other document shall be considered to be incorporated by reference in this Annual Information Form. The BCE 2017 MD&A, BCE 2018 MD&A, BCE 2019 MD&A and BCE 2019 consolidated financial statements have been filed with the Canadian provincial securities regulatory authorities (available at **sedar.com**) and with the United States (U.S.) Securities and Exchange Commission (SEC) as exhibits to BCE's annual reports on Form 40-F (available at **sec.gov**). They are also available on BCE's website at **BCE.ca**.

Documents and other information contained in BCE's website or in any other site referred to in BCE's website or in this Annual Information Form are not part of this Annual Information Form and are not incorporated by reference herein.

All dollar figures are in Canadian dollars, unless stated otherwise. The information in this Annual Information Form is as of March 5, 2020, unless stated otherwise, and except for information in documents incorporated by reference that have a different date.

Effective January 1, 2019, we adopted International Financial Reporting Standard (IFRS) 16 – Leases, as described in section 10.1, *Our accounting policies* of the BCE 2019 MD&A, using a modified retrospective approach whereby the financial statements of prior periods presented were not restated and continue to be reported under International Accounting Standard (IAS) 17 – Leases, as permitted by the specific transition provisions of IFRS 16.

To align with changes in how we manage our business and assess performance, the operating results of The Source (Bell) Electronics Inc. (The Source) are now entirely included within our Wireless segment effective January 1, 2019, with prior periods restated for comparative purposes. Previously, The Source's results were included within our Wireless and Wireline segments.

Trademarks in this Annual Information Form which are owned or used under license by BCE Inc., Bell Canada or their subsidiaries include, without limitation, BCE, BELL Design, BELL MOBILITY and BELL MEDIA. This Annual Information Form also includes trademarks of other parties. The trademarks referred to in this Annual Information Form may be listed without the ® and TM symbols.

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(1) *References to parts of the BCE 2018 MD&A contained in BCEs annual report for the year ended December 31, 2018 (BCE 2018 Annual Report).*
(2) *References to parts of the BCE 2017 MD&A contained in BCEs annual report for the year ended December 31, 2017 (BCE 2017 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 and capital investment plans, BCE's dividend growth objective, 2020 annualized common share dividend and common share dividend payout policy, our business outlook, objectives, plans and strategic priorities, and 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 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 5, 2020 and, accordingly, are subject to change after that date. Except as may be required by applicable 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. These statements are not guarantees of future performance or events, 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 as at March 5, 2020. Refer in particular to the sections of the BCE 2019 MD&A entitled *Business outlook and assumptions* on pages 46, 47, 61, 62, 67, 68 and 73 of BCE's annual report for the year ended December 31, 2019 (BCE 2019 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, spectrum auctions, the imposition of consumer-related codes of conduct, approval of acquisitions, broadcast and spectrum licensing, foreign ownership requirements, and control of copyright piracy
- the intensity of competitive activity, including from new and emerging competitors, coupled with the launch of new products and services, and the resulting impact on the cost of customer acquisition and retention, as well as on our market shares, sales volumes and pricing strategies
- the level of technological substitution and the presence of alternative service providers contributing to the acceleration of disruptions and disintermediation in each of our business segments
- subscriber and viewer growth is challenged by changing viewer habits and the expansion of over-the-top (OTT) television (TV) and other alternative service providers, which may accelerate the disconnection of TV services and the reduction of TV spending, as well as the fragmentation of, and changes in, the advertising market
- rising content costs, as an increasing number of domestic and global competitors seek to acquire the same content, and challenges in our ability to acquire or develop key content to drive revenues and subscriber growth
- the proliferation of content piracy impacting our ability to monetize products and services, as well as creating bandwidth pressure
- higher Canadian smartphone penetration and increased device costs could challenge subscriber growth and cost of acquisition and retention
- 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 physical and non-physical assets, including networks, information technology (IT) systems, offices, corporate stores and sensitive information, from events such as information security attacks, unauthorized access or entry, fire and natural disasters
- the failure to transform our operations, enabling a truly customer-centric service experience across a constantly evolving profile of

world-class products and services at all points of interaction, while lowering our cost structure

- the failure to continue investment in next-generation capabilities in a disciplined and strategic manner
- the inability to drive a positive customer experience in all aspects of our engagement with customers
- the complexity in our operations resulting from multiple technology platforms, billing systems, sales channels, marketing databases and a myriad of rate plans, promotions and product offerings
- the failure to maintain optimal network operating performance in the context of significant increases in capacity demands on our Internet and wireless networks
- the failure to implement or maintain highly effective IT systems supported by an effective governance and operating framework
- 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 generate anticipated benefits from our corporate restructurings, system replacements and upgrades, staff reductions, process redesigns and the integration of business acquisitions
- events affecting the functionality of, and our ability to protect, test, maintain, replace and upgrade, our networks, IT systems, equipment and other facilities
- in-orbit and other operational risks to which the satellites used to provide our satellite TV services are subject
- the failure to attract and retain employees with the appropriate skill sets and to drive their performance in a safe environment
- labour disruptions
- our dependence on third-party suppliers, outsourcers and consultants to provide an uninterrupted supply of the products and services we need to operate our business, deploy new network and other technologies and offer new products and services, as well as to comply with various obligations
- changes to our base of suppliers or outsourcers that we may decide on or be required to implement
- the failure of our vendor selection, governance and oversight processes established to seek to ensure full risk transparency associated with existing and new suppliers
- security and data leakage exposure if security control protocols affecting our suppliers are bypassed
- 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 inability to access adequate sources of capital and generate sufficient cash flows from operating activities to meet our cash requirements, fund capital expenditures and provide for planned growth
- uncertainty as to whether dividends will be declared by BCE's board of directors, whether the dividend on common shares will be increased, or whether BCE's dividend payout 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
- new or 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
- unfavourable resolution of legal proceedings and, in particular, class actions
- new or unfavourable changes in applicable laws and the failure to proactively address our legal and regulatory obligations
- the failure to recognize and adequately respond to climate change concerns or public and governmental expectations on environmental matters
- health concerns about radiofrequency emissions from wireless communication devices and equipment
- the inability to maintain operational networks and provide products and services to customers in the event of pandemics, epidemics or other health risks, as well as the adverse effect thereof on the economy and financial markets

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 2019 MD&A and, in particular, in section 9, *Business risks* of the BCE 2019 MD&A, on pages 93 to 99 of the BCE 2019 Annual Report.

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

Except as otherwise indicated by us, forward-looking statements do not reflect the potential impact of any special items or of any dispositions, monetizations, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after March 5, 2020. The financial impact of these transactions and special items can be complex and depends on 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 to consolidate 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, Verdun, Québec H3E 3B3.

2.2 Subsidiaries

The table below shows BCE Inc.'s main subsidiaries at December 31, 2019, which are all incorporated in Canada, and the percentage of voting securities that BCE Inc. directly or indirectly held in such subsidiaries on that date. BCE Inc. has other subsidiaries that have not been included in the table since each represented 10% or less of our total consolidated assets and 10% or less of our total consolidated operating revenues at December 31, 2019. 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, 2019.

SUBSIDIARY	PERCENTAGE OF VOTING SECURITIES HELD BY BCE INC. AT DECEMBER 31, 2019 (1)
Bell Canada	100%
Bell Mobility Inc.	100%
Bell Media Inc.	100%

(1) *At December 31, 2019, BCE Inc. directly held 94.1% of the voting securities of Bell Canada and indirectly held the remaining 5.9% through its wholly-owned subsidiary, Bell MTS Inc. BCE Inc. indirectly held all the voting securities of: (i) Bell Mobility Inc. (Bell Mobility) through Bell Canada, which in turn indirectly held all the voting securities of Bell Mobility through its wholly-owned subsidiary, Bell Mobility Holdings Inc.; and (ii) Bell Media Inc. (Bell Media) through Bell Canada.*

3 Description of our business

3.1 General summary

BCE is Canada's largest communications company, providing residential, business and wholesale customers with a wide range of solutions for all their communications needs. Our results are reported in three segments: *Bell Wireless, Bell Wireline* and *Bell Media*.

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, the Atlantic provinces and Manitoba, 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 TV, specialty TV, pay TV, streaming services, digital media services, radio broadcasting services and out-of-home (OOH) advertising services to customers nationally across Canada.

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 2019 MD&A, on pages 31 to 34 of the BCE 2019 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., a sports and entertainment company that owns several sports teams, including the Toronto Maple Leafs, the Toronto Raptors, the Toronto FC and the Toronto Argonauts, 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
- an 18.4% indirect equity interest in entities that operate the Montreal Canadiens Hockey Club, evenko (a promoter and producer of cultural and sports events) and the Bell Centre in Montréal, Québec, as well as Place Bell in Laval, Québec

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

For the years ended December 31, 2019 and 2018, we generated consolidated operating revenues of $23,964 million and $23,468 million, respectively, and consolidated net earnings of $3,253 million and $2,973 million, respectively. For the year ended December 31, 2019, Bell Wireless' operating revenues totalled $9,142 million ($9,087 million external revenues), Bell Wireline's operating revenues totalled $12,356 million ($12,066 million external revenues) and Bell Media's operating revenues totalled $3,217 million ($2,811 million external revenues). For the year ended December 31, 2018, Bell Wireless' operating revenues totalled $8,818 million ($8,766 million external revenues), Bell Wireline's operating revenues totalled $12,267 million ($12,025 million external revenues) and Bell Media's operating revenues totalled $3,121 million ($2,677 million external revenues). A table showing the operating revenues that each segment contributed to total operating revenues for the years ended December 31, 2019 and 2018 can be found in section 4.3, *Operating revenues* of the BCE 2019 MD&A, on page 52 of the BCE 2019 Annual Report. A table showing the operating revenues of our Bell Wireless and Bell Wireline segments by category of product and service can be found in section 5.1, *Bell Wireless* and section 5.2, *Bell Wireline* of the BCE 2019 MD&A, on pages 58 and 64, respectively, of the BCE 2019 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 2019 MD&A, on page 87 of the BCE 2019 Annual Report.

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 2019 MD&A, on pages 46, 47, 61, 62, 67, 68 and 73 of the BCE 2019 Annual Report.

3.2 Strategic imperatives

BCE's goal is to advance how Canadians connect with each other and the world. Our strategic imperatives frame our longstanding strengths in networks, service innovation and content creation, and position the company for continued growth and innovation leadership in a fast-changing communications marketplace. Our primary business objectives are to grow our subscriber base profitably and to maximize 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, business and wholesale customers, and as Canada's premier content creation company. 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.

To help support every action in pursuit of our goal, we updated our six strategic imperatives on January 6, 2020 to align our efforts company-wide:

1. Build the best networks
2. Drive growth with innovative services
3. Deliver the most compelling content
4. Champion customer experience
5. Operate with agility and cost efficiency
6. Engage and invest in our people

Additional information regarding our strategic imperatives can be found in section 2, *Strategic imperatives* of the BCE 2019 MD&A, on pages 41 to 45 of the BCE 2019 Annual Report.

3.3 Competitive strengths

CANADA'S LARGEST COMMUNICATIONS COMPANY

We are Canada's largest communications company, offering a wide range of telecommunications products and services, as described below:

- We are the largest local exchange carrier in Canada. BCE operates an extensive local access network in Ontario, Québec, the Atlantic provinces and Manitoba, as well as in Canada's Northern Territories. We provide a complete suite of wireless communications, wireline voice and data, including Internet access 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
- At December 31, 2019, BCE was one of the largest wireless operators in Canada based on number of subscribers, providing approximately 10 million subscribers with nationwide mobile voice and data services
- BCE is the largest TV provider in Canada based on number of subscribers, nationally broadcasting a wide range of domestic and international programming to approximately 2.8 million retail subscribers (1) at December 31, 2019 through its IPTV services, namely Fibe TV and Alt TV, as well as its satellite TV service
- BCE is the largest Internet service provider in Canada based on number of subscribers, providing approximately 3.6 million retail customers (1) at December 31, 2019 with high-speed Internet access through fibre-optic, wireless-to-the-premise (WTTP) and digital subscriber line (DSL) technology
- BCE operated approximately 2.7 million retail residential network access service (NAS) lines (1) (2) at December 31, 2019

Our scale, due to a large customer base, our wireline and wireless network reach, and our ability to sell through a variety of distribution channels, including a significant number of retail outlets, as discussed in more detail in section 3.4, *Marketing and distribution channels* in this Annual Information Form, give us a key competitive advantage. With a wireless network service footprint that encompasses more than 99% of the Canadian population, and a wireline national local exchange carrier footprint that extends to approximately three-quarters of Canadian households, BCE is well positioned to take advantage of integrated wireless and wireline solutions in the future.

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 brand, as well as our Virgin Mobile and Lucky Mobile brands which enhance our competitive market position by allowing us to compete more effectively with the Canadian industry's other discount brands as well as regional facilities-based wireless service providers.

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 of national operators' wireless postpaid customer activations, growing our prepaid market share, increasing adoption of unlimited wireless data plans and installment payment plans, 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 driven by effective spectrum deployment and carrier aggregation that support bandwidth and speeds, as well as a broad device offering, should continue to improve our ability to attract and retain wireless customers. With our national high-speed packet access plus (HSPA+) network, our fourth-generation (4G) long-term evolution (LTE) wireless network service (which reached more than 99% of the Canadian population as at December 31, 2019), and our Dual-band, Tri-band and Quad-band LTE Advanced (LTE-A) network service (our Dual-band LTE-A network service reached approximately 94% of the Canadian population at December 31, 2019), 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.

In 2018, following successful trials, Bell rolled out its enhanced Gigabit LTE-A network to core locations in Toronto and Kingston, and has since expanded to more areas as smartphones that support these advanced speeds have come to market. To boost LTE-A speeds to the gigabit level, Bell is employing a combination of carrier aggregation and 4X4

(1) *Since January 1, 2019, we are no longer reporting wholesale subscribers in our Internet, TV and NAS subscriber bases reflecting our focus on the retail market.*

(2) *As of January 1, 2018, business NAS was removed from our NAS subscriber base due to its declining relevance as a key performance indicator given migrations from voice to IP result in NAS losses without a corresponding decline in revenues.*

Multiple Input Multiple Output (MIMO) technology to increase spectrum efficiency and multiply capacity. Gigabit LTE-A is now available in select cities in Ontario and the Atlantic provinces.

In 2016, we successfully demonstrated fifth-generation (5G) mobile technology in collaboration with Nokia Corporation (Nokia). Conducted at Bell's Wireless Innovation Centre in Mississauga, Ontario, the trial leveraged spectrum in the 73 gigahertz (GHz) range to achieve sustained data speeds more than six times faster than the top 4G mobile speeds now available in Canada. Depending on how global operators roll out the technology, 5G has the potential to provide significantly faster data speeds than current 4G networks and more capacity to meet the demands of mobile customers for broadcast video and Internet of Things (IoT) applications, including Bell Connected Car and city-wide IoT solutions. On February 6, 2020, as part of our mobile 5G strategy, we announced our first 5G network equipment supplier agreement with Nokia. Bell is ready to deliver initial 5G service in urban centres across Canada, leveraging advanced wireless service-3 (AWS-3) spectrum as next-generation smartphones come to market. Early 5G speeds are expected to be similar to those on our LTE-A network. We will continue to enhance 5G access speeds, capacity and coverage as additional 5G wireless spectrum, including in the 3.5 GHz band, becomes available through the federal government's spectrum auction process.

LEADERSHIP IN INNOVATIVE INTERNET OF THINGS SECTOR

Bell has taken a leadership position in the fast-growing IoT sector, which enables the interconnection of a range of devices and applications that send and receive data. In June 2017, Bell concluded an agreement with Hyundai AutoEver Telematics America, a subsidiary of Hyundai Motor Group, to deliver a range of connected telematics services, including security, safety, diagnostics and infotainment, to select Hyundai and Kia vehicles over Bell's national mobile network. In August 2017, Bell started to offer global connectivity for our IoT platforms and applications. Bell's new global IoT connectivity solutions offer customers uninterrupted worldwide network access and the ability to manage all of their international devices remotely from a single web platform. Since 2018, Bell has further extended its extensive lineup of innovative IoT applications, including the following:

- Bell announced its Smart City Accelerator program with the City of Kingston, the City of Orillia and the City of Markham, which employ IoT data monitoring solutions to improve municipal operating efficiencies benefiting residents. On January 13, 2020, the City of Kingston announced the launch of an online snowplow tracker to track the progress of some of the City's snowplows as part of a Smart City pilot.
- Bell entered into a multi-year agreement with Superior Propane, a subsidiary of Superior Plus Corp., to deliver a comprehensive fuel tank monitoring solution for its business and residential customers on Bell's national LTE mobile network
- Bell announced that it enabled built-in wireless fidelity (Wi-Fi) hotspots over LTE in supported Ford and Lincoln vehicles with Bell Connected Car – Built In service
- Bell worked with Echologics, an industry leader in leak detection technology, to implement a water management solution for Medicine Hat, Alberta
- Bell announced a managed IoT security service that offers businesses, smart cities and other organizations employing IoT solutions an advanced layer of comprehensive security services to detect and respond to evolving cyber threats

NEXT-GENERATION HIGH-SPEED INTERNET AND TV SERVICES

Our strategic imperative to build the best networks is focused on the expansion of our all-fibre network to more homes and business locations. At December 31, 2019, our fibre-to-the-premise (FTTP) broadband fibre network covered over 5.1 million premises (homes and business locations), and our combined FTTP and fibre-to-the-node (FTTN) broadband fibre network covered approximately 9.7 million premises in Ontario, Québec, the Atlantic provinces and Manitoba. It enables the delivery of Bell's next-generation fibre-optic high-speed Internet service, marketed as Fibe Internet and Virgin Mobile Home Internet, offering speeds of up to 100 megabits per second (Mbps) with FTTN, or total speeds of up to 1.5 gigabits per second (Gbps) with FTTP through our Gigabit Fibe 1.5 service in Ontario, Québec and the Atlantic provinces. Refer to section 3.6, *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. In 2019, Bell Canada and our operations in the Atlantic provinces, marketed under the Bell Aliant brand, were ranked the fastest Internet providers in the country in PCMag's annual Fastest ISPs of 2019: Canadian report. PCMag's intensive testing found that our operations in the Atlantic provinces, marketed under the Bell Aliant brand, offer the fastest overall Internet in the country. Bell Canada, serving Ontario and Québec customers, topped the list for the second year in a row as the fastest major Internet provider (those with more than 500,000 customers). PCMag's Internet speed rankings are based on more than 40,000 tests of Canadian Internet providers conducted from June 2018 to June 2019.

As Bell quickly extends its direct fibre links in urban centres, we are also delivering broadband speeds to smaller towns and rural locations with our innovative Wireless Home Internet fixed wireless service. With the expansion of wireless cell site coverage, deep fibre backhaul and advancements in technology, the cost to provide a fixed wireless solution has become viable in rural areas where it is uneconomical to deploy FTTP. Based on 5G-capable WTTP technology in the 3.5 GHz spectrum band, the service is now available in 226 communities covering approximately 250,000 homes. Bell's WTTP solution delivers broadband speeds of up to 25 Mbps, or 5 to 10 times faster than average speeds currently available in these areas.

Our FTTP and FTTN broadband fibre network also enables the delivery of Bell's next-generation IPTV services, namely Fibe TV and Alt TV. Bell's IPTV services target areas in Ontario, Québec, the Atlantic provinces and Manitoba 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.

Bell's Fibe TV service, built on a next-generation IPTV platform, offers a wide range of flexible programming options and innovative features such as: the Fibe TV wireless receiver, which enables customers to enjoy the Fibe experience on up to five additional TVs anywhere in the home without the hassle of running cable through the house; 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, which lists the five most-watched shows in both English and French among Fibe TV customers at any given time and allows customers to switch to watch live or Restart from the beginning. Fibe TV further allows access to Crave, Netflix and Youtube directly from customer TV receivers, providing a seamless experience.

We also offer the Bell Fibe TV app, which brings the rich Fibe TV viewing experience to laptops, smartphones, tablets, Apple TV, Amazon Fire TV Stick, Google Chromecast and a variety of Android TV devices, with access to more than 500 live and on-demand channels at home or on the go, which allows customers to seamlessly transfer a channel being viewed from a mobile device to a TV, or resume what is being watched on TV on a mobile device, and allows customers to control their TVs with their mobile devices. In 2018, we introduced the Download & Go feature, whereby Fibe customers in Ontario, Québec and Atlantic Canada can download their personal video recordings with the Fibe TV app to watch on iOS and Android mobile devices without Wi-Fi network access. In 2019, we introduced a feature whereby customers can pause and rewind live TV on any device with the Fibe TV app.

We also offer the Alt TV service, a completely new way to watch live and on-demand TV. With no traditional TV set-top box required, Alt TV is accessed through the Fibe TV app and offers up to 500 live and on-demand channels on laptops, smartphones, tablets, Apple TV, Amazon Fire TV Stick, Google Chromecast and a variety of Android TV devices. Alt TV offers access to two TV streams at a time and customers can add individual channels to build their own Alt TV packages. Like Bell's Fibe TV service, Alt TV operates as a licensed broadcast service on the privately managed Bell Fibe broadband network for in-home viewing, and on mobile or Wi-Fi networks outside the home.

NATIONAL WIRELINE SERVICE PROVIDER WITH MARKET LEADERSHIP POSITION

Our leadership position in broadband Internet and TV and our broad suite of product offerings serve as a foundation for the other products and services we offer. This provides us with a significant number of established customer connections to drive uptake of new products and services, either through bundled offerings or on a stand-alone basis, and allows us to improve customer retention.

Our business markets team maintains a leadership position, having established relationships with a majority of Canada's largest 100 corporations. Our team 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 today and increase the value of connectivity services. In April 2019, Bell and Google introduced new hybrid cloud connectivity for business customers to connect to the Google Cloud Platform globally via direct fibre connections on Bell's private network. In addition, in May 2019, Bell added managed database, application monitoring and security scanning to its extensive portfolio of Bell Cloud Managed Services for Microsoft Azure. Bell first launched its suite of managed services for Microsoft Azure in 2018, including managed cloud server, firewall, backup and disaster recovery. The Bell Cloud Connect service also offers Canadian businesses secure and reliable access to cloud solutions from Amazon and IBM over our broadband networks.

OUR SIGNIFICANT MEDIA ASSETS

Bell Media's range of video content enhances the execution of our strategic imperatives by leveraging our significant network investments, delivering compelling content across all screens and platforms, and enabling us to maximize strategic and operating synergies, including the efficiency of our content and advertising spend.

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

- We own and operate 30 conventional TV stations, including CTV, Canada's highest-rated TV network based on viewership
- We own and operate 29 specialty channels and four pay TV services, as well as three direct-to-consumer streaming services, including Crave, the exclusive home of HBO in Canada
- In 2019, our 109 licensed radio stations in 58 markets across Canada reached on average 16.8 million listeners per week across the country
- We own and operate the most visited Canadian-owned online media business in the Canadian digital landscape
- We own Astral, one of Canada's leading OOH advertising businesses with a network of more than 50,000 advertising faces strategically located in key urban cities across the country. It offers a portfolio of six innovative product lines: outdoor advertising, street furniture, airport, digital large format, transit and lifestyle.
- We own Crave, a subscription on-demand video streaming service providing premium content and a robust lineup of video programming. Crave features a broad catalogue of sought-after content and Emmy Award-winning programming. With Crave, current HBO programming as well as box-office hits are available directly to all Canadians with access to the Internet.
- On October 30, 2019, Bell Media announced a long-term exclusive deal with Warner Bros. International Television Distribution (Warner Bros.) to bring original programming from Warner Bros.' HBO Max to Canada beginning in 2020. The agreement extends Bell Media's programming relationship with Warner Bros., making original series from the new HBO Max service available to Canadians via Crave and Bell Media's suite of CTV-branded platforms. The deal also extends Bell Media's existing relationship with Warner Bros. on conventional and specialty TV rights as well as on pay TV rights for Warner Bros.' first-run feature films.
- On January 28, 2020, Crave evolved into a bilingual service, offering exclusive new French-language content through participating TV providers and streaming platforms. As part of the change, Bell Media's Super Écran became available OTT for the first time as an add-on to Crave.
- In March 2019, we launched STARZ in Canada, delivering a slate of bold, diverse and genre-bending programming that has established the channel as one of the leading pay TV services in the United States. STARZ is now the Canadian home of all new STARZ original programming, select library titles and classic films from all eras. Our pay TV channel Encore was rebranded as STARZ as of March 1, 2019.
- We provide live and on-demand access to content from our conventional and specialty networks, CTV and CTV2, BNN Bloomberg, TSN, RDS, and other brands in news, sports and entertainment. Bell Media's TV Everywhere services feature a series of apps including CTV, Discovery, CTV Drama, TSN and RDS, providing live and on-demand content delivered to smartphones, tablets and computers.
- In March 2019, TSN and RDS launched Day Pass subscriptions to their TSN Direct and RDS Direct streaming services, the first of its kind in Canada, providing full access to TSN and RDS channels for 24 hours with no contract.
- Leveraging our powerful CTV brand, we launched four newly-branded specialty TV channels in September 2019. The Comedy Network, Space, Bravo and Gusto became CTV Comedy Channel, CTV Sci-Fi Channel, CTV Drama Channel and CTV Life Channel, respectively.

Our competitive strengths also include our broad reach across Canada, our ability to acquire top programming for conventional, specialty and pay TV and streaming services, 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.

Refer to section 2.3, *Deliver the most compelling content* of the BCE 2019 MD&A, on page 43 of the BCE 2019 Annual Report, for a description of certain other agreements entered into and initiatives launched in 2019 by Bell Media.

3.4 Marketing and distribution channels

BELL WIRELESS AND BELL 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 with 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 new customer acquisition and retain existing customers or to respond to competitive actions 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 brand is complemented by our other brand marketing efforts, reinforcing 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 Bell Wireless, acquiring and retaining postpaid and prepaid 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. Since June 2019, we offer unlimited plans featuring unlimited data access with no overage charges. In July 2019, we also introduced SmartPay device financing plans that let customers buy their new smartphones with 24 interest-free installments separate from their service plan. In addition, we launched new Connect Everything plans that provide a way to link all of a customer's Bell devices with a pool of data to share across smartphones, tablets, smartwatches and other devices, such as wireless trackers, security cameras and vehicles with Bell Connected Car. We also continue to 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. 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, customer retention is 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 wireless and wireline customers through:

- a network of approximately 800 corporate and dealer-owned Bell, Virgin Mobile and Lucky Mobile retail locations
- The Source's approximately 500 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
- value retailer Dollarama's locations across Canada as it relates to Lucky Mobile and Virgin Mobile's prepaid wireless services
- call centre representatives
- our websites, including **bell.ca, virginmobile.ca** and **luckymobile.ca**
- door-to-door sales representatives

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

For small business customers, our residential and small business team offers a wide range of wireline 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 and our **bell.ca** website, as well as our retail network and door-to-door sales representatives.

Communications solutions, other than wireless, for mid-sized business and large enterprise customers are delivered by our business markets team. 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 business and large enterprise customers with complex communications products and services. 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.

Our wireless products and services are delivered to business customers, including small business customers, 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 our wholesale team. They are sold through our dedicated sales representatives, web portals and call centres.

BELL MEDIA

Bell Media's video 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 TV, pay TV and streaming 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 TV and pay TV channels and streaming services 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 also distributes its video and radio programming through a variety of non-traditional means, such as mobile and Internet streaming (iHeartRadio). Crave is available through participating TV providers across Canada, which provide the added opportunity to access the Crave linear channels on traditional set-top boxes, as well as via On Demand channels, through the Crave app, and online at **Crave.ca.** Crave is also available directly via the Internet at **Crave.ca,** and via the Crave app. Crave can be streamed on the web and partner platforms such as iPhone, Apple TV, Android mobile, Android TV, Xbox One, Samsung Smart TVs, Amazon Fire TV, Chromecast and Facebook Portal, with additional platforms in development. Finally, Bell Media's OOH business delivers its services through an inventory of OOH faces and street furniture equipment in key urban cities across the country.

3.5 Transformation of our networks, systems and processes

In 2015, we launched a project seeking to transform our networks, systems and processes with three main objectives: (a) to become more agile in our service delivery and operations, including self-serve and instant-on capabilities for our customers; (b) to ensure best quality and best customer experience; and (c) to develop a new network infrastructure that enables a competitive cost structure with rapidly growing capacity needs, and enabling new revenue opportunities. We are leveraging new technologies, including network functions virtualization, software-defined networks and cloud technologies. These technologies offer unprecedented levels of flexibility, automation and elastic capacity: 5G, IoT, enhanced Internet, communication and video services, as well as the next generation of enterprise cloud applications, all depend heavily on these capabilities. We work closely with our partners and are leveraging these connections by contributing to industry associations that are accelerating this evolution, such as the open source software and hardware initiatives. We are also focusing on transforming our organization and some key development and operational processes to meet our objectives.

3.6 Networks

The telecommunications industry is evolving rapidly as it 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-service 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, as well as touch screen tablets, IoT devices and other devices designed for data services such as video and audio streaming, IoT communications, e-mail, messaging, Internet access and social networking.

HSPA+ NETWORK

Our wireless HSPA+ network offered high-speed mobile access to 99% of the Canadian population at December 31, 2019, covering 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. Bell supports international roaming to 230 outbound destinations (196 of them also supporting 4G LTE). The vast majority of the site connectivity for the HSPA+ network was built with high-speed fibre and an all-IP architecture for enhanced reliability.

4G LTE NETWORK

With Bell's 4G LTE wireless network coverage, customers have data access speeds similar to those of 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 videoconference and chat with virtually no delays or buffering.

Our LTE wireless network reached more than 99% of the Canadian population coast to coast at December 31, 2019 with theoretical peak download speeds of up to 150 Mbps, with expected average download speeds from 18 to 40 Mbps. LTE currently accounts for 95% of our total wireless data traffic.

In September 2019, we announced the availability of LTE wireless broadband service to all 25 communities in Nunavut, Canada's northernmost territory, delivering mobile data speeds of up to 100 Mbps to residents and businesses across the territory.

The HSPA+ and LTE networks work together in that all Bell LTE devices support both networks. At first, voice calls initiated when an LTE device was attached to an LTE network were transferred to the HSPA+ network for processing. In April 2016, we introduced Voice over LTE (VoLTE) so that the phone stays on the LTE network for both voice and data calls. By implementing VoLTE, we can reduce voice call set-up time and operate the network more efficiently.

LTE-A NETWORK

With Dual-band LTE-A technology, Bell generally delivers theoretical peak download speeds of up to 260 Mbps (expected average download speeds of 18 to 74 Mbps). By assigning three radio channels or carriers to one user, we generally deliver, with Tri-band LTE-A technology, theoretical mobile data peak download speeds of up to 335 Mbps (expected average download speeds of 25 to 100 Mbps). With the addition of MIMO technologies and quadrature amplitude modulation (QAM), we can deliver in certain areas theoretical peak download speeds of up to 800 Mbps with Dual-band LTE-A technology and 1.2 Gbps with Tri-band LTE-A technology.

Since 2017, Bell's LTE network is capable of delivering Quad-band LTE-A service. Quad-band technology leverages multiple bands of wireless spectrum to boost LTE-A speeds to the gigabit level. In addition to employing a combination of carrier aggregation, Bell alsc uses 256 QAM and 4X4 MIMO technologies to increase spectrum efficiency and multiply capacity. Quad-band LTE-A now offers theoretical mobile data peak download speeds of up to 1.5 Gbps in select markets like Kingston (expected average download speeds of 25 to 245 Mbps).

At December 31, 2019, Bell's LTE-A network provided service to approximately 94% of the population in Canada. In addition, our Tri-band LTE-A footprint covered more than 82% of Canadians and our Quad-band service had expanded to more than 57% of Canadians at December 31, 2019. As the handset ecosystem matures, Bell's AWS-3 and 2500 megahertz (MHz) spectrum licences will enable upgrades of carrier aggregation that will support four and five simultaneous carriers.

LTE-M NETWORK

In 2018, Bell launched a new LTE-M network, which is a subset of our LTE network supporting low-power IoT applications with enhanced coverage, longer battery life and lower costs for IoT devices connecting to Bell's national network. In September 2019, Bell announced an expanded reciprocal roaming partnership with AT&T Inc. (AT&T) to provide Canadian business customers with access to AT&T's LTE-M network across the United States. The reciprocal agreement also enables AT&T's customers to roam on Bell's national LTE-M network in Canada. Our LTE-M network is available in most Canadian provinces.

3G/CDMA NETWORK

On April 30, 2019, Bell completed the previously announced shutdown of its legacy 3G code division multiple access (CDMA) network, and customers in CDMA coverage areas were transitioned to Bell's 4G LTE network. Bell began winding down its CDMA network in 2017 as its LTE coverage accelerated. As most of its development and network enhancement focus has been on the HSPA+/LTE networks, traffic had been migrating off our CDMA network and onto the independently operating HSPA+/ LTE networks. The shutdown of Bell's CDMA network enables Bell to "re-farm" additional low band spectrum for 5G services and to repurpose existing structures, fibre connections and power systems to further enhance its next-generation LTE networks.

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, Detroit, Minneapolis, Ashburn (Virginia) and Seattle in the United States.

Our network in major Canadian cities provides state-of-the-art high-speed access at gigabit speeds based on IP technology. We operate a national IP multi-protocol label switching network with international gateways to the rest of the world. This network delivers next-generation, business-grade IP virtual private network (IP VPN) services that connect our customers' offices and data centres throughout Canada and around the world. The IP VPN 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, the Atlantic provinces and Manitoba.

To improve reliability and increase network capacity to support the rapidly growing volumes of wireless and Internet usage carried on our networks, for several years we have been upgrading all of our fibre-based national backbone network with the deployment of 100 gigabit technologies. To satisfy continued traffic growth, in 2018 Bell started the next phase of the national backbone network upgrade with the deployment of 200 gigabit dense wavelength division multiplexing (DWDM) technologies, which will be able to support up to 1 terabit in the future. Key traffic routes span more than 25,000 kilometres across Canada and into the United States.

HIGH-SPEED FIBRE DEPLOYMENT

Our strategic imperative to build the best networks is focused on the expansion of our all-fibre network to more homes and business locations. Over the past few years, we have upgraded our access infrastructure by deploying fibre closer to our customers using FTTN with pair bonding technology, and overlaying legacy copper and FTTN with FTTP. In addition, Bell continues to deploy FTTP to all new urban and suburban housing developments in Ontario, Québec, the Atlantic provinces and Manitoba, in addition to Bell's ongoing deployment of FTTP to multi-dwelling units and business locations. In our view, FTTP, in which optical fibre cables are used to connect each and every location, is the best available network architecture to support future bandwidth-demanding IP services and applications. Our residential fibre-optic Internet service, marketed as Fibe Internet and Virgin Mobile Home Internet, is enabled by our FTTP and FTTN networks.

In March 2017, Bell announced an $854 million investment to bring FTTP to 1.1 million residences and business locations throughout Montréal, representing the largest-ever communications infrastructure project in Québec. Bell's broadband FTTP network enables our Gigabit Fibe Internet service, which was available in 32% of locations in Montréal at December 31, 2019. Montréal will join a growing number of centres across Québec that are fully wired with Bell fibre, including Québec City.

In April 2018, Bell launched its all-fibre optic broadband network in Toronto, enabling gigabit Internet speeds, advanced TV and business connectivity to a majority of homes and business locations in that city. In February 2018, Bell announced the expansion of FTTP direct fibre connections throughout the populous and fast-growing Greater Toronto

Area/905 region surrounding Toronto. Bell's fibre plan will deliver gigabit Internet speeds and other broadband Fibe service innovations to approximately 1.3 million homes and businesses in the region.

In August 2018, Bell announced the increase of Fibe Internet access speeds to up to 1.5 Gbps. Unlimited Gigabit Fibe 1.5 service is now available in Ontario, Québec and the Atlantic provinces. Delivered over Bell's FTTP network and leveraging the powerful Home Hub 3000 modem/router already used by most Bell FTTP customers, the enhanced Internet service offers total download speeds of up to 1.5 Gbps and uploads of up to 940 Mbps.

Over the past few years, several direct fibre deployment projects were also announced in a number of communities. In 2019 and early 2020, new investments were announced in the Bas-Saint-Laurent region and in Louiseville in the province of Québec; in Flin Flon and the Town of Carman in the province of Manitoba; and in the Municipality of Shelburne in the province of Nova Scotia. In addition, on January 23, 2020, we announced an investment of $400 million to expand broadband Internet access in urban and rural areas of Hamilton, including a plan to bring direct fibre network connections to more than 200,000 homes and business locations throughout the city. On March 2, 2020, we announced an investment of approximately $400 million to bring FTTP technology to Winnipeg, with direct fibre connections to approximately 275,000 homes and businesses throughout the city.

As at December 31, 2019, more than 5.1 million homes and businesses across Ontario, Québec, the Atlantic provinces and Manitoba had the capability of receiving up to 1.5 Gigabit Fibe service.

In addition to our Fibe Internet service, in 2016 we introduced Home Internet under the Virgin Mobile brand for customers in Ontario and Québec. This high-speed Internet service offers existing Virgin Mobile customers fast download speeds of up to 100 Mbps and upload speeds of up to 10 Mbps together with large monthly data bandwidth limits.

Additionally, we continue to deploy our next-generation IPTV services in areas in Ontario, Québec, the Atlantic provinces and Manitoba where cable providers had long been dominant. As of December 31, 2019, our IPTV services had the capacity to service approximately 8.4 million homes in major cities and municipalities across Ontario, Québec, the Atlantic provinces and Manitoba.

WTTP

Following successful WTTP trials in the 3.5 GHz band using 8T8R and MIMO radio technologies, Bell began the buildout of WTTP to rural locations in the second quarter of 2018. At the end of 2018, Bell's WTTP footprint, enabling its Wireless Home Internet broadband service, encompassed 28 communities covering approximately 22,400 homes, complementing Bell's FTTP network. Bell announced the continued expansion of its Wireless Home Internet broadband service to more communities in 2019 and early 2020, including, in the province of Ontario, rural Hamilton, the Regional Municipality of Niagara, Muskoka and Haliburton County, Quinte West and Hastings, Lennox and Addington, the Kawartha Lakes region, Northumberland, Prince Edward and Peterborough Counties, Lanark County, the United Counties of Leeds and Grenville; in several communities in Québec's Eastern Townships region and its southwestern Montérégie region; and in 21 Nunavut communities. At the end of 2019, Bell's WTTP footprint encompassed 226 communities covering approximately 250,000 homes. The August 15, 2019 decision of the Canadian Radio-television and Telecommunications Commission (CRTC) to reduce the wholesale rates that Internet resellers pay to access network infrastructure built by facilities-based providers like Bell Canada will however, if not overturned or otherwise modified, reduce the scope of our broadband wireless Internet build-out plan for smaller towns and rural communities by approximately 200,000 households, to a total revised plan of 1 million households. For more information, refer to section 8.2, *Telecommunications Act – Review of wholesale FTTN high-speed access service rates* of the BCE 2019 MD&A, on page 89 of the BCE 2019 Annual Report.

WTTP is fixed wireless technology that will take full advantage of 5G to deliver high-speed Internet service to residents in smaller and underserved communities. Bell's WTTP solution currently delivers broadband speeds of up to 25 Mbps, or 5 to 10 times faster than average speeds currently available in these areas, and is expected to increase to higher speeds with the evolution of WTTP technology and implementation of 5G. Innovation in WTTP complements Bell's extensive broadband fibre build in urban markets, and our deployment of WTTP in rural locations underscores our focus on the full utilization of Bell's assigned wireless spectrum resources.

DSL

We also offer DSL-based Internet service in areas where Fibe Internet and Wireless Home Internet are not available, with download speeds of up to 5 Mbps.

SATELLITE TV SERVICE

We provide 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 satellite TV service.

3.7 Employees

The table below shows the number of BCE employees at December 31, 2019 and 2018.

NUMBER OF EMPLOYEES AT DECEMBER 31	2019	2018
Bell Wireless	**10,547**	10,703
Bell Wireline	**35,345**	35,777
Bell Media	**6,208**	6,310
Total (1)	**52,100**	52,790

(1) *The total number of BCE employees at the end of 2019 was 52,100, down from 52,790 at December 31, 2018 due to natural attrition, retirements and workforce reductions, partly offset by call centre hiring.*

Approximately 41% of BCE employees were represented by unions and were covered by collective agreements at December 31, 2019.

The following collective agreements covering 250 or more employees were ratified in 2019 or early 2020:

- the collective agreement between Unifor and Bell Canada covering approximately 280 sales employees expired on December 31, 2018. A new collective agreement was ratified on February 21, 2019.
- the collective agreement between Unifor and Bell Media (CTV Toronto Specialties) covering approximately 710 employees expired on May 31, 2018. A new collective agreement was ratified on March 6, 2019.

- the collective agreement between Telecommunications Employees Association of Manitoba – International Federation of Professional and Technical Engineers (TEAM-IFPTE Local 161) and Bell Canada (Bell MTS) covering approximately 660 supervisory and non-supervisory management employees expired on February 19, 2019. A new collective agreement was ratified on September 20, 2019.

The following collective agreements covering 250 or more employees will expire in 2020:

- the collective agreement between Unifor and Bell Canada (Bell Craft) covering approximately 3,500 craft employees will expire on November 30, 2020
- the collective agreement between Unifor and Bell Media (CTV Agincourt) covering approximately 500 employees will expire on December 31, 2020
- the collective agreement between the International Brotherhood of Electrical Workers (IBEW) and Northwestel Inc. covering approximately 325 craft and clerical employees will expire on December 31, 2020

The following describes the status of collective agreements covering 250 or more employees that have already expired:

- the collective agreement between Unifor and Expertech Network Installation Inc. (Expertech) covering approximately 810 craft employees expired on November 30, 2019. Negotiations are ongoing.
- the collective agreement between Unifor and Bell Canada (Bell MTS) covering approximately 650 clerical employees expired on December 19, 2019. Bargaining began on February 11, 2020.

3.8 Corporate responsibility

GENERAL

Environmental, social and governance (ESG) practices form an integral part of BCE's corporate responsibility. Since its founding in 1880, Bell has been the Canadian leader in telecommunications, with the goal of enhancing how Canadians connect with each other and the world. We take very seriously our responsibility to manage the company in ways that enable us to sustain our record of serving the personal and business communications needs of millions of customers, seek to create value for shareholders, provide meaningful careers for tens of thousands of people, and make a significant contribution to the broader Canadian community and economy. Our approach to corporate responsibility and ESG begins with the objective of balancing economic growth, social responsibility and environmental performance as we pursue our ongoing success as a company and work to ensure our continued ability to contribute to the Canadian economy. 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 have. Accordingly, in 2006 we adopted a resolution to support the United Nations Global Compact (UNGC), a set of universal principles addressing human rights, labour, environment and anti-corruption. These principles serve as the foundation of our approach to corporate responsibility.

The BCE board of directors has established clear lines of authority and oversight over our corporate responsibility programs and our approach to ESG practices, with primary accountability at the committee level. The Audit Committee oversees issues including environmental risks, security and business continuity. The Management Resources and Compensation Committee (Compensation Committee) has oversight for human resources issues, including respectful workplace practices, health and safety. The Corporate Governance Committee is responsible for governance practices and policies, as well as for policies concerning business conduct and ethics. In addition, in 2020, the Compensation Committee has introduced a metric to track corporate performance against our ESG targets.

An officer-level committee mandated by the BCE board of directors further oversees issues related to environmental matters. The responsibilities of this committee have expanded over time and now BCE's corporate responsibility strategy, including health and safety, security, environmental and compliance risks and opportunities, is overseen by the Health & Safety, Security, Environment and Compliance Oversight Committee (HSSEC Committee). This cross-functional committee is co-chaired by the Chief Human Resources Officer and Executive Vice-President, Corporate Services and the Chief Legal Officer and Corporate Secretary, and seeks to ensure that relevant risks are adequately recognized and mitigation activities are well integrated and aligned across the organization, as well as supported with sufficient resources. The HSSEC Committee also mandates our Energy Board, a working group composed of business unit employees at the vice-president and director levels, to ensure oversight of our overall energy consumption and costs with the objective of minimizing financial and reputational risks while maximizing business opportunities.

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.

These BCE policies include, among others, the following:

- 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
- Mental Health Policy Statement

Since 2004, we report annually on our corporate responsibility performance and our ESG practices in our corporate responsibility report, available at **BCE.ca.** The report, together with the information and documents available in the Responsibility section of BCE's website, presents Bell's corporate responsibility performance. We report on the topics that are of greatest importance to our stakeholders and could have an important impact on our business. These include diversity and inclusion, mental health in the workplace and the community through our Bell Let's Talk mental health initiative, the environment, climate change and waste management. In our corporate responsibility report, we describe how we manage these topics and we also report on our performance against targets we have set for ourselves. It has been prepared in accordance with the Global Reporting Initiative (GRI) Standards-Core option and adheres to the principles of the UNGC. It

describes actions we have taken to implement these guidelines and principles, and serves as our Communication on Progress (COP), as required for all companies that endorse the UNGC. In addition, we report on select Sustainability Accounting Standards Board (SASB) indicators and Sustainable Development Goals (SDGs). Furthermore, BCE supports the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), which aims to develop voluntary and consistent climate-related risk disclosures.

BCE is recognized around the world for the effectiveness of its corporate responsibility programs, which is reflected in its inclusion in various sustainable indices and its receipt of sustainability awards. In 2019, BCE continued to be listed on 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 ESG 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 ESG equity indices. In 2019, Bell was named one of Canada's Greenest Employers by Canada's Top 100 Employers program for the third consecutive year. The award recognizes Bell's focus on minimizing our environmental impact, our leadership in implementing an ISO 14001-certified environmental management system and the success of our ongoing initiatives to reduce waste and save energy.

We recognize that risks and opportunities exist related to climate change. Our membership in the Global Enabling Sustainability Initiative (GeSI) (gesi.org), an international organization that aims to achieve integrated social and environmental sustainability through digital technologies, helps us gain a deeper understanding of these risks and opportunities. GeSI is comprised of diverse and international members and partnerships, representing around 40 of the world's leading information and communications technology (ICT) companies, 12 global businesses and multiple international organizations. Members and partners of GeSI use their collective knowledge and experience to identify opportunities and develop solutions for improving energy and resource efficiency, reducing carbon emissions and footprints, ensuring sustainable good practices in the supply chain, encouraging access to sustainable technologies and supporting worldwide digital-enabled transformation across all industries. 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 climate change mitigation and adaptation efforts through the CDP (formerly known as the Carbon Disclosure Project). The CDP represents more than 525 financial planners, advisors, wealth managers and institutional investors managing a total of US $96 trillion in assets. The CDP gathers information on climate-related risks and opportunities from organizations worldwide to help reveal the risks and maximize financial rewards in the investment portfolios of these investors. In 2019, BCE attained CDP Leadership status,recognizing our work on climate action, our alignment with current best practices and the transparency of our climate disclosures.

In addition, we consider the exploitation and trade of minerals that fuel armed conflicts and lead to human rights abuses as unacceptable. We monitor industry best practices and integrate them into our procurement programs on a continuing basis.

ENVIRONMENT

We have been implementing and maintaining programs to reduce the environmental impact of our operations for more than 25 years. Environmental protection is core to our corporate responsibility approach and it aligns with our strategic imperatives. Our Environmental Policy, first issued in 1993, reflects our team members' values, as well as the expectations of customers, investors and society, that we regard environmental protection as an integral part of doing business that 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 use of 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. We complement this 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 an executive-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
- seeks to ensure ongoing improvement through regular monitoring and reporting

In 2009, Bell Canada obtained certification that its environmental management system (registration number: 0068926-01) was ISO 14001-compliant. This certification covers Bell Canada's landline, wireless, TV and Internet services, broadband and connectivity services, data hosting, cloud computing, radio broadcasting and digital media services, in addition to related administrative functions. Bell Canada has continuously maintained this certification since 2009, and was recertified in April 2018 for another three years.

As part of our effort to minimize the negative impacts of our operations, we seek to obtain sustainable certifications for our buildings. Forty-seven buildings leased or owned by Bell Canada across the country are certified BOMA BEST. In addition, BCE occupies nine buildings with LEED certifications: one LEED-NC Certified (Montréal), one LEED-NC Silver (Mississauga), four LEED-EB Gold (Toronto, Vancouver and Calgary), one LEED-NC Gold for our data centre in the Gatineau area and two LEED-EB Silver (Winnipeg).

BCE's strong showing in sustainable indices, such as Ethibel and FTSE4Good, 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 our key tools is our 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 our objectives.

For the year ended December 31, 2019, we spent $33.5 million on environmental activities, 70% of which was expensed and 30% of which was for capital expenditures. For 2020, we have budgeted $35.5 million (62% for expenses and 38% for capital expenditures) to seek to ensure that our Environmental Policy is applied properly and that our environmental risks are minimized.

COMMUNITY

We are committed to advancing the cause of mental health across Canada through Bell Let's Talk. Mental illness affects all Canadians, yet this major health issue remains significantly underfunded, misunderstood and stigmatized. Recent data shows that 64% of Canadians report that they or someone they know has experienced a mental health problem or illness. The impact on the Canadian economy is staggering, with the total cost from mental health problems to the Canadian economy exceeding $50 billion annually – or nearly $1,400 for every person living in Canada. In any given week, at least 500,000 employed Canadians are unable to work due to mental health problems.

In 2010, Bell announced Bell Let's Talk, a five-year, $50 million initiative supporting an extensive range of programs to enhance mental health in every aspect of Canadian life. Bell Let's Talk has four action pillars: anti-stigma, enhanced care and access, new research and workplace leadership. It is the largest-ever corporate effort to promote mental health in Canada. In 2015, Bell announced the extension of Bell Let's Talk for another five years and an increase in its total funding commitment for Canadian mental health to at least $100 million by 2020.

January 29, 2020 marked the 10th anniversary of Bell Let's Talk Day. The 2020 Bell Let's Talk Day theme was Mental Health: Every Action Counts, and it encouraged Canadians to think of the ways that they can contribute to positive change. On Bell Let's Talk Day, Bell donated 5 cents more to mental health programs for every Bell text message, mobile and long-distance call and eligible social media interaction. Between midnight in Newfoundland and Labrador and midnight Pacific time, there were 154,387,425 eligible Bell Let's Talk communications, an increase of more than 6% over the previous year, meaning that Bell will donate an additional $7,719,371.25 to Canadian mental health.

Adding this amount to the original Bell Let's Talk commitment of $50 million in 2010, along with the results of the first nine Bell Let's Talk Days, Bell has now committed $108,415,135 to improving Canadian mental health.

Since its launch, Bell Let's Talk has supported more than 1,000 mental health partners across Canada, from large healthcare institutions and universities to small community organizations in every region. Annual community funds support grassroots mental health initiatives across Canada and military families, in addition to dedicated funds for Canada's northern territories and Indigenous mental health in Manitoba. Bell Let's Talk has also funded the world's first university chair in anti-stigma studies at Queen's University; the world's first voluntary standard on workplace mental health; Canada's first biobank of biological, social and psychological data at l'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; a first-of-its-kind project at the Université du Québec à Montréal (UQAM) aimed at preventing suicide by establishing best practices in making optimal use of today's digital communications tools; and the first university-certified workplace mental health training program.

More than 12,000 Bell managers across Canada have received training in mental health support and more than 1,200 internal workplace events have taken place since 2010 in support of ending the stigma around mental illness, building resiliency and creating positive mental wellness.

In 2019 and early 2020, Bell Let's Talk announced funding to several mental health projects, including: a $240,000 donation to the Behavioural Health Foundation to support Indigenous programming as a core component of holistic residential treatment for adults and families affected by addictions and co-occurring mental health issues; $500,000, in partnership with the Government of the Northwest Territories and Northwestel Inc., to support the Strongest Families Institute to provide mental health services for children, youth, adults and families throughout the territory; a $110,000 donation to the Peguis Foundation and SunLodge Village to support a four-season land-based traditional wellness program for at-risk youth in Peguis First Nation; a joint $300,000 donation to Fondation de ma vie for the refurbishment of psychiatric departments at three hospitals in the Saguenay-Lac-St-Jean region; and a $420,000 donation to William Osler Health Foundation to support a new repetitive Transcranial Magnetic Stimulation (rTMS) Clinic at Osler's Brampton Civic Hospital.

On Bell Let's Talk Day 2020, the True Patriot Love Foundation shared the list of the 10 most recent Bell True Patriot Love Fund recipients from across Canada, including Québec Veterans Foundation, which will provide recreation and creative arts therapy programs at Ste. Anne's Hospital in Montréal and in Longueuil, and Roots of Empathy, which will offer a program to prevent bullying and aggression while nurturing positive mental health for children of military families in five provinces.

Bell Let's Talk partners have also included Bear Clan Patrol, Brain Canada, Canadian Red Cross, Children's Hospital of Eastern Ontario (CHEO), CISSS de Lanaudière, the Douglas Mental Health University Institute, Embrace Life Council, l'Institut universitaire en santé mentale de Montréal Foundation, Fondation de l'Institut universitaire en santé mentale de Québec, Kids Help Phone, Ma Mawi Wi Chi Itata Centre, McGill University's Montréal Neurological Institute and Hospital, Montréal General Hospital Foundation, Ogijiita Pimatiswin Kinamatwin, Queen's University, Rise Asset Development, St. John Ambulance, University of British Columbia, VGH & UBC Hospital Foundation, Ottawa's Youth Services Bureau and many others.

The 2019 Bell Let's Talk Fund distributed 123 grants to community organizations that deliver support and services in every region of Canada. Since its launch in 2011, the Community Fund has awarded 657 grants to grassroots groups in every province and territory, delivering programs ranging from support group workshops led by a social worker, mental health support for refugees, and a mobile health/ mental health clinic serving youth. The $2 million Bell Let's Talk Community Fund will again distribute grants to community organizations in 2020.

In 2019, Bell Let's Talk was awarded the first Social Impact Award presented by Québec newsmagazine L'actualité and Crédo in the Philanthropy category in recognition of Bell's commitment to mental health and the effectiveness of our annual Bell Let's Talk Day campaign in changing perceptions, reducing stigma and influencing public policy. The Social Impact Awards recognize organizations that have made a positive difference in Canadian society.

To learn more, please visit **Bell.ca/LetsTalk**.

Between mental health and its other initiatives, Bell contributed more than $29.5 million in community investment in 2019. Our employees and pensioners also donated more than $2.5 million in charitable gifts and logged more than 109,000 hours in volunteer time.

3.9 Competitive environment

A discussion of our competitive environment can be found in section 3.3, *Principal business risks* and the various subsections entitled *Competitive landscape and industry trends* and *Principal business risks* of the BCE 2019 MD&A, on pages 47 to 49, 60 to 62, 66 and 67, 69, 71 and 72, and 74 of the BCE 2019 Annual Report.

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

3.10 Regulatory environment

A discussion of certain 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 2019 MD&A, on pages 88 to 92 of the BCE 2019 Annual Report.

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

3.11 Intangible properties

We use various works protected by intellectual property rights (IP Assets), which we own or for which we have been granted rights of use. These IP Assets include, without limitation: brand names; trademarks such as names, designs and logos; copyrights of content, programs and musical works; broadcast signals, software and applications; domain names; patents or patent applications for inventions owned or produced by us and our employees; and various other copyright materials, trademarks, 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 protections afforded under copyright, trademark, 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 trademark rights are perpetual, provided that their registrations are renewed on a timely basis when applicable and that the trademarks 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, during the last three completed financial years we have entered into transactions and implemented various business strategies and corporate initiatives that have influenced the general development of our business. During this period, our regulatory environment has also influenced the general development of our business. The principal transactions, regulatory developments, business strategies and corporate initiatives that have influenced the general development of our business during the last three completed financial years are discussed below.

4.1 Transactions

KEY COMPLETED TRANSACTIONS

In line with our strategic imperatives, we have concluded certain transactions from 2017 to 2019 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
Acquisition of Axia NetMedia Corporation (Axia) (2018)	• On June 30, 2018, Bell entered into an agreement to acquire Axia, the Calgary-based operator of the rural assets of SuperNet, which is the Alberta broadband network connecting thousands of provincial and municipal offices, Indigenous communities, schools, libraries, healthcare institutions, businesses and Internet service providers in 429 urban and rural communities throughout the province. Bell already owned and operated the SuperNet network assets serving 27 urban centres in Alberta. On July 3, 2018, Bell announced that it had been awarded a multi-year contract to operate Alberta SuperNet. • On August 31, 2018, Bell completed its acquisition of all of the issued and outstanding common shares of Axia for a total cash consideration of $155 million. This acquisition ensures the continuation of SuperNet services for rural customers while enhancing connectivity opportunities for Alberta and national enterprise customers doing business throughout the province. The acquisition expands BCE's broadband operations in Alberta and will add approximately 10,000 kilometres of fibre capacity to our footprint.
Acquisition of AlarmForce Industries Inc. (AlarmForce) (2018)	• On January 5, 2018, BCE announced the completion of its acquisition of AlarmForce. The transaction was completed through a plan of arrangement under which BCE acquired all the issued and outstanding common shares of AlarmForce for a total aggregate consideration of approximately $182 million. Subsequent to the acquisition of AlarmForce, on January 5, 2018, BCE sold AlarmForce's approximately 39,000 customer accounts in British Columbia, Alberta and Saskatchewan to TELUS Communications Inc. (Telus) for total proceeds of approximately $68 million. • AlarmForce provides security alarm monitoring, personal emergency response monitoring, video surveillance and related services to residential and commercial subscribers. The acquisition of AlarmForce supports our strategic expansion in the smart home marketplace.
Acquisition of Manitoba Telecom Services Inc. (MTS) (2017)	• On March 17, 2017, BCE completed the acquisition of MTS originally announced on May 2, 2016, purchasing all of the issued and outstanding common shares of MTS for a total consideration of $2,933 million, and assuming outstanding net debt of $972 million. BCE acquired all of the issued and outstanding common shares of MTS for $40 per share, which was paid 55% through the issuance of BCE common shares and 45% in cash. The cash component of $1,339 million was funded through debt financing, and BCE issued approximately 27.6 million common shares for the equity portion of the transaction. The combined companies' Manitoba operations are now known as Bell MTS. On April 1, 2017, BCE completed the divestiture of approximately one-quarter of postpaid wireless subscribers and 15 of the retail locations previously held by MTS, as well as certain Manitoba network assets, to Telus for total proceeds of $323 million. • Subsequent to the acquisition of MTS, on March 17, 2017, BCE transferred to Xplornet Communications Inc. (Xplornet) a total of 40 MHz of 700 MHz AWS-1 and 2500 MHz wireless spectrum, which was previously held by MTS. BCE also transferred to Xplornet 20,000 wireless customers in Q4 2018. • On April 1, 2017, MTS Inc. amalgamated with Bell Canada.
Acquisition of Cieslok Media Ltd. (Cieslok) (2017)	• On January 3, 2017, Bell Media acquired all of the issued and outstanding common shares of Cieslok for a total cash consideration of $161 million. Cieslok specializes in large-format outdoor advertising in key urban areas across Canada. • The acquisition contributed to growing and strengthening our digital presence in OOH advertising.

COMPLETION OF NORMAL COURSE ISSUER BID

On February 8, 2018, BCE announced a normal course issuer bid (NCIB) program under which BCE could purchase for cancellation up to 3.5 million common shares, subject to a maximum aggregate purchase price of $175 million, during the twelve-month period starting February 13, 2018 and ending no later than February 12, 2019. On March 13, 2018, BCE completed its NCIB program, having repurchased and cancelled 3,085,697 common shares, at an average price of $56.71 per share, for a total cost of $175 million. The repurchase of common shares was conducted for the purpose of offsetting share dilution resulting from the exercise of stock options.

4.2 Corporate developments

Refer to the sections of the BCE 2017 MD&A and BCE 2018 MD&A, contained in the BCE 2017 Annual Report and BCE 2018 Annual Report, respectively, indicated in the table below for a discussion of various business strategies and corporate initiatives implemented, and other actions taken, in the financial years ended December 31, 2017 and December 31, 2018 that have influenced the general development of our business in 2017 and 2018. Refer to the sections of the BCE 2019 MD&A, contained in the BCE 2019 Annual Report, indicated in the table below for a discussion of various business strategies and corporate initiatives implemented, and other actions taken, in the financial year ended December 31, 2019 that have influenced the general development of our business in 2019, and the priorities we intend to focus on in 2020.

MD&A	SECTION REFERENCES	
BCE 2017 MD&A	Section 1.3,	*Key corporate developments*
	Section 1.4,	*Capital markets strategy*
	Section 2,	*Strategic imperatives – 2017 progress for each strategic imperative*
BCE 2018 MD&A	Section 1.3,	*Key corporate developments*
	Section 1.4,	*Capital markets strategy*
	Section 2,	*Strategic imperatives – 2018 progress for each strategic imperative*
BCE 2019 MD&A	Section 1.3,	*Key corporate developments*
	Section 1.4,	*Capital markets strategy*
	Section 2,	*Strategic imperatives – 2019 progress for each strategic imperative*
	Section 2,	*Strategic imperatives – 2020 focus for each strategic imperative*

4.3 Regulatory environment

During the past three financial years, the general development of our business has been affected, and will continue to be affected, by decisions made by the Government of Canada and its relevant departments and agencies, including the CRTC, Innovation, Science and Economic Development Canada (ISED), Canadian Heritage and the Competition Bureau. Although most of our retail services are not price-regulated, government agencies and departments such as those mentioned above continue to play a significant role in regulatory matters such as mandatory access to networks, spectrum auctions, the imposition of consumer-related codes of conduct, approval of acquisitions, broadcast and spectrum licensing, foreign ownership requirements and control of copyright piracy. Refer to section 8, *Regulatory environment* of the BCE 2019 MD&A, the BCE 2018 MD&A and the BCE 2017 MD&A contained in the BCE 2019 Annual Report, the BCE 2018 Annual Report and the BCE 2017 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, 2019, 2018 and 2017.

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 5, 2020, 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 27, *Share capital* of the BCE 2019 consolidated financial statements, on pages 150 and 151 of the BCE 2019 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 Canadian
- the carrier company is not controlled by non-Canadians

In addition, where a parent company (Carrier holding company) owns at least 66⅔% of the voting shares of the carrier company, the Carrier holding company must have at least 66⅔% 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 66⅔% of its voting shares, and
- 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, and
- 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 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 33⅓%. 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 also require broadcasting licensees to establish programming committees when foreign investment in their holding company, while within permissible limits, exceeds 20%. 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 33⅓%.

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

As of March 5, 2020, BCE had no debt securities outstanding.

5.2 Bell Canada debt securities

As at December 31, 2019, Bell Canada had issued or assumed long-term debt securities as summarized in the table below.

DEBT SECURITIES	WEIGHTED AVERAGE INTEREST RATE	MATURITY	AT DECEMBER 31, 2019 (IN $ MILLIONS)
1997 trust indenture	3.82%	2021 – 2047	14,500
1976 trust indenture	9.54%	2021 – 2054	1,100
1996 trust indenture (subordinated)	8.21%	2026 – 2031	275
2016 U.S. trust indenture (1)	4.41%	2048 – 2049	2,273
2011 trust indenture (2)	4.00%	2024	225
Total			18,373

(1) *Bell Canada has issued notes under the 2016 U.S. trust indenture for an aggregate amount of $1,750million in U.S. dollars, which have been hedged for foreign currency fluctuations through cross currency interest rate swaps.*

(2) *As part of the acquisition of MTS, on March 17, 2017, Bell Canada assumed all of MTS debt issued under its 2011 trust indenture.*

The Bell Canada long-term debt securities are unsecured and have been guaranteed by BCE. Additional information about the terms and conditions of the Bell Canada long-term debt securities can be found in Note 22, *Long-term debt* of the BCE 2019 consolidated financial statements, on pages 140 and 141 of the BCE 2019 Annual Report.

In 2019, Bell Canada redeemed the following series of debt securities prior to maturity:

DATE OF REDEMPTION	PRINCIPAL AMOUNT	DESCRIPTION OF DEBT SECURITIES REDEEMED	REDEMPTION PRICE PER $1,000 PRINCIPAL AMOUNT
May 24, 2019	$400 million	3.54% Debentures, Series M-37, due June 12, 2020	$1,014.021 plus $15.809 for accrued and unpaid interest
June 13, 2019	$1.0 billion	3.25% Debentures, Series M-27, due June 17, 2020	$1,011.945 plus $15.849 for accrued and unpaid interest

Under its shelf prospectus dated March 20, 2018 (2018 Shelf Prospectus), Bell Canada could issue, over a 25-month period, up to $4 billion of unsecured debt securities. In addition, under its prospectus supplement dated June 19, 2018 (2018 Prospectus Supplement), Bell Canada could issue, over the same period, up to $3 billion of unsecured Medium Term Notes (MTN) Debentures.

- On March 29, 2018, Bell Canada issued, under the 2018 Shelf Prospectus and a prospectus supplement dated March 26, 2018, US$750 million (C$967 million) of 4.464% Series US-1 Notes (US-1 Notes) at a price of US$100 per US$100 principal amount, to mature on April 1, 2048
- On August 21, 2018, Bell Canada issued, under the 2018 Shelf Prospectus and the 2018 Prospectus Supplement, $1 billion of 3.80% MTN Debentures, Series M-48, at a price of $99.885 per $100 principal amount, to mature on August 21, 2028
- On September 14, 2018, Bell Canada issued, under the 2018 Shelf Prospectus and a prospectus supplement dated September 11, 2018, US$400 million (C$526 million) of 4.464% Series US-1 Notes at a price of US$98.768 per US$100 principal amount plus accrued interest, to mature on April 1, 2048. The US-1 Notes represent a re-opening of, and form a single series with, Bell Canada's outstanding 4.464% Series US-1 Notes, due 2048, that were issued on March 29, 2018.
- On May 13, 2019, Bell Canada issued, under the 2018 Shelf Prospectus and a prospectus supplement dated May 8, 2019, US$600 million (C$808 million) of 4.30% Series US-2 Notes at a price of US$99.802 per US$100 principal amount, to mature on July 29, 2049. On the same day, Bell Canada issued, under the 2018 Shelf Prospectus and the 2018 Prospectus Supplement, $600 million of 2.75% MTN Debentures, Series M-49, at a price of $99.795 per $100 principal amount, to mature on January 29, 2025. The net proceeds of these offerings were used to fund the early redemption of Bell Canada's $1 billion principal amount of 3.25% Debentures, Series M-27, due June 17, 2020, and the early redemption of Bell Canada's $400 million principal amount of 3.54% Debentures, Series M-37, due June 12, 2020.

In order to continue to provide Bell Canada with financial flexibility and efficient access to the Canadian and U.S. capital markets, on May 29, 2019, Bell Canada filed with the Canadian provincial securities regulatory authorities and with the SEC a new shelf prospectus (2019 Shelf Prospectus) under which Bell Canada may issue, over a 25-month period, up to $5 billion of unsecured debt securities. The 2019 Shelf Prospectus effectively replaced the 2018 Shelf Prospectus and effectively cancelled the 2018 Prospectus Supplement. On June 6, 2019, Bell Canada filed a new prospectus supplement (2019 Prospectus Supplement) for the issue of up to $5 billion of unsecured MTN Debentures under the 2019 Shelf Prospectus.

On September 10, 2019, Bell Canada issued, under the 2019 Shelf Prospectus and 2019 Prospectus Supplement, $550 million of 2.90% MTN Debentures, Series M-50, at a price of $99.871 per $100 principal amount, to mature on September 10, 2029. The net proceeds of the offering were used to repay short-term debt.

On February 13, 2020, Bell Canada issued, under the 2019 Shelf Prospectus and 2019 Prospectus Supplement, $750 million of 3.50% MTN Debentures, Series M-51, at a price of $99.902 per $100 principal amount, to mature on September 30, 2050. The net proceeds of the offering are intended to be used to fund, on March 16, 2020, the redemption, prior to maturity, of Bell Canada's 4.95% Series M-24 MTN debentures, having an outstanding principal amount of $500 million, which were due on May 19, 2021, and for the repayment of short-term debt.

As at March 5, 2020, Bell Canada had issued $1.3 billion principal amount of debt securities under its 2019 Shelf Prospectus.

Certain of Bell Canada's trust indentures and MTS' 2011 trust indenture assumed by Bell Canada 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 debt securities upon the occurrence of both a "Change of Control" of BCE or Bell Canada and a "Rating Event" relating to the relevant series of debt securities. "Change of Control" and "Rating Event" are defined in the terms and conditions of the relevant series

of debt securities. Bell Canada is in compliance with all conditions and restrictions of its debt securities.

Bell Canada may issue short-term notes (CP Notes) under its Canadian and U.S. commercial paper programs up to the maximum aggregate principal amount of $3.0 billion in Canadian or U.S. currency provided that at no time shall such aggregate principal amount of CP Notes exceed $4.0 billion in Canadian currency, which equals the amount available under Bell Canada's supporting committed lines of credit as of March 5, 2020. The sale of CP Notes pursuant to Bell Canada's separate Canadian or U.S. program decreases the Canadian or U.S. $3.0 billion maximum principal amount of CP 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 5, 2020, Bell Canada had CP Notes outstanding under its U.S. program in the principal amount of US$2,340 million (C$3,067 million when taking into account hedges with forward currency contracts against foreign currency fluctuations). As at the same date, no CP Notes were outstanding under Bell Canada's Canadian program.

5.3 Credit 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 our assigned 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 below investment grade. Credit ratings are subject to change, based on a number of factors including, but not limited to, our financial strength, competitive position, liquidity and other factors that are not completely within our control. A ratings downgrade could result in adverse consequences for our funding capacity or our ability to access the capital markets.

As of March 5, 2020, BCE's preferred shares are rated by DBRS Limited (DBRS) and S&P Global Ratings Canada, a business unit of S&P Global Canada Corp. (S&P), and Bell Canada's debt securities are rated by DBRS, Moody's Investors Service, Inc. (Moody's) and S&P.

This section describes the credit ratings, as of March 5, 2020, for certain of the issued and outstanding securities of BCE and Bell Canada. These ratings provide investors with an independent measure of the 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. Ratings are determined by the rating agencies based on criteria established from time to time by them, and they do not comment on market price or suitability for a particular investor. Each credit rating should be evaluated independently of any other credit rating.

In the past two years, we have paid rating agencies to assign ratings to BCE's preferred shares, as well as to Bell Canada'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 for services provided relating to ratings assigned in connection with Bell Canada's accounts receivable programs.

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-2 (high)	4 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 securities	DBRS	BBB (high)	8 out of 26
	Moody's	Baa1	8 out of 21
	S&P	BBB+	8 out of 22
Bell Canada subordinated long-term debt securities	DBRS	BBB (low)	10 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	8 out of 16
	S&P	P-2 (Low) (Canadian scale)	6 out of 18
		BBB- (Global scale)	8 out of 20

As of March 5, 2020, 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 and is based upon public statements from the respective rating agencies as of March 5, 2020.

	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 issuer and the relative ranking of claims.

Moody's short-term ratings are assigned to obligations with an original maturity of 13 months or less and reflect both on the likelihood of a default or impairment on contractual financial obligations and the expected financial loss suffered in the event of default or impairment.

An S&P Canadian commercial paper rating is a forward-looking opinion about the capacity of an obligor to meet financial commitments associated with a specific commercial paper program or other short-term financial instrument, relative to the debt servicing and repayment capacity of other obligors active in the Canadian domestic financial markets with respect to their own financial obligations.

An S&P Global rating is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations or a specific financial program, and about the obligor's capacity and willingness to meet its financial commitments.

LONG-TERM DEBT SECURITIES

The table below shows the range of credit ratings that each rating agency assigns to long-term debt instruments and is based upon public statements from the respective rating agencies as of March 5, 2020.

	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 issuer and the relative ranking of claims.

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

S&P's long-term debt credit rating scale provides a forward-looking opinion 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 and is based upon public statements from the respective rating agencies as of March 5, 2020.

	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 reflects an opinion of the risk that an issuer will not fulfill its obligations with respect to both dividends and principal commitments. Every DBRS rating is based on quantitative and qualitative considerations relevant to the issuing entity.

S&P's Canadian preferred share rating is a forward-looking opinion about the creditworthiness of an obligor in meeting a specific preferred share obligation issued in the Canadian market, compared to preferred shares issued by other issuers in the Canadian market.

An S&P Global rating is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations or a specific financial program, and about the obligor's capacity and willingness to meet its financial commitments.

EXPLANATION OF RATING CATEGORIES RECEIVED FOR OUR SECURITIES

The following explanations of the rating categories received for our securities have been published by the applicable rating agencies. The explanations and corresponding rating categories provided below are subject to change by the applicable rating agencies.

RATING AGENCY	DESCRIPTION OF SECURITIES	RATING CATEGORY	EXPLANATION OF RATING CATEGORY RECEIVED
DBRS	Short-term debt	R-2 (high)	upper end of adequate credit quality
			capacity for the payment of short-term financial obligations as they fall due is acceptable
			may be vulnerable to future events
	Long-term debt	BBB (high)	adequate credit quality
			capacity for the payment of financial obligations is considered acceptable
			may be vulnerable to future events
	Long-term subordinated debt	BBB (low)	adequate credit quality
			capacity for the payment of financial obligations is considered acceptable
			may be vulnerable to future events
	Preferred shares	Pfd-3	adequate credit quality
			protection of dividends and principal is still considered 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 correspond with companies with a BBB category or higher reference point
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 adverse effects of changes in 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 weaken the obligor's ability to meet its financial commitments
	Preferred shares	P-2 (Low) (Canadian scale)	adequate protection parameters
		BBB- (Global scale)	adverse economic conditions or changing circumstances are more likely to weaken the obligor'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 2019 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)	SERIES AD (BCE.PR.D)	SERIES AE (BCE.PR.E)
January 2019											
High	$57.210	$17.590	$17.550	$16.990	$18.810	$16.990	$17.110	$17.700	$18.490	$17.700	$17.680
Low	$53.050	$16.250	$16.450	$15.700	$16.500	$16.050	$15.710	$16.530	$16.950	$16.500	$16.470
Volume	39,166,619	153,043	98,105	82,612	436,675	21,722	99,426	96,094	288,759	159,408	66,022
February 2019											
High	$58.820	$16.850	$16.850	$16.400	$16.780	$16.490	$16.260	$16.900	$17.240	$16.910	$16.700
Low	$56.810	$15.780	$16.200	$15.250	$15.990	$15.650	$15.400	$16.140	$16.750	$16.220	$16.150
Volume	31,202,385	254,596	38,300	95,320	134,695	27,485	101,277	357,759	454,517	127,389	64,300
March 2019											
High	$59.850	$16.400	$16.430	$15.700	$16.470	$16.000	$16.070	$16.450	$17.180	$16.550	$16.380
Low	$57.700	$15.330	$15.360	$14.950	$15.380	$15.350	$15.320	$15.450	$16.330	$15.430	$15.390
Volume	57,356,896	290,322	58,905	8,865	443,855	15,997	94,049	609,529	423,153	421,510	106,426
April 2019											
High	$60.990	$16.130	$15.990	$15.200	$15.960	$16.100	$16.320	$15.950	$16.920	$15.990	$15.960
Low	$58.985	$15.170	$15.460	$14.640	$15.450	$15.420	$15.500	$15.480	$16.270	$15.500	$15.480
Volume	28,688,742	1,261,625	51,034	30,740	292,512	13,100	171,542	157,351	1,598,846	346,764	66,826
May 2019											
High	$61.530	$16.020	$15.750	$15.210	$15.700	$15.900	$16.050	$15.720	$16.790	$15.760	$15.660
Low	$59.170	$15.160	$15.150	$15.000	$15.060	$15.180	$15.400	$15.140	$16.130	$15.190	$15.100
Volume	37,276,209	106,511	74,337	33,900	173,137	19,740	106,176	130,552	258,271	155,793	83,796
June 2019											
High	$62.750	$15.640	$15.200	$14.790	$15.150	$15.180	$15.400	$15.200	$16.450	$15.170	$15.150
Low	$59.130	$14.660	$14.430	$13.710	$14.460	$14.550	$14.440	$14.490	$15.550	$14.550	$14.480
Volume	38,360,311	188,495	45,071	56,076	143,494	14,500	102,650	167,273	188,035	194,281	166,650
July 2019											
High	$60.900	$16.030	$15.620	$14.800	$15.520	$15.700	$16.930	$15.650	$16.820	$15.530	$15.440
Low	$59.240	$15.270	$14.750	$14.000	$14.840	$15.090	$15.330	$14.890	$16.100	$14.880	$14.760
Volume	22,985,148	350,975	42,579	58,200	178,603	16,953	72,943	155,605	149,186	152,405	109,524
August 2019											
High	$63.140	$15.790	$15.240	$14.780	$15.350	$15.360	$15.700	$15.320	$16.690	$15.350	$15.350
Low	$60.020	$13.580	$13.460	$13.070	$13.450	$13.400	$13.420	$13.500	$14.810	$13.520	$13.400
Volume	27,587,699	90,611	392,636	60,955	273,856	30,703	98,904	286,488	162,812	192,592	177,966
September 2019											
High	$64.590	$15.250	$15.090	$14.480	$15.210	$15.140	$15.210	$15.280	$16.000	$15.250	$15.080
Low	$62.670	$14.020	$14.070	$13.480	$14.100	$14.000	$14.060	$14.190	$15.170	$14.240	$14.130
Volume	48,298,930	43,610	158,272	41,388	207,546	15,551	150,035	79,047	295,706	105,045	175,843
October 2019											
High	$65.450	$15.490	$15.450	$14.500	$15.480	$15.500	$15.950	$15.500	$16.250	$15.550	$15.490
Low	$60.640	$14.700	$14.710	$14.100	$14.820	$14.720	$14.950	$14.860	$15.690	$14.850	$14.820
Volume	36,382,583	65,280	119,185	27,909	163,477	57,812	305,234	118,227	206,814	140,357	145,999
November 2019											
High	$64.660	$15.450	$15.350	$14.820	$15.410	$15.340	$15.570	$15.410	$16.320	$15.470	$15.380
Low	$61.910	$14.930	$14.900	$14.390	$15.070	$15.100	$15.190	$15.080	$15.820	$15.090	$14.990
Volume	31,737,314	92,471	56,099	389,567	224,351	16,200	336,910	397,293	235,995	316,344	185,751
December 2019											
High	$64.910	$15.590	$15.770	$14.800	$15.520	$15.500	$15.820	$15.410	$16.580	$15.450	$15.550
Low	$60.010	$14.920	$14.890	$14.410	$14.880	$14.860	$14.990	$14.970	$16.000	$14.900	$14.920
Volume	46,986,303	131,725	205,645	38,840	250,275	45,326	127,973	1,322,500	240,363	281,801	194,086

	FIRST PREFERRED SHARES										
	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 AL (BCE.PR.L)	SERIES AM (BCE.PR.M)	SERIES AN (BCE.PR.N)	SERIES AO (BCE.PR.O)	SERIES AQ (BCE.PR.Q)
January 2019											
High	$17.290	$16.950	$17.620	$17.290	$17.680	$16.230	$16.150	$16.660	$16.850	$21.890	$20.970
Low	$16.160	$15.920	$16.470	$15.770	$16.500	$14.960	$15.060	$15.260	$15.970	$20.610	$20.000
Volume	42,800	26,939	130,238	71,207	56,718	412,712	22,437	184,324	25,489	41,581	241,661
February 2019											
High	$16.860	$16.250	$16.750	$16.160	$16.720	$15.470	$15.480	$15.910	$17.000	$21.210	$20.300
Low	$15.800	$15.200	$16.150	$15.300	$16.190	$14.550	$14.800	$14.320	$15.600	$19.950	$19.580
Volume	31,019	31,411	112,175	79,160	268,214	247,897	34,690	164,018	22,998	40,386	297,825
March 2019											
High	$16.400	$15.700	$16.430	$15.850	$16.420	$15.100	$15.100	$15.500	$16.520	$20.950	$20.430
Low	$15.160	$14.520	$15.370	$14.690	$15.400	$13.720	$13.900	$14.150	$15.300	$20.300	$19.650
Volume	41,083	31,810	449,666	46,285	259,407	475,728	15,280	90,673	22,217	64,498	310,757
April 2019											
High	$15.570	$15.230	$16.000	$15.380	$15.920	$14.490	$14.800	$14.960	$15.510	$20.920	$20.170
Low	$15.100	$14.790	$15.390	$14.790	$15.490	$13.990	$14.000	$14.270	$14.610	$20.270	$19.720
Volume	32,374	16,437	98,377	29,107	62,901	584,974	98,736	93,571	65,895	73,835	142,643
May 2019											
High	$15.460	$15.140	$15.760	$15.460	$15.700	$14.180	$14.170	$14.700	$14.910	$20.620	$20.110
Low	$15.230	$14.510	$15.100	$14.850	$15.200	$13.030	$13.490	$13.830	$14.150	$19.520	$19.310
Volume	64,050	31,085	89,510	47,574	22,263	367,301	26,201	117,895	13,850	96,384	235,712
June 2019											
High	$14.900	$14.600	$15.130	$14.600	$15.470	$13.720	$13.370	$13.930	$14.250	$20.550	$19.660
Low	$14.200	$13.710	$14.350	$13.600	$14.480	$12.710	$12.930	$13.300	$13.430	$18.910	$18.540
Volume	47,866	24,682	156,695	48,341	63,462	763,233	67,735	97,600	62,710	83,902	113,230
July 2019											
High	$15.010	$14.770	$15.490	$14.700	$15.490	$14.240	$13.900	$14.450	$14.920	$20.820	$19.850
Low	$14.400	$14.060	$14.770	$13.850	$14.750	$13.390	$13.420	$13.920	$14.000	$19.930	$19.300
Volume	204,237	16,300	62,878	37,700	67,707	220,835	16,974	62,226	40,325	43,569	189,549
August 2019											
High	$15.150	$14.780	$15.300	$14.590	$15.300	$14.200	$13.800	$14.510	$14.900	$20.920	$19.800
Low	$13.020	$13.000	$13.330	$13.010	$13.320	$11.820	$11.950	$12.210	$12.730	$18.650	$17.280
Volume	106,237	64,366	228,015	72,428	144,164	1,013,645	36,867	137,046	24,645	71,510	151,503
September 2019											
High	$14.830	$14.340	$15.120	$14.500	$15.200	$13.550	$13.550	$13.790	$14.190	$19.400	$18.300
Low	$13.760	$13.500	$14.150	$13.510	$14.100	$12.340	$12.260	$12.800	$13.500	$18.650	$17.510
Volume	33,127	22,449	228,021	123,560	592,195	693,567	219,025	464,669	23,863	69,708	240,598
October 2019											
High	$15.050	$14.650	$15.570	$14.610	$15.470	$13.610	$13.500	$13.980	$14.240	$18.900	$18.300
Low	$14.600	$14.000	$14.850	$14.000	$14.750	$12.460	$12.550	$12.990	$13.190	$18.420	$17.500
Volume	51,173	25,997	286,057	277,833	660,543	525,042	41,377	153,424	56,840	89,869	329,604
November 2019											
High	$15.200	$14.700	$15.390	$14.650	$15.490	$13.770	$13.660	$14.250	$14.500	$19.450	$18.350
Low	$14.900	$14.320	$15.050	$14.240	$15.070	$12.870	$12.960	$13.590	$13.770	$18.650	$17.590
Volume	38,122	51,439	263,594	57,286	474,587	356,337	49,601	360,400	35,645	205,730	445,344
December 2019											
High	$15.450	$14.810	$15.410	$14.840	$15.400	$13.970	$14.140	$14.550	$14.590	$19.150	$18.550
Low	$14.920	$14.340	$14.940	$14.330	$14.800	$12.870	$12.890	$13.500	$13.540	$18.520	$17.510
Volume	104,094	40,709	389,491	86,659	736,013	704,565	67,354	278,145	43,695	383,632	355,896

6 Dividends and dividend payout policy

The board of directors of BCE reviews from time to time the adequacy of BCE's common share dividend payout policy. BCE's common share dividend payout policy is currently set to a target dividend payout ratio (1) of 65% to 75% of free cash flow (1). Our objective is to seek to deliver dividend growth 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 2019 MD&A, on pages 35 to 37 of the BCE 2019 Annual Report.

BCE's dividend payout policy, increases in the common share dividend 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 payout policy will be maintained, that the dividend on common shares will be increased, or that dividends will be declared. Dividend increases and the declaration of dividends by the BCE board of directors are ultimately dependent on BCE's operations and financial results, which are in turn subject to various assumptions and risks, including those outlined in section 1, *Caution regarding forward-looking statements* of this Annual Information Form.

The table below describes the increases in BCE's annualized common share dividend starting with the quarterly dividend payable on April 15, 2017.

DATE OF ANNOUNCEMENT	AMOUNT OF INCREASE	EFFECTIVE DATE
February 2, 2017	5.1% (from $2.73 per share to $2.87 per share)	Quarterly dividend payable on April 15, 2017
February 8, 2018	5.2% (from $2.87 per share to $3.02 per share)	Quarterly dividend payable on April 15, 2018
February 7, 2019	5.0% (from $3.02 per share to $3.17 per share)	Quarterly dividend payable on April 15, 2019
February 6, 2020	5.0% (from $3.17 per share to $3.33 per share)	Quarterly dividend payable on April 15, 2020

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 AL, Series AM, Series AN, Series AO and Series AQ first preferred share for 2019, 2018 and 2017.

	2019	2018	2017
Common shares	**$3.17**	$3.02	$2.87
First preferred shares			
Series R	**$1.03250**	$1.0325	$1.0325
Series S	**$0.98748**	$0.91392	$0.73681
Series T	**$0.75475**	$0.75475	$0.75475
Series Y	**$0.98748**	$0.91392	$0.73681
Series Z	**$0.97600**	$0.976	$0.835
Series AA	**$0.90252**	$0.90252	$0.88251
Series AB	**$0.98748**	$0.91392	$0.73681
Series AC	**$1.09500**	$1.095	$0.88752
Series AD	**$0.98748**	$0.91392	$0.73681
Series AE	**$0.98748**	$0.91392	$0.73681
Series AF	**$0.77750**	$0.7775	$0.7775
Series AG	**$0.70000**	$0.70	$0.70
Series AH	**$0.98748**	$0.91392	$0.73681
Series AI	**$0.68750**	$0.6875	$0.6875
Series AJ	**$0.98748**	$0.91392	$0.73681
Series AK	**$0.73850**	$0.7385	$0.7385
Series AL	**$0.88996**	$0.77374	$0.61139
Series AM	**$0.69100**	$0.691	$0.691
Series AN	**$0.94245**	$0.82625	$0.68625
Series AO	**$1.06500**	$1.065	$1.083125
Series AQ	**$1.20300**	$1.097625	$1.0625

(1) *The terms free cash flow and dividend payout ratio do not have any standardized meaning under IFRS. Therefore, they are unlikely to be comparable to similar measures presented by other issuers. 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. We exclude acquisition and other costs paid and voluntary pension funding 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. We consider free cash flow to be an important indicator of the financial strength and performance of our businesses because it shows how much cash is available to pay dividends on common shares, 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 and to evaluate the financial strength and performance of our businesses. The most comparable IFRS financial measure is cash flows from operating activities. We define dividend payout ratio as dividends paid on common shares divided by free cash flow. We consider dividend payout ratio to be an important indicator of the financial strength and performance of our businesses because it shows the sustainability of the company's dividend payments.*

7 Our directors and executive officers

7.1 Directors

On January 5, 2020, George Cope retired from his role as President and Chief Executive Officer of BCE and Bell Canada and ceased to be a BCE director. On January 6, 2020, Mirko Bibic became President and Chief Executive Officer of BCE and Bell Canada and was appointed to the BCE board of directors.

The table below lists BCE's directors, where they lived, the date they were elected or appointed and their principal occupation on March 5, 2020.

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

NAME, PROVINCE/STATE AND COUNTRY OF RESIDENCE	DATE ELECTED OR APPOINTED TO THE BCE BOARD	PRINCIPAL OCCUPATION ON MARCH 5, 2020
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
Mirko Bibic, Ontario, Canada	January 2020	President and Chief Executive Officer, BCE and Bell Canada, since January 2020
Sophie Brochu, Québec, Canada	May 2010	Corporate director, since December 2019
Robert E. Brown, Québec, Canada	May 2009	Corporate director, since October 2009
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 March 2018, and Chartered Professional Accountant
Monique F. Leroux, C.M., O.Q., FCPA, FCA, Québec, Canada	April 2016	Corporate director, since April 2016, and Chartered Professional Accountant
Gordon M. Nixon, Ontario, Canada	November 2014	Chair of the board of directors, BCE and Bell Canada, since April 2016, and corporate director, since September 2014
Calin Rovinescu, C.M., Québec, Canada	April 2016	President and Chief Executive Officer, Air Canada (an airline company), since April 2009
Karen Sheriff, Ontario, Canada	April 2017	Corporate director, since October 2016
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 senior management positions with the same or associated firms or organizations during the past five years or longer, except for the directors listed below.

NAME	PAST OCCUPATION
Sophie Brochu	President and Chief Executive Officer, Énergir Inc. (a diversified energy company), from February 2007 to December 2019
Katherine Lee	Chief Executive Officer of 3 Angels Holdings Limited (a real estate holding company), from April 2016 to March 2018; President and Chief Executive Officer of GE Capital Canada (a leading global provider of financial and fleet management solutions to mid-market companies operating in a broad range of economic sectors), from 2010 to February 2015
Monique F. Leroux, C.M., O.Q., FCPA, FCA	Chair, President and Chief Executive Officer of Desjardins Group (the leading cooperative financial group in Canada), from 2008 to April 2016
Karen Sheriff	President and Chief Executive Officer of Q9 Networks Inc. (a data centre services provider), from January 2015 to October 2016

COMMITTEES OF THE BOARD

The table below lists the committees of BCE's board of directors and their members on March 5, 2020.

COMMITTEE	MEMBERS
Audit	Paul R. Weiss (Chair) David F. Denison, Robert P. Dexter, Ian Greenberg, Katherine Lee, Monique F. Leroux, Robert C. Simmonds
Corporate Governance	Barry K. Allen (Chair) Sophie Brochu, Robert E. Brown, Monique F. Leroux, Robert C. Simmonds
Management Resources and Compensation	Robert E. Brown (Chair) Barry K. Allen, Sophie Brochu, Ian Greenberg, Calin Rovinescu
Pension Fund	David F. Denison (Chair) Robert P. Dexter, Katherine Lee, Calin Rovinescu, Karen Sheriff, Paul R. Weiss

7.2 Executive officers

Following George Cope's retirement on January 5, 2020, as well as the retirement of Martine Turcotte, Vice Chair, Québec, effective January 1, 2020, the following executive appointments became effective on January 6, 2020:

- Mr. Mirko Bibic became President and Chief Executive Officer of BCE and Bell Canada. Mr. Bibic was previously Chief Operating Officer.
- Ms. Claire Gillies was appointed President, Bell Mobility. Ms. Gillies was previously Senior Vice-President, Retail of Bell Canada and President of The Source.
- Mr. Blaik Kirby was appointed Group President, Bell Mobility and Bell Residential & Small Business. Mr. Kirby was previously President, Bell Mobility.
- Ms. Karine Moses was appointed Vice Chair, Québec, in addition to continuing in her role as President, Bell Media Québec. Ms. Moses' new appointment follows Ms. Turcotte's retirement.
- Mr. John Watson was appointed Group President, Customer Experience. Mr. Watson was previously Executive Vice-President, Customer Operations.

The table below lists BCE's and Bell Canada's executive officers, where they lived and the office they held at BCE and/or Bell Canada on March 5, 2020.

NAME	PROVINCE AND COUNTRY OF RESIDENCE	OFFICE HELD AT BCE/BELL CANADA
Mirko Bibic	Ontario, Canada	President and Chief Executive Officer (BCE and Bell Canada)
Michael Cole	Ontario, Canada	Executive Vice-President and Chief Information Officer (Bell Canada)
Claire Gillies	Ontario, Canada	President, Bell Mobility (Bell Canada)
Stephen Howe	Ontario, Canada	Executive Vice-President and Chief Technology Officer (Bell Canada)
Rizwan Jamal	Ontario, Canada	President, Bell Residential & Small Business (Bell Canada)
Blaik Kirby	Ontario, Canada	Group President, Bell Mobility and Bell Residential & Small Business (Bell Canada)
Glen LeBlanc	Nova Scotia, Canada	Executive Vice-President and Chief Financial Officer (BCE and Bell Canada)
Bernard le Duc	Ontario, Canada	Chief Human Resources Officer and Executive Vice-President, Corporate Services (BCE and Bell Canada)
Randy Lennox	Ontario, Canada	President, Bell Media (Bell Canada)
Thomas Little	Ontario, Canada	President, Bell Business Markets (Bell Canada)
Karine Moses	Québec, Canada	Vice Chair, Québec and President, Bell Media Québec (Bell Canada)
Wade Oosterman	Ontario, Canada	Vice Chair and Group President (BCE and Bell Canada)
John Watson	Ontario, Canada	Group President, Customer Experience (Bell Canada)

PAST OCCUPATION

All of our executive officers have held their present positions or other senior management positions with BCE or Bell Canada during the past five years or longer, except for:

NAME	PAST OCCUPATION
Randy Lennox	President and Chief Executive Officer of Universal Music Canada (a music company), from 1998 to August 2015

7.3 Directors' and executive officers' share ownership

As at December 31, 2019, BCE's directors and executive officers elected or appointed at such date as a group beneficially owned, or exercised control or direction over, directly or indirectly, 653,178 common shares (or less than 0.1%) of BCE.

8 Legal proceedings

In the ordinary course of our business, we become involved in various claims and legal proceedings seeking monetary damages and other relief. In particular, because of the nature of our consumer-facing business, we are exposed to class actions pursuant to which substantial monetary damages may be claimed. This section describes important legal proceedings in which we were involved as at March 5, 2020 or which were concluded in 2019. This list is not comprehensive and we are involved in a number of other legal proceedings. Due to the inherent risks and uncertainties of the litigation process, we cannot predict the final outcome or timing of claims and legal proceedings. Subject to the foregoing, and based on information currently available and management's assessment of the merits of the claims and legal proceedings pending at March 5, 2020, management believes that the ultimate resolution of these claims and legal proceedings is unlikely to have a material and negative effect on our financial statements or operations. We believe that we have strong defences and we intend to vigorously defend our positions.

CLASS ACTION CONCERNING INDEXATION RATE OF PENSION PAYMENTS

On January 16, 2018, a statement of claim was filed pursuant to the *Class Proceedings Act* (Ontario) in the Ontario Superior Court against Bell Canada, Bell Mobility, Bell Media and Expertech alleging that the indexation rate under the Bell Canada Pension Plan was not properly calculated for the year 2017. The action sought to certify a class action consisting of all persons, wherever resident, who are or were members of the Bell Canada Pension Plan, or otherwise entitled to benefits thereunder, and were entitled to receive indexed pension payments as of January 1, 2017, together with the spouses, estates, heirs, beneficiaries and representatives of those who died. The action seeks damages in the amount of $150 million or any greater amount determined by the court, for breach of contract under the Bell Canada Pension Plan, as well as for breach of fiduciary and trust duties under the *Pension Benefits Standards Act* of 1985. On August 12, 2019, the Ontario Superior Court delivered its decision certifying the class action, but simultaneously dismissed the action on the merits. On February 21, 2020, the Ontario Court of Appeal reversed the Ontario Superior Court's decision on the merits, and granted summary judgement in favour of the plaintiff, sending the proceeding back to the Ontario Superior Court for a decision on damages and other ancillary issues.

PURPORTED CLASS ACTION CONCERNING PROMOTIONAL PRICING

On July 4, 2016, an application for authorization to institute a class action was filed in the Québec Superior Court against a number of telecommunications companies, banks and other service providers, including Bell Canada, on behalf of all customers in Québec who, since July 4, 2013, were provided a service either for free or at a discounted price for a fixed period of time, after which a regular price applied unless the customers sent a notice indicating that they did not wish to obtain the service at the regular price (regardless of the disclosure made to customers of the temporary nature of the free or discounted period). The plaintiff alleged that this practice violates the Québec *Consumer Protection Act*. The action sought unspecified compensatory damages as well as punitive damages. On May 14, 2018, the Québec Superior Court dismissed the plaintiff's application for authorization to institute a class action. On November 15, 2019, the Court of Appeal dismissed the plaintiff's appeal and confirmed the lower court decision. The plaintiff did not seek leave to appeal to the Supreme Court of Canada. Accordingly, this legal proceeding is now concluded.

PATENT INFRINGEMENT LAWSUIT CONCERNING 4G LTE WIRELESS COMMUNICATIONS SYSTEMS

On February 18, 2016, a claim was filed in the Federal Court against a number of telecommunications companies, including Bell Canada and BCE Inc., by Wi-LAN Inc. The claim alleged 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 sought declaratory and injunctive relief as well as unspecified damages or an accounting of profits. On June 9, 2016, the claim was amended to remove Bell Canada and BCE Inc. as defendants and add Bell Mobility as the sole defendant. In March 2018 and February 2019, respectively, Wi-LAN Inc. amended its claim to remove two of the three patents on which it asserted infringement by the defendants. The claim was further amended to remove Wi-LAN Inc.'s demand for injunctive relief. On November 17, 2019, the parties reached an agreement to settle the action. Bell Mobility intends to exercise all available indemnity recourses from third parties that provide the intellectual property upon which its wireless communications systems are based.

CLASS ACTION AND PURPORTED CLASS ACTION CONCERNING SERVICE FEE MODIFICATIONS

On November 27, 2015, an application 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, Fibe TV 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. On July 10, 2017, the court authorized the action to proceed as a class action.

On December 12, 2018, another application for authorization to institute a class action was filed in the Québec Superior Court against regional subsidiaries Télébec, Limited Partnership and Cablevision du Nord de Québec Inc. on behalf of all consumers and business entities whose monthly fees for wireline telephone services, Internet services, TV services or wireless postpaid services were unilaterally modified at any time since December 2015. 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 December 2015, 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. This action has not yet been authorized as a class action.

CLASS ACTION AND PURPORTED CLASS ACTION CONCERNING RELEVANT ADVERTISEMENTS INITIATIVE

On April 14 and 16, 2015, respectively, an application 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 applicable consumer protection legislation, breach of the *Civil Code of Quebec,* intrusion upon seclusion, negligence, breach of confidence, unjust enrichment and waiver of tort resulting from Bell Canada's and Bell Mobility's alleged unauthorized use and disclosure of personal information pursuant to the Relevant Advertisements Initiative. Unspecified punitive damages are also sought. On November 16, 2017, the court stayed the Québec action. On May 13, 2019, the Ontario Superior Court certified the Ontario action against Bell Mobility for the period between November 16, 2013 and April 14, 2015.

PURPORTED CLASS ACTION CONCERNING CELLULAR USAGE AND HEALTH RISK

In July 2013, more than 25 defendants, including BCE Inc., Bell Canada, Bell Mobility, Bell Aliant Regional Communications, Limited Partnership (Bell Aliant LP) and other wireless carriers and device manufacturers, 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 sought 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 action also sought 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 alleged that wireless carrier defendants 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 sought unspecified damages, including reimbursement of defendants' revenue earned from selling cellular phones to class members, and punitive damages. On September 3, 2014, the Supreme Court of British Columbia ordered the removal of BCE Inc. and Bell Canada as defendants. On February 22, 2019, a group of defendants including Bell Mobility Inc. filed an application in the Supreme Court of British Columbia to dismiss the action on the basis that it is an abuse of process, and alternatively for want of prosecution. On March 19, 2019, the plaintiff formally brought an end to the action with the filing of a Notice of Discontinuance in relation to the totality of the claims. Accordingly, this legal proceeding is now concluded.

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. (Mediatube) 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. 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 exceeds $350 million) or an accounting of the defendants' profits, as well as punitive damages. On January 4, 2017, the Federal Court dismissed the action on the basis that Bell Canada did not infringe on the patent and that the claims of punitive damages were without merit. The plaintiffs appealed the decision to the Federal Court of Appeal. Plaintiff NorthVu Inc. discontinued its appeal, leaving Mediatube as the sole appellant. On June 11, 2019, the Federal Court of Appeal dismissed Mediatube's appeal and, on September 10, 2019, Mediatube applied to the Supreme Court of Canada for leave to appeal from the Federal Court of Appeal's decision.

On January 19, 2018, a claim was filed in the Federal Court against BCE Inc., Bell Canada, Bell Aliant Regional Communications Inc., Bell MTS Inc. and NorthernTel LP by Rovi Guides, Inc. and Tivo Solutions Inc. Separate and similar actions have been filed by the same plaintiffs against other Canadian telecommunications and cable companies. The claim alleges that the defendants, through their manufacture, distribution, sale and use of certain features of their IPTV systems, have infringed on six patents variously owned by the defendants. The claim also alleges that the defendants have, through their marketing and customer support activities, induced users to infringe on the patents. 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 or an accounting of the defendants' profits. On May 25, 2018, the plaintiffs discontinued the claim with respect to two of the six patents on which they asserted infringement.

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, an application for 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. 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.

On January 10, 2012, another application for the authorization to institute an identical class action was filed in the Québec Superior Court against Bell ExpressVu with respect to TV services, later amended to add Bell Canada as defendant. On December 19, 2014, the court authorized this action to proceed as a class action.

CLASS ACTION AND PURPORTED CLASS ACTION CONCERNING ROUNDING-UP OF MINUTES

On July 25, 2008, a statement of claim was filed pursuant to the *Class Proceedings Act* (Ontario) in the Ontario Superior Court against BCE Inc. 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 statement of claim (the Second Rounding-Up Action) was filed against Bell Mobility in the same court on behalf of all Canadian Bel Mobility customers who, since July 2002, have had their wireless airtime rounded up to the next full minute. The actions allege that BCE Inc. and Bell Mobility, respectively, 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 to increase claimed general damages to $500 million and claimed punitive damages to $20 million. The Second Rounding-Up Action was certified as a class action on November 25, 2014, for the period between August 18, 2006 and October 1, 2009. 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 a number of communications service providers, including Bell Mobility, Bell MTS Inc. and Bell Aliant LP (now Bell Mobility as 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, 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 action has not yet been certified as a class action.

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 a number of wireless communications 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. 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 grounds of unjust enrichment only, of a national class encompassing all customers of the defendant wireless communications service providers, wherever resident in Canada, on the basis of an opt-out class in Saskatchewan and an opt-in class elsewhere in Canada.

OTHER

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

9 Interest of management and others in material transactions

To the best of our knowledge, there have been no current or nominated directors or executive officers or any associate or affiliate of a current or nominated 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 within the meaning of the U.S. *Securities Act* of 1933, as amended, and the applicable rules and regulations thereunder adopted by the SEC and the Public Company Accounting Oversight Board (U.S.) (PCAOB).

11 Transfer agent and registrar

The transfer agent and registrar for the common shares and preferred shares of BCE in Canada is AST Trust Company (Canada) 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 Canadian debentures and subordinated debentures is kept at the principal office of BNY Trust Company of Canada (BNY), acting as attorney for CIBC Mellon Trust Company (CIBC Mellon), in Montréal, and facilities for registration, exchange and transfer of the Canadian debentures are maintained at the principal offices of BNY, acting as attorney for CIBC Mellon, in Montréal and Toronto.

The register for Bell MTS Inc.'s notes assumed by Bell Canada is kept at the principal office of Computershare Trust Company of Canada (Computershare) in Montréal, and facilities for registration, exchange and transfer of the notes are maintained at Computershare's offices in Montréal, Toronto and Calgary.

The register for Bell Canada's U.S. notes, issued pursuant to its 2016 U.S. trust indenture, is kept at the principal office of The Bank of New York Mellon in New York, and facilities for registration, exchange and transfer of such U.S. notes are also maintained at the principal office of The Bank of New York Mellon in New York.

12 For more information

This Annual Information Form as well as BCE's annual and quarterly shareholder 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 the related management's discussion and analysis for BCE's most recently completed financial year, contained in the BCE 2019 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 Building A, 8th Floor, 1, Carrefour Alexander-Graham-Bell, 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
- 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 SEC 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 BCE board of directors has determined that all the members of the Audit Committee during 2019 were, and all current members of the Audit Committee are, financially literate and independent, and that the current Chair of the Audit Committee, Mr. P.R. Weiss, and Mr. D.F. Denison, Ms. K. Lee and Ms. M.F. Leroux are qualified as "audit committee financial experts". The table below outlines the relevant education and experience of all members of the Audit Committee, whether during 2019 or currently.

	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 at Torstar Corporation and a member of the board of trustees 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 past Chair of Soulpepper Theatre Company and 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.
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 (an investment management organization) 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 United States and Europe. Mr. Denison serves as a member of the Investment Board and International Advisory Committee of the Government of Singapore Investment Corporation and the China Investment Corporation International Advisory Council and co-chairs the University of Toronto Investment Committee. Mr. Denison earned bachelor's degrees in Mathematics and Education from the University of Toronto, and is a Chartered Professional Accountant and a Fellow of CPA Ontario. He was named an Officer of the Order of Canada in 2014 and received an honourary Doctor of Laws degree from York University in 2016. Mr. Denison is a director of Royal Bank of Canada and Chair of Element Fleet Management Corp.
R.P. Dexter	Mr. Dexter has been a director of BCE since November 2014. He has been Chair and Chief Executive Officer of Maritime Travel Inc. since 1979. He holds bachelor's degrees in both Commerce and Law from Dalhousie University and was appointed Queen's Counsel in 1995. Mr. Dexter has over 20 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, and later the Bell Aliant, boards until October 2014. He is also a counsel to the law firm Stewart McKelvey and was Chair of Sobeys Inc. and Empire Company Limited from 2004 to 2016. Mr. Dexter is also a director of High Liner Foods Incorporated and Chair of Wajax Corporation.
I. Greenberg	Mr. Greenberg has been a director of BCE since July 2013. He is a corporate director and one of four brothers who founded Astral Media Inc. (a media company). From 1995 until July 2013, Mr. Greenberg was President and Chief Executive Officer of Astral Media Inc. He is Chair of Cineplex Inc., a member of the Broadcasting Hall of Fame and a recipient of the prestigious Ted Rogers and Velma Rogers Graham Award for his unique contribution 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.
K. Lee	Ms. Lee has been a director of BCE since August 2015 and a corporate director since March 2018. Ms. Lee 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 into 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. From 2016 to 2018, Ms. Lee was Chief Executive Officer of 3 Angels Holdings Limited. 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 Asia-Pacific forums. Ms. Lee is also a director of Colliers International Group Inc. and PSP Investments.

M.F. Leroux, C.M., O.Q., FCPA, FCA	Ms. Leroux has been a director of BCE since April 2016. Companion of the Canadian Business Hall of Fame and the Investment Industry Hall of Fame, Ms. Leroux is a corporate director. She is Vice Chair of Fiera Holdings Inc. and serves as a board member of Michelin Group (ML-France), S&P Global Inc. (SPGI), Alimentation Couche-Tard Inc. (ATD) and Lallemand Inc. (privately owned company). As such, she brings to these boards her diverse experience, among others as Partner at EY (Canada) and President and Chief Executive Officer of Desjardins Group from 2008 to April 2016. From 2016 to 2020, Ms. Leroux was Chair of the board of directors of Investissement Québec. She is also Vice Chair of the Orchestre Symphonique de Montréal. Ms. Leroux is a Member of the Order of Canada, an Officer of the Ordre national du Québec, a Chevalier of the Légion d'honneur (France) and a recipient of the Woodrow Wilson Award (United States). She has been awarded Fellowship by the Ordre des CPA and the Institute of Corporate Directors and holds honourary doctorates from eight Canadian universities in recognition of her contribution to the business sector and to the community.
R.C. Simmonds	Mr. Simmonds has been a director of BCE since May 2011. He became Chair of Lenbrook Corporation in 2002, having been a founder and director of the company since 1977. He 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. 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 Innovation, Science and Economic Development, and is a past Chair of the Canadian Wireless Telecommunications Association (CWTA). 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 a B.A.Sc. in Engineering Science (Electrical) at the University of Toronto. In 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. In 2019, Mr. Simmonds was inducted into the Engineering Alumni Hall of Distinction of the University of Toronto.

The NYSE 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. In addition to serving on BCE's Audit Committee, Ms. Monique F. Leroux currently serves on the audit committees of three public companies, Alimentation Couche-Tard Inc., Michelin Group and S&P Global Inc. The Board has reviewed the Audit Committee service of Ms. Leroux and has concluded that these other activities do not impair her ability to effectively serve on the Audit Committee. This conclusion is based on the following considerations, among others:

- she is not involved in full-time professional activities other than serving on various boards of directors and not-for-profit organizations and acting as strategic advisor
- she has extensive accounting and financial knowledge and experience, which serves the best interests of BCE and assists the Audit Committee in the discharge of its duties
- she makes valuable contributions to BCE's Audit Committee, and
- she attended 100% of Board and committee meetings, including the Audit Committee, in 2019.

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, or legal services
- for all audit and 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.

	2019 (IN $ MILLIONS)	2018 (IN $ MILLIONS)
Audit fees (1)	**9.4**	12.1
Audit-related fees (2)	**4.7**	1.5
Tax fees (3)	**0.4**	0.4
All other fees (4)	**0.3**	0.0
Total (5)	**14.8**	14.0

(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 and translation services. To align with the Canadian Public Accountability Board's (CPAB) fee classification, other regulatory audits and filings have been reclassified from Audit fees to Audit-related fees in 2019.*

(2) *These fees relate to non-statutory audits and due diligence procedures, and other regulatory audits and filings, which have been reclassified from Audit fees in 2019.*

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

(4) *These fees include any other fees for permitted services not included in any of the above-stated categories.*

(5) *The amounts of $14.8 million for 2019 and $14.0 million for 2018 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 $11.3 million in 2019 and $11.7 million in 2018.*

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) and/ or non GAAP measures 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; and

    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 the Chief Financial Officer 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;

   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, issued in the reporting year, respecting one or more independent audits carried out by the shareholders' auditor firm in Canada and the United States, limited to the Public Company Accounting Oversight Board, 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; and

   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; and

      – 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; and

   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 (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.

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 105 to 108 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, 2019 when reading this MD&A.

In preparing this MD&A, we have taken into account information available to us up to March 5, 2020, the date of this MD&A, unless otherwise stated.

You will find additional information relating to BCE, including BCE's audited consolidated financial statements for the year ended December 31, 2019, BCE's annual information form for the year ended December 31, 2019, dated March 5, 2020 (BCE 2019 AIF) and recent financial reports, on BCE's website at **BCE.ca**, on SEDAR at **sedar.com** and on EDGAR at **sec.gov**.

Documents and other information contained in BCE's website or in any other site referred to in BCE's website or in this MD&A are not part of this MD&A and are not incorporated by reference herein.

This MD&A comments on our business operations, performance, financial position and other matters for the two years ended December 31, 2019 and 2018.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

BCE's 2019 annual report, including this MD&A and, in particular, but without limitation, section 1.3, *Key corporate developments*, section 1.4, *Capital markets strategy*, section 2, *Strategic imperatives*, section 3.2, *Business outlook and assumptions*, section 5, *Business segment analysis* and section 6.7, *Liquidity* of this MD&A, contains forward-looking statements. These forward-looking statements include, without limitation, statements relating to our projected financial performance for 2020, BCE's dividend growth objective, common share dividend payout policy and 2020 annualized common share dividend, BCE's financial policy targets and our intended progress towards meeting those targets, the sources of liquidity we expect to use to meet our anticipated 2020 cash requirements, our expected post-employment benefit plans funding, our network deployment and capital investment plans, the expected timing and completion of the proposed acquisition of conventional television (TV) network V and related digital assets, BCE's business outlook, objectives, plans and strategic priorities, and 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 (U.S.) *Private Securities Litigation Reform Act of 1995*.

Unless otherwise indicated by us, forward-looking statements in BCE's 2019 annual report, including in this MD&A, describe our expectations as at March 5, 2020 and, accordingly, are subject to change after that date. Except as may be required by applicable 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. These statements are not guarantees of future performance or events, and we caution you against relying on any of these forward-looking statements. Forward-looking statements are presented in BCE's 2019 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 2019 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. We believe that our assumptions were reasonable at March 5, 2020. 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, security, technological, operational, 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 2019 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.

Forward-looking statements contained in BCE's 2019 annual report, including in this MD&A, for periods beyond 2020 assume, unless otherwise indicated, that the relevant assumptions and risks described in this MD&A will remain substantially unchanged during such periods.

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 5, 2020. The financial impact of these transactions and special items can be complex and depends on 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

As required, we adopted International Financial Reporting Standard (IFRS) 16 – Leases effective January 1, 2019, as described in section 10.1, *Our accounting policies*. We adopted IFRS 16 using a modified retrospective approach whereby the financial statements of prior periods presented were not restated and continue to be reported under International Accounting Standard (IAS) 17 – Leases, as permitted by the specific transition provisions of IFRS 16. The cumulative effect of the initial adoption of IFRS 16 was reflected as an adjustment to the deficit at January 1, 2019.

Under IFRS 16, most leases are recognized on the statement of financial position as right-of-use assets within property, plant and equipment, with a corresponding lease liability within debt. Under IFRS 16, expenses related to these leases are recorded in depreciation and interest expense, whereas under IAS 17, operating lease expenses were recorded in operating costs. Under IFRS 16, repayments of principal for these leases are recorded in repayment of long-term debt within cash flows from financing activities and the interest component is recorded in interest paid within cash flows from operating activities. The adoption of IFRS 16 did not have a significant impact on net earnings. Previously, under IAS 17, operating lease payments were recorded within cash flows from operating activities.

To align with changes in how we manage our business and assess performance, the operating results of The Source (Bell) Electronics Inc. (The Source) are now entirely included within our Wireless segment effective January 1, 2019, with prior periods restated for comparative purposes. Previously, The Source's results were included within our Wireless and Wireline segments.

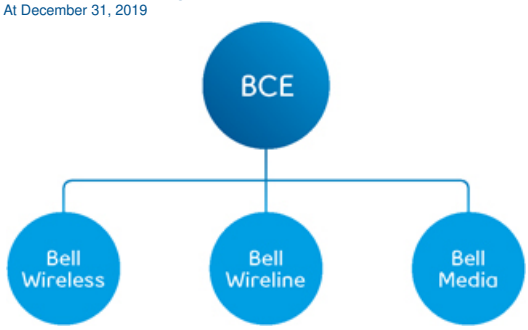
1.1 Introduction

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).

BCE is Canada's largest communications company

BCE's business segments
At December 31, 2019



Our results are reported in three segments: Bell Wireless, Bell Wireline and Bell Media.

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, the Atlantic provinces and Manitoba, 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 TV, specialty TV, pay TV, streaming services, digital media services, radio broadcasting services and out-of-home (OOH) advertising services to customers nationally across Canada.

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)
- an 18.4% indirect equity interest in entities that operate the Montreal Canadiens Hockey Club, evenko and the Bell Centre in Montréal, Québec, as well as Place Bell in Laval, Québec

BCE 2019 CONSOLIDATED RESULTS

Operating revenues
$23,964
million
+2.1% vs. 2018

Net earnings
$3,253
million
+9.4% vs. 2018

Adjusted EBITDA (1)
$10,106
million
+6.0% vs. 2018

Net earnings attributable to common shareholders
$3,040
million
+9.2% vs. 2018

Adjusted net earnings (1)
$3,153
million
+0.1% vs. 2018

Cash flows from operating activities
$7,958
million
+7.8% vs. 2018

Free cash flow (1)
$3,818
million
+7.0% vs. 2018

BCE CUSTOMER CONNECTIONS

Wireless (2) (3)
Total
+3.6%
10 million subscribers
at the end of 2019

Retail high-speed Internet (2) (4)
+4.3%
3.6 million subscribers
at the end of 2019

Retail TV (4)
+0.2%
2.8 million subscribers
at the end of 2019

Retail residential network access services (NAS) lines (4)
(8.9%)
2.7 million subscribers
at the end of 2019

OUR GOAL

BCE's goal is to advance how Canadians connect with each other and the world. Our strategic imperatives frame our longstanding strengths in networks, service innovation and content creation, and position the company for continued growth and innovation leadership in a fast-changing communications marketplace. Our primary business objectives are to grow our subscriber base profitably and to maximize 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, business and wholesale customers, and as Canada's premier content creation company. 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.

To help support every action in pursuit of our goal, we updated our six strategic imperatives on January 6, 2020 to align our efforts company-wide.

1 **Build the best networks**



2 **Drive growth with innovative services**



3 **Deliver the most compelling content**



4 **Champion customer experience**



5 **Operate with agility and cost efficiency**



6 **Engage and invest in our people**



(1) *Adjusted EBITDA, adjusted net earnings and free cash flow 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 EBITDA and adjusted EBITDA margin, Adjusted net earnings and adjusted EPS *and* Free cash flow and dividend payout ratio *in this MD&A for more details, including reconciliations to the most comparable IFRS* financial measure.

(2) *At the beginning of Q1 2019, we adjusted our wireless subscriber base to remove 167,929 subscribers (72,231 postpaid and 95,698 prepaid) as follows:* (A) *65,798 subscribers (19,195 postpaid and 46,603 prepaid), due to the completion of the shutdown of the code division multiple access (CDMA) network on April 30, 2019,* (B) *49,095 prepaid subscribers as a result of a change to our deactivation policy, mainly from 120 days for Bell/Virgin Mobile Canada (Virgin Mobile) and 150 days for Lucky Mobile to 90 days,* (C) *43,670 postpaid subscribers relating to Internet of Things (IoT) due to the further refinement of our subscriber definition as a result of technology evolution, and* (D) *9,366 postpaid fixed wireless Internet subscribers which were transferred to our retail high-speed Internet subscriber base.*

(3) *At the beginning of Q4 2018, we adjusted our postpaid wireless subscriber base to remove 20,000 subscribers that we divested to Xplornet Communications Inc. (Xplornet) as a result of BCE's acquisition of Manitoba Telecom Services Inc. (MTS) in 2017.*

(4) *As of January 1, 2019, we are no longer reporting wholesale subscribers in our Internet, TV and residential NAS subscriber bases reflecting our focus on the retail market. Consequently, we restated previously reported 2018 subscribers for comparability.*

1.2 About BCE

We report the results of our operations in three segments: Bell Wireless, Bell Wireline and Bell Media. 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 our national consumer electronics retailer, The Source

OUR NETWORKS AND REACH

We hold wireless spectrum licences, with holdings across various spectrum bands and regions across Canada, totalling more than 4.8 billion megahertz per population (MHz-Pop), corresponding to an average of approximately 137 Megahertz (MHz) of spectrum per Canadian.

The vast majority of our cell towers are connected with fibre, the latest network infrastructure technology, for a more reliable connection.

Our Fourth Generation (4G) Long-term Evolution (LTE) and LTE Advanced (LTE-A) nationwide wireless broadband networks are compatible with global standards and deliver high-quality and reliable voice and high-speed data services to virtually all of the Canadian population.

- LTE coverage of over 99% of the Canadian population coast to coast, with LTE-A covering approximately 94% of the Canadian population at December 31, 2019
- Expansion of our LTE and LTE-A services is supported by continued repurposing of wireless spectrum to increase capacity and coverage
- In-building coverage improvements deliver a stronger LTE signal
- LTE-A provides peak theoretical mobile data access download speeds of up to 1.5 gigabit per second (Gbps) (1) (expected average download speeds of 25 to 245 megabits per second (Mbps)), while LTE offers speeds of up to 150 Mbps (expected average download speeds of 18 to 40 Mbps) (2)
- Reverts to the high-speed packet access plus (HSPA+) network outside LTE coverage areas, with speeds of up to 42 Mbps (typical speeds of 3.5 to 14 Mbps)
- Bell also operates a LTE-category M1 (LTE-M) network, which is a subset of our LTE network, supporting low-power IoT applications with enhanced coverage, longer battery life and lower costs for IoT devices connecting to Bell's national network. Our LTE-M network is available in most Canadian provinces.

We have more than 3,500 retail points of distribution across Canada, including approximately 1,300 Bell, Virgin Mobile, Lucky Mobile and The Source locations, as well as Glentel-operated locations (WIRELESSWAVE, Tbooth wireless and WIRELESS etc.) and other third-party dealer and retail locations.

OUR BRANDS INCLUDE

Bell · Virgin mobile · lucky mobile · The SOURCE

OUR PRODUCTS AND SERVICES

- **Data and voice plans:** From plans focused on affordability to premium services, we have plans that cater to all customer segments, available on either postpaid or prepaid options, including unlimited data, shareable, Smartpay and Connect Everything plans. Our services provide fast Internet access for video, social networking, messaging and mobile applications, as well as a host of call features.
- **Specialized plans:** for tablets, mobile Internet, smartwatches and Connected Car
- **Extensive selection of devices:** leading 4G LTE and LTE-A smartphones and tablets, mobile Internet hubs and sticks, mobile Wi-Fi devices and connected things (smartwatches, Bell Connected Car, trackers, connected home, lifestyle products and virtual reality)
- **Mobile content:** over 40 live and on-demand channels on smartphones and tablets
- **Travel:** roaming services with other wireless service providers in more than 230 outbound destinations worldwide with LTE roaming in 196 outbound destinations, Roam Better feature and Travel Passes
- **Mobile business solutions:** push-to-talk, field service management, worker safety and mobility management
- **IoT solutions:** asset management, smart buildings, smart cities, fleet management and other IoT services

(1) *Peak theoretical download speeds of up to 1.5 Gbps are currently offered in select markets like Kingston.*

(2) *Network speeds vary with location, signal and customer device. Compatible device required.*

Bell Wireline

SEGMENT DESCRIPTION

- Provides data, including Internet access and IPTV, voice, comprising local telephone and 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, the Atlantic provinces and Manitoba, 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

OUR BRANDS INCLUDE

Bell, Fibe, Bell Aliant, Bell MTS, NorthwesTel, Virgin mobile

OUR NETWORKS AND REACH

- Extensive local access network in Ontario, Québec, the Atlantic provinces and Manitoba, as well as in Canada's Northern Territories
- Broadband fibre network, consisting of fibre-to-the-node (FTTN) and fibre-to-the-premise (FTTP) locations, covering 9.7 million homes and businesses in Ontario, Québec, the Atlantic provinces and Manitoba. Our FTTP direct fibre footprint encompassed more than 5.1 million homes and commercial locations at the end of 2019, representing the largest FTTP footprint in Canada.
- Wireless-to-the-premise (WTTP) footprint encompassing approximately 250,000 locations primarily in rural areas. WTTP is Fifth Generation (5G)-capable fixed wireless technology delivered over Bell's LTE wireless network that provides broadband residential Internet access to smaller and underserved communities.
- 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
- Largest data centre footprint in Canada with 30 facilities in eight provinces, enabling us to offer co-location, cloud and managed services to business customers across Canada
- Approximately 800 Bell and Virgin Mobile locations

OUR PRODUCTS AND SERVICES

RESIDENTIAL

- **TV:** IPTV services (Fibe TV and Alt TV) and satellite TV service. Bell Fibe TV provides extensive content options with full high-definition (HD) and 4K resolution (4K) Whole Home personal video recorder (PVR), 4K Ultra HD programming, on-demand content and innovative features including wireless receivers, the Fibe TV app, Restart and access to Crave, Netflix and YouTube. Alt TV app-based live TV streaming service offers live and on-demand programming on laptops, smartphones, tablets, Apple TV, Amazon Fire TV, Google Chromecast and other devices with no traditional TV set-top box (STB) required
- **Internet:** high-speed Internet access through fibre optic broadband technology, 5G-capable WTTP technology or digital subscriber line (DSL) with a wide range of options, including Whole Home Wi-Fi, unlimited usage, security services and mobile Internet. Our Internet service, marketed as Fibe Internet, offers total download speeds of up to 1.5 Gbps with FTTP or 100 Mbps with FTTN, while our Wireless Home Internet fixed wireless service currently delivers broadband speeds of up to 25 Mbps. We also offer Internet service under the Virgin Mobile brand offering download speeds of up to 100 Mbps.
- **Home Phone:** local telephone service, long distance and advanced calling features
- **Smart Home:** home security, monitoring and automation services from Bell Smart Home
- **Bundles:** multi-product bundles of TV, Internet and home phone services with monthly discounts

BUSINESS

- **Internet and private networks:** business Internet, Ethernet, IP VPN, Wavelength, global network solutions, virtual network services, managed Wi-Fi
- **Communications:** IP telephony, local and long distance, audio, video and web conferencing and webcasting, contact centre solutions
- **Cloud and data centre:** cloud computing, cloud services, backup and disaster recovery, co-location hosting, virtual data centre
- **Other:** security, managed services, professional services

Bell Media

SEGMENT DESCRIPTION

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

OUR BRANDS INCLUDE



OUR ASSETS AND REACH

VIDEO

- 30 conventional TV stations, including CTV, Canada's #1 TV network for 18 consecutive years
- 29 specialty channels, including TSN, Canada's most-watched specialty TV channel and RDS, the top French-language sports network
- 4 pay TV services and 3 direct-to-consumer (DTC) streaming services, including Crave, the exclusive home of HBO in Canada

RADIO

- 109 licensed radio stations in 58 markets across Canada

OOH ADVERTISING

- Network of more than 50,000 advertising faces in key urban cities across Canada

DIGITAL MEDIA

- More than 200 websites and more than 30 apps

BROADCAST RIGHTS

- **Sports:** long-term media rights to key sports properties and official Canadian broadcaster of the Super Bowl, Grey Cup and International Ice Hockey Federation (IIHF) World Junior Championship. Live sports coverage includes the Toronto Maple Leafs, Montreal Canadiens, Winnipeg Jets and Ottawa Senators, Canadian Football League (CFL), National Football League (NFL), National Basketball Association (NBA), Major League Soccer, Fédération Internationale de Football Association (FIFA) World Cup events, Curling's Season of Champions, Major League Baseball, Golf's Majors, NASCAR Cup Series, Formula One, Grand Slam Tennis, Ultimate Fighting Championship, National Collegiate Athletic Association March Madness and more.
- **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
- **HBO Max:** long-term exclusive agreement to bring original programming from upcoming U.S. streaming service HBO Max to Canada
- **SHOWTIME:** long-term content licensing and trademark agreement for past, present and future SHOWTIME-owned programming
- **STARZ**: long-term agreement with Lionsgate to deliver U.S. premium pay TV platform STARZ in Canada
- **iHeartRadio:** exclusive partnership for digital and streaming music services in Canada

OTHER ASSETS

- Majority stake in Pinewood Toronto Studios, the largest purpose-built production studio in Canada
- Partnership in Just for Laughs, the live comedy event and TV producer
- Equity 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
- **Crave** subscription on-demand TV streaming service offering a large collection of premium content in one place, including HBO, SHOWTIME and STARZ programming, on STBs, mobile devices, streaming devices and online. Crave is offered through a number o Canadian TV providers and is available directly to all Canadian Internet subscribers as an OTT service.
- **TSN Direct and RDS Direct** streaming services offering live and on-demand TSN and RDS content directly to consumers through a monthly or single-day subscription on computers, tablets, mobile devices, Apple TV and other streaming devices
- **Mobile TV service** with live and on-demand access to content from our conventional TV networks, CTV and CTV Two, BNN Bloomberg, TSN, RDS and other brands in news, sports and entertainment, offered on commercial terms to all Canadian wireless providers

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, including the Toronto Maple Leafs, the Toronto Raptors, Toronto FC and the Toronto Argonauts, 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
- an 18.4% indirect equity interest in entities that operate the Montreal Canadiens Hockey Club, evenko (a promoter and producer of cultural and sports events) and the Bell Centre in Montréal as well as Place Bell in Laval, Québec

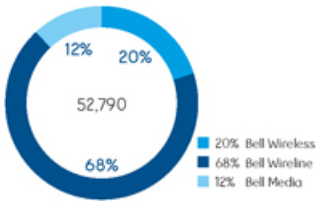
OUR PEOPLE

EMPLOYEES

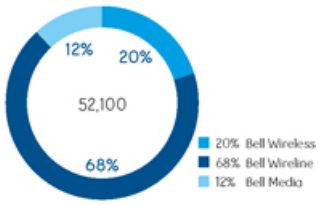
At the end of 2019, our team comprised 52,100 employees, a decrease of 690 employees compared to the end of 2018, due primarily to natural attrition, retirements and workforce reductions, partly offset by call centre hiring.

Approximately 41% of total BCE employees were represented by labour unions at December 31, 2019.

BCE
2018 employees



BCE
2019 employees



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

MIRKO BIBIC APPOINTED AS PRESIDENT AND CHIEF EXECUTIVE OFFICER

On January 6, 2020, Mirko Bibic became President and Chief Executive Officer (CEO) of BCE Inc. and Bell Canada following the retirement of George Cope on January 5, 2020. On the same day, Mr. Bibic was also appointed to the boards of directors of BCE and Bell Canada. A Bell executive since 2004, Mr. Bibic was most recently Bell's Chief Operating Officer responsible for Bell Mobility, Bell Residential and Small Business, and Bell Business Markets (BBM). In his prior roles, Mr. Bibic served as Executive Vice-President, Corporate Development and Chief Legal and Regulatory Officer, guiding a wide range of Bell acquisition and investment initiatives, including multiple wireless spectrum auctions and the consolidation of regional communications companies such as MTS and Bell Aliant Inc. (Bell Aliant).

NEW STRATEGIC IMPERATIVES AND EXECUTIVE PROMOTIONS

As new President and CEO, Mirko Bibic unveiled BCE's updated strategic imperatives that support Bell's goal to advance how Canadians connect with each other and the world. These strategic imperatives frame Bell's longstanding strengths in networks, service innovation and content creation, and position the company for continued growth and innovation leadership in a fast-changing communications marketplace.

1. **Build the best networks**
2. **Drive growth with innovative services**
3. **Deliver the most compelling content**
4. **Champion customer experience**
5. **Operate with agility and cost efficiency**
6. **Engage and invest in our people**

Mr. Bibic also announced a restructured Bell executive leadership team effective January 6, 2020:

- **Claire Gillies** was promoted to President, Bell Mobility. Previously Senior Vice-President, Retail, and President of Bell subsidiary The Source, Ms. Gillies joined Bell in 2000 and served in progressively senior roles in marketing, sales and channel management.
- **Blaik Kirby** became Group President, Mobility & Residential and Small Business. Previously President of Bell Mobility, Mr. Kirby held a range of senior marketing and executive positions since joining Bell in 2005 as Vice-President, Corporate Strategy.
- **Karine Moses** was promoted to Vice Chair, Québec. Also continuing in her role as President, Bell Media Québec, Ms. Moses joined Bell in 1997 and held senior leadership positions across Bell's Network, Field Services and Media groups. Ms. Moses succeeded retiring Vice Chair, Québec Martine Turcotte.
- **John Watson** became Group President, Customer Experience, continuing to lead all customer service and support operations in the execution of Bell's Champion Customer Experience imperative. Previously Executive Vice-President, Customer Operations, Mr. Watson joined Bell in 2010 as Senior Vice-President, Operations.

ACQUISITION OF V NETWORK AND NOOVO.CA

On July 24, 2019, Bell Media announced that it had entered into an agreement with the shareholders of Groupe V Média to acquire conventional TV network V along with related digital assets including the ad-supported video-on-demand (VOD) service Noovo.ca. The transaction will reinforce choice for French-language viewers and strengthen the Québec TV ecosystem, and highlights Bell Media's commitment to providing engaging content in Québec on traditional and innovative platforms. With popular original programs such as Occupation double, L'amour est dans le pré, and Un souper presque parfait, Groupe V Média owns and operates TV stations in Montréal, Québec City, Saguenay, Sherbrooke and Trois-Rivières, and has affiliate stations in Gatineau, Rivière-du-Loup and Val-d'Or. In addition to V and Noovo.ca, Groupe V Média currently operates specialty channels ELLE Fictions and MAX, which are not subject to the transaction. The Canadian Radio-television and Telecommunications Commission (CRTC) held a hearing in February 2020 to consider the transaction and we are awaiting a decision. The transaction is subject to customary closing conditions, including the receipt of required regulatory and other approvals, and is expected to close in mid 2020.

1.4 Capital markets strategy

We seek to deliver sustainable shareholder returns through consistent dividend growth. This objective is underpinned by continued growth in free cash flow and a strong balance sheet, supporting a healthy level of ongoing capital investment on advanced broadband networks and services that are essential to driving the long-term growth of our business.

DIVIDEND GROWTH AND PAYOUT POLICY

Dividend growth

+128%

Since 2009

2020 dividend increase

+5%

to $3.33 per common share

Dividend payout policy

65%–75%

of free cash flow

On February 6, 2020, we announced a 5%, or 16 cents, increase in the annualized dividend payable on BCE's common shares for 2020 to $3.33 per share from $3.17 per share in 2019, starting with the quarterly dividend payable on April 15, 2020. This represents BCE's 16th increase to its annual common share dividend since 2009, representing a total increase of 128%. This is BCE's 12th consecutive year of 5% or better dividend growth.

Our objective is to seek to achieve dividend growth while maintaining our dividend payout ratio (1) within the target policy range of 65% to 75% of free cash flow and balancing our strategic business priorities. BCE's dividend payout policy, increases in the common share dividend and the declaration of dividends are subject to the discretion of the BCE board of directors (BCE Board or Board) and, consequently, there can be no guarantee that BCE's dividend policy will be maintained, that the dividend on common shares will be increased or that dividends will be declared.

(1) *Dividend payout ratio 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 dividend payout ratio *for more details.*

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.

Best practices adopted by **BCE** for executive compensation

- 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 BCE supplemental executive retirement plans and annual bonus payouts, in addition to mid-term and long-term incentive grants
- Vesting criteria fully aligned to shareholder interests

USE OF LIQUIDITY

Our dividend payout policy allows BCE to retain a high level of free cash flow after payment of dividends on common shares. 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 remaining free cash flow, after payment of dividends on common shares, in a balanced manner and on uses that include, but are not limited to:

- Funding of strategic acquisitions and investments (including wireless spectrum purchases) that support the growth of our business
- Debt reduction
- Voluntary contributions to BCE's defined benefit (DB) pension plans to improve the funded position of the plans and reduce the use of letters of credit for funding deficits
- Share buybacks through normal course issuer bid (NCIB) programs

In 2019, free cash flow, after payment of dividends on common shares, in the amount of $999 million, up from $888 million in 2018, was directed towards various small tuck-in acquisitions and strategic partnerships that support our strategic imperatives as well as the repayment of short-term debt.

TOTAL SHAREHOLDER RETURN PERFORMANCE

Five-year total shareholder return (1)

+44.9%

2015–2019

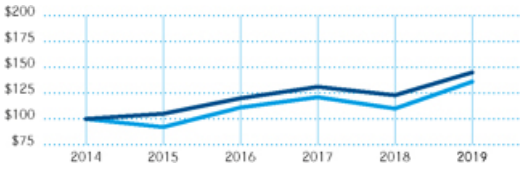
One-year total shareholder return (1)

+17.5%

2019

FIVE-YEAR CUMULATIVE TOTAL VALUE OF A $100 INVESTMENT (2)

DECEMBER 31, 2014 – DECEMBER 31, 2019



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 (3), for the five-year period ending December 31, 2019, assuming an initial investment of $100 on December 31, 2014 and the quarterly reinvestment of all dividends.

BCE common shares S&P/TSX Composite Index

(1) *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 period.*

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

(3) *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, TSX-listed companies.*

STRONG CAPITAL STRUCTURE

BCE's balance sheet is underpinned by a healthy liquidity position and an investment-grade credit profile, providing the company with a solid financial foundation and a high level of overall financial flexibility. BCE has an attractive long-term debt maturity profile with no maturities until the second quarter of 2021. We continue to monitor the capital markets for opportunities where we can further reduce our cost of debt and optimize 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 PUBLIC DEBT MATURITY PROFILE (1)

- Average term of Bell Canada's publicly issued debt securities: approximately 11.5 years
- Average after-tax cost of publicly issued debt securities: 3.1%
- No publicly issued debt securities maturing until Q2 2021

STRONG LIQUIDITY POSITION (1)

- $2,049 million available under our $4.0 billion multi-year committed credit facilities
- $400 million accounts receivable securitization available capacity
- $145 million cash and cash equivalents on hand

INVESTMENT GRADE CREDIT PROFILE (1) (2)

- Long-term debt credit rating of BBB (high) by DBRS Limited (DBRS), Baa 1 by Moody's Investors Service, Inc. (Moody's) and BBB+ S&P Global Ratings Canada (S&P), all with stable outlooks

We monitor our capital structure by utilizing a number of measures, including net debt leverage ratio (3), adjusted EBITDA to net interest expense ratio (3), and dividend payout ratio.

As a result of financing a number of strategic acquisitions made since 2010, including CTV Inc., Astral Media Inc. (Astral), MLSE, Bell Aliant, Q9 Networks Inc. (Q9) and MTS; voluntary pension plan funding contributions to reduce our pension solvency deficit; wireless spectrum purchases; as well as a one-time unfavourable impact in 2019 due to the adoption of IFRS 16 that added $2.3 billion of leases to net debt (3) on our balance sheet on January 1, 2019, our net debt leverage ratio has increased above the limit of our internal target range. At December 31, 2019, our net debt leverage ratio was 2.79 times adjusted EBITDA, which exceeded the limit of our internal target range by 0.29. This is not expected to affect our credit ratings or outlooks. Our net debt leverage ratio is expected to improve over time and return within the new net debt leverage ratio target range through growth in free cash flow and applying a portion of free cash flow, after payment of dividends on common shares, to the reduction of BCE's indebtedness.

BCE's adjusted EBITDA to net interest expense ratio remains significantly above our internal target range of greater than 7.5 times adjusted EBITDA at 8.54, providing good predictability in our debt service costs and protection from interest rate volatility for the foreseeable future.

BCE CREDIT RATIOS	INTERNAL TARGET	DECEMBER 31, 2019
Net debt leverage ratio	2.0–2.5	2.79
Adjusted EBITDA to net interest expense ratio	>7.5	8.54

Bell Canada successfully accessed the debt capital markets in May 2019 and September 2019, raising a total of $1.15 billion in gross proceeds from the issuance in Canada of medium-term note (MTN) debentures, and $600 million in U.S. dollars ($808 million in Canadian dollars) in gross proceeds from the issuance of notes in the U.S. Both the Canadian-dollar and U.S.-dollar issuances contributed to maintaining our after-tax cost of outstanding publicly issued debt securities at approximately 3.1% (4.3% on a pre-tax basis), and increasing the average term to maturity to about 11.5 years. The net proceeds of the 2019 offerings were used to fund the early redemption of $1.4 billion of Bell Canada MTN debentures maturing in 2020 and to repay short-term debt. Subsequent to year end, on February 13, 2020, Bell Canada issued 3.50% Series M-51 MTN debentures under its 1997 trust indenture, with a principal amount of $750 million, which mature on September 30, 2050. The net proceeds of the offering are intended to be used to fund, on March 16, 2020, the redemption, prior to maturity, of Bell Canada's 4.95% Series M-24 MTN debentures, with early debt redemption charges of $17 million. The M-24 MTN debentures have an outstanding principal amount of $500 million and were due on May 19, 2021. The net proceeds are further intended to be used for the repayment of short-term debt.

In May 2019, Bell Canada renewed its short form base shelf prospectus, enabling Bell Canada to offer up to $5 billion of debt securities from time to time until June 29, 2021. The debt securities will be fully and unconditionally guaranteed by BCE. Consistent with past practice, the short form base shelf prospectus was renewed to continue to provide Bell Canada with financial flexibility and efficient access to the Canadian and U.S. debt capital markets. As at March 5, 2020, Bell Canada had issued $1.3 billion principal amount of debt securities under its new short form base shelf prospectus.

(1) *As at December 31, 2019*

(2) *These credit ratings are not recommendations to buy, sell or hold any of the securities referred to, and they may be revised or withdrawn at any time by the assigning rating agency. Ratings are determined by the rating agencies based on criteria established from time to time by them, and they do not comment on market price or suitability for a particular investor. Each credit rating should be evaluated independently of any other credit rating.*

(3) *Net debt, 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, Net debt leverage ratio *and* Adjusted EBITDA to net interest expense ratio *in this MD&A for more details.*

1.5 Corporate governance and risk management

CORPORATE GOVERNANCE PHILOSOPHY

The Board and management of BCE 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 shareholders. The Board is responsible for the supervision of the business and affairs of the company.

Below are our key Board information and governance best practices:

✓ Directors are All Independent (except CEO)	✓ Board Interlocks Guidelines
99% 2019 Board and Committee Director Attendance Record	✓ Directors' Tenure Guidelines
✓ Board Committees' Members are All Independent	✓ Share Ownership Guidelines for Directors and Executives
✓ Board Diversity Policy and Target for Gender Representation	✓ Code of Business Conduct and Ethics Program
✓ Annual Election of All Directors	✓ Annual Advisory Vote on Executive Compensation
✓ Directors Elected Individually	✓ Formal Board Evaluation Process
✓ Majority Voting Policy for Directors	✓ Board Risk Oversight Practices
✓ Separate Chair and CEO	✓ Robust Succession Planning

For more information, please refer to BCE's most recent notice of annual general shareholder meeting and management proxy circular (the Proxy Circular) filed with the Canadian provincial securities regulatory authorities (available at **sedar.com**) and furnished to the U.S. 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. While the Board has overall responsibility for risk, the responsibility for certain elements of the risk oversight program is delegated 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.



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, the performance of critical infrastructure, information 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 workplace policies and practices (including health and safety policies, policies ensuring a respectful workplace free from harassment and policies ensuring a diverse and inclusive workplace)
- 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. The Governance Committee also oversees matters such as the organization's policies concerning business conduct, ethics and public disclosure of material information.
- The Pension Fund Committee (Pension Committee) has oversight responsibility for risks associated with the pension funds

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 that need to be managed, 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. Although the risk management framework described in this section 1.5 is aligned with industry best practices and is endorsed by the Institute of Internal Auditors, there can be no assurance that it will be sufficient to prevent the occurrence of events that could have a material adverse effect on our financial position, financial performance, cash flows, business or reputation.



FIRST LINE OF DEFENCE – OPERATIONAL BUSINESS UNITS

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-to-day basis. Each operational business unit develops its own operating controls and procedures that fit the needs of its unique environment.

SECOND LINE OF DEFENCE – CORPORATE SUPPORT FUNCTIONS

BCE is a very large enterprise, with 52,100 employees as at December 31, 2019, 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 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, Corporate Risk Management, Legal, Regulatory, Corporate Responsibility, Human Resources, 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 activities, which include financial performance management, external reporting, pension management, capital management, and oversight and execution practices related to the U.S. *Sarbanes-Oxley Act of 2002* and equivalent Canadian securities legislation, including the establishment and maintenance of appropriate internal control over financial reporting. BCE has also established and maintains disclosure controls and procedures to seek to ensure that the information it publicly discloses, including its business risks, is accurately recorded, processed, summarized and reported on a timely basis. For more details concerning BCE's internal control over financial reporting and disclosure controls and procedures, refer to the Proxy Circular and section 10.3, *Effectiveness of internal controls* of this MD&A.

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 information security, Corporate Security leverages its experience and competence and, through collaboration with the operational business units, develops strategies intended to seek to mitigate the organization's risks. For instance, we have implemented security awareness training and policies and procedures that seek to mitigate information security threats. We further rely on security assessments to identify risks, projects and implementation controls with the objective of ensuring that systems are deployed with the appropriate level of control based on risk and technical capabilities, including access management, vulnerability management, security monitoring and testing, to help identify and respond to attempts to gain unauthorized access to our information systems and networks. We evaluate and seek to adapt our security policies and procedures designed to protect our information and assets in light of the continuously evolving nature and sophistication of information security threats. However, given in particular the complexity and scale of our business, network infrastructure, technology and information technology (IT) supporting systems, there can be no assurance that the security policies and procedures that we implement will prevent the occurrence of all potential information security breaches. In addition, there can be no assurance that any insurance we may have will cover the costs, damages, liabilities or losses that could result from the occurrence of any information security breach.

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 participate 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 Health and Safety, Security, Environment and Compliance Oversight Committee (HSSEC Committee). A significant number of BCE's most senior leaders are members of the HSSEC Committee, the purpose of which is to oversee BCE's strategic security (including information security), compliance, and 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. The HSSEC Committee also mandates the company's Energy Board, a working group composed of business unit employees at the vice-president and director levels, to ensure oversight of our overall energy consumption and costs with the objective of minimizing financial and reputational risks while maximizing business opportunities.

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 fulfilling 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 advance how Canadians connect with each other and the world.

2.1 Build the best networks

Expand Bell's next-generation network leadership with continued capital investment in all-fibre home and business connections in more places, enhanced rural connectivity with Wireless Home Internet and the upcoming launch of mobile 5G service.

2019 PROGRESS

- Continued to expand our FTTP direct fibre footprint, reaching over 5.1 million homes and businesses in seven provinces. Approximately 53 percent of our long-term broadband fibre program was completed at the end of 2019. FTTP delivers broadband access speeds of up to 1.5 Gbps currently, with faster speeds expected in the future as equipment evolves to support these higher speeds.
- Expanded our innovative Wireless Home Internet service to approximately 250,000 locations in 226 rural communities at the end of 2019. Wireless Home Internet is currently available in many small communities in Ontario, including in the Niagara Peninsula and the Muskoka and Kawartha Lakes regions, and in Québec in the Eastern Townships and the Montérégie region. Fully funded by Bell, Wireless Home Internet is projected to ultimately reach 1 million rural households throughout Ontario, Québec, Atlantic Canada and Manitoba. Delivered over Bell's advanced LTE wireless network in the 3.5 Gigahertz (GHz) spectrum band, Wireless Home Internet is 5G-capable fixed wireless technology specifically designed to extend broadband Internet access to smaller towns, rural locations and other unserved or underserved communities.
- Expanded our LTE-A wireless network to reach 94% of the Canadian population with theoretical mobile data peak download speeds of up to 1.5 Gbps in select markets (expected average download speeds of 25 to 245 Mbps)
- In its Canada: State of Mobile Networks report, network analysis firm Tutela found that Bell LTE delivers the fastest upload and download speeds of any major mobile network in Canada
- Made LTE wireless broadband service available to all 25 communities in Nunavut, Canada's northernmost territory, delivering mobile data speeds of up to 100 Mbps to residents and businesses across the territory as well as providing fixed wireless Internet access to 21 Nunavut communities
- Concluded an expanded reciprocal roaming partnership with AT&T Inc. (AT&T) to provide Canadian business customers access to AT&T's LTE-M network across the U.S. The reciprocal agreement enables AT&T customers to roam on Bell's national LTE-M network in Canada. LTE-M supports low-power IoT applications with enhanced coverage, longer battery life and lower costs for IoT devices connecting to Bell's national network.

2020 FOCUS

- Further deployment of direct fibre to more homes and businesses within our wireline footprint and fixed WTTP technology in rural communities
  - FTTP footprint expansion focused on the Montréal and the Greater Toronto Area/905 geographic areas
  - In January 2020, Bell announced a $400 million investment in the City of Hamilton's digital infrastructure that is planned to bring direct fibre connections to more than 200,000 residential and business locations throughout the city over the next five years. In addition, the project includes the expansion of high-speed Bell Wireless Home Internet service to 8,000 homes in rural Hamilton.
  - On March 2, 2020, we announced an investment of approximately $400 million to bring FTTP technology to Winnipeg, with direct fibre connections to approximately 275,000 homes and businesses throughout the city
- Expansion of the LTE-A network coverage to approximately 96% of the Canadian population
  - Further increase LTE-A speeds
- Launch of initial 5G service in urban centres across Canada as compatible smartphones become available
  - In January 2020, Bell announced its first 5G network equipment supplier agreement with long-time partner Nokia Corporation
- Continue to deploy mobile small cells and equip more cell sites with high-speed fibre backhaul

2.2 Drive growth with innovative services

Leverage our network superiority to provide innovative, integrated communications services to Canadian consumers and businesses, including the fastest Internet and best Wi-Fi, the highest-quality mobile services and a growing range of next-generation IoT solutions, smart home products and business solutions like Virtual Network Services.

2019 PROGRESS

- Added 515,409 total net postpaid and prepaid customers, our best annual subscriber performance since 2005
- Grew prepaid market share with 113,454 net activations, driven by strong demand for our low-cost Lucky Mobile service
- Expanded our device lineup with 43 new devices, including Apple's iPhone 11, 11 Pro and 11 Pro Max and Apple Watch Series 5, the Samsung Galaxy S10 series and the Samsung Galaxy Note10 and Note10+, adding to our extensive selection of 4G LTE and LTE-A devices
- Launched unlimited plans featuring unlimited data access with no overage charges. Customers can sign up for plans featuring 10 gigabits (GB) or 20 GB of data at maximum LTE speeds and unlimited data access at reduced speeds when these allotments are exceeded with no overage fees charged.
- Launched Connect Everything plans that provide a way to link all of a customer's Bell devices with a pool of data to share across smartphones, tablets, smartwatches and other devices, such as wireless trackers, security cameras and vehicles with Bell Connected Car
- Introduced SmartPay device financing plans that let customers buy their new smartphones with 24 interest-free installments separate from their service plan
- Partnered with Dollarama Inc. (Dollarama) to make Lucky Mobile and Virgin Mobile prepaid wireless service available at the value retailer's more than 1,200 locations across Canada. The exclusive partnership enables budget-conscious Canadians to purchase a Lucky Mobile or Virgin Mobile prepaid SIM card at Dollarama and activate on their own mobile device with no activation fee.
- Partnered with the City of Markham to launch the Smart City Accelerator Research Program, using Bell's Smart City platform, an advanced solution of interconnected IoT applications, to improve the efficiency of municipal operations and enhance City services for residents
- Built on our position as the leading Internet service provider (ISP) in Canada with a retail high-speed Internet subscriber base of 3,555,601 at December 31, 2019, up 4.3% over 2018, including over 1.4 million FTTP customers at December 31, 2019
- Bell Canada and our operations in the Atlantic provinces, marketed under the Bell Aliant brand, were ranked the fastest Internet providers in the country in PCMag's annual Fastest ISPs of 2019: Canada report. PCMag's intensive testing found that our operations in the Atlantic provinces, marketed under the Bell Aliant brand, offer the fastest overall Internet in the country. Bell Canada, serving Ontario and Québec customers, topped the list for the second year in a row as the fastest major Internet provider.
- Maintained our Internet leadership with the most advanced products in the home
  - Launched the next generation of our Whole Home Wi-Fi pods, enabling double the speeds available on the previous model and more devices to run simultaneously and provide a larger indoor and outdoor coverage radius. Whole Home Wi-Fi learns how households use the Internet and continually optimizes the network to ensure all devices receive the strongest signal and fastest speed available.
- Bell partnered with Google to introduce new hybrid cloud connectivity for business customers to connect to the Google Cloud Platform globally via direct fibre connections on Bell's private network. The new service joined the Bell Cloud Connect portfolio of cloud and data centre solutions with partners including Amazon Web Services, IBM and Microsoft.
- Bell strengthened its leadership in cloud solutions by adding managed database, application monitoring and security scanning to its extensive portfolio of Bell Cloud Managed Services for Microsoft Azure

2020 FOCUS

- Maintain our market share of national operators' wireless postpaid net additions
- Higher prepaid customer net additions
- Introduce more 4G LTE and LTE-A devices and 5G devices, as well as new data services
- Improve subscriber acquisition and retention spending, enabled by increasing adoption of installment payment plans
- Grow retail Internet subscribers
- Enhance Internet product superiority through new service offerings and innovation to provide an enhanced customer experience in the home
- Invest in direct fibre expansion and new solutions in key portfolios such as Internet and private networks, data centre and cloud services, unified communications, security services and IoT to improve the business client experience and increase overall business customer spending on telecommunications products and services

2.3 Deliver the most compelling content

Inform and engage Canadian audiences with a unified approach to delivering our top TV, media and entertainment assets, leveraging our trusted media brands and content creation leadership to bring Canadians the content they want the most on any platform they choose.

2019 PROGRESS

- Maintained our position as Canada's largest TV provider with 2,772,464 retail subscribers at December 31, 2019, and increased our total number of IPTV subscribers by 5.5% to 1,767,182
- Maintained our TV leadership with the most advanced products in the home
  - Made the Fibe TV app available on Google Chromecast. Also available on Amazon Fire TV, Android TV and Apple TV, the Fibe TV app provides multiple options to bring Fibe TV and Alt TV to all screens.
  - Added the ability to pause and rewind live TV on the Fibe TV app, providing enhanced functionality on any device for Alt TV, Fibe TV and Satellite TV customers
- Maintained CTV's #1 ranking as the most-watched TV network in Canada for the 18th year in a row, and continued to lead with 12 of the top 20 programs nationally among total viewers
- TSN remained Canada's sports leader and most-watched specialty TV channel and RDS remained the top French-language sports network
- Grew our Crave subscriber base to 2.6 million, up 14% over 2018
- Launched STARZ in Canada, delivering a slate of the bold, diverse, and genre-bending programming that has established the channel as one of the leading pay TV services in the U.S. STARZ is the Canadian home of all new STARZ original programming, select library titles, and classic films from all eras. STARZ is available across two linear TV channels, the SVOD platforms of participating TV providers, and via the STARZ streaming service which is available directly to all Canadians with access to the Internet as an add-on to Crave.
- Concluded a long-term exclusive deal with Warner Bros. International Television Distribution (Warner Bros.) to bring original programming from Warner Bros.' HBO Max to Canada, beginning in 2020. The agreement extends Bell Media's programming relationship with Warner Bros., making original series from the new HBO Max service available to Canadians via its SVOD service, Crave, and Bell Media's suite of CTV-branded platforms, reinforcing Bell Media's focus on delivering premium content. The deal also extends Bell Media's existing relationship with Warner Bros. on conventional and specialty TV rights as well as on pay TV rights for Warner Bros.' first-run feature films.
- TSN and RDS extended their long-term broadcast partnership with the CFL, which includes exclusive Canadian TV and digital media rights for all CFL games, including the playoffs and the Grey Cup
- Launched four newly-branded specialty TV channels, each leveraging Canada's powerful CTV brand. The Comedy Network, Space, Bravo, and Gusto became CTV Comedy Channel, CTV Sci-Fi Channel, CTV Drama Channel, and CTV Life Channel, respectively.
- TSN and RDS launched Day Pass subscriptions to their TSN Direct and RDS Direct streaming services. The single-day subscription option is the first of its kind in Canada, providing full access to TSN and RDS channels for 24 hours with no contract.
- The Crave app became available on Android TV devices, delivering premium entertainment content like HBO, SHOWTIME, STARZ, Hollywood hit movies and more to Android TV users across Canada. With the addition of Android TV, Crave is now available directly to Canadians at Crave.ca, through participating TV providers, on iOS, Android, Apple TV, Samsung Smart TVs, Xbox and Amazon Fire TV, with additional platforms in development.
- Partnered with Stingray Group Inc. (Stingray), a leading music, media, and technology company, to introduce AUDIO360, an advanced, multi-platform audio sales solution that brings together brands and consumers through the power of sound. AUDIO360 gives brands access to 22 million Canadian listeners weekly across a multi-platform audio offering. Designed to meet the needs of Canadian advertisers looking to connect with Canadian listeners, AUDIO360's multi-platform approach connects brands with their target listeners on the right audio platform, across the right channels, at the right moment in time.

2020 FOCUS

- Grow retail IPTV subscribers
- Enhance TV product superiority through new service offerings and innovation to provide an enhanced customer experience in the home
- Continue the scaling of Crave and launch Crave with French-language content
  - On January 28, 2020, Crave became a bilingual TV and streaming service offering more than 6,000 hours of exclusive new French-language content in addition to Crave's exclusive English-language programming. As part of the change, Super Écran became available OTT for the first time as an add-on to Crave. The updated bilingual Crave is available through participating TV providers and streaming platforms.
- Maintain strong audience levels and ratings across all TV and radio properties
- Reinforce industry leadership in conventional TV, specialty TV, pay TV, streaming and sports services
  - In January 2020, TSN and RDS announced a long-term media rights extension with Hockey Canada through the 2033-34 season, ensuring that TSN and RDS will continue to hold the exclusive-multi-platform media rights to Hockey Canada events, including the annual IIHF World Junior Championship
- Develop in-house production and content creation for distribution and use across all screens and platforms
- Leverage cross-platform and integrated sales and sponsorship
- Grow revenues through unique partnerships and strategic content investments
- Build on our OOH leadership position in Canada

2.4 Champion customer experience

Deliver a positive customer experience for consumers and business customers by making it easier to do business with Bell at every level, from shopping to buying to installation to after-sale support.

2019 PROGRESS

- Virgin Mobile was ranked highest in overall customer care satisfaction in the J.D. Power 2019 Canada Wireless Customer Care Study for the third year in a row, cited for its strong performance in self-serve, reflecting high levels of customer satisfaction with the brand's website, mobile app and social media presence
  - Updated Virgin Mobile's My Account app with a new design, enabling Virgin customers to easily access their accounts to pay bills, monitor data usage and manage add-ons from anywhere
- Improved wireless postpaid churn by 0.03 pts over 2018, driven by Bell's network quality and focus on subscriber base management
- Launched the Lucky Mobile My Account app, providing customers quick access to key features such as topping up their accounts, registering for Automatic Top-Up, managing Add-Ons, monitoring usage, checking their balance and resetting voicemail passwords
  - Lucky Mobile's My Account app was selected as the Best Telecommunications Mobile Application of 2019 at the annual MobileWebAwards
- Updated our support pages on Bell.ca to make it easier for customers to get the information they need about Bell products and services
- Enhanced our innovative Manage Your Appointment web service to provide customers with more precise estimates of technician arrival times based on traffic, driving conditions and work schedules
- Reduced the number of customer calls to our call centres by 7%
- Improved customer First Call Resolution by 5% for residential services and 3% for wireless services
- Reduced FTTP installation time by 10%, driven by our investments in technician tools
- Reduced FTTP Internet repair truck rolls per customer by 24% from improved greater network performance and improved troubleshooting and diagnostic capabilities
- Offered residential installation appointments 16% earlier, and repair appointments the same day or next day 88% of the time
- Continued to automate our dispatch and appointment management systems, leading to 23% fewer late appointments

2020 FOCUS

- Further improve customer satisfaction scores
- Deliver a more convenient and personalized self-serve experience for customers
- Further evolve our self-serve tools
- Further reduce the total number of customer calls to our call centres as well as the number of truck rolls
- Reduce FTTP installation times and improve service quality
- Continue to invest in artificial intelligence and machine learning to resolve customer issues faster
- Simplify the technician in-field experience through simplification and innovation of technician tools
- Further evolve customer device diagnostic capabilities to support increasing customer and device complexity

2.5 Operate with agility and cost efficiency

Enhance our operational excellence in a competitive marketplace and build on our industry-leading cost structure with a focus on efficiency and disciplined cost management across our business segments.

2019 PROGRESS

- Improved BCE consolidated adjusted EBITDA margin (1) by 1.6 pts over 2018
- Delivered productivity improvements and cost efficiencies resulting from the expansion of Bell's all-fibre network footprint and service innovations enabled by new broadband technologies
- Maintained Bell Canada's average after-tax cost of publicly issued debt securities at 3.1%
- Realized operating cost savings from workforce reductions completed in 2018

2020 FOCUS

- Realize cost savings from:
  - lower contracted rates from our suppliers
  - operating efficiencies enabled by a growing direct fibre footprint
  - changes in consumer behaviour and product innovation
  - new call centre technology that is enabling self-serve capabilities
  - other improvements to the customer service experience
  - management workforce reductions including attrition and retirements

2.6 Engage and invest in our people

Recognize our team's importance to Bell's competitive success by strengthening our award-winning workplace culture with new technology and support resources and by offering enhanced development opportunities, enabling our diverse and dynamic team members to achieve their full potential.

2019 PROGRESS

- Recognized as one of Canada's Top 100 Employers for the fifth consecutive year in Mediacorp's annual review of the best workplaces across the country, reflecting our outstanding learning and career development opportunities, family-friendly benefits and commitment to mental health
- Named as one of Canada's Top Employers for Young People for the second consecutive year by Mediacorp in recognition of our programs for students and team members just beginning their careers, including Bell's Graduate Leadership Program
- Named one of Canada's Best Diversity Employers in Mediacorp's 2019 report on workplace diversity and inclusion. The award recognizes Bell's commitment to providing an inclusive and accessible workplace that reflects Canada's diversity and highlights our wide range of programs to enable women, persons with disabilities, Indigenous Peoples, visible minorities and other groups in their career development, and also recognizes our workplace mental health leadership.
- Bell's support of gender equity in the workplace was recognized with Gold Parity Certification for the second year in a row by Women in Governance, a non-profit organization that evaluates Canadian companies for their gender parity strategies and presence of women in historically underrepresented roles
- Enhanced maternity and parental leave options, making it easier for team members to balance work and family with a higher salary replacement amount over more weeks
- Won two awards at the TalentEgg National Campus Recruitment Excellence Awards, selected by a panel of top students and recent graduates. The Campus Recruiting Program of the Year award recognizes Bell's innovative strategy in recruiting top talent from Canadian universities, while the Special Award for Social Responsibility in Recruiting recognizes our commitment to socially responsible hiring practices and policies that encourage inclusion and diversity, community outreach and accessibility.

2020 FOCUS

- In February 2020, we launched new initiatives that reflect Bell's new strategic imperative to engage and invest in our people, recognizing how critically important our team is to Bell's success
  - Introduced our Flexible Work Policy, offering Bell team members new ways to balance work, family and other life commitments
  - Launched a new online virtual health care program, providing team members and their families with free, confidential access to health care professionals through virtual consultation technology

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

3 Performance targets, outlook, assumptions and risks

This section provides information pertaining to our performance against 2019 targets, our consolidated business outlook and operating assumptions for 2020 and our principal business risks.

3.1 BCE 2019 performance vs. guidance targets

FINANCIAL GUIDANCE	2019 TARGET	2019 PERFORMANCE AND RESULTS		ACHIEVED
Revenue growth	1%–3%	**2.1%**	BCE revenues grew by 2.1% in 2019 compared to last year, driven by growth across all three of our segments, and reflected both higher service and product revenues of 1.4% and 6.6%, respectively.	✓
Adjusted EBITDA growth	5%–7%	**6.0%**	BCE adjusted EBITDA increased by 6.0% in 2019, compared to 2018, reflecting favourable contributions from all three of our segments. The growth was driven by higher revenues together with lower operating expenses, primarily reflecting the favourable impact from the adoption of IFRS 16 in 2019 and effective cost containment.	✓
Capital intensity	Approx. 16.5%	**16.6%**	BCE capital investments totaled $3,988 million in 2019, up 0.4% compared to last year. This represented a capital intensity ratio of 16.6%, down from 16.9% achieved in 2018. We continued to focus our strategic investments on our networks with the ongoing roll-out of FTTP and fixed WTTP, the build-out of our LTE-A network, which reached 94% of the Canadian population at December 31, 2019, and the deployment of wireless small-cells to expand capacity to support subscriber growth and increase network speeds, coverage and signal quality, as well as to expand data fibre backhaul in preparation for 5G technology. Capital spending was also focused on the connection of fibre Internet and TV services to more homes and businesses, the execution of business customer contracts and investment in digital media platforms.	✓
Adjusted net earnings per share (adjusted EPS) (1)	$3.48–$3.58	**$3.50**	Net earnings attributable to common shareholders in 2019 increased by $255 million, or $0.27 per common share, compared to 2018, due to higher adjusted EBITDA and lower other expense, partly offset by higher depreciation and amortization expense, income taxes and finance costs. The adoption of IFRS 16 did not have a significant impact on net earnings. Excluding the impact of severance, acquisition and other costs, net mark-to-market gains (losses) on derivatives used to economically hedge equity settled share-based compensation plans, net gains (losses) on investments, early debt redemption costs and impairment charges, adjusted net earnings in 2019 was $3,153 million, or $3.50 per common share, compared to $3,151 million, or $3.51 per common share, in 2018.	✓
Free cash flow growth	7%–12%	**7.0%**	Free cash flow increased by $251 million in 2019, compared to 2018, mainly due to higher cash flows from operating activities, excluding voluntary DB pension plan contributions and acquisition and other costs paid, partly offset by higher cash dividends paid by subsidiaries to non-controlling interest (NCI).	✓
Annualized common dividend per share	$3.17	**$3.17**	Annualized BCE common dividend per share for 2019 increased by 15 cents, or 5.0%, to $3.17 compared to $3.02 per share in 2018.	✓
Dividend payout ratio	65%–75% of free cash flow	**74%**	Dividend payout ratio decreased from 75% in 2018 to 74% in 2019.	✓

3.2 Business outlook and assumptions

OUTLOOK

BCE's 2020 outlook builds on the favourable financial results achieved in 2019 by all our operating segments highlighted by: higher wireless subscriber net additions and operating profitability; steady wireline adjusted EBITDA growth; retail broadband Internet and TV market share gains enabled by growth in our combined direct fibre and Wireless Home Internet footprint; industry-leading media operating performance; as well as disciplined cost management that together with the positive impact of IFRS 16 drove significant expansion in BCE's adjusted EBITDA margin.

Our projected financial performance for 2020 is underpinned by executing on our updated six strategic imperatives in a highly competitive and dynamic market. Wireless, retail Internet and TV subscriber base growth, together with pricing discipline and the flow-through of operating cost savings from a reduced workforce, fibre-related operating efficiencies and continued service improvement, is projected to drive revenue and adjusted EBITDA growth. This is expected to contribute to higher free cash flow, providing a strong foundation for the 5.0% increase in BCE's common share dividend for 2020, as well as ongoing significant capital expenditures on broadband fibre and wireless network infrastructure to support future growth.

The key 2020 operational priorities for BCE are:

- Maintain our market share of national operators' wireless postpaid net additions

(1) *Adjusted EPS 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 net earnings and adjusted EPS*in this MD&A for more details, including a reconciliation to the most comparable IFRS financial measure.*

- Higher prepaid customer net additions
- Continued adoption of smartphone devices, tablets and data applications, as well as the introduction of more 4G LTE and LTE-A devices and new data services
- Expansion of the LTE-A network coverage to approximately 96% of the Canadian population, and launch of initial 5G service in urban centres across Canada as compatible smartphones become available
- Improvement in subscriber acquisition and retention spending, enabled by increasing adoption of installment payment plans
- Increased adoption of unlimited wireless data plans and installment payment plans
- Continued growth in retail Internet and IPTV subscribers
- Residential household average revenue per user (ARPU) growth from increased penetration of multi-product households
- Further deployment of direct fibre to more homes and businesses within our wireline footprint and fixed WTTP technology in rural communities
- Enhance Internet and TV product superiority through new service offerings and innovation to provide an enhanced customer experience in the home
- Invest in direct fibre expansion and new solutions in key portfolios such as Internet and private networks, data centre and cloud services,

unified communications, security services and IoT to improve the business client experience and increase overall business customer spending on telecommunications products and services

- Realization of cost savings related to management workforce reductions including attrition and retirements, lower contracted rates from our suppliers, operating efficiencies enabled by a growing direct fibre footprint, changes in consumer behaviour and product innovation, new call centre technology that is enabling self-serve capabilities, and other improvements to the customer service experience
- Revenue generation from broadcasting distribution undertaking (BDU) rate increases, strategic pricing on advertising sales, monetization of content rights on Bell Media properties across all platforms and digital advertising platforms, as well as simultaneous substitution of Canadian advertising during the Super Bowl, while controlling TV programming and premium content cost escalation
- Continued scaling of Crave and launch of Crave with French-language content

Our projected financial performance for 2020 enabled us to increase the annualized BCE common share dividend for 2020 by 16 cents, or 5.0%, to $3.33 per share.

ASSUMPTIONS

ASSUMPTIONS ABOUT THE CANADIAN ECONOMY

- Slowing economic growth, given the Bank of Canada's weaker outlook for the Canadian economy as compared to its previously estimated growth in Canadian gross domestic product of 1.6% in 2020
- Weaker employment growth, as the overall level of business investment is expected to soften
- Interest rates expected to remain at or near current levels
- Canadian dollar expected to remain at or near current levels. Further movements may be impacted by the degree of strength of the U.S. dollar, interest rates and changes in commodity prices.

MARKET ASSUMPTIONS

- A consistently high level of wireline and wireless competition in consumer, business and wholesale markets
- Higher, but slowing, wireless industry penetration
- Increased adoption of unlimited data plans and Smartpay installment payment plans
- A shrinking data and voice connectivity market as business customers migrate to lower-priced traditional telecommunications solutions or alternative OTT competitors
- Advertising market expected to be impacted by audience declines
- Continued escalation of media content costs to secure quality programming
- Declines in BDU subscribers and increasing competition from the entrance of more subscription video on demand (SVOD) streaming services in the OTT market
- Retail TV subscriber net additions moderated by growing cord-cutter and cord-never customer segments

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 CRTC, Innovation, Science and Economic Development Canada (ISED), Canadian Heritage and the Competition Bureau continue to play a significant role in regulatory matters such as mandatory access to networks, spectrum auctions, the imposition of consumer-related codes of conduct, approval of acquisitions, broadcast and spectrum licensing, foreign ownership requirements and control of copyright piracy. As with all regulated organizations, planned strategies are contingent upon regulatory decisions. Adverse decisions by governments or regulatory agencies, increased regulation or lack of effective anti-piracy remedies 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* as well as the applicable segmented risk discussions under *Competitive landscape and industry trends* and *Principal business risks* in section 5, *Business segment analysis*.

COMPETITIVE ENVIRONMENT

As the scope of our businesses increases and evolving technologies drive new services, delivery models and strategic partnerships, our competitive landscape intensifies and expands to include new and emerging competitors, certain of which were historically our partners or suppliers, as well as global-scale competitors including, in particular, OTT service providers, IoT hardware and software providers, voice over IP (VoIP) providers and other web-based players that are penetrating the telecommunications space with significant resources and a large customer base over which to amortize costs. Certain of these competitors are changing the competitive landscape by establishing material positions. Greater customer adoption of data services, including mobile TV, international data roaming, mobile commerce and mobile banking, as well as other IoT applications in the areas of retail (e.g., home automation), business (e.g., remote monitoring), transportation (e.g., connected car and asset tracking) and urban city optimization (smart cities), is expected to accelerate growth opportunities as well as competition in these areas. If we are unable to develop and deploy new solutions through a more agile service model in advance of or concurrently with our competitors, our business and financial results could be adversely affected.

Technology substitution, IP networks and recent regulatory decisions, in particular, continue to reduce barriers to entry in our industry. In addition, the effects of government policies regarding the set-aside of spectrum at favourable pricing for regional facilities-based wireless service providers continue to impact market dynamics. Together, these factors have changed industry economics and 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 deliver their services over our networks, leveraging regulatory obligations applicable to us, therefore limiting their need to invest in building their own networks and impacting our network-based differentiation of our services. Such lower required investment challenges the monetization of our networks and our operating model. Moreover, foreign OTT players such as Netflix are currently not subject to the same taxation and Canadian content investment obligations as those imposed on Canadian domestic digital suppliers, which provides them with a competitive advantage over us.

We expect these trends to continue in the future and the increased competition we face as a result could negatively impact our business including, without limitation, in the following ways:

- The acceleration of disruptions and disintermediation in each of our business segments could adversely affect our business and financial results
- Competitors' aggressive market offers, combined with heightened customer sensitivity around pricing, could result in pricing pressures, lower margins and increased costs of customer acquisition and retention, and our market share and sales volumes could decrease if we do not match competitors' pricing levels or increase customer acquisition and retention spending
- The convergence of wireline and wireless services is impacting product purchase choice by customers and could accelerate product substitution in favour of lower-margin products as well as accelerate churn
- Regulatory decisions regarding wholesale access to our wireless and fibre networks could bring new competitors, including OTT players, or strengthen the market position of current competitors, which may negatively impact our retail subscriber base in favour of lower margin wholesale subscribers and thus could negatively impact our capacity to invest in our networks at the same levels as we have in the past
- Higher Canadian wireless penetration could slow opportunities for new customer acquisition
- The continued OTT-based substitution and market expansion of lower-cost VoIP and software-defined networking in a wide area network (SD WAN) solutions offered by global competitors, such as traditional software players, are changing our approach to service offers and pricing and could have an adverse effect on our business
- Spending rationalization by business customers could lead to higher declines in traditional connectivity value-added services sold and margin erosion, driven by technology substitution, economic factors and customers' operational efficiencies
- Multinational business consumers' desire to consolidate global network service supply with one supplier could accelerate the disruptions in our wireline segment
- The pressure from simpler, lower cost, agile service models is driving in-sourcing trends, which could have an adverse impact on our managed services business
- Subscriber and viewer growth is challenged by changing viewer habits, the expansion and market penetration of low-cost OTT TV providers and other alternative service providers, some of which may offer content as loss leaders to support their core business, as well as piracy, CRTC arbitration and a fragmentation of audience with an abundance of choices
- Competition with global competitors such as Netflix and Amazon, in addition to traditional Canadian TV competitors, for programming content could drive significant increases in content acquisition costs as these competitors, along with other global-scale entities such as Google, gain a significant presence in local markets as a result of innovative and flexible global market strategies
- The proliferation of content piracy could negatively impact our ability to monetize products and services beyond our current expectations, while creating bandwidth pressure without corresponding revenue growth in the context of regulated wholesale high-speed Internet access rates
- Traditional radio faces accelerated substitution from alternative streaming services such as those offered by global audio streaming players and those made available by new technologies, including smart car services
- The timely rollout of 5G mobile service may be adversely impacted by government decisions, constraints on access to network equipment suppliers, the availability of 5G compatible handsets and potential operational challenges in delivering new technology
- 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

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, reputation and business continuity depend on how well we protect our physical and non-physical assets, including networks, IT systems, offices, corporate stores and sensitive information, from events such as information security attacks, unauthorized access or entry, fire, natural disaster (including, without limitation, seismic and severe weather-related events such as ice, snow and wind storms, wildfires, flooding, extended heat waves, hurricanes, tornadoes and tsunamis), power loss, building cooling loss, acts of war or terrorism, sabotage, vandalism, actions of neighbours and other events. 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. As our operations involve receiving, processing and storing such proprietary business and personal data, effective policies, procedures and controls must be implemented to protect information systems and underlying data.

Information security breaches can result from deliberate or unintended actions by a growing number of sophisticated actors, including hackers, organized criminals, state-sponsored organizations and other parties. Information security attacks have grown in complexity, magnitude and frequency in recent years and the potential for damage is increasing. Information security attacks may be perpetrated using a complex array of ever evolving and changing means including, without limitation, the use of stolen credentials, social engineering, computer viruses and malicious software, phishing and other attacks on network and information systems. Information security attacks aim to achieve various malicious objectives including unauthorized access to, and theft of, confidential, proprietary, sensitive or personal information, extortion and business disruptions. Information security policies, procedures and controls must continuously adapt and evolve in order to seek to mitigate risk and, consequently, require constant monitoring to ensure effectiveness. There is, however, no certainty that our information security policies, procedures and controls will be effective against all information security attacks.

We are also exposed to information security threats as a result of actions that may be taken by our customers, suppliers, outsourcers, business partners, employees or independent third parties, whether malicious or not, including as a result of the use of social media, cloud-based solutions and IT consumerization. Our use of third-party suppliers and outsourcers and reliance on business partners, which may also be subject to information security threats, also exposes us to risks as we have less immediate oversight over their IT domains. Furthermore, the proliferation of data services, including mobile TV, mobile commerce, mobile banking and IoT applications, as well as increased digitization and the use of emerging technologies such as artificial intelligence and robotics, have significantly increased the threat surface of our network and systems, resulting in higher complexity that needs to be carefully monitored and managed to minimize security threats. Failure to implement an information security program that efficiently considers relationships and interactions with business partners, suppliers, customers, employees and other third parties across all methods of communication including social media and cloud-based solutions, as well as emerging technologies like robotics, artificial intelligence and machine-to-machine communication, could adversely affect our ability to successfully defend against information security attacks.

If information security threats were to become successful attacks resulting in information security breaches, they could harm our brand, reputation and competitiveness, decrease customer and investor confidence and adversely affect our business, financial results, stock price and long-term shareholder value, given that they could lead to:

- Network operating failures and business disruptions, which could negatively impact our ability to sell products and services to our customers and adversely affect their ability to maintain normal business operations and deliver critical services, and/or the ability of third-party suppliers to deliver critical services to us
- Unauthorized access to proprietary or sensitive information about our business, which could result in diminished competitive advantages and loss of future business opportunities
- Theft, loss, unauthorized disclosure, destruction or corruption of data and confidential information, including personal information about our customers or employees, that could result in financial loss, exposure to claims for damages by customers, employees and others, and difficulty in accessing materials to defend legal actions
- Lost revenue resulting from the unauthorized use of proprietary information or the failure to retain or attract customers after an incident
- Physical damage to network assets impacting service continuity
- Litigation, investigations, fines and liability for failure to comply with privacy and information security laws, including via mandatory flow-through of privacy-related obligations by our customers, as well as increased audit and regulatory scrutiny that could divert resources from project delivery
- Fines and sanctions from credit card providers for failing to comply with payment card industry data security standards for protection of cardholder data
- Increased fraud as criminals leverage stolen information against us, our employees or our customers
- Remediation costs such as liability for stolen information, equipment repairs and incentives to customers or business partners in an effort to maintain relationships after an incident
- Increased information security protection costs, including the costs of deploying additional personnel and protection technologies, training and monitoring employees, and engaging third-party security experts and auditors
- Higher insurance premiums

We evaluate and seek to adapt our security policies and procedures designed to protect our information and assets in light of the continuously evolving nature and sophistication of information security threats. However, given in particular the complexity and scale of our business, network infrastructure, technology and IT supporting systems, there can be no assurance that the security policies and procedures that we implement will prevent the occurrence of all potential information security breaches. In addition, there can be no assurance that any insurance we may have will cover all or part of the costs, damages, liabilities or losses that could result from the occurrence of any information security breach.

4 Consolidated financial analysis

This section provides detailed information and analysis about BCE's performance in 2019 compared with 2018. It focuses on BCE's consolidated operating results and provides financial information for our Bell Wireless, Bell Wireline and Bell Media business segments. For further discussion and analysis of our business segments, refer to section 5, *Business segment analysis*.

4.1 Introduction

BCE CONSOLIDATED INCOME STATEMENTS

	2019	2018	$ CHANGE	% CHANGE
Operating revenues				
Service	**20,737**	20,441	296	1.4%
Product	**3,227**	3,027	200	6.6%
Total operating revenues	**23,964**	23,468	496	2.1%
Operating costs	**(13,858)**	(13,933)	75	0.5%
Adjusted EBITDA	**10,106**	9,535	571	6.0%
Adjusted EBITDA margin	***42.2%***	*40.6%*		*1.6 pts*
Severance, acquisition and other costs	**(114)**	(136)	22	16.2%
Depreciation	**(3,496)**	(3,145)	(351)	(11.2%)
Amortization	**(902)**	(869)	(33)	(3.8%)
Finance costs				
Interest expense	**(1,132)**	(1,000)	(132)	(13.2%)
Interest on post-employment benefit obligations	**(63)**	(69)	6	8.7%
Other expense	**(13)**	(348)	335	96.3%
Income taxes	**(1,133)**	(995)	(138)	(13.9%)
Net earnings	**3,253**	2,973	280	9.4%
Net earnings attributable to:				
Common shareholders	**3,040**	2,785	255	9.2%
Preferred shareholders	**151**	144	7	4.9%
Non-controlling interest	**62**	44	18	40.9%
Net earnings	**3,253**	2,973	280	9.4%
Adjusted net earnings	**3,153**	3,151	2	0.1%
Net earnings per common share (EPS)	**3.37**	3.10	0.27	8.7%
Adjusted EPS	**3.50**	3.51	(0.01)	(0.3%)

BCE STATEMENTS OF CASH FLOWS – SELECTED INFORMATION

	2019	2018	$ CHANGE	% CHANGE
Cash flows from operating activities	**7,958**	7,384	574	7.8%
Capital expenditures	**(3,988)**	(3,971)	(17)	(0.4%)
Free cash flow	**3,818**	3,567	251	7.0%

BCE delivered revenue growth of 2.1% in 2019, compared to last year, attributable to both higher service and product revenues of 1.4% and 6.6%, respectively, reflecting growth across all three of our segments. The year-over-year increase in service revenues was driven by the ongoing expansion of our postpaid and prepaid wireless, retail Internet, and IPTV subscriber bases, higher residential household ARPU, greater Bell Media subscriber and advertising revenues, as well as improved business market performance, including the contribution from the acquisition of Axia NetMedia Corporation (Axia) at the end of August 2018. This was moderated by the continued erosion in our voice, satellite TV and legacy data revenues. The growth in product revenues was driven by higher sales of premium wireless handsets and greater demand for equipment by large enterprise customers in our business markets.

In 2019, net earnings increased by 9.4%, compared to 2018, mainly due to higher adjusted EBITDA and lower other expense, partly offset by higher depreciation and amortization expense, income taxes and finance costs. The adoption of IFRS 16 did not have a significant impact on net earnings.

BCE's adjusted EBITDA grew by 6.0% in 2019, compared to 2018, with contributions from all three of our segments. Higher revenues coupled with reduced operating expenses, reflecting the benefit from the adoption of IFRS 16 in 2019, and effective cost containment drove the year-over-year growth in adjusted EBITDA. This resulted in an adjusted EBITDA margin of 42.2% in 2019, up 1.6 pts compared to the 40.6% achieved last year.

In 2019, BCE's cash flows from operating activities increased by $574 million, compared to 2018, mainly due to higher adjusted EBITDA, which reflects the favourable impact from the adoption of IFRS 16, and a voluntary DB pension plan contribution of nil in 2019 compared to $240 million paid in 2018. This was partly offset by a decrease in operating assets and liabilities, higher interest paid which reflects the unfavourable impact from the adoption of IFRS 16 and higher income taxes paid.

Free cash flow increased by $251 million in 2019, compared to 2018, mainly due to higher cash flows from operating activities, excluding voluntary DB pension plan contributions and acquisition and other costs paid, partly offset by higher cash dividends paid by subsidiaries to NCI.

4.2 Customer connections

BCE NET ACTIVATIONS (LOSSES)

	2019	2018	% CHANGE
Wireless subscribers net activations	**515,409**	479,811	7.4%
Postpaid	***401,955***	*447,682*	*(10.2%)*
Prepaid	***113,454***	*32,129*	*253.1%*
Retail high-speed Internet subscribers net activations (1)	**135,861**	116,599	16.5%
Retail TV subscribers net activations (losses) (1)	**6,053**	21,559	(71.9%)
IPTV	***91,476***	*110,790*	*(17.4%)*
Satellite	***(85,423)***	*(89,231)*	*4.3%*
Total growth services net activations	**657,323**	617,969	6.4%
Wireline retail residential NAS lines net losses (1)	**(263,325)**	(258,881)	(1.7%)
Total services net activations	**393,998**	359,088	9.7%

(1) *As of January 1, 2019, we are no longer reporting wholesale subscribers in our Internet, TV and residential NAS subscriber bases reflecting our focus on the retail market. Consequently, we restated previously reported 2018 subscribers for comparability.*

TOTAL BCE CUSTOMER CONNECTIONS

	2019	2018	% CHANGE
Wireless subscribers (1) (2)	**9,957,962**	9,610,482	3.6%
Postpaid (1) (2)	***9,159,940***	*8,830,216*	*3.7%*
Prepaid (1)	***798,022***	*780,266*	*2.3%*
Retail high-speed Internet subscribers (1) (3)	**3,555,601**	3,410,374	4.3%
Retail TV subscribers (3)	**2,772,464**	2,766,411	0.2%
IPTV	***1,767,182***	*1,675,706*	*5.5%*
Satellite	***1,005,282***	*1,090,705*	*(7.8%)*
Total growth services subscribers	**16,286,027**	15,787,267	3.2%
Wireline retail residential NAS lines (3)	**2,697,483**	2,960,808	(8.9%)
Total services subscribers	**18,983,510**	18,748,075	1.3%

(1) *At the beginning of Q1 2019, we adjusted our wireless subscriber base to remove 167,929 subscribers (72,231 postpaid and 95,698 prepaid) as follows:* (A) *65,798 subscribers (19,195 postpaid and 46,603 prepaid), due to the completion of the shutdown of the CDMA network on April 30, 2019,* (B) *49,095 prepaid subscribers as a result of a change to our deactivation policy, mainly from 120 days for Bell/Virgin Mobile and 150 days for Lucky Mobile to 90 days,* (C) *43,670 postpaid subscribers relating to IoT due to the further refinement of our subscriber definition as a result of technology evolution, and* (D) *9,366 postpaid fixed wireless Internet subscribers which were transferred to our retail high-speed Internet subscriber base.*

(2) *At the beginning of Q4 2018, we adjusted our postpaid wireless subscriber base to remove 20,000 subscribers that we divested to Xplornet as a result of BCE's acquisition of MTS in 2017.*

(3) *As of January 1, 2019, we are no longer reporting wholesale subscribers in our Internet, TV and residential NAS subscriber bases reflecting our focus on the retail market. Consequently, we restated previously reported 2018 subscribers for comparability.*

BCE added 657,323 net new retail customer connections to its retail growth services in 2019, representing a 6.4% increase over 2018. This consisted of:

- 401,955 postpaid wireless customers, and 113,454 prepaid wireless customers
- 135,861 retail high-speed Internet customers
- 6,053 retail TV customers comprised of 91,476 retail IPTV net customer additions and 85,423 retail satellite TV net customer losses

Retail residential NAS net losses were 263,325 in 2019, increasing by 1.7% over 2018.

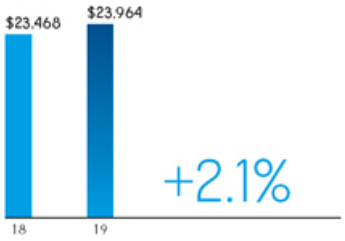
Total BCE retail customer connections across all retail services grew by 1.3% in 2019, compared to last year, driven by an increase in our retail growth services customer base, offset in part by continued erosion in traditional retail residential NAS lines.

At the end of 2019, BCE retail customer connections totaled 18,983,510, and were comprised of the following:

- 9,957,962 wireless subscribers, up 3.6% compared to 2018, comprised of 9,159,940 postpaid subscribers, an increase of 3.7% over last year, and 798,022 prepaid subscribers, up 2.3% year over year
- 3,555,601 retail high-speed Internet subscribers, 4.3% higher than last year
- 2,772,464 total retail TV subscribers, up 0.2% compared to 2018, comprised of 1,767,182 retail IPTV customers, up 5.5% year over year, and 1,005,282 retail satellite TV subscribers, down 7.8% year over year
- 2,697,483 retail residential NAS lines, a decline of 8.9% compared to 2018

4.3 Operating revenues

BCE
Revenues
(in $ millions)



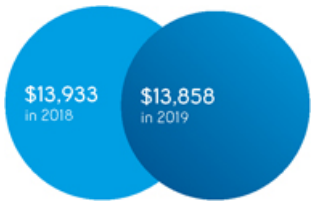
	2019	2018	$ CHANGE	% CHANGE
Bell Wireless	**9,142**	8,818	324	3.7%
Bell Wireline	**12,356**	12,267	89	0.7%
Bell Media	**3,217**	3,121	96	3.1%
Inter-segment eliminations	**(751)**	(738)	(13)	(1.8%)
Total BCE operating revenues	**23,964**	23,468	496	2.1%

BCE

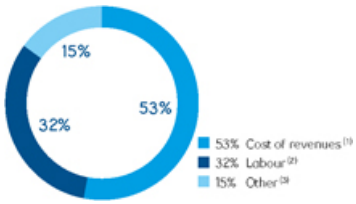
BCE operating revenues grew by 2.1% in 2019, compared to last year, driven by growth across all three of our segments. Total operating revenues consisted of service revenues of $20,737 million and product revenues of $3,227 million in 2019, up 1.4% and 6.6%, respectively, year over year. Wireless operating revenues grew by 3.7% in 2019, driven by product revenue growth of 6.6% and service revenue growth of 2.5%. Wireline operating revenues grew by 0.7% in 2019 attributable to service revenue growth of 0.4% from higher data revenue, moderated by lower voice revenue, and also reflected higher product revenue of 7.2%. Bell Media revenues increased by 3.1% in 2019 reflecting both higher subscriber and advertising revenues.

4.4 Operating costs

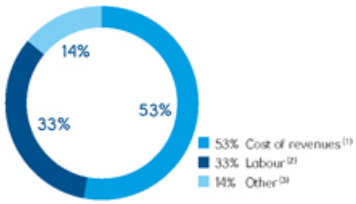
BCE
Operating costs
(in $ millions)



BCE
Operating cost profile
2018



BCE
Operating cost profile
2019



	2019	2018	$ CHANGE	% CHANGE
Bell Wireless	**(5,300)**	(5,297)	(3)	(0.1%)
Bell Wireline	**(6,942)**	(6,946)	4	0.1%
Bell Media	**(2,367)**	(2,428)	61	2.5%
Inter-segment eliminations	**751**	738	13	1.8%
Total BCE operating costs	**(13,858)**	(13,933)	75	0.5%

(1) *Cost of revenues includes costs of wireless devices and other equipment sold, network and content costs, and payments to other carriers.*

(2) *Labour costs (net of capitalized costs) include wages, salaries and related taxes and benefits, post-employment benefit plans service cost, and other labour costs, including contractor and outsourcing costs.*

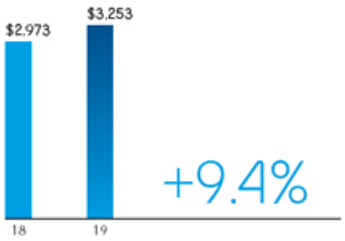
(3) *Other operating costs include marketing, advertising and sales commission costs, bad debt expense, taxes other than income taxes, IT costs, professional service fees and rent.*

BCE

Total BCE operating costs declined by 0.5% in 2019, compared to last year, driven by reduced costs in Bell Media of 2.5%, while costs in Bell Wireless and Bell Wireline remained relatively stable year over year. These results reflected the benefit from the adoption of IFRS 16 in 2019.

4.5 Net earnings

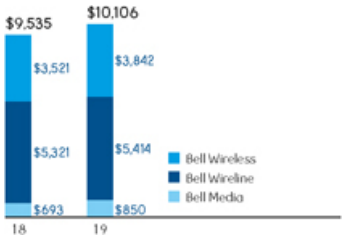
BCE
Net earnings
(in $ millions)



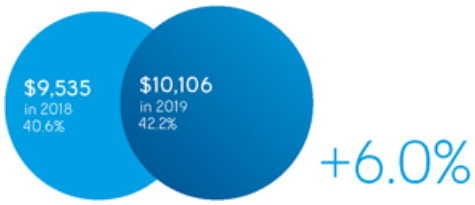
In 2019, net earnings increased by 9.4%, compared to 2018, mainly due to higher adjusted EBITDA and lower other expense, partly offset by higher depreciation and amortization expense, income taxes and finance costs. The adoption of IFRS 16 did not have a significant impact on net earnings.

4.6 Adjusted EBITDA

BCE
Adjusted EBITDA
(in $ millions)



BCE
Adjusted EBITDA
(in $ millions)
(% adjusted EBITDA margin)



	2019	2018	$ CHANGE	% CHANGE
Bell Wireless	**3,842**	3,521	321	9.1%
Bell Wireline	**5,414**	5,321	93	1.7%
Bell Media	**850**	693	157	22.7%
Total BCE adjusted EBITDA	**10,106**	9,535	571	6.0%

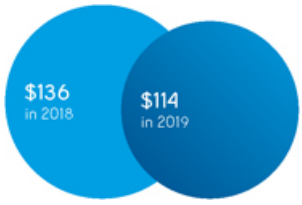
BCE

BCE's adjusted EBITDA grew by 6.0% in 2019, compared to 2018, attributable to growth from all three of our segments. Higher revenues coupled with reduced operating expenses drove the year-over-year growth in adjusted EBITDA. This corresponded to an adjusted EBITDA margin of 42.2% in 2019, up 1.6 pts over last year, mainly driven by the favourable impact from the adoption of IFRS 16 in 2019, and greater service revenue flow-through, moderated by greater low-margin product sales in our total revenue base.

4.7 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. This includes severance costs consisting of charges related to involuntary and voluntary employee terminations, as well as 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.

BCE
Severance, acquisition and other costs
(in $ millions)



2019

Severance, acquisition and other costs included:

- Severance costs of $63 million for workforce reduction initiatives
- Acquisition and other costs of $51 million

2018

Severance, acquisition and other costs included:

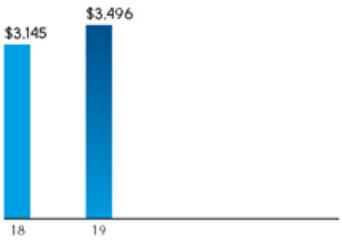
- Severance costs of $92 million for workforce reduction initiatives, which included a 4% reduction in management workforce across BCE
- Acquisition and other costs of $44 million

4.8 Depreciation and amortization

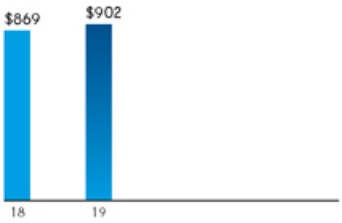
The amount of our depreciation and amortization in any year is affected by:

- *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*

BCE
Depreciation
(in $ millions)



BCE
Amortization
(in $ millions)



DEPRECIATION

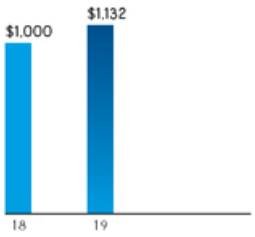
Depreciation in 2019 increased by $351 million, compared to 2018, mainly due to the adoption of IFRS 16 and a higher asset base as we continued to invest in our broadband and wireless networks as well as our IPTV services.

AMORTIZATION

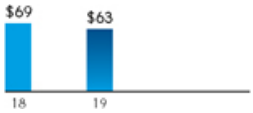
Amortization in 2019 increased by $33 million, compared to 2018, mainly due to a higher asset base.

4.9 Finance costs

BCE
Interest expense
(in $ millions)



BCE
Interest on post-employment benefit obligations
(in $ millions)



INTEREST EXPENSE

Interest expense in 2019 increased by $132 million, compared to 2018, mainly due to the adoption of IFRS 16, higher average debt levels and higher interest rates on notes payable under commercial paper programs and loans securitized by trade receivables.

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. On January 1, 2019, the discount rate was 3.8% compared to 3.6% on January 1, 2018.

In 2019, interest expense on post-employment benefit obligations decreased by $6 million, compared to last year, due to a lower post-employment benefit obligation at the beginning of the year, partly offset by a higher discount rate.

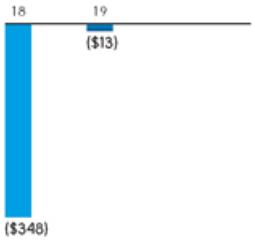
The impacts of changes in market conditions during the year are recognized in other comprehensive income (OCI).

4.10 Other expense

Other expense includes income and expense items, such as:

- *Impairment of assets*
- *Equity income or losses from investments in associates and joint ventures*
- *Early debt redemption costs*
- *Gains or losses on disposal and retirement of property, plant and equipment and intangible assets*
- *Net mark-to-market gains or losses on derivatives used to economically hedge equity settled share-based compensation plans*
- *Net gains or losses on investments, including gains or losses when we dispose of, write down or reduce our ownership in investments*

BCE
Other expense
(in $ millions)



2019

Other expense of $13 million included impairment charges of $102 million mainly related to broadcast licences and certain assets for various radio markets within our Bell Media segment. Other expense also included losses from our equity investments of $72 million, which included BCE's obligation to repurchase at fair value the minority interest in one of BCE's joint ventures, and early debt redemption costs of $18 million, partly offset by net mark-to-market gains on derivatives used to economically hedge equity settled share-based compensation plans of $138 million and gains on investments of $13 million which included BCE's obligation to repurchase at fair value the minority interest in one of BCE's subsidiaries.

2018

Other expense of $348 million included impairment charges of $200 million mainly related to our French TV channels and a brand within our Bell Media segment, and net mark-to-market losses on derivatives used to economically hedge equity settled share-based compensation plans of $80 million. Other expense also included losses from our equity investments of $35 million and losses on investments of $34 million, which included BCE's obligations to repurchase at fair value the minority interest in one of BCE's joint ventures and the minority interest in one of our subsidiaries, respectively.

4.11 Income taxes

BCE
Income taxes
(in $ millions)



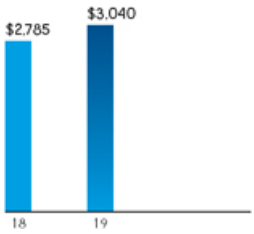
The following table reconciles the amount of reported income taxes in the income statements with income taxes calculated at a statutory income tax rate of 27.0% for both 2019 and 2018.

FOR THE YEAR ENDED DECEMBER 31	2019	2018
Net earnings	**3,253**	2,973
Add back income taxes	**1,133**	995
Earnings before income taxes	**4,386**	3,968
Applicable statutory tax rate	**27.0%**	27.0%
Income taxes computed at applicable statutory rates	**(1,184)**	(1,071)
Non-taxable portion of gains (losses) on investments	**4**	(9)
Uncertain tax positions	**15**	68
Effect of change in provincial corporate tax rate	**27**	–
Change in estimate relating to prior periods	**14**	20
Non-taxable portion of equity losses	**(20)**	(10)
Previously unrecognized tax benefits	**9**	–
Other	**2**	7
Total income taxes	**(1,133)**	(995)
Average effective tax rate	**25.8%**	25.1%

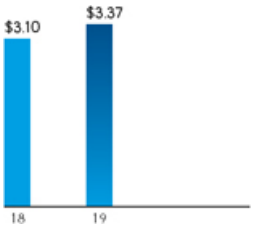
Income taxes in 2019 increased by $138 million, compared to 2018, mainly due to higher taxable income and a lower value of uncertain tax positions favourably resolved in 2019 compared to 2018, partly offset by a favourable change in the corporate income tax rate in Alberta in Q2 2019.

4.12 Net earnings attributable to common shareholders and EPS

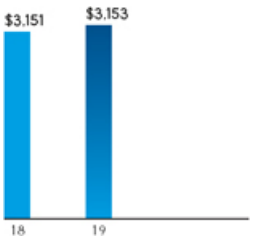
BCE
Net earnings attributable to common shareholders
(in $ millions)



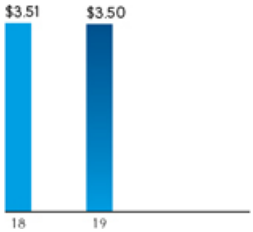
BCE
EPS
(in $)



BCE
Adjusted net earnings
(in $ millions)



BCE
Adjusted EPS
(in $)

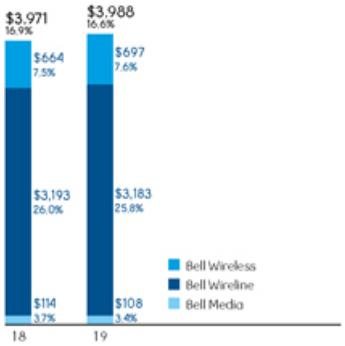


Net earnings attributable to common shareholders in 2019 increased by $255 million, or $0.27 per common share, compared to 2018, due to higher adjusted EBITDA and lower other expense, partly offset by higher depreciation and amortization expense, income taxes and finance costs. The adoption of IFRS 16 did not have a significant impact on net earnings.

Excluding the impact of severance, acquisition and other costs, net mark-to-market gains (losses) on derivatives used to economically hedge equity settled share-based compensation plans, net gains (losses) on investments, early debt redemption costs and impairment charges, adjusted net earnings in 2019 was $3,153 million, or $3.50 per common share, compared to $3,151 million, or $3.51 per common share, in 2018.

4.13 Capital expenditures

BCE
Capital expenditures
(in $ millions)
Capital intensity
(%)



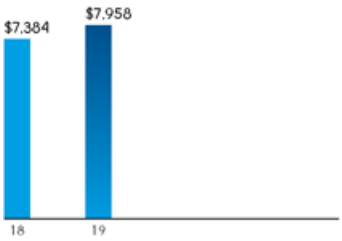
BCE capital expenditures totalled $3,988 million in 2019, up 0.4% compared to last year, mainly driven by higher spending in Bell Wireless, moderated by reduced spending in Bell Wireline and Bell Media. This represented a capital intensity ratio of 16.6%, down from 16.9% in 2018. We continued to focus our strategic investments on our networks with the ongoing roll-out of FTTP and fixed WTTP, the build-out of our LTE-A network and the continued deployment of wireless small-cells to expand capacity to support subscriber growth and increase network speeds, coverage and signal quality, as well as to expand data fibre backhaul in preparation for 5G technology. Capital spending was also focused on the connection of fibre Internet and TV services to more homes and businesses, the execution of business customer contracts and investment in digital media platforms.

4.14 Cash flows

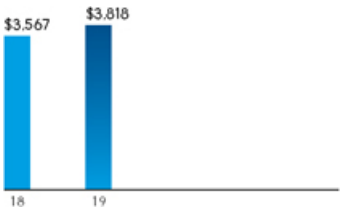
In 2019, BCE's cash flows from operating activities increased by $574 million, compared to 2018, mainly due to higher adjusted EBITDA, which reflects the favourable impact from the adoption of IFRS 16, and a voluntary DB pension plan contribution of nil in 2019 compared to $240 million paid in 2018. This was partly offset by a decrease in operating assets and liabilities, higher interest paid which reflects the unfavourable impact from the adoption of IFRS 16 and higher income taxes paid.

Free cash flow increased by $251 million in 2019, compared to 2018, mainly due to higher cash flows from operating activities, excluding voluntary DB pension plan contributions and acquisition and other costs paid, partly offset by higher cash dividends paid by subsidiaries to NCI.

BCE
Cash flows from operating activities
(in $ millions)



BCE
Free cash flow
(in $ millions)



5 Business segment analysis

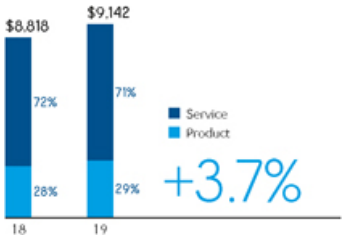
5.1 Bell Wireless

We gained more net new wireless subscribers in 2019 than in any year since 2005, while maintaining a sharp focus on operating profitability as wireless adjusted EBITDA grew by a strong 9.1%.

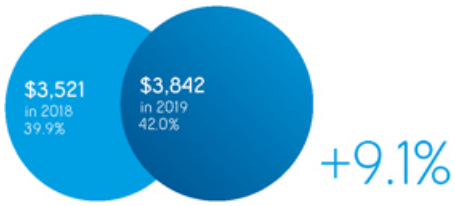
FINANCIAL PERFORMANCE ANALYSIS

2019 PERFORMANCE HIGHLIGHTS

Bell Wireless
Revenues
(in $ millions)



Bell Wireless
Adjusted EBITDA
(in $ millions)
(% adjusted EBITDA margin)



Total subscriber growth (1) (2)	Postpaid net activations in 2019	Prepaid net activations in 2019	Postpaid churn in 2019	Blended billing per user (ABPU) (3) per month
+3.6%	401,955	113,454	1.13%	+0.8%
in 2019	Declined 10.2% vs. 2018	Improved 253.1% vs. 2018	Improved 0.03 pts vs. 2018	2019: $ 68.32 2018: $ 67.76

(1) *At the beginning of Q1 2019, we adjusted our wireless subscriber base to remove 167,929 subscribers (72,231 postpaid and 95,698 prepaid) as follows: (A) 65,798 subscribers (19,195 postpaid and 46,603 prepaid), due to the completion of the shutdown of the CDMA network on April 30, 2019, (B) 49,095 prepaid subscribers as a result of a change to our deactivation policy, mainly from 120 days for Bell/Virgin Mobile and 150 days for Lucky Mobile to 90 days, (C) 43,670 postpaid subscribers relating to IoT due to the further refinement of our subscriber definition as a result of technology evolution, and (D) 9,366 postpaid fixed wireless Internet subscribers which were transferred to our retail high-speed Internet subscriber base.*

(2) *At the beginning of Q4 2018, we adjusted our postpaid wireless subscriber base to remove 20,000 subscribers that we divested to Xplornet as a result of BCE's acquisition of MTS in 2017.*

(3) *Our Q1 2018 blended ABPU was adjusted to exclude the unfavourable retroactive impact of the CRTC decision on wireless domestic wholesale roaming rates of $14 million.*

BELL WIRELESS RESULTS

REVENUES

	2019	2018	$ CHANGE	% CHANGE
External service revenues	**6,427**	6,269	158	2.5%
Inter-segment service revenues	**49**	48	1	2.1%
Total operating service revenues	**6,476**	6,317	159	2.5%
External product revenues	**2,660**	2,497	163	6.5%
Inter-segment product revenues	**6**	4	2	50.0%
Total operating product revenues	**2,666**	2,501	165	6.6%
Total Bell Wireless revenues	**9,142**	8,818	324	3.7%

Bell Wireless operating revenues increased by 3.7% in 2019, compared to 2018, driven by greater postpaid and prepaid service revenues and higher product revenues.

Service revenues increased by 2.5% in 2019, compared to last year, driven by:

- Continued growth in our postpaid and prepaid subscriber base coupled with rate increases
- A greater mix of customers subscribing to higher-value monthly plans including unlimited data plans launched in June 2019
- The favourable year-over-year impact from the 2018 CRTC retroactive decision on wireless domestic wholesale roaming rates

These factors were partly offset by:

- Greater sales of premium handsets and more customers subscribing to higher-value monthly plans
- Lower data and voice overages driven by increased customer adoption of monthly plans with higher data allotments and richer voice plans

Product revenues increased by 6.6% in 2019, compared to last year, driven by greater sales of premium handsets and the impact of higher-value rate plans in our sales mix.

OPERATING COSTS AND ADJUSTED EBITDA

	2019	2018	$ CHANGE	% CHANGE
Operating costs	**(5,300)**	(5,297)	(3)	(0.1%)
Adjusted EBITDA	**3,842**	3,521	321	9.1%
Total adjusted EBITDA margin	**42.0%**	39.9%		2.1 pts

Bell Wireless operating costs were relatively stable in 2019, increasing by 0.1%, compared to 2018, due to:

- Higher product cost of goods sold driven by increased handset costs and greater mix of premium devices
- Increased network operating costs relating to greater cell site builds and the expansion of network capacity to support growth in subscribers and data consumption
- Higher bad debt expense driven by the revenue growth

These factors were partly offset by:

- The favourable impact from the adoption of IFRS 16 in 2019
- Continued effective cost containment

Bell Wireless adjusted EBITDA increased by 9.1% in 2019, compared to last year, driven by the growth in revenues. Adjusted EBITDA margin, based on wireless operating revenues, increased by 2.1 pts to 42.0% in 2019, from 39.9% in 2018, due to the favourable impact from the adoption of IFRS 16 in 2019 and higher flow-through of the service revenue growth, moderated by an increased proportion of low-margin product sales in our total revenue base.

BELL WIRELESS OPERATING METRICS

	2019	2018	CHANGE	% CHANGE
Blended ABPU ($/month) (1)	**68.32**	67.76	0.56	0.8%
Gross activations	**2,117,517**	1,954,792	162,725	8.3%
Postpaid	***1,568,729***	*1,615,764*	*(47,035)*	*(2.9%)*
Prepaid	***548,788***	*339,028*	*209,760*	*61.9%*
Net activations (losses)	**515,409**	479,811	35,598	7.4%
Postpaid	***401,955***	*447,682*	*(45,727)*	*(10.2%)*
Prepaid	***113,454***	*32,129*	*81,325*	*253.1%*
Blended churn % (average per month)	**1.39%**	1.32%		(0.07) pts
Postpaid	***1.13%***	*1.16%*		*0.03 pts*
Prepaid	***4.44%***	*3.17%*		*(1.27) pts*
Subscribers (2) (3)	**9,957,962**	9,610,482	347,480	3.6%
Postpaid (2) (3)	***9,159,940***	*8,830,216*	*329,724*	*3.7%*
Prepaid (2)	***798,022***	*780,266*	*17,756*	*2.3%*

(1) *Our Q1 2018 blended ABPU was adjusted to exclude the unfavourable retroactive impact of the CRTC decision on wireless domestic wholesale roaming rates of $14 million.*

(2) *At the beginning of Q1 2019, we adjusted our wireless subscriber base to remove 167,929 subscribers (72,231 postpaid and 95,698 prepaid) as follows: (A) 65,798 subscribers (19,195 postpaid and 46,603 prepaid), due to the completion of the shutdown of the CDMA network on April 30, 2019,* (B) *49,095 prepaid subscribers as a result of a change to our deactivation policy, mainly from 120 days for Bell/Virgin Mobile and 150 days for Lucky Mobile to 90 days, (C) 43,670 postpaid subscribers relating to IoT due to the further refinement of our subscriber definition as a result of technology evolution, and (D) 9,366 postpaid fixed wireless Internet subscribers which were transferred to our retail high-speed Internet subscriber base.*

(3) *At the beginning of Q4 2018, we adjusted our postpaid wireless subscriber base to remove 20,000 subscribers that we divested to Xplornet as a result of BCE's acquisition of MTS in 2017.*

Blended ABPU of $68.32 increased by 0.8% in 2019, compared to 2018, driven by:

- A greater mix of customers subscribing to higher-value monthly plans including unlimited data plans
- The flow-through of rate increases
- The favourable impact from the subscriber base adjustments performed in Q1 2019

These factors were partly offset by:

- Lower data and voice overages driven by increased customer adoption of monthly plans with higher data allotments and richer voice plans
- Lower ABPU generated from our long-term mobile services contract with Shared Services Canada (SSC)
- The dilutive impact from the continued growth in prepaid customers driven by Lucky Mobile, our low-cost prepaid mobile service

Total gross wireless activations increased by 8.3% in 2019, compared to last year, due to higher prepaid gross activations, offset in part by lower postpaid gross activations.

- **Postpaid gross activations** decreased by 2.9% in 2019, compared to 2018, mainly due to fewer year-over-year customer additions from our contract with SSC as the migration process is essentially complete. Excluding the impact of the SSC contract, postpaid gross activations were higher year over year, driven by our mobile network quality, strong sales execution and focus on subscriber base management.
- **Prepaid gross activations** increased by 61.9% in 2019, compared to last year, driven by the continued growth from Lucky Mobile along with the benefit from the national retail distribution of Lucky Mobile and Virgin Mobile prepaid services at Dollarama stores

Blended wireless churn of 1.39% increased by 0.07 pts in 2019, compared to 2018.

- **Postpaid churn** of 1.13% improved by 0.03 pts in 2019, compared to last year, driven by the favourable impact from our ongoing investments in customer retention and network speeds
- **Prepaid churn** of 4.44% increased by 1.27 pts in 2019, compared to the prior year, due to greater competitive intensity in the discount mobile market and the impact from the harmonization of our prepaid deactivation policy across all Bell Wireless brands from 120 days for Bell and Virgin Mobile and 150 days for Lucky Mobile to 90 days

Net activations grew by 7.4% in 2019, compared to 2018, due to higher prepaid net activations, moderated by lower postpaid net activations.

- **Postpaid net activations** decreased by 10.2% in 2019, compared to 2018, driven by lower gross activations
- **Prepaid net activations** increased by 81,325 in 2019, compared to last year, due to higher gross activations, offset in part by greater customer deactivations

Wireless subscribers at December 31, 2019 totaled 9,957,962, an increase of 3.6% from 9,610,482 subscribers reported at the end of 2018. This was comprised of 9,159,940 postpaid subscribers and 798,022 prepaid subscribers, an increase of 3.7% and 2.3%, respectively, year over year. At the end of 2019, the proportion of Bell Wireless customers subscribing to our postpaid service was stable at 92%, compared to last year.

At the beginning of Q1 2019, we adjusted our wireless subscriber base to remove 167,929 subscribers (72,231 postpaid and 95,698 prepaid) as follows:

- 65,798 subscribers (19,195 postpaid and 46,603 prepaid), due to the completion of the shutdown of the CDMA network on April 30, 2019
- 49,095 prepaid subscribers as a result of a change to our deactivation policy, mainly from 120 days for Bell/Virgin Mobile and 150 days for Lucky Mobile to 90 days
- 43,670 postpaid subscribers relating to IoT due to the further refinement of our subscriber definition as a result of the technology evolution
- 9,366 postpaid fixed wireless Internet subscribers which were transferred to our retail high-speed Internet subscriber base

COMPETITIVE LANDSCAPE AND INDUSTRY TRENDS

COMPETITIVE LANDSCAPE

The Canadian wireless industry has experienced strong subscriber growth in recent years, supported by immigration and population growth; the trend toward multiple devices, including tablets; the expanding functionality of data and related applications; and the adoption of mobile devices and services by both younger and older generations. The wireless penetration rate increased to approximately 92% in Canada in 2019, with further increases in penetration expected in 2020. By comparison, the wireless penetration rate in the U.S. is well over 100%, and even higher in Europe and Asia.

The Canadian wireless market continues to be characterized by high levels of acquisition and retention activities and the associated high costs of device subsidies on two-year contracts, heightened competitive intensity, and the continued adoption of higher-value, data-centric smartphones. Growth in ABPU has moderated, due to declines in chargeable usage and larger allotments of data driven by competitive pressures, in addition to other moderating factors, such as the launch of unlimited wireless data plans and device financing options, the popularity of data sharing plans, and an evolving shift in the customer mix towards non-traditional wireless devices. These factors are being partly offset by continuing robust customer growth and growing overall data usage, including customers selecting plans with larger data buckets on high-value smartphones, and a larger proportion of postpaid customers in the subscriber mix.

The Canadian wireless industry continues to be highly competitive and capital-intensive, with carriers continuing to expand and enhance their broadband wireless networks, including material investments in spectrum.

Competitors

- Large facilities-based national wireless service providers Rogers Communications Inc. (Rogers) and the Telus Corporation group of companies (Telus)
- Smaller facilities-based wireless service provider Freedom Mobile, which currently provides service in Toronto, Calgary, Vancouver, Edmonton and 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, which provides service in Saskatchewan; Eastlink, which provides service in Nova Scotia and Prince Edward Island; and Xplornet, which provides service in Manitoba

INDUSTRY TRENDS

ADOPTION OF UNLIMITED DATA PLANS AND EQUIPMENT INSTALLMENT PLANS

The introduction of unlimited wireless data plans and new device financing options is a natural evolution of competition in the wireless market that is expected to have a near-term unfavourable financial impact, due to potential revenue and ABPU pressure as customers with high overage charges or higher priced plans look to optimize their bills. Longer term, these new customer options are expected to encourage greater data consumption, particularly as the industry shifts to 5G over the next several years; drive lower costs as a result of lower device discounting compared to traditional subsidy plans, e-billing and reduced call centre activity. In addition, unlimited data plans and equipment financing options address the need to make wireless data and the latest smartphone devices more affordable to Canadians.

ACCELERATING DATA CONSUMPTION

The demand for wireless data services is expected to continue to grow, due to ongoing investment in faster network technologies, such as LTE, LTE-A and 5G, that provide a richer user experience and lower network latency; a larger appetite for mobile connectivity, social networking and other applications; increasing adoption of shared plans with multiple devices by families; and the introduction of unlimited data plans. 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, and remote monitoring) should also contribute to the demand for data services. In the consumer market, IoT represents a growth area for the industry as wireless connectivity on everyday devices, from home automation to cameras, becomes ubiquitous. Data overage revenue will continue to be negatively impacted as customers continue to migrate to unlimited data plans.

SIGNIFICANT INVESTMENTS IN WIRELESS NETWORKS

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 600 MHz, 700 MHz, advanced wireless services-3 (AWS-3), and 2500 MHz spectrum auctions that occurred since 2014 provided wireless carriers with prime spectrum to roll out faster next-generation wireless networks and build greater capacity. Carrier aggregation is a technology currently being employed by Canadian wireless carriers that allows for multiple channels of spectrum to be used together, thereby significantly increasing network capacity and data transfer rates. Investments in fibre backhaul to cell sites and the deployment of small-cell technology further increase the efficient utilization of carriers' spectrum holdings and will also pave the way for mobile 5G service. Early 5G wireless networks are expected to be deployed by the national operators in 2020 utilizing low-band and mid-band spectrum. Early 5G speeds are anticipated to be similar to peak speeds enabled by LTE-A mobile networks. The real benefit of 5G will come from the ability to offer consumers higher speeds, lower latency and the ability to support the massive deployment of devices connected to the Internet as well as the faster delivery of data services. To bring Canada into this true 5G world will require higher band spectrum, including in the 3.5 GHz band, which is expected to become available by the end of 2020 through the federal government's spectrum auction process. We expect 5G technology to provide a significant opportunity for future growth in the industry.

BUSINESS OUTLOOK AND ASSUMPTIONS

2020 OUTLOOK

We expect revenue growth to be driven primarily by postpaid and prepaid subscriber base expansion. We expect ABPU to continue to be impacted negatively by reductions in data and voice overage revenue resulting from larger data allotments and talk minutes in monthly rate plans, as well as Lucky Mobile prepaid customer growth. We will seek to achieve higher revenues from the flow-through of pricing changes, as well as nascent services including mobile commerce and other IoT applications. Our intention is to introduce new services to the market in a way that balances innovation with profitability.

We also remain focused on sustaining our market share of national operators' postpaid net additions in a disciplined and cost-conscious manner, while also growing our share of new industry prepaid net additions.

We plan to deliver adjusted EBITDA growth in 2020 from flow-through of higher revenue, which should be partly offset by increased operating costs reflecting increased customer support costs due to growth in the subscriber base and increased network operating expenses.

ASSUMPTIONS

- Maintain our market share of national operators' wireless postpaid net additions
- Higher prepaid customer net additions
- Continued adoption of smartphone devices, tablets and data applications, as well as the introduction of more 4G LTE and LTE-A devices and new data services
- Expansion of the LTE-A network coverage to approximately 96% of the Canadian population, and launch of initial 5G service in urban centres across Canada as compatible smartphones become available
- Improvement in subscriber acquisition and retention spending, enabled by increasing adoption of installment payment plans
- Unfavourable impact on blended ABPU, driven by reduced data overage revenue due to the introduction of unlimited plans in 2019, and the impact of a higher prepaid mix in our overall subscriber base
- Increased adoption of unlimited data plans and installment payment plans
- No material financial, operational or competitive consequences of changes in regulations affecting our wireless business

KEY GROWTH DRIVERS

- Increasing Canadian wireless industry penetration
- A greater number of customers on our 4G LTE, LTE-A and 5G networks
- A higher market share of prepaid customers
- Customer adoption and usage of new data applications and services

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*.

REGULATORY ENVIRONMENT

RISK

- Greater regulation of wireless services, pricing and infrastructure (e.g., additional mandated access to wireless networks and limitations placed on future spectrum bidding)

POTENTIAL IMPACT

- Greater regulation could influence network investment and the market structure, limit our flexibility, improve the business position of our competitors, limit network-based differentiation of our services, and negatively impact the financial performance of our wireless business

AGGRESSIVE COMPETITION

RISK

- The intensity of competitive activity from national wireless operators, regional facilities-based wireless service providers, non-traditional players and resellers

POTENTIAL IMPACT

- Pressure on our revenue, adjusted EBITDA, ABPU and churn would likely result if competitors continue to aggressively pursue new types of price plans, such as the recently launched unlimited data plans with no data overage and handset installment plans, increase discounts, offer shared plans based on sophisticated pricing requirements or offer other incentives, such as multi-product bundles, to attract new customers

MARKET MATURITY AND INCREASED DEVICE COSTS

RISK

- Slower subscriber growth due to high Canadian smartphone penetration and increased device costs

POTENTIAL IMPACT

- A maturing wireless market and higher device costs could challenge subscriber growth and cost of acquisition and retention, putting pressure on the financial performance of our wireless business

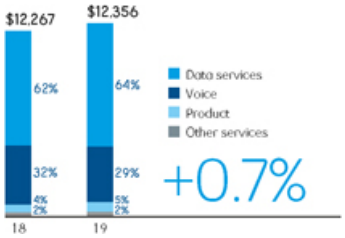
5.2 Bell Wireline

Our rapidly expanding FTTP and WTTP service footprints, leading Internet and TV products and large business-to-business franchise, together with focused execution and disciplined cost management, delivered positive financial results in 2019 in a highly competitive marketplace.

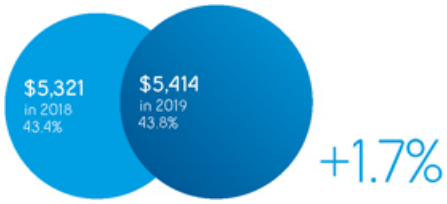
FINANCIAL PERFORMANCE ANALYSIS

2019 PERFORMANCE HIGHLIGHTS

Bell Wireline
Revenues
(in $ millions)



Bell Wireline
Adjusted EBITDA
(in $ millions)
(% adjusted EBITDA margin)



Retail high-speed Internet (1) (2)
+4.3%
Subscriber growth
in 2019

Retail high-speed Internet (1)
135,861
Total net subscriber activations
in 2019

Fibre and WTTP footprint
10 million
Homes and businesses
at the end of 2019

Retail TV (1)
+0.2%
Subscriber growth
in 2019

Retail IPTV
91,476
Total net subscriber activations
in 2019

Retail residential NAS lines (1)
(8.9%)
Subscriber decline
in 2019

(1) *As of January 1, 2019, we are no longer reporting wholesale subscribers in our Internet, TV and residential NAS subscriber bases reflecting our focus on the retail market. Consequently, we restated previously reported 2018 subscribers for comparability.*

(2) *At the beginning of Q1 2019, our retail high-speed Internet subscriber base was increased by 9,366subscribers due to the transfer of fixed wireless Internet subscribers from our wireless segment.*

BELL WIRELINE RESULTS

REVENUES

	2019	2018	$ CHANGE	% CHANGE
Data	**7,684**	7,466	218	2.9%
Voice	**3,564**	3,782	(218)	(5.8%)
Other services	**251**	247	4	1.6%
Total external service revenues	**11,499**	11,495	4	–
Inter-segment service revenues	**289**	242	47	19.4%
Total operating service revenues	**11,788**	11,737	51	0.4%
Data	**519**	466	53	11.4%
Equipment and other	**48**	64	(16)	(25.0%)
Total external product revenues	**567**	530	37	7.0%
Inter-segment product revenues	**1**	–	1	n.m.
Total operating product revenues	**568**	530	38	7.2%
Total Bell Wireline revenues	**12,356**	12,267	89	0.7%

n.m.: not meaningful

Bell Wireline operating revenues increased by 0.7% in 2019, compared to last year, driven by higher data services and product revenues, offset in part by the ongoing erosion in voice revenues.

Bell Wireline operating service revenues grew by 0.4% in 2019, compared to 2018.

- **Data revenues** up 2.9% in 2019, compared to last year, attributable to:
  - Growth in retail Internet and IPTV subscribers combined with the flow-through of 2018 and 2019 pricing changes
  - Higher IP connectivity and business solutions services sales to enterprise customers including the contribution from the acquisition of Axia at the end of August 2018

  These factors were partly offset by:
  - Higher acquisition, retention and bundle discounts on residential services
  - The ongoing decline in our satellite TV subscriber base
  - Continued legacy data erosion due in part to migrations to IP-based services
  - The contribution from the G7 summit and the Ontario general election in Q2 2018
- **Voice revenues** declined by 5.8% in the year, compared to 2018, resulting from:
  - Continued NAS line erosion from technological substitution to wireless and Internet-based services
  - Large business customer conversions to IP-based data services
  - Reduced usage of traditional long distance services by residential and business customers
  - Competitive pricing pressures within our business markets

  These factors were partly offset by:
  - The flow-through of 2018 and 2019 pricing changes
  - Higher sales of international wholesale long distance minutes
  - Contribution from the Federal general election in Q4 2019

Bell Wireline operating product revenues grew by 7.2% in 2019, compared to 2018, driven by greater demand for equipment by large enterprise business customers in the first half of the year, mainly in the government, banking and retail sectors.

OPERATING COSTS AND ADJUSTED EBITDA

	2019	2018	$ CHANGE	% CHANGE
Operating costs	**(6,942)**	(6,946)	4	0.1%
Adjusted EBITDA	**5,414**	5,321	93	1.7%
Adjusted EBITDA margin	**43.8%**	43.4%		0.4 pts

Bell Wireline operating costs were essentially stable year over year, decreasing by 0.1% in 2019, compared to 2018, resulting from:

- The favourable impact from the adoption of IFRS 16 in 2019
- Continued effective cost containment
- Lower pension expenses reflecting reduced DB costs

These factors were partly offset by:

- Higher cost of goods sold related to the growth in product sales
- Increased costs from the acquisition of Axia
- Greater payments to other carriers from increased sales of international wholesale long distance minutes

Bell Wireline adjusted EBITDA grew by 1.7% in 2019, compared to last year, reflecting the growth in revenues as operating expenses were relatively stable year over year. Adjusted EBITDA margin increased to 43.8% in 2019, compared to the 43.4% achieved last year, resulting from the favourable impact of the adoption of IFRS 16 in 2019 and the flow-through of the service revenue growth, offset in part by higher low-margin product sales in our total revenue base.

BELL WIRELINE OPERATING METRICS

DATA

Retail high-speed Internet

	2019	2018	CHANGE	% CHANGE
Retail net activations (1)	**135,861**	116,599	19,262	16.5%
Retail subscribers (1) (2)	**3,555,601**	3,410,374	145,227	4.3%

(1) *As of January 1, 2019, we are no longer reporting wholesale subscribers in our Internet subscriber base reflecting our focus on the retail market. Consequently, we restated previously reported 2018 subscribers for comparability.*

(2) *At the beginning of Q1 2019, our retail high-speed Internet subscriber base was increased by 9,366subscribers due to the transfer of fixed wireless Internet subscribers from our wireless segment.*

Retail high-speed Internet subscriber net activations grew by 16.5% in 2019, compared to last year, due to greater activations in our expanding fixed WTTP and FTTP footprints, combined with higher pull-through from Alt TV, our application-based live TV service. This was offset in part by increased deactivations resulting from aggressive offers from cable competitors, coupled with a higher number of customers coming off promotional offers.

Retail high-speed Internet subscribers totaled 3,555,601 at December 31, 2019, up 4.3% from the end of 2018. At the beginning of Q1 2019, our retail high-speed Internet subscriber base was increased by 9,366 subscribers due to the transfer of fixed wireless Internet subscribers from our wireless segment.

Retail TV

	2019	2018	CHANGE	% CHANGE
Retail net subscriber activations (losses) (1)	**6,053**	21,559	(15,506)	(71.9%)
IPTV	***91,476***	*110,790*	*(19,314)*	*(17.4%)*
Satellite	***(85,423)***	*(89,231)*	*3,808*	*4.3%*
Total retail subscribers (1)	**2,772,464**	2,766,411	6,053	0.2%
IPTV	***1,767,182***	*1,675,706*	*91,476*	*5.5%*
Satellite	***1,005,282***	*1,090,705*	*(85,423)*	*(7.8%)*

(1) *As of January 1, 2019, we are no longer reporting wholesale subscribers in our TV subscriber base reflecting our focus on the retail market. Consequently, we restated previously reported 2018 subscribers for comparability.*

Retail IPTV net subscriber activations decreased by 17.4% in 2019, compared to last year, resulting from the impact of a maturing Fibe TV market, slower new service footprint growth and greater substitution of traditional TV services with OTT services, partly offset by higher Alt TV activations.

Retail satellite TV net customer losses improved by 4.3% compared to 2018, attributable to lower deactivations, reflecting a more mature subscriber base geographically better-suited for satellite TV service.

Total retail TV net subscriber activations (IPTV and satellite TV combined) decreased by 71.9% in 2019, compared to last year, due to lower IPTV net activations, moderated by fewer satellite TV net losses.

Retail IPTV subscribers at December 31, 2019 totaled 1,767,182, up 5.5% from 1,675,706 subscribers reported at the end of 2018.

Retail satellite TV subscribers at December 31, 2019 totaled 1,005,282, down 7.8% from 1,090,705 subscribers at the end of last year.

Total retail TV subscribers (IPTV and satellite TV combined) at December 31, 2019 were 2,772,464, representing a 0.2% increase since the end of 2018.

VOICE

	2019	2018	CHANGE	% CHANGE
Retail residential NAS lines net losses (1)	**(263,325)**	(258,881)	(4,444)	(1.7%)
Retail residential NAS lines (1)	**2,697,483**	2,960,808	(263,325)	(8.9%)

(1) *As of January 1, 2019, we are no longer reporting wholesale subscribers in our residential NAS subscriber base reflecting our focus on the retail market. Consequently, we restated previously reported 2018 subscribers for comparability.*

Retail residential NAS net losses increased by 1.7% in 2019, compared to 2018, resulting from lower activations, driven by a market shift from three-product to two-product Internet and TV service bundles, which moderated in the second half of 2019, as well as ongoing substitution to wireless and Internet-based technologies. This was partially offset by fewer customer deactivations, reflecting a reduced number of customers coming off promotional offers.

Retail residential NAS subscribers at December 31, 2019 of 2,697,483 declined by 8.9%, compared to the end of 2018. This represented an increase compared to the 7.4% rate of erosion experienced in 2018, driven mainly by higher wireless and Internet-based technological substitution.

COMPETITIVE LANDSCAPE AND INDUSTRY TRENDS

COMPETITIVE LANDSCAPE

Although the residential high-speed Internet market is maturing, with a penetration rate of approximately 87% across Canada, subscriber growth is expected to continue over the coming years. An estimated 7.2 million Internet subscribers received their service over the networks of the four largest cable companies at the end of 2019, up 3% from approximately 7.0 million at the end of 2018. An estimated 6.3 million Internet subscribers received their service over the networks of incumbent local exchange carriers (ILECs) like Bell at the end of 2019, up 4% from approximately 6.1 million at the end of 2018. Bell continues to make gains in market share as a result of the expansion of our FTTP direct fibre network and our build-out of Wireless Home Internet in rural markets.

While Canadians still watch traditional TV, digital platforms are playing an increasingly important role in the broadcasting industry and in respect of content. Popular online video services are providing Canadians with more choice about what, where, when and how to access their video content. In 2019, ILECs offering IPTV service grew their subscriber base by an estimated 5% to reach 3.0 million customers, driven by expanded network coverage, enhanced differentiated service offerings, and marketing and promotions focused on IPTV. Despite this IPTV growth, the combined cable TV and satellite TV subscriber penetration rate declined. Canada's four largest cable companies have an estimated 5.3 million TV subscribers, or a 53% market share, a decrease from 54% at the end of 2018. The balance of industry subscribers were served by satellite TV and regional providers.

In recent years, including in 2019, three of the largest Canadian cable TV companies have launched new TV services based on the Comcast X1 video platform, including Shaw Communications Inc. (Shaw), Rogers and most recently Quebecor's Vidéotron brand. Our IPTV platform (Fibe TV and Alt TV) continues to offer numerous service advantages over this cable platform.

The financial performance of the overall Canadian wireline telecommunications market continues to be impacted by the ongoing 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. Sustained competition from cable companies is also continuing to erode traditional telephone providers' market share of residential local telephony. Canada's four largest cable companies had approximately 3.6 million telephony subscribers at the end of 2019, representing a national residential market share of approximately 46%. Other non-facilities-based competitors also offer local and long distance VoIP services and resell high-speed Internet services.

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 satellite TV service nationwide
  - Eastlink in every province except Saskatchewan, where it does not provide cable TV and Internet service
- Telus provides residential voice, Internet and IPTV services in British Columbia, Alberta and Eastern Québec
- Telus and Allstream Inc. provide wholesale products and business services across Canada
- Various others (such as TekSawy 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/or video services, such as Skype, Netflix, Amazon Prime Video, Disney+, CBS All Access and YouTube
- Digital media streaming devices such as Apple TV, Roku and Google Chromecast
- Other Canadian ILECs and cable TV operators
- Substitution to wireless services, including those offered by Bell
- Customized managed outsourcing solutions competitors, such as systems integrators CGI, IBM and EDS (a division of HP Enterprise Services)
- Wholesale competitors include cable operators, domestic CLECs, U.S. or other international carriers for certain services, and electrical utility-based telecommunications providers
- Competitors for home security range from local to national companies, such as Telus, Rogers, Chubb-Edwards, Stanley Security and Brinks Home Security

INDUSTRY TRENDS

INVESTMENT IN BROADBAND FIBRE DEPLOYMENT

The Canadian ILECs continue to make substantial investments in deploying broadband fibre within their territories, with a focus on direct FTTP access to maintain and enhance their ability to support enhanced IP-based services and higher broadband speeds. Cable TV companies continue to evolve their cable networks with the rollout of the DOCSIS 3.1 platform. Although this platform increases download speeds in the near term and is cost-efficient, it does not offer the same advanced capabilities as FTTP over the longer term in terms of reduced latency or upload speed potential. FTTP delivers broadband speeds of up to 1.5 Gbps currently, with faster speeds expected in the future as network and in-home equipment evolves to support these higher speeds. Increasing speeds beyond 1.5 Gbps in the home would not require any changes to the fibre.

ALTERNATIVE TV AND OTT SERVICES

The growing popularity of watching TV and on-demand content anywhere, particularly on handheld devices, is expected to continue as customers adopt services that enable them to view content on multiple screens. Streaming media providers, such as Netflix and Disney+, continue to enhance OTT streaming services in order to compete for share of viewership in response to evolving viewing habits and consumer demand. TV providers are monitoring OTT developments and evolving their content and market strategy to compete with these non-traditional offerings. We view OTT as an opportunity to add increased capabilities to our linear and on-demand assets, provide customers with flexible options to choose the content they want and drive greater usage of Bell's high-speed Internet and wireless networks. We continue to enhance our Fibe TV service with additional content and capabilities, including the ability to watch recorded content on the go and access Netflix and YouTube on STBs. We also launched Alt TV in 2017, Canada's first widely available app-based live TV service, to address the growing cord-cutting and cord-shaving markets, providing users with the ability to consume live and on-demand content on laptops, smartphones, tablets, Apple TV, Chromecast and Firestick without the need for a traditional TV STB.

TECHNOLOGY SUBSTITUTION

Technology substitution, enabled by the broad deployment of higher speed Internet; the pervasive use of e-mail, messaging and social media as alternatives to voice services; and the growth of wireless and VoIP services, continues to drive legacy voice revenue declines for telecommunications companies. Wireless-only households were estimated to represent approximately 51% of households in our wireline footprint at the end of 2019, compared to approximately 46% at the end of 2018, while the disconnection of and reduction in spending for traditional TV (cord-cutting and cord-shaving) continues to rise. Although Bell is a key provider of these substitution services, the decline in this legacy business continues as anticipated.

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

BUSINESS OUTLOOK AND ASSUMPTIONS

2020 OUTLOOK

We expect to generate positive revenue and adjusted EBITDA growth in 2020. This is predicated on continued expansion of our retail broadband Internet and TV subscriber bases supported by a broader FTTP service footprint; further deployment of fixed wireless WTTP technology in more rural communities; scaling of Alt TV; the introduction of new TV products and features; improving year-over-year organic business markets operating profitability; and cost reductions to offset competitive pricing pressures and the ongoing decline in voice revenue.

Retail TV subscriber growth within our wireline footprint is expected to be driven by increasing Fibe TV penetration of existing IPTV-enabled neighbourhoods. We also intend to seek greater penetration within the multiple-dwelling units market and to combat the competitive impact of OTT video streaming services and a growing cord-cutter market with our Alt TV service. Although retail satellite TV net customer losses are expected to continue in 2020, due mainly to aggressive residential promotional offers from cable competitors, they are expected to moderate as a result of fewer residential customer deactivations and migrations to IPTV reflecting a more mature and stable subscriber base that is geographically better-suited for satellite TV service.

Retail Internet subscriber base growth in 2020 is expected to be driven by a growing FTTP service footprint together with higher household penetration; the ongoing rollout of fixed wireless broadband Internet service in rural markets enabled by our WTTP deployment; the pull-through of IPTV customer activations, including from Bell's app-based live TV streaming service Alt TV; and leveraging Bell's Smart Home automation leadership with services such as Whole Home Wi-Fi and home security.

In business wireline, even when the economy is growing, customers continue to look for opportunities to lower costs. As a result, telecom spending by large enterprise customers is expected to be variable. This, combined with ongoing customer migration to IP-based systems and demand for cheaper bandwidth alternatives with faster speeds, will likely continue to negatively impact overall business markets results in 2020. We intend on seeking to minimize the overall revenue decline from traditional legacy telecommunications services by developing unique services and value enhancements, which further improve client experience by providing more features with improved flexibility to support client needs on demand. We intend to use marketing initiatives to slow NAS erosion, while investing in direct fibre expansion and new solutions in key portfolios such as Internet and private networks, data centre and cloud services, unified communications, security services and IoT. We will continue to deliver network-centric managed and professional services solutions to large and mid-sized businesses that increase the value of connectivity services.

We also expect to experience sustained competitive intensity in our small and mid-sized business markets as cable operators and other telecom competitors look to these customer segments as potential growth opportunities. We also intend to introduce service offerings that help drive innovative solutions and value for our small and mid-sized customers by leveraging Bell's network assets, broadband fibre expansion and service capabilities to expand our relationships with them. We will maintain a focus on overall profitability by seeking to increase revenue per customer and customer retention, as well as through improving our processes to achieve further operating efficiencies and productivity gains.

Operating cost reduction will continue to be a key focus for our Bell Wireline segment, helping to offset costs related to the growth and retention of IPTV, Internet, IP broadband and hosted IP voice subscribers, the ongoing erosion of high-margin wireline voice and other legacy revenues, as well as competitive repricing pressures in our residential, business and wholesale markets. This, combined with further operating efficiencies driven by factors including a growing FTTP footprint and changes in consumer behaviour driven by product and customer service innovation, is expected to support our objective of maintaining our adjusted EBITDA margin relatively stable year over year.

ASSUMPTIONS

- Positive full-year adjusted EBITDA growth
- Continued growth in retail IPTV subscribers
- Increasing wireless and Internet-based technological substitution
- Residential household ARPU growth from increased penetration of multi-product households
- Continued aggressive residential service bundle offers from cable TV competitors in our local wireline areas
- Moderating level of promotional activity to acquire new subscribers
- 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 markets as cable operators and other telecommunications competitors continue to intensify their focus on business customers
- Traditional high-margin product categories challenged by large global cloud and OTT providers of business voice and data solutions expanding into Canada with on-demand services
- Accelerating customer adoption of OTT services resulting in downsizing of TV packages
- Further deployment of direct fibre to more homes and businesses within our wireline footprint and fixed WTTP technology in rural communities
- Growing consumption of OTT TV services and on-demand streaming video, as well as the proliferation of devices, such as tablets, that consume large quantities of bandwidth, will require ongoing capital investment
- Realization of cost savings related to management workforce reductions including attrition and retirements, lower contracted rates from our suppliers, operating efficiencies enabled by a growing direct fibre footprint, changes in consumer behaviour and product innovation, new call centre technology that is enabling self-serve capabilities, and other improvements to the customer service experience
- No material financial, operational or competitive consequences of changes in regulations affecting our wireline business

KEY GROWTH DRIVERS

- Expansion of FTTP and WTTP footprints
- Increasing FTTP and WTTP customer penetration
- Higher market share of industry retail Internet and IPTV subscribers
- Increased business customer spending on connectivity services and managed and professional services solutions
- Expansion of our business customer relationships to drive higher revenue per customer
- Ongoing service innovation and product value enhancements

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*.

REGULATORY ENVIRONMENT

RISK

- The CRTC mandates rates for the new disaggregated wholesale high-speed access service available on FTTP facilities that are materially different from the rates we proposed, and which do not sufficiently account for the investment required in these facilities
- None of the Federal Court of Appeal, Federal Cabinet or CRTC agrees to materially revise the rates for aggregated wholesale high-speed access service (available on FTTN facilities and the cable facilities of large cable carriers), which rates the CRTC substantially reduced in August 2019 although this reduction is currently stayed by the Federal Court of Appeal

POTENTIAL IMPACT

- The mandating of rates for the new disaggregated wholesale high-speed access service available on FTTP facilities that are materially different from the rates we proposed, or the implementation of the rates reduced by the CRTC in August 2019 for aggregated wholesale high-speed access services, could change our investment strategy, especially in relation to investment in next-generation wireline networks in smaller communities and rural areas, improve the business position of our competitors, further accelerate penetration and disintermediation by OTT players, and negatively impact the financial performance of our wireline business

AGGRESSIVE COMPETITION

RISK

- The intensity of competitive activity coupled with new product launches for retail customers (e.g., IoT, smart home systems and devices, innovative TV platforms, etc.) and business customers (e.g., OTT VoIP and SD WAN) from national operators, non-traditional players and wholesalers

POTENTIAL IMPACT

- An increase in the intensity level of competitive activity could result in lost revenue, higher churn and increased acquisition and retention expenses, all of which would put pressure on Bell Wireline's adjusted EBITDA

TECHNOLOGICAL ADVANCEMENT AND CHANGING CUSTOMER BEHAVIOUR

RISK

- With technological advancement, the traditional TV viewing model (i.e., the subscription for bundled channels) is challenged by an increasing number of legal and illegal viewing options available in the market offered by traditional, non-traditional and global players, as well as increasing cord-cutting and cord-shaving trends
- The proliferation of network technologies impacts business customers' decision to migrate to OTT, VoIP and/or leverage SD WAN architecture
- Changing customer habits further contribute to the erosion of NAS lines

POTENTIAL IMPACT

- Our market penetration and number of TV subscribers could decline as a result of offerings by BDUs and an increasing number of domestic and global unregulated OTT providers, as well as a significant volume of content piracy
- The proliferation of IP-based products, including OTT TV content and OTT software offerings directly to consumers, may accelerate the disconnection of TV services or the reduction of TV spending, as well as the reduction in business IT investments by customers
- The ongoing loss of NAS lines from technological substitution challenges our traditional voice revenues and compel us to develop other service offerings

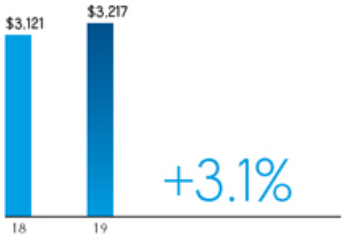
5.3 Bell Media

Our market-leading brands, content and streaming services, together with a sharp focus on cost control, delivered industry-leading financial performance in 2019 with cash flow generation that we redirected to capital investment in our leading wireless and wireline broadband networks.

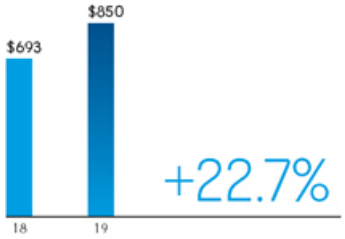
FINANCIAL PERFORMANCE ANALYSIS

2019 PERFORMANCE HIGHLIGHTS

Bell Media
Revenues
(in $ millions)



Bell Media
Adjusted EBITDA
(in $ millions)

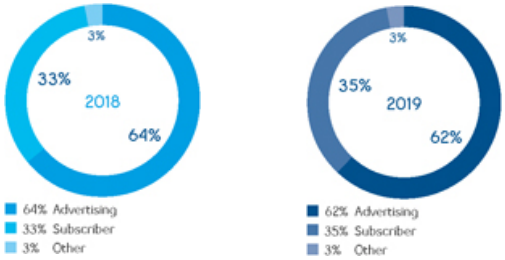


CTV is the most-watched Canadian TV network

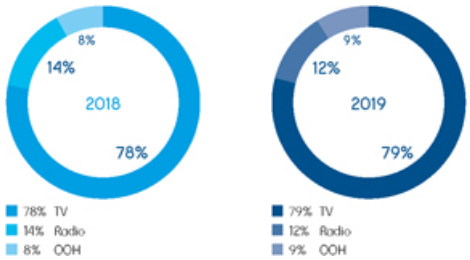
12 of top 20 programs

Nationally among total viewers
2018–2019 broadcast year

Bell Media
Revenue mix
(product)



Bell Media
Revenue mix
(line of business)



BELL MEDIA RESULTS

REVENUES

	2019	2018	$ CHANGE	% CHANGE
Total external revenues	**2,811**	2,677	134	5.0%
Inter-segment revenues	**406**	444	(38)	(8.6%)
Total Bell Media revenues	**3,217**	3,121	96	3.1%

Bell Media operating revenues increased by 3.1% in 2019, compared to last year, driven by growth in both subscriber and advertising revenues.

- **Subscriber revenues** were up in 2019, compared to last year, mainly due to continued growth in Crave, our pay TV and streaming service, driven by higher subscribers, partly due to the broadcast of the Game of Thrones final season, combined with rate increases following the launch of our enhanced Crave service in November 2018. The favourable impact from contract renewals with BDUs also contributed to the growth in subscriber revenues.
- **Advertising revenues** increased in 2019, compared to 2018, mainly due to:
  - Higher advertising revenues from specialty TV due to strong audience levels, greater demand and rate increases
  - Continued growth in OOH advertising revenues
  - The broadcast of the Toronto Raptors in the NBA playoffs and finals
  - The recapture of advertising dollars following the shift last year to the principal broadcaster of the PyeongChang 2018 Winter Olympics

These factors were partly offset by:

- Lower conventional TV advertising revenues from reduced audience levels and the ongoing shift in customer spending to OTT and digital platforms
- Continued softness in the radio advertising market
- The benefit to specialty TV advertising revenues in 2018 from the broadcast of the 2018 men's FIFA World Cup

OPERATING COSTS AND ADJUSTED EBITDA

	2019	2018	$ CHANGE	% CHANGE
Operating costs	**(2,367)**	(2,428)	61	2.5%
Adjusted EBITDA	**850**	693	157	22.7%
Adjusted EBITDA margin	**26.4%**	22.2%		4.2 pts

Bell Media operating costs decreased by 2.5% in 2019, compared to last year, mainly driven by:

- The favourable impact from the adoption of IFRS 16 in 2019
- Higher 2018 costs for the men's FIFA World Cup broadcast rights

These factors were partly offset by:

- Greater costs for sports broadcast rights and continued investment in content for our Crave services
- Higher labour costs to support the growth in revenues

Bell Media adjusted EBITDA increased by 22.7% in 2019, compared to last year, driven by higher operating revenues coupled with lower operating costs.

BELL MEDIA OPERATING METRICS

- CTV maintained its #1 ranking as the most-watched network in Canada for the 18th year in a row among total viewers in primetime, with 12 of the top 20 programs nationally among total viewers
- Bell Media maintained its leadership position in the specialty and pay TV market, with its English specialty and pay TV properties reaching 83% of all Canadian English specialty and pay TV viewers and with its French specialty and pay TV properties reaching 82% of Québec French specialty and pay TV viewers in an average week
- Bell Media continued to rank first in unique visitors, total page views and total page minutes in digital media among Canadian broadcast and video network competitors. Bell Media also ranked sixth among online properties in the country in terms of unique visitors and reach, with 22.2 million unique visitors per month, reaching 70% of the digital audience.
- Bell Media remained Canada's top radio broadcaster, reaching 16.8 million listeners who spent approximately 77 million hours tuned in each week during Fall 2019
- Astral is one of Canada's leading OOH advertising providers, reaching 18 million consumers weekly, with an offering of six innovative product lines (comprised of outdoor advertising, street furniture, airport, digital large format, transit and lifestyle) and owning more than 50,000 advertising faces, strategically located in key urban cities across the country

COMPETITIVE LANDSCAPE AND INDUSTRY TRENDS

COMPETITIVE LANDSCAPE

Competition in the Canadian media industry has changed in recent years as content is increasingly being controlled by a small number of global competitors with significant scale and financial resources. Technology has allowed new entrants to become media players in their own right. Some players have become more vertically integrated across both traditional and emerging platforms to better enable the acquisition and monetization of premium content. Global aggregators have also emerged and are competing for both content and viewers.

Bell Media competes in the video, radio, OOH advertising and digital media markets:

- **Video:** 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
- **Digital media:** Consumers continue to shift their media consumption towards digital and online media, mobile devices and on-demand content, requiring industry players to increase their efforts in digital content and capabilities in order to compete. This trend is also causing advertisers to direct more of their spending to digital and online rather than traditional media. In addition, the number of competitors has increased as more digital and online media companies, including large global companies, enter the market.

Competitors

TV

- Conventional Canadian TV stations (local and distant signals) and specialty and pay channels, such as those owned by Corus Entertainment Inc. (Corus), Rogers, Québecor, Canadian Broadcasting Corporation (CBC)/Société Radio-Canada and Groupe V
- U.S. conventional TV stations and specialty channels
- OTT streaming providers such as Netflix, Amazon Prime Video, Disney+, CBS All Access and DAZN
- Video-sharing websites such as YouTube

RADIO

- Large radio operators, such as Rogers, Corus, Cogeco and Stingray 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, Outfront Media, 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. Consumers now have the ability to watch content from a variety of media services on the screen of their choice, including TVs, computers, and mobile 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. Ubiquitous access to content enabled by connected devices introduces risk to 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 continue to have access to an array of online entertainment and information alternatives that did not previously exist. While traditional linear TV has historically been the only way to access entertainment programming, the increase in alternative entertainment options has led to a fragmentation in consumption habits. Traditional linear TV still remains the most common form of video consumption, but people are increasingly consuming content on their own terms from an assortment of services and in a variety of formats. In particular, today's viewers are consuming more content online, watching less scheduled programming live, time-shifting original broadcasts through PVRs, viewing more video on mobile devices, and catching up on an expanded library of past programming on-demand. While the majority of households use pure OTT services, like Netflix, Amazon Prime Video and Disney+, to complement linear TV consumption, an increasing number are using these services as alternatives to a traditional linear package.

ESCALATING CONTENT COSTS

Premium video content has become increasingly important to media companies in attracting and retaining viewers and advertisers. This content, including live sports and special events, should continue to draw audiences and advertisers moving forward. Heightened competition for these rights from global competitors, including Netflix, Amazon, and DAZN, has already resulted in higher program rights costs, which is a trend that is expected to continue into the future.

MEDIA COMPANIES ARE EVOLVING TO REMAIN COMPETITIVE

In recognition of changing consumer behaviour, media companies are evolving their content and launching their own solutions with the objective of better competing with non-traditional offerings through DTC products such as Bell Media's bilingual Crave service, Super Écran, TSN and RDS, as well as authenticated TV Everywhere services featuring a series of apps including CTV, Discovery and CTV Drama. Access to live sports and other premium content has become even more important for acquiring and retaining audiences that in turn attract advertisers and subscriber revenue. Therefore, ownership of content and/or long-term agreements with content owners has also become increasingly important to media companies. In the future, short-form video content is expected to represent an area of focus for media companies seeking to connect with a different segment of the market.

BUSINESS OUTLOOK AND ASSUMPTIONS

2020 OUTLOOK

Subscriber revenue performance is projected to reflect the benefits from BDU carriage renewals, and continued scaling of DTC products, including Crave. However, the effects of shifting media consumption towards competing OTT and digital platforms, further TV cord-shaving and cord-cutting, as well as higher content costs for video, are expected to impact adjusted EBITDA negatively in 2020. While we anticipate the advertising market to continue to be negatively impacted by audience declines, we expect that successful completion of the acquisition of conventional French-language TV network V, as well as our pricing and strategic initiatives, should more than offset this financial pressure.

We also intend to continue controlling costs by achieving productivity gains and pursuing operational efficiencies across all of our media properties, while continuing to invest in premium content across all screens and platforms.

Across our media properties, particularly in video, we intend to leverage the strength of our market position combined with enhanced audience targeting 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 across all screens and platforms; producing and commissioning high-quality Canadian content, including market-leading news; and further leveraging Bell Media's smart data Strategic Audience Management tool with the addition of new features and functionalities such as best-in-class proprietary data, an improved user experience and a larger pool of available inventory.

Our sports video offerings are expected to continue to deliver premium content and exceptional viewing experiences to our TV and DTC audiences. Our NFL and NHL offerings, including the return of simultaneous substitution of Canadian advertising during the Super Bowl, combined with the integration of our digital platforms, are integral parts of our strategy to enhance viewership and engagement. 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 competitive position in key specialty services to improve both channel strength and channel selection.

Through Crave, which recently evolved into a bilingual TV and streaming service, we will continue to leverage our investments in premium content (including HBO, HBO Max, SHOWTIME and STARZ) in order to attract pay TV and DTC subscribers.

In our French-language TV services, we will continue to optimize our programming with a view to increasing our appeal to audiences, supported in particular by the pending acquisition of V as well as Super Écran, which is now available as a Crave add-on.

In radio, we intend to leverage the strength of our market position to continue offering advertisers, both nationally and locally, premium opportunities to reach their target audiences. Additionally, in conjunction with our local TV properties, we will continue to pursue opportunities that leverage our promotional capabilities, provide an expanded platform for content sharing, and offer other synergistic efficiencies.

In our OOH operations, we plan to leverage the strength of our products to provide advertisers with premium opportunities in key Canadian markets. We will also continue to seek new opportunities in digital markets, including converting certain premium outdoor structures to digital.

ASSUMPTIONS

- Revenue performance expected to reflect BDU rate increases, strategic pricing on advertising sales and simultaneous substitution of Canadian advertising during the Super Bowl allowed by the Supreme Court ruling of December 2019 that overturned the CRTC's 2016 decision
- Operating cost growth driven by higher programming costs, mainly due to continued investment in Crave content and sports broadcast rights
- Continued scaling of Crave and launch of Crave with French-language content
- Ability to successfully acquire and produce highly rated programming and differentiated content
- Building and maintaining strategic supply arrangements for content across all screens and platforms
- Monetization of content rights and Bell Media properties across all platforms
- Growth in OTT viewing expected to result in lower subscriber levels for many Bell Media video properties
- Acquisition of conventional network V along with related digital assets, including the ad-supported VOD service Noovo.ca, subject to regulatory approvals
- No material financial, operational or competitive consequences of changes in regulations affecting our media business

KEY GROWTH DRIVERS

- Strategic pricing on advertising sales
- Further integrate the use of our data across our media properties to better inform media planning, activation, and measurement, combined with an improved buying experience for advertisers
- Ongoing growth in BDU rates
- Optimizing unique partnerships and strategic content investments
- Enhancing digital strategy, including scaling of DTC products
- Converting premium OOH structures to digital and adding new boards

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 CONSTRAINTS

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, VOD, personal video platforms and pirated content, in combination with regulations that require all BDUs to make TV services available à la carte
- Acceleration among non-traditional global players developing more aggressive product and sales strategies in creating and distributing video and the increase in DTC sales

POTENTIAL IMPACT

- Adverse impact on the level of subscriptions and/or viewership for Bell Media's TV services and on Bell Media's revenue streams

ADVERTISING AND SUBSCRIPTION REVENUE UNCERTAINTY

RISK

- Advertising is heavily dependent on economic conditions and viewership, as well as on our ability to grow alternative advertising media such as digital and OOH platforms, in the context of a changing and fragmented advertising market. Conventional media is under increasing pressure for advertising spend against dominant non-traditional/global digital services.
- Bell Media has contracts with a variety of BDUs, under which monthly subscription fees for specialty and pay TV services are earned, that expire on a specific date

POTENTIAL IMPACT

- Economic uncertainty could reduce advertisers' spending. Our failure to increase or maintain viewership or capture our share of the changing and fragmented advertising market could result in the loss of advertising revenue
- If we are not successful in obtaining favourable agreements with BDUs, it could result in the loss of subscription revenue

RISING CONTENT COSTS AND ABILITY TO SECURE KEY CONTENT

RISK

- Rising content costs, as an increasing number of domestic and global competitors seek to acquire the same content, and the ability to acquire or develop 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 or develop 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

	2019	2018	$ CHANGE	% CHANGE
Debt due within one year	**3,881**	4,645	(764)	(16.4%)
Long-term debt	**22,415**	19,760	2,655	13.4%
Preferred shares (1)	**2,002**	2,002	–	–
Cash and cash equivalents	**(145)**	(425)	280	65.9%
Net debt	**28,153**	25,982	2,171	8.4%

(1) *50% of outstanding preferred shares of $4,004 million in 2019 and 2018 are classified as debt consistent with the treatment by some credit rating agencies.*

The increase of $1,891 million in total debt, comprised of debt due within one year and long-term debt, was due to:

- an increase in our lease liabilities of $2,304 million as a result of the adoption of IFRS 16 on January 1, 2019
- the issuance by Bell Canada of Series M-49 and Series M-50 MTN debentures with total principal amounts of $600 million and $550 million in Canadian dollars, respectively, and Series US-2 Notes with a total principal amount of $600 million in U.S. dollars ($808 million in Canadian dollars)
- an increase in our securitized trade receivables of $131 million

Partly offset by:

- the early redemption of Series M-27 MTN debentures and Series M-37 debentures with total principal amounts of $1 billion and $400 million, respectively
- a decrease in our notes payable (net of issuances) of $1,073 million
- a net decrease of $29 million in our lease liabilities and other debt

The decrease in cash and cash equivalents of $280 million was due mainly to:

- $2,819 million of dividends paid on BCE common shares
- $1,216 million of debt repayments (net of issuances)
- $142 million paid for the purchase on the open market of BCE common shares for the settlement of share-based payments
- $60 million acquisition and other costs paid

Partly offset by:

- $3,818 million of free cash flow
- $240 million issuance of common shares from the exercise of stock options

6.2 Outstanding share data

COMMON SHARES OUTSTANDING	NUMBER OF SHARES
Outstanding, January 1, 2019	**898,200,415**
Shares issued under employee stock option plan	**4,459,559**
Shares issued under employee savings plan (ESP)	**1,231,479**
Shares issued under deferred share plan (DSP)	**16,729**
Outstanding, December 31, 2019	**903,908,182**

STOCK OPTIONS OUTSTANDING	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE ($)
Outstanding, January 1, 2019	**14,072,332**	**56**
Granted	**3,357,303**	**58**
Exercised (1)	**(4,459,559)**	**54**
Forfeited	**(144,535)**	**58**
Outstanding, December 31, 2019	**12,825,541**	**57**
Exercisable, December 31, 2019	**2,786,043**	**56**

(1) *The weighted average market share price for options exercised in 2019 was $62.*

At March 5, 2020, 904,327,728 common shares and 15,803,075 stock options were outstanding.

6.3 Cash flows

	2019	2018	$ CHANGE	% CHANGE
Cash flows from operating activities	**7,958**	7,384	574	7.8%
Capital expenditures	**(3,988)**	(3,971)	(17)	(0.4%)
Cash dividends paid on preferred shares	**(147)**	(149)	2	1.3%
Cash dividends paid by subsidiaries to NCI	**(65)**	(16)	(49)	n.m.
Acquisition and other costs paid	**60**	79	(19)	(24.1%)
Voluntary DB pension plan contribution	**–**	240	(240)	(100.0%)
Free cash flow	**3,818**	3,567	251	7.0%
Business acquisitions	**(51)**	(395)	344	87.1%
Acquisition and other costs paid	**(60)**	(79)	19	24.1%
Voluntary DB pension plan contribution	**–**	(240)	240	100.0%
Acquisition of spectrum licences	**–**	(56)	56	100.0%
Disposition of intangibles and other assets	**–**	68	(68)	(100.0%)
Other investing activities	**3**	(32)	35	n.m.
Net (repayment) issuance of debt instruments	**(1,216)**	158	(1,374)	n.m.
Issue of common shares	**240**	11	229	n.m.
Repurchase of common shares	**–**	(175)	175	100.0%
Purchase of shares for settlement of share-based payments	**(142)**	(222)	80	36.0%
Cash dividends paid on common shares	**(2,819)**	(2,679)	(140)	(5.2%)
Return of capital to non-controlling interest	**–**	(51)	51	100.0%
Other financing activities	**(53)**	(75)	22	29.3%
Net decrease in cash and cash equivalents	**(280)**	(200)	(80)	(40.0%)

n.m.: not meaningful

CASH FLOWS FROM OPERATING ACTIVITIES AND FREE CASH FLOW

In 2019, BCE's cash flows from operating activities increased by $574 million, compared to 2018, mainly due to higher adjusted EBITDA, which reflects the favourable impact from the adoption of IFRS 16, and a voluntary DB pension plan contribution of nil in 2019 compared to $240 million paid in 2018. This was partly offset by a decrease in operating assets and liabilities, higher interest paid which reflects the unfavourable impact from the adoption of IFRS 16 and higher income taxes paid.

Free cash flow increased by $251 million in 2019, compared to 2018, mainly due to higher cash flows from operating activities, excluding voluntary DB pension plan contributions and acquisition and other costs paid, partly offset by higher cash dividends paid by subsidiaries to NCI.

CAPITAL EXPENDITURES

	2019	2018	$ CHANGE	% CHANGE
Bell Wireless	**697**	664	(33)	(5.0%)
Capital intensity ratio	***7.6%***	*7.5%*		*(0.1) pts*
Bell Wireline	**3,183**	3,193	10	0.3%
Capital intensity ratio	***25.8%***	*26.0%*		*0.2 pts*
Bell Media	**108**	114	6	5.3%
Capital intensity ratio	***3.4%***	*3.7%*		*0.3 pts*
BCE	**3,988**	3,971	(17)	(0.4%)
Capital intensity ratio	***16.6%***	*16.9%*		*0.3 pts*

BCE capital expenditures totaled $3,988 million for the year, up $17 million over 2018. This corresponded to a capital intensity ratio of 16.6%, down 0.3 pts compared to last year. Capital spending in the year reflected the following:

- Greater capital investments in our wireless segment of $33 million in 2019, compared to 2018, as we advanced the build-out of our LTE-A network, continued to deploy wireless small-cells to expand capacity to support subscriber growth and increase network speeds, coverage and signal quality, as well as to expand data fibre backhaul in preparation for 5G technology

- A modest reduction in capital spending in our wireline segment of $10 million in 2019, compared to last year, as we continued to focus our investments on the ongoing deployment of FTTP to more homes and businesses, the roll-out of fixed WTTP to rural locations in Ontario and Québec, the connection of fibre Internet and TV services to more homes and businesses and the execution of business customer contracts
- Lower capital expenditures at Bell Media of $6 million in 2019, compared to 2018, mainly due to production equipment and IT upgrades in 2018

BUSINESS ACQUISITIONS

On August 31, 2018, BCE completed the acquisition of all of the issued and outstanding common shares of Axia for a total cash consideration of $154 million.

On January 5, 2018, BCE acquired all of the issued and outstanding shares of AlarmForce Industries Inc. (AlarmForce) for a total consideration of $182 million, of which $181 million was paid in cash and the remaining $1 million through the issuance of 22,531 BCE common shares.

VOLUNTARY DB PENSION PLAN CONTRIBUTION

In 2018, we made a voluntary contribution of $240 million to fund our post-employment benefit obligation. The voluntary contribution was funded from cash on hand at the end of 2018. This reduced the amount of BCE's future pension funding obligations and the use of letters of credit for funding deficits.

DISPOSITION OF INTANGIBLE AND OTHER ASSETS

During Q1 2018, BCE sold AlarmForce's approximate 39,000 customer accounts in British Columbia, Alberta and Saskatchewan to Telus for total proceeds of approximately $68 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, 2019, all of our debt was denominated in Canadian dollars with the exception of our commercial paper, and Series US-1 and Series US-2 Notes, which are denominated in U.S. dollars and have been hedged for foreign currency fluctuations through forward currency contracts and cross currency interest rate swaps.

2019

We repaid $1,216 million of debt, net of issuances. This included the early redemption of Series M-27 MTN debentures and Series M-37 debentures in the principal amounts of $1 billion and $400 million, respectively, the repayments (net of issuances) of $1,073 million of notes payable, and net payments of lease liabilities and other debt of $832 million. These repayments were partly offset by the issuances of Series M-49 and Series M-50 MTN debentures with total principal amounts of $600 million and $550 million in Canadian dollars, respectively, Series US-2 Notes with a total principal amount of $600 million in U.S. dollars ($808 million in Canadian dollars), and an increase in securitized trade receivables of $131 million.

2018

We issued $158 million of debt, net of repayments. This included the issuances at Bell Canada of Series M-47 and M-48 MTN debentures with total principal amounts of $500 million and $1 billion, respectively, and the issuances of Series US-1 Notes with a total principal amount of $1,150 million in U.S. dollars ($1,493 million in Canadian dollars). These issuances were partly offset by the early redemption of Series M-25 and M-28 MTN debentures, Series M-33 debentures, Series 9 notes and Series 8 notes in the principal amounts of $1 billion, $400 million, $300 million, $200 million and $200 million, respectively, payments of finance leases and other debt of $612 million and net repayments of $123 million of notes payable.

ISSUANCE OF COMMON SHARES

The issuance of common shares in 2019 increased by $229 million, compared to 2018, due to a higher number of exercised stock options.

REPURCHASE OF COMMON SHARES

In Q1 2018, BCE repurchased and cancelled 3,085,697 common shares for a total cost of $175 million through a NCIB. Of the total cost, $69 million represented stated capital and $3 million represented the reduction of the contributed surplus attributable to these common shares. The remaining $103 million was charged to the deficit.

CASH DIVIDENDS PAID ON COMMON SHARES

In 2019, cash dividends paid on common shares of $2,819 million increased by $140 million, compared to 2018, due to a higher dividend paid in 2019 of $3.1325 per common share compared to $2.9825 per common share in 2018.

6.4 Post-employment benefit plans

For the year ended December 31, 2019, we recorded a decrease in our post-employment benefit obligations and a gain, before taxes, in OCI of $191 million. This was due to a higher-than-expected return on plan assets, partly offset by a lower actual discount rate of 3.1% at December 31, 2019, compared to 3.8% at December 31, 2018.

For the year ended December 31, 2018, we recorded a decrease in our post-employment benefit obligations and a gain, before taxes, in OCI of $92 million. This was due to a higher actual discount rate of 3.8% at December 31, 2018, compared to 3.6% at December 31, 2017. The gain was partly offset by a lower-than-expected return on plan assets.

6.5 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 7, *Other expense*, Note 24, *Post-employment benefit plans* and Note 26, *Financial and capital management* in BCE's 2019 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, 2019 were $2,981 million and $62 million, respectively • Our contract assets and allowance for doubtful accounts balances at December 31, 2019 were $1,712 million and $68 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 6.7, *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.
	A 10% depreciation (appreciation) in the value of the Canadian dollar relative to the U.S. dollar would result in a gain (loss) of $13 million ($27 million) recognized in net earnings at December 31, 2019 and a gain (loss) of $189 million ($178 million) recognized in OCI at December 31, 2019, with all other variables held constant.
	A 10% depreciation (appreciation) in the value of the Canadian dollar relative to the Philippine peso would result in a gain (loss) of $4 million recognized in OCI at December 31, 2019, with all other variables held constant.
	Refer to the following *Fair value* section for details on our derivative financial instruments.
		• Foreign currency forward contracts and options on our anticipated transactions and commercial paper maturing in 2020 to 2021 of $3.3 billion in U.S. dollars ($4.3 billion in Canadian dollars) and $1.9 billion in Philippine pesos ($49 million in Canadian dollars) at December 31, 2019, to manage foreign currency risk related to anticipated transactions and certain 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*. Realized gains and losses in *Accumulated OCI* are reclassified to the income statements or to the initial cost of the non-financial asset in the same periods as the corresponding hedged transactions are recognized.
		  • For economic hedges, changes in the fair value are recognized in *Other expense*
		• At December 31, 2019, we had outstanding cross currency interest rate swaps with notional amounts of $1,150 million and $600 million in U.S. dollars ($1,493 million and $808 million in Canadian dollars, respectively). These cross currency interest rate swaps are used to hedge the U.S. currency exposure of our Series US-1 Notes maturing in 2048 and Series US-2 Notes maturing in 2049, respectively.
		  • For cross currency interest rate swaps, changes in the fair value of these derivatives and the related debt are recognized in *Other expense* 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. A 1% increase (decrease) in interest rates would result in a decrease (increase) of $29 million in net earnings at December 31, 2019. Refer to the following *Fair value* section for details on our derivative financial instruments.	• We use interest rate swaps to economically hedge dividend rate resets on preferred shares. We also use interest rate locks to hedge the interest rates on future debt issuances. • In 2019, we entered into interest rate swaps with a notional amount of $275 million to hedge the dividend rate reset on BCE preferred shares in 2020. • For interest rate swaps, changes in the fair value of these derivatives are recognized immediately in *Other expense* in the income statements • There were no interest rate locks outstanding as of December 31, 2019 • 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 the settlement of equity settled share-based compensation plans and the equity price risk related to a cash-settled share-based payment plan. A 5% increase (decrease) in the market price of BCE's common shares at December 31, 2019 would result in a gain (loss) of $38 million recognized in net earnings for 2019, with all other variables held constant. Refer to the following *Fair value* section for details on our derivative financial instruments.	• Equity forward contracts with a fair value of $40 million at December 31, 2019 on BCE's common shares to economically hedge the cash flow exposure related to the settlement of equity settled share-based compensation plans and the equity price risk related to a cash-settled share-based payment plan • Changes in the fair value of these derivatives are recorded in the income statements in *Operating costs* for derivatives used to hedge a cash-settled share-based payment plan and *Other expense* 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 has an investment arrangement to hedge part of its exposure to potential increases in longevity which covers approximately $4 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, dividends payable, trade payables and accruals, compensation payable, severance and other costs payable, interest 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, 2019		DECEMBER 31, 2018	
	CLASSIFICATION	FAIR VALUE METHODOLOGY	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
CRTC tangible benefits obligation	Trade payables and other liabilities and other non-current liabilities	Present value of estimated future cash flows discounted using observable market interest rates	**29**	**29**	61	61
CRTC deferral account obligation	Trade payables and other liabilities and other non-current liabilities	Present value of estimated future cash flows discounted using observable market interest rates	**82**	**85**	108	112
Debt securities and other debt	Debt due within one year and long-term debt	Quoted market price of debt	**18,653**	**20,905**	18,188	19,178
Finance leases (1)	Debt due within one year and long-term debt	Present value of future cash flows discounted using observable market interest rates	**–**	**–**	2,097	2,304

(1) *Upon adoption of IFRS 16 on January 1, 2019, fair value disclosures are no longer required for leases.*

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

		FAIR VALUE			
	CLASSIFICATION	CARRYING VALUE OF ASSET (LIABILITY)	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	OBSERVABLE MARKET DATA (LEVEL 2) (1)	NON-OBSERVABLE MARKET INPUTS (LEVEL 3) (2)
December 31, 2019					
Publicly-traded and privately-held investments (3)	Other non-current assets	**129**	**2**	**–**	**127**
Derivative financial instruments	Other current assets, trade payables and other liabilities, other non-current assets and liabilities	**165**	**–**	**165**	**–**
MLSE financial liability (4)	Trade payables and other liabilities	**(135)**	**–**	**–**	**(135)**
Other	Other non-current assets and liabilities	**71**	**1**	**128**	**(58)**
December 31, 2018					
Publicly-traded and privately-held investments (3)	Other non-current assets	110	1	–	109
Derivative financial instruments	Other current assets, trade payables and other liabilities, other non-current assets and liabilities	181	–	181	–
MLSE financial liability (4)	Trade payables and other liabilities	(135)	–	–	(135)
Other	Other non-current assets and liabilities	43	–	114	(71)

(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 are recorded in OCI and impairment charges are recorded in* Other expense *in the income statements.*

(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. The obligation to repurchase is marked to market each reporting period and the gain or loss is recorded in* Other expense *in the income statements. The option has been exercisable since 2017.*

6.6 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 depend on our assigned 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 5, 2020 from DBRS, Moody's and S&P.

KEY CREDIT RATINGS

	BELL CANADA (1)		
MARCH 5, 2020	DBRS	MOODY'S	S&P
Commercial paper	R-2 (high)	P-2	A-1 (Low) (Canadian scale)
			A-2 (Global scale)
Long-term debt	BBB (high)	Baa1	BBB+
Subordinated long-term debt	BBB (low)	Baa2	BBB
	BCE (1)		
	DBRS	MOODY'S	S&P
Preferred shares	Pfd-3	–	P-2 (Low) (Canadian scale)
			BBB- (Global scale)

(1) *These credit ratings are not recommendations to buy, sell or hold any of the securities referred to, and they may be revised or withdrawn at any time by the assigning rating agency. Ratings are determined by the rating agencies based on criteria established from time to time by them, and they do not comment on market price or suitability for a particular investor. Each credit rating should be evaluated independently of any other credit rating.*

As of March 5, 2020, BCE and Bell Canada's credit ratings have stable outlooks from DBRS, Moody's and S&P.

6.7 Liquidity

SOURCES OF LIQUIDITY

Our cash and cash equivalents balance at the end of 2019 was $145 million. We expect that this balance, our 2020 estimated cash flows from operations and capital markets financing, including commercial paper, will permit us to meet our cash requirements in 2020 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 2020 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 credit facilities that are currently in place or through new facilities to the extent available.

In 2020, our cash flows from operations, cash and cash equivalents balance, capital markets financings, securitized trade receivable programs and credit facilities should give us flexibility in carrying out our plans for business growth, including business acquisitions and spectrum auctions, as well as for the payment of contingencies.

Subsequent to year end, on February 13, 2020, Bell Canada issued 3.50% Series M-51 MTN debentures under its 1997 trust indenture, with a principal amount of $750 million, which mature on September 30, 2050. The net proceeds of the offering are intended to be used to fund, on March 16, 2020, the redemption, prior to maturity, of Bell Canada's 4.95% Series M-24 MTN debentures, with early debt redemption charges of $17 million. The M-24 MTN debentures have an outstanding principal amount of $500 million and were due on May 19, 2021. The net proceeds are further intended to be used for the repayment of short-term debt.

The table below is a summary of our total bank credit facilities at December 31, 2019.

DECEMBER 31, 2019	TOTAL AVAILABLE	DRAWN	LETTERS OF CREDIT	COMMERCIAL PAPER OUTSTANDING	NET AVAILABLE
Committed credit facilities					
Unsecured revolving and expansion facilities (1) (2)	**4,000**	**–**	**–**	**1,951**	**2,049**
Other	**106**	**–**	**106**	**–**	**–**
Total committed credit facilities	**4,106**	**–**	**106**	**1,951**	**2,049**
Total non-committed credit facilities	**1,939**	**–**	**1,059**	**–**	**880**
Total committed and non-committed credit facilities	**6,045**	**–**	**1,165**	**1,951**	**2,929**

(1) *Bell Canada's $2.5 billion and additional $500 million committed revolving credit facilities expire in November 2024 and November 2020, respectively, and its $1 billion committed expansion credit facility expires in November 2022. Bell Canada has the option, subject to certain conditions, to convert advances outstanding under the additional $500million revolving credit facility into a term loan with a maximum one-year term.*

(2) *As of December 31, 2019, Bell Canada's outstanding commercial paper included $1,502million in U.S. dollars ($1,951 million in Canadian dollars). All of Bell Canada's commercial paper outstanding is included in debt due within one year.*

Bell Canada may issue notes under its Canadian and U.S. commercial paper programs up to the maximum aggregate principal amount of $3 billion in either Canadian or U.S. currency provided that at no time shall such maximum amount of notes exceed $4 billion in Canadian currency which equals the aggregate amount available under Bell Canada's committed supporting revolving and expansion credit facilities as at December 31, 2019. The total amount of the net available committed revolving and expansion credit facilities 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 agreements upon a change of control of BCE or Bell Canada. In addition, some of our debt agreements require us to offer to repurchase certain series of debt securities 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 agreements.

CASH REQUIREMENTS

CAPITAL EXPENDITURES

In 2020, 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) plans. 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 2020 is detailed in the following table and is subject to actuarial valuations that will be completed in mid-2020. Actuarial valuations were last performed for our significant post-employment benefit plans as at December 31, 2018.

2020 EXPECTED FUNDING	TOTAL
DB pension plans	170
DC pension plans	120
OPEBs	75
Total net post-employment benefit plans	**365**

DIVIDEND PAYMENTS

In 2020, the cash dividends to be paid on BCE's common shares are expected to be higher than in 2019 as BCE's annual common share dividend increased by 5.0% to $3.33 per common share from $3.17 per common share effective with the dividend payable on April 15, 2020.

This increase is consistent with BCE's common share dividend payout 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, 2019 that are due in each of the next five years and thereafter.

	2020	2021	2022	2023	2024	THERE-AFTER	TOTAL
Recognized financial liabilities							
Long-term debt	62	2,302	1,762	1,637	1,250	11,688	18,701
Notes payable	1,994	–	–	–	–	–	1,994
Lease liabilities	960	858	629	530	418	2,338	5,733
Loan secured by trade receivables	1,050	–	–	–	–	–	1,050
Interest payable on long-term debt, notes payable and loan secured by trade receivables	862	772	711	643	580	6,869	10,437
Net interest receipts on cross currency basis swaps	(3)	(2)	(2)	(2)	(2)	(57)	(68)
MLSE financial liability	(135)	–	–	–	–	–	(135)
Commitments (off-balance sheet)							
Commitments for property, plant and equipment and intangible assets	1,050	796	656	521	381	589	3,993
Purchase obligations	593	510	460	297	180	370	2,410
Leases committed not yet commenced	10	4	3	3	2	5	27
Total	**6,443**	**5,240**	**4,219**	**3,629**	**2,809**	**21,802**	**44,142**

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 and other purchase obligations.

Our commitments for leases not yet commenced include OOH advertising spaces and real estate with lease terms ranging from 4 to 20 years. These leases are non-cancellable.

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 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

In the ordinary course of our business, we become involved in various claims and legal proceedings seeking monetary damages and other relief. In particular, because of the nature of our consumer-facing business, we are exposed to class actions pursuant to which substantial monetary damages may be claimed. Due to the inherent risks and uncertainties of the litigation process, we cannot predict the final outcome or timing of claims and legal proceedings. Subject to the foregoing, and based on information currently available and management's assessment of the merits of the claims and legal proceedings pending at March 5, 2020, management believes that the ultimate resolution of these claims and legal proceedings is unlikely to have a material and negative effect on our financial statements or operations. We believe that we have strong defences and we intend to vigorously defend our positions.

For a description of important legal proceedings pending at March 5, 2020, please see the section entitled *Legal proceedings* contained in the BCE 2019 AIF.

7 Selected annual and quarterly information

7.1 Annual financial information

The following table shows selected consolidated financial data of BCE for 2019, 2018 and 2017 based on the annual consolidated financial statements, which are 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.

As required, we adopted IFRS 16 – Leases effective January 1, 2019, as described in section 10.1, *Our accounting policies*. We adopted IFRS 16 using a modified retrospective approach whereby the financial statements of prior periods presented were not restated and continue to be reported under IAS 17 – Leases, as permitted by the specific transition provisions of IFRS 16. The cumulative effect of the initial adoption of IFRS 16 was reflected as an adjustment to the deficit at January 1, 2019.

Effective January 1, 2018, we applied IFRS 15 – Revenue from Contracts with Customers, retrospectively to each period in 2017 previously reported. In 2018, we also reclassified some 2017 amounts to make them consistent with the 2018 presentation.

	2019	2018	2017
CONSOLIDATED INCOME STATEMENTS			
Operating revenues			
Service	**20,737**	20,441	20,095
Product	**3,227**	3,027	2,662
Total operating revenues	**23,964**	23,468	22,757
Operating costs	**(13,858)**	(13,933)	(13,475)
Adjusted EBITDA	**10,106**	9,535	9,282
Severance, acquisition and other costs	**(114)**	(136)	(190)
Depreciation	**(3,496)**	(3,145)	(3,034)
Amortization	**(902)**	(869)	(810)
Finance costs			
Interest expense	**(1,132)**	(1,000)	(955)
Interest on post-employment benefit obligations	**(63)**	(69)	(72)
Other expense	**(13)**	(348)	(102)
Income taxes	**(1,133)**	(995)	(1,069)
Net earnings	**3,253**	2,973	3,050
Net earnings attributable to:			
Common shareholders	**3,040**	2,785	2,866
Preferred shareholders	**151**	144	128
Non-controlling interest	**62**	44	56
Net earnings	**3,253**	2,973	3,050
Net earnings per common share			
Basic and diluted	**3.37**	3.10	3.20
RATIOS			
Adjusted EBITDA margin (%)	**42.2%**	40.6%	40.8%
Return on equity (%) (1)	**18.2%**	17.1%	18.6%

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

	2019	2018	2017
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION			
Total assets	**60,146**	57,100	55,802
Cash and cash equivalents	**145**	425	625
Debt due within one year (including notes payable and loans secured by trade receivables)	**3,881**	4,645	5,178
Long-term debt	**22,415**	19,760	18,215
Total non-current liabilities	**28,961**	25,982	24,445
Equity attributable to BCE shareholders	**21,074**	20,363	20,302
Total equity	**21,408**	20,689	20,625
CONSOLIDATED STATEMENTS OF CASH FLOWS			
Cash flows from operating activities	**7,958**	7,384	7,358
Cash flows used in investing activities	**(4,036)**	(4,386)	(5,437)
Capital expenditures	**(3,988)**	(3,971)	(4,034)
Business acquisitions	**(51)**	(395)	(1,649)
Disposition of intangibles and other assets	**–**	68	323
Cash flows used in financing activities	**(4,202)**	(3,198)	(2,149)
Issue of common shares	**240**	11	117
Net (repayment) issuance of debt instruments	**(1,216)**	158	691
Cash dividends paid on common shares	**(2,819)**	(2,679)	(2,512)
Cash dividends paid on preferred shares	**(147)**	(149)	(127)
Cash dividends paid by subsidiaries to non-controlling interest	**(65)**	(16)	(34)
Free cash flow	**3,818**	3,567	3,418
SHARE INFORMATION			
Average number of common shares (millions)	**900.8**	898.6	894.3
Common shares outstanding at end of year (millions)	**903.9**	898.2	901.0
Market capitalization (1)	**54,379**	48,440	54,402
Dividends declared per common share (dollars)	**3.17**	3.02	2.87
Dividends declared on common shares	**(2,857)**	(2,712)	(2,564)
Dividends declared on preferred shares	**(151)**	(144)	(128)
Closing market price per common share (dollars)	**60.16**	53.93	60.38
Total shareholder return	**17.5%**	(5.6%)	8.9%
RATIOS			
Capital intensity (%)	**16.6%**	16.9%	17.7%
Price to earnings ratio (times) (2)	**17.85**	17.40	18.87
OTHER DATA			
Number of employees (thousands)	**52**	53	52

(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) *BCE's common share price at the end of the year divided by EPS.*

7.2 Quarterly financial information

The following table shows selected BCE consolidated financial data by quarter for 2019 and 2018. 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.

	2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Operating revenues								
Service	**5,276**	**5,185**	**5,231**	**5,045**	5,231	5,117	5,129	4,964
Product	**1,040**	**799**	**699**	**689**	984	760	657	626
Total operating revenues	**6,316**	**5,984**	**5,930**	**5,734**	6,215	5,877	5,786	5,590
Adjusted EBITDA	**2,508**	**2,594**	**2,595**	**2,409**	2,394	2,457	2,430	2,254
Severance, acquisition and other costs	**(28)**	**(23)**	**(39)**	**(24)**	(58)	(54)	(24)	–
Depreciation	**(865)**	**(861)**	**(888)**	**(882)**	(799)	(779)	(787)	(780)
Amortization	**(228)**	**(230)**	**(223)**	**(221)**	(216)	(220)	(221)	(212)
Finance costs								
Interest expense	**(286)**	**(282)**	**(281)**	**(283)**	(259)	(255)	(246)	(240)
Interest on post-employment benefit obligations	**(16)**	**(16)**	**(15)**	**(16)**	(18)	(17)	(17)	(17)
Other (expense) income	**(119)**	**61**	**(56)**	**101**	(158)	(41)	(88)	(61)
Income taxes	**(243)**	**(321)**	**(276)**	**(293)**	(244)	(224)	(292)	(235)
Net earnings	**723**	**922**	**817**	**791**	642	867	755	709
Net earnings attributable to common shareholders	**672**	**867**	**761**	**740**	606	814	704	661
Net earnings per common share								
Basic and diluted	**0.74**	**0.96**	**0.85**	**0.82**	0.68	0.90	0.79	0.73
Average number of common shares outstanding – basic (millions)	**903.8**	**901.4**	**899.5**	**898.4**	898.1	898.0	898.0	900.2
OTHER INFORMATION								
Cash flows from operating activities	**2,091**	**2,258**	**2,093**	**1,516**	1,788	2,043	2,057	1,496
Free cash flow	**894**	**1,189**	**1,093**	**642**	1,022	1,014	994	537
Capital expenditures	**(1,153)**	**(1,013)**	**(972)**	**(850)**	(974)	(1,010)	(1,056)	(931)

FOURTH QUARTER HIGHLIGHTS

OPERATING REVENUES	Q4 2019	Q4 2018	$ CHANGE	% CHANGE
Bell Wireless	**2,493**	2,407	86	3.6%
Bell Wireline	**3,138**	3,137	1	–
Bell Media	**879**	850	29	3.4%
Inter-segment eliminations	**(194)**	(179)	(15)	(8.4%)
Total BCE operating revenues	**6,316**	6,215	101	1.6%

ADJUSTED EBITDA	Q4 2019	Q4 2018	$ CHANGE	% CHANGE
Bell Wireless	**944**	879	65	7.4%
Bell Wireline	**1,359**	1,339	20	1.5%
Bell Media	**205**	176	29	16.5%
Total BCE adjusted EBITDA	**2,508**	2,394	114	4.8%

BCE operating revenues grew by 1.6% in Q4 2019, compared to Q4 2018, driven by growth in Bell Wireless and Bell Media, while Bell Wireline remained stable year over year. The year-over-year increase reflected both higher service and product revenues of 0.9% and 5.7%, respectively.

BCE net earnings increased by 12.6% in Q4 2019, compared to Q4 2018, mainly due to higher adjusted EBITDA, lower other expense and lower severance, acquisition and other costs. This was partly offset by higher depreciation and amortization expense and finance costs. The adoption of IFRS 16 did not have a significant impact on net earnings.

BCE adjusted EBITDA increased by 4.8% in Q4 2019, compared to Q4 2018, driven by growth across all three of our segments. This resulted in an adjusted EBITDA margin of 39.7% in the quarter, up 1.2 pts over Q4 2018, primarily due to the favourable impact from the adoption of IFRS 16 in 2019.

Bell Wireless operating revenues increased by 3.6% in Q4 2019, compared to Q4 2018, driven by higher service and product revenues. Service revenues grew by 1.6% year over year due to continued growth in both our postpaid and prepaid subscriber base along with rate increases and a greater mix of customers subscribing to higher-value monthly plans including unlimited data plans. This was moderated by greater sales of premium handsets along with the impact of higher-value monthly plans, and lower data overage driven by increased customer adoption of unlimited data plans. Product revenues grew by 7.4% year over year, driven by increased sales of premium handsets and the impact of higher-value monthly plans in our sales mix.

Bell Wireless adjusted EBITDA increased by 7.4% in Q4 2019, compared to the same period last year, mainly driven by the flow-through of higher revenues, partially offset by higher operating expenses of 1.4% year over year. The increase in operating expenses was primarily due to higher product cost of goods sold from greater mix of premium handsets and increased handset costs, higher network operating costs to support the growth in our subscriber base and data consumption and higher bad debt expense driven by the growth in revenues. This was offset in part by the favourable impact from the adoption of IFRS 16 in 2019. Adjusted EBITDA margin, based on wireless operating revenues, of 37.9% increased by 1.4 pts over Q4 2018, mainly due to the impact from the adoption of IFRS 16, greater service revenue flow-through and promotional spending discipline during the holiday season, moderated by higher low-margin product sales in our total revenue base.

Bell Wireline operating revenues remained unchanged in Q4 2019, compared to Q4 2018, resulting from stable year-over-year service revenue which increased 0.1%, as the continued expansion of our retail Internet and IPTV subscriber bases, residential rate increases, contribution from the federal election and higher business solution services revenue were offset by ongoing subscriber erosion in voice and satellite TV, greater acquisition, retention and bundle discounts on residential services to match competitor promotions, lower TV pay-per-view revenues and a decline in IP connectivity revenues due in part to migration to Internet based services. Product revenues were relatively stable year over year, declining 0.6% or $1 million.

Bell Wireline adjusted EBITDA grew by 1.5% in Q4 2019, compared to Q4 2018, mainly due to lower operating costs of 1.1%, driven by the favourable impact from the adoption of IFRS 16 in 2019 and continued effective cost containment. Adjusted EBITDA margin increased 0.6 pts to 43.3% in Q4 2019, compared to Q4 2018, mainly due to the favourable impact from the adoption of IFRS 16 in 2019.

Bell Media operating revenues increased by 3.4% in Q4 2019, compared to the same period last year, driven by increased subscriber revenues from the continued growth in Crave due to higher subscribers along with rate increases following the launch of our enhanced Crave service in November 2018 and also reflected the favourability from BDU contract renewals. Advertising revenues declined modestly in Q4 2019, compared to Q4 2018, from lower conventional TV advertising revenues and ongoing market softness in radio, partially offset by continued growth in specialty TV and OOH advertising revenues.

Bell Media adjusted EBITDA increased by 16.5% in Q4 2019, compared to the same period last year, driven by higher operating revenues coupled with stable operating expenses as the favourable impact from the adoption of IFRS 16 in 2019 was offset by the growth in programming and content costs related to higher sports broadcast rights costs and ongoing Crave content expansion.

BCE capital expenditures of $1,153 million in Q4 2019 increased by $179 million over Q4 2018 and corresponded to a capital intensity ratio of 18.3% compared to 15.7% last year. The growth in capital investments was driven by increases across all three of our segments. Wireline capital spending was $96 million higher year over year, mainly due to the timing of our spending, driven by the roll-out of fixed WTTP to rural locations in Ontario and Québec. Capital spending at Bell Wireless was

up $78 million in Q4 2019 over Q4 2018, due to the timing of our spending compared to Q4 2018 as we continue to invest in wireless small cells to expand capacity to support subscriber growth, and increase speeds, coverage and signal quality, as well as to expand data fibre backhaul in preparation for 5G technology. Bell Media capital investments increased $5 million compared to Q4 2018 mainly related to continued investment in digital platforms.

BCE severance, acquisition and other costs of $28 million in Q4 2019 decreased by $30 million, compared to Q4 2018, mainly due to lower acquisition and other costs.

BCE depreciation of $865 million in Q4 2019 increased by $66 million, year over year, mainly due to the adoption of IFRS 16.

BCE amortization was $228 million in Q4 2019, up from $216 million in Q4 2018, mainly due to a higher asset base.

BCE interest expense was $286 million in Q4 2019, up from $259 million in Q4 2018, mainly as a result of the adoption of IFRS 16 and higher average debt levels.

BCE other expense of $119 million in Q4 2019 decreased by $39 million, year over year, mainly due to lower impairment charges at our Bell Media segment and higher gains on investments which included BCE's obligation to repurchase at fair value the minority interest in one of BCE's subsidiaries, partly offset by higher net mark-to-market losses on derivatives used to economically hedge equity settled share-based compensation plans.

BCE income taxes of $243 million in Q4 2019 decreased by $1 million, compared to Q4 2018, mainly as a result of a higher value of uncertain tax positions favourably resolved in Q4 2019, partly offset by higher taxable income.

BCE net earnings attributable to common shareholders of $672 million in Q4 2019, or $0.74 per share, were higher than the $606 million, or $0.68 per share, reported in Q4 2018. The year-over-year increase was mainly due to higher adjusted EBITDA, lower other expense and lower severance, acquisition and other costs. This was partly offset by higher depreciation and amortization expense and finance costs. The adoption of IFRS 16 did not have a significant impact on net earnings. Adjusted net earnings remained stable at $794 million in Q4 2019, compared to Q4 2018, and adjusted EPS decreased to $0.88, from $0.89 in Q4 2018.

BCE cash flows from operating activities was $2,091 million in Q4 2019 compared to $1,788 million in Q4 2018. The increase is mainly attributable to higher adjusted EBITDA, which reflects the favourable impact from the adoption of IFRS 16, a voluntary DB pension plan contribution of nil in 2019 compared to $240 million paid in 2018, an increase in operating assets and liabilities, and lower interest paid, partly offset by higher income taxes paid.

BCE free cash flow generated in Q4 2019 was $894 million, compared to $1,022 million in Q4 2018. The decrease was mainly attributable to higher capital expenditures, partly offset by higher cash flows from operating activities, excluding voluntary DB pension plan contributions and acquisition and other costs paid.

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 new mobile device launches and seasonal promotional periods, such as back-to-school, Black Friday and the Christmas holiday period, as well as the level of overall competitive intensity. Because of these seasonal effects, subscriber additions and retention costs due to device upgrades related to contract renewals are typically higher in the third and fourth quarters. Accordingly, adjusted EBITDA tends to be lower in the third and fourth quarters, due to the costs associated with higher seasonal loading volumes. With respect to ABPU, historically we have experienced seasonal sequential increases in the second and third quarters, due to higher levels of usage and roaming in the spring and summer months, followed by historical seasonal sequential declines in the fourth and first quarters. However, this seasonal effect on ABPU has moderated, as unlimited voice and data options have become more prevalent, resulting in less variability in chargeable data usage.

Bell Wireline revenue tends to be higher in the fourth quarter because of historically higher data and equipment product sales to business customers. 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 revenue 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 and NBA 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 business 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 ability to compete in the marketplace. Bell Canada and several of its direct and indirect subsidiaries, including Bell Mobility, Bell ExpressVu Limited Partnership (ExpressVu), Bell Media, 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*. Our business is affected by regulations, policies and 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, and other federal government departments, in particular ISED and the Competition Bureau, as well as by prime minister mandate letters such as the mandate letters issued on December 13, 2019, announcing the government's intention to reduce the average cost of cellular phone bills in Canada by 25 percent.

In particular, the CRTC regulates the prices we can charge for retail telecommunications services when it determines there is not enough competition to protect the interests of consumers. The CRTC has determined that competition is sufficient to grant forbearance from retail price regulation under the *Telecommunications Act* for the vast majority of our retail wireline and wireless telecommunications services. The CRTC can also mandate the provision of access by competitors to our wireline and wireless networks and the rates we can charge them. Notably, it currently mandates wholesale high-speed access for wireline broadband as well as domestic wireless roaming services. Additional mandated services, as well as lower mandated wholesale rates, could undermine our incentives to invest in network improvements and extensions, limit our flexibility, influence the market structure, improve the business position of our competitors, limit network-based differentiation of our services and negatively impact the financial performance of our businesses. Our TV distribution and our TV and radio broadcasting businesses are subject to the *Broadcasting Act* and are, for the most part, not subject to retail price regulation.

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, spectrum auctions, the imposition of consumer-related codes of conduct, approval of acquisitions, broadcast and spectrum licensing, foreign ownership requirements, and control of copyright piracy. Adverse decisions by governments or regulatory agencies, increasing regulation or a lack of effective anti-piracy remedies could have negative financial, operational, reputational or competitive consequences for our business.

REVIEW OF KEY LEGISLATION

On June 5, 2018, the Minister of Innovation, Science and Industry and the Minister of Canadian Heritage announced the launch of a review of the *Broadcasting Act*, the *Radiocommunication Act* and the *Telecommunications Act* (the Acts). The legislative review is intended to modernize the Acts to better address new realities impacting the broadcasting and telecommunications industries. The review was led by a panel of external experts tasked with consulting industry members and Canadian consumers. On January 29, 2020, the review panel issued a report that included 97 recommendations. Reforms of these key pieces of legislation could have material impacts for our broadcasting, telecommunications and wireless businesses. It is unclear which of the panel's recommendations, if any, may be adopted by the government, and when any adopted reforms would come into force. Therefore, the impact, if any, of these recommendations on our business and financial results is unclear at this time.

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 of 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 telecommunications services, unless the services are exempt 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 those in the BCE group, 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 MOBILE WIRELESS SERVICES

On February 28, 2019, the CRTC launched its planned review of the regulatory framework for mobile wireless services. The purpose of the proceeding is to consider changes to the wireless regulatory framework developed in 2015. The main issues in the CRTC's consultation include (i) competition in the retail market; (ii) the current wholesale mobile wireless service regulatory framework, with a focus on wholesale MVNO access; and (iii) the future of mobile wireless services in Canada, with a focus on reducing barriers to infrastructure deployment. With respect to MVNOs, the CRTC expressed the preliminary view that it would be appropriate for the national wireless carriers to provide wholesale MVNO access. The CRTC held a public hearing in February 2020 and a decision is expected later in 2020. It is unclear what impact, if any, the results of this consultation could have on our business and financial results. However, a decision by the CRTC mandating MVNO access will negatively impact our capacity to make investments at the same levels as we have in the past and, accordingly, it will put at risk our ability to invest in next-generation networks.

MANDATED DISAGGREGATED WHOLESALE ACCESS TO FTTP NETWORKS

On July 22, 2015, in Telecom Regulatory Policy CRTC 2015-326, the CRTC mandated the introduction of a new disaggregated wholesale high-speed access service, including over FTTP facilities. The first stage of its implementation is to take place only in Ontario and Québec, our two largest markets. This adverse regulatory decision may impact the specific nature, magnitude, location and timing of our future FTTP investment decisions. In particular, the introduction by the CRTC of mandated wholesale services over FTTP undermines the incentives for facilities-based digital infrastructure providers to invest in next-generation wireline networks, particularly in smaller communities and rural areas.

On August 29, 2017, in Telecom Order CRTC 2017-312, the CRTC set interim rates for the new disaggregated wholesale high-speed access service. The final rates remain to be determined. The mandating of final rates that are materially different from the rates we proposed could further impact our investment strategy, improve the business position of our competitors and adversely impact our financial results.

PROPOSED EXPANSION OF AGGREGATED WHOLESALE ACCESS REGIME TO FTTP NETWORKS

On November 7, 2018, the Canadian Network Operators Consortium Inc. (CNOC) (which represents wholesale ISPs) applied to the CRTC to obtain mandated access via aggregated services to FTTP facilities. In addition, CNOC is requesting the introduction of a third wholesale high-speed access service, which would feature some level of aggregation between that of the already well-established mandated aggregated wholesale high-speed access service and the newer disaggregated wholesale high-speed access service referred to under *Mandated disaggregated wholesale access to FTTP networks* above. The inclusion of FTTP facilities in the aggregated regime and the introduction of yet another mandated wholesale high-speed service could further undermine the incentives for facilities-based digital infrastructure providers to invest in next-generation wireline networks, improve the business position of our competitors and adversely impact our financial results.

REVIEW OF WHOLESALE FTTN HIGH-SPEED ACCESS SERVICE RATES

As part of its ongoing review of wholesale Internet rates, on October 6, 2016, the CRTC significantly reduced, on an interim basis, some of the wholesale rates that Bell Canada and other major providers charge for access by third-party Internet resellers to FTTN or cable networks, as applicable. On August 15, 2019, the CRTC further reduced the wholesale rates that Internet resellers pay to access network infrastructure built by facilities-based providers like Bell Canada, with retroactive effect back to March 2016 (the Decision). The estimated cost impact to Bell Canada of the Decision could be in excess of $100 million, if not overturned or otherwise modified, and will reduce the scope of Bell Canada's broadband wireless Internet build-out plan for smaller towns and rural communities by approximately 200,000 households, to a total revised plan of 1 million households.

Bell Canada and five major cable carriers (Cogeco Communications Inc., Bragg Communications Incorporated (Eastlink), Rogers, Shaw and Vidéotron) (together, the Applicants) have obtained leave to appeal the Decision from the Federal Court of Appeal. The Federal Court of Appeal has also granted a stay of the Decision until it makes its final ruling. The Applicants and TELUS Communications Inc. further appealed the Decision to the Federal Cabinet and have filed review and vary applications of the Decision with the CRTC.

REVIEW OF BASIC TELECOMMUNICATIONS SERVICES

On December 21, 2016, the CRTC issued Telecom Regulatory Policy CRTC 2016-496, in which it created a $750 million new fund to expand access to broadband Internet as well as access to the latest generally deployed wireless technology across Canada (Fund). The Fund will collect and distribute $750 million over five years to support the CRTC's universal service objective that all Canadians have access to Internet speeds of at least 50 Mbps download and access to the latest generally deployed mobile wireless technology. Contributions to the Fund will be collected from telecommunications service providers, like those of the BCE group, and distributed through a competitive bidding process. The Fund will start at $100 million in its first year and grow by $25 million each year until it caps out at $200 million in the fifth year. On June 3, 2019, the CRTC launched a first call for applications to receive funds from the Fund, that was due October 3, 2019, for projects in the North and for satellite-dependent communities. On November 13, 2019, the CRTC launched its second call for applications, due March 27, 2020, for all eligible projects to improve broadband access across Canada, including in areas covered by the first call. While we will be required to contribute to the Fund based on our percentage of industry revenues for voice, data and Internet services, the extent of the impact of the Fund on our business is not yet known, as funds contributed may be offset by any funds received should we seek and be awarded funds to deploy broadband services.

On June 26, 2018, in Telecom Regulatory Policy CRTC 2018-213, the CRTC decided to phase out the local service subsidy over three years, from January 1, 2019 to December 31, 2021, through semi-annual reductions. This subsidy, collected from the industry, is remitted to national telephone providers, such as Bell Canada, to support residential local phone service in high-cost areas. BCE group entities both contribute to and draw from this subsidy fund, with BCE group entities currently in a small net beneficiary position. On the same date, the CRTC launched Telecom Notice of Consultation CRTC 2018-214 (the Consultation) to review certain elements of the local service regime, including whether additional pricing flexibility or some form of compensation is required for national telephone providers, given that the local service subsidy will be eliminated. The Consultation also reviewed the existing forbearance regimes for local residential and business services. In its decision resulting from this Consultation issued on February 4, 2020 (Telecom Regulatory Policy 2020-40), the CRTC did not provide any additional pricing flexibility or other form of compensation to the national telephone providers for the elimination of the local service subsidy, maintained the obligation to serve and did not provide additional technological flexibility to the national telephone providers to meet that obligation in regulated 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 telecommunications services) in all provinces and territories.

The Wireless Code regulates certain aspects of the provision of wireless services. Most notably, the Wireless Code prevents wireless service providers from charging an early cancellation fee after a customer has been under contract for 24 months and requires providers to recover any handset subsidies in two years or less. These requirements have effectively removed contracts with terms greater than two years from the marketplace.

On June 15, 2017, the CRTC issued Telecom Regulatory Policy CRTC 2017-200, making targeted changes to the Wireless Code, effective December 1, 2017, and clarifying existing rules. The revisions to the Wireless Code prevent service providers from selling locked devices, increase voice, text and data usage allowances for customers to try out their services during the mandatory 15-day buyer's trial period for purchased devices, and establish additional controls related to data overage and data roaming charges, among other things.

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.

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.

Our TV distribution operations and our 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 our competitive position or the cost of providing services.

CHANGES TO SIMULTANEOUS SUBSTITUTION

In Broadcasting Regulatory Policy CRTC 2015-25, the CRTC announced its intention to eliminate simultaneous substitution for the Super Bowl starting in 2017. This decision was implemented in Broadcasting Regulatory Policy CRTC 2016-334 and Broadcasting Order CRTC 2016-335 (the Order).

Bell Canada and Bell Media appealed the application of the Order to the Federal Court of Appeal, as did the NFL. Bell Canada and Bell Media argued that the CRTC does not have jurisdiction under the *Broadcasting Act* to ban simultaneous substitution for the Super Bowl and that doing so constitutes unauthorized retrospective regulation and interference with Bell Media's vested economic rights. The appeal was denied on December 18, 2017. On May 10, 2018, the Supreme Court of Canada granted leave for Bell Canada, Bell Media and the NFL to appeal the decision of the Federal Court of Appeal.

In a decision issued on December 20, 2019, the Supreme Court of Canada overturned the Federal Court of Appeal's decision and concluded that the CRTC could not use the *Broadcasting Act* provision in question to ban simultaneous substitution for the Super Bowl program. As a result, starting with the 2020 Super Bowl, the simultaneous substitution regime applies again to the Super Bowl, as it does now with other programs whose rights have been acquired by Canadian conventional TV stations.

The CRTC's decision to eliminate simultaneous substitution for the Super Bowl has had an adverse impact on Bell Media's conventional TV business and financial results, as a result of a reduction in viewership and advertising revenues. With simultaneous substitution now being reinstated, advertisements sold by Bell Media can again be substituted over those sold by U.S. stations for their U.S. signals during the Super Bowl program, thereby maximizing advertising revenues for the total Canadian audience watching the Super Bowl program.

TELEVISION SERVICE PROVIDER CODE

On January 7, 2016, the CRTC issued Broadcasting Regulatory Policy CRTC 2016-1, which established the Television Service Provider Code (the TV Code). The TV Code came into force on September 1, 2017 and requires all regulated TV service providers, as well as exempt TV service providers that are affiliated with a regulated service provider, to observe certain rules concerning their consumer agreements for TV services. The TV Code does not apply to other exempt providers, such as OTT providers not affiliated with a regulated service provider.

The TV Code specifically imposes requirements relating to the clarity of offers, the content of contracts, trial periods for persons with disabilities, how consumers can change their programming options, and when services may be disconnected, among other things.

As part of Broadcasting Regulatory Policy CRTC 2016-1, the CRTC also expanded the mandate of the Commissioner for Complaints for Telecommunications Services, now the Commission for Complaints for Telecom-Television Services (CCTS), to include the administration of the TV Code and to enable the CCTS to accept consumer complaints about TV services.

8.4 Radiocommunication Act

ISED regulates the use of radio spectrum under the *Radiocommunication Act* to ensure that radiocommunication in Canada is developed and operated efficiently. All companies wishing to operate a wireless system in Canada must hold a spectrum licence to do so. 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*.

ISED DECISION AND CONSULTATION ON 3500 MHZ AND OTHER SPECTRUM

On June 5, 2019, ISED released its *Decision on Revisions to the 3500 MHz Band to Accommodate Flexible Use and Preliminary Decisions on Changes to the 3800 MHz Band*. ISED decided that it will allow flexible use (which allows spectrum to be used for both fixed and mobile services) in the 3450–3650 MHz band. This allows ISED to issue flexible use licences in this frequency range. ISED will require existing licensees, such as Inukshuk Wireless Partnership (a Bell Canada and Rogers Communications Inc. partnership), to return a portion of their existing licences in return for a flexible use licence following the auction. Existing licensees that currently hold 75 MHz of spectrum or more of fixed use licences in a given area will be eligible to apply for a new flexible use licence of 60 MHz in the related area; those with 50 MHz of spectrum will be eligible to apply for 50 MHz; and all other licensees will be eligible to apply for 20 MHz. Existing licensees will be allowed to continue operating where they do not prevent the deployment of new licences. If they are required to transition, they will be subject to a protection period of six months to three years, depending on the size of the population centre in the service area in which they operate. ISED will launch a future consultation to determine the amount of spectrum that will be assigned for flexible use in the 3700–4200 MHz band. It is unclear what impact the results of this decision and future related processes could have on our business and financial results.

3500 MHZ SPECTRUM AUCTION

On March 5, 2020, ISED released its *Policy and Licensing Framework for Spectrum in the 3500 MHz Band,* which will govern the auction of spectrum licences in the 3500 MHz band. ISED will set aside 50 MHz of spectrum for regional service providers in all areas where at least 50 MHz will be available for auction or all available spectrum in areas with a large population centre where less than 50 MHz is available. The auctioned licences will have a 20-year term and set-aside licences will not be transferable to set-aside ineligible entities for the first 5 to 7 years of the licence term. In addition, licensees will need to meet general network coverage targets in each licence area at 5, 10 and 20 years following licence issuance. Licensees with existing LTE networks will be subject to additional deployment requirements based on their existing LTE coverage. While the adoption of set-aside provisions limits the amount of spectrum that Bell Mobility can bid on, ISED will not apply a spectrum cap on licensees. Bidding in the auction will begin on December 15, 2020.

DECISION ON RELEASING MILLIMETRE WAVE SPECTRUM TO SUPPORT 5G

On June 5, 2019, ISED issued its *Decision on Releasing Millimetre Wave Spectrum to Support 5G.* In this decision, ISED announced that spectrum in the 26 GHz, 28 GHz, and 37–40 GHz bands will transition from satellite use to flexible use (i.e., mobile or fixed use). ISED will designate the 64–71 GHz band for licence-exempt operations on a no-interference, no-protection basis. ISED indicated that the licensing of this spectrum will occur in 2021 and it will establish the details and specific rules through one or more future consultations. It is unclear what impact the results of this decision and future related processes could have on our business and financial results.

8.5 Bell Canada Act

Among other things, the *Bell Canada Act* limits how Bell Canada voting shares and Bell Canada facilities may be sold or transferred. Specifically, 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

COPYRIGHT ACT REVIEW

On December 13, 2017, the federal government passed a motion in Parliament to formally launch a review of the *Copyright Act*. This review is mandated by the *Copyright Act* itself, which requires that the legislation be examined every five years. The Standing Committee on Industry, Science and Technology, working in collaboration with the Standing Committee on Canadian Heritage, led the process, which began in February 2018. The Standing Committee on Canadian Heritage released its report on May 15, 2019 and the Standing Committee on Industry, Science and Technology released its report on June 3, 2019. Each Committee made a series of recommendations in respect of the rights of Canadian copyright holders and users and the effectiveness of Canadian copyright law. At this time, it is not known whether these reports will lead to amendments to the *Copyright Act* and the impact of any potential amendments on our business and financial results is unknown.

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.

TECHNOLOGY/INFRASTRUCTURE TRANSFORMATION

The failure to transform our operations, enabling a truly customer-centric service experience across a constantly evolving profile of world-class products and services at all points of interaction, while lowering our cost structure, 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. The availability of improved networks and software technologies provides the foundation for better and faster connections, which have in turn led to a significant growth in IoT applications. Change can be difficult and may present unforeseen obstacles that 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 infrastructure. The failure to accurately assess the potential of new technologies, or 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 use new as well as evolving and developing technologies, including network functions virtualization, software-defined networks, cloud technologies, artificial intelligence and machine learning. They also seek to transform our network and systems through consolidation, virtualization and automation to achieve our objectives of becoming more agile in our service delivery and operations as well as providing omni-channel capabilities for our customers, ensuring best quality and customer experience, and developing a new network infrastructure that enables a competitive cost structure and rapidly growing capacity. These evolution activities require an operational and cultural shift. Alignment across technology, product development and operations is increasingly critical to ensure appropriate trade-offs and optimization of capital allocation. Failure to transform our operations, enabling a truly customer-centric service experience across a constantly evolving profile of world-class products and services at all points of interaction, while lowering our cost structure, could hinder our ability to compete on footprint, service experience and cost structure and have an adverse impact on our business and financial results.

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 maximize adaptable infrastructures, processes and technologies to quickly and efficiently respond to evolving customer patterns and behaviours and 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 lowering of rates by the CRTC of mandated wholesale services over FTTN or FTTP, the

potential for additional mandated access to our networks or the imposition of wholesale obligations on wireless networks will undermine the incentives for facilities-based digital infrastructure providers to invest in next-generation wireline and wireless networks. Failure to continue investment in next-generation capabilities in a disciplined and strategic manner could limit our ability to compete effectively and achieve desired business and financial results.

Other examples of risks affecting the achievement of our desired technology/infrastructure transformation include the following:

- We, and other telecommunications carriers we rely on to provide services, must be able to purchase high-quality network equipment and services from third-party suppliers on a timely basis and at a reasonable cost (refer to *Dependence on third-party suppliers* below for more details)
- Network construction and deployment on municipal or private property requires the issuance of municipal or property owner consents, respectively, for the installation of network equipment, which could increase the cost of, and cause delays in, FTTP and wireless rollouts
- Suboptimal capital deployment in network build, infrastructure and process upgrade, and customer service improvement, could hinder our ability to compete effectively
- The successful deployment of WTTP and 5G mobile services could be impacted by various factors, including environmental factors, affecting coverage and costs
- 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
- 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 content consumption habits evolve and viewing options increase, our ability to develop alternative delivery vehicles in order to seek to compete in new markets and increase customer engagement and revenue streams may be hindered by the significant software development and network investment required
- Successfully managing the development and deployment on a timely basis of relevant product solutions to match the speed of adoption of IoT in the areas of retail, business and government could be challenging
- We must be able to take advantage of new opportunities, in order to meet our business objectives, 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.

CUSTOMER EXPERIENCE

Driving a positive customer experience in all aspects of our engagement with customers is important to avoid brand degradation and other 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 and consistent service experience could hinder product and service differentiation and customer loyalty. The foundation of effective customer service stems from our ability to deliver high-quality, consistent and simple solutions to customers in an expeditious manner and on mutually agreeable terms. However, complexity in our operations resulting from multiple technology platforms, billing systems, sales channels, marketing databases and a myriad of rate plans, promotions and product offerings, in the context of a large customer base and workforce that continuously requires to be trained, monitored and replaced, may limit our ability to respond quickly to market changes and reduce costs, and may lead to customer confusion or billing, service or other errors, which could adversely affect customer satisfaction, acquisition and retention. These challenges may be exacerbated as services become more complex. Media attention to customer complaints could also erode our brand and reputation and adversely affect customer acquisition and retention.

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 develop true omni-channel capabilities and embrace these new media in a positive way could adversely affect our business, financial results, reputation and brand value.

Understanding the customer relationship as a whole and delivering a simple, seamless experience at a fair price is increasingly central to an evolving competitive dynamic. Failure to improve our customer experience by digitizing and developing a consistent, fast and on-demand experience before, during and after sales using new technologies such as artificial intelligence and machine learning, in parallel to our network evolution, could also adversely affect our business, financial results, reputation and brand value.

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 and media 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 our aging networks could have an adverse impact on our business and financial performance. Furthermore, as we move to more software-defined networks, we will need to manage the possibility of some instability during the transition.

In addition, we currently use a very large number of interconnected operational and business support systems for provisioning, networking, distribution, broadcast management, billing and accounting, which may hinder our operational efficiency. If we fail to implement or maintain highly effective 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, staff reductions 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 results
- We may experience more service interruptions or outages due to aging legacy infrastructure. In some cases, vendor support is no longer available or legacy vendor operations have ceased.
- There may be a lack of competent and cost-effective resources to perform the life-cycle management and upgrades necessary to maintain the operational status of legacy networks

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

Our operations, service performance, reputation and business continuity depend on how well we and our contracted product and service providers, as well as other telecommunications carriers on which we rely to provide services, protect networks and IT systems, as well as other infrastructure and facilities, from events such as information security attacks, unauthorized access or entry, fire, natural disaster (including, without limitation, seismic and severe weather-related events such as ice, snow and wind storms, wildfires, flooding, extended heat waves, hurricanes, tornadoes and tsunamis), power loss, building cooling loss, acts of war or terrorism, sabotage, vandalism, actions of neighbours and other events. As discussed in more detail in *Environmental and health concerns – Climate change and other environmental concerns could have an adverse effect on our business* below, climate change, especially in areas of greater environmental sensitivity, could heighten the occurrence of the above-mentioned environmental risks. 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 by us, or by other telecommunications carriers on which we rely to provide services, to complete planned and sufficient testing, maintenance, replacement or upgrade of our or their networks, equipment and other facilities, which is, amongst others, dependent on our or their ability to purchase equipment and services from third-party suppliers, 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 to provide our satellite TV services are subject to significant operational risks that could have an adverse effect on our business and financial performance

Pursuant to a set of commercial arrangements between ExpressVu and Telesat Canada (Telesat), we currently have satellites under contract with Telesat. Telesat operates or directs the operation of these satellites, which 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 to provide our satellite TV services. Acts of war or terrorism, magnetic, electrostatic or solar storms, or space debris or meteoroids could also damage such satellites. Any loss, failure, manufacturing defect, damage or destruction of these satellites, of our terrestrial broadcasting infrastructure or of Telesat's tracking, telemetry and control facilities to operate the satellites could have an adverse effect on our business and financial performance and could result in customers terminating their subscriptions to our satellite TV service.

PEOPLE

Our employees and contractors are key resources and there is a broad and complex range of risks that 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 efficiently and safely based on the tasks they are completing and the environment in which they are functioning. Failure to achieve these basic expectations could adversely affect our organizational culture, reputation, business and financial results, as well as our ability to attract high-performing team members. Competition for highly skilled team members is intense, which makes essential the development of a comprehensive human resources strategy to adequately compete for talent and to identify and secure high-performing candidates for a broad range of job functions, roles and responsibilities. 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 that 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 and the high demand in the market for skilled resources in strategic areas create a challenging environment for hiring, retaining and developing such skilled 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
- Renewal of collective agreements could result in higher labour costs and be challenging in the context of a declining workload due to transformation, a maturing footprint and improved efficiencies. During the bargaining process there may be 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 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

DEPENDENCE ON THIRD-PARTY SUPPLIERS

We depend on third-party suppliers, outsourcers and consultants, some of which are critical, to provide an uninterrupted supply of the products and services we need to operate our business, deploy new network and other technologies and offer new products and services, as well as comply with various obligations

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 vendor selection, governance and oversight processes established to seek 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. In addition, any such gaps could result in suboptimal management of our vendor base, increased costs and missed opportunities. Some of our third-party suppliers and outsourcers are located in foreign countries, which increases the potential for a breakdown in supply due to the risks of operating in foreign jurisdictions with different laws, geo-political environments and cultures, as well as the potential for localized natural disasters.

We may have to select different third-party suppliers of equipment and other products and services, as well as outsourcers, in order to meet evolving internal company policies and guidelines as well as regulatory requirements. Should we decide, or be required by a governmental authority or otherwise, to terminate our relationship with an existing supplier or outsourcer, this would decrease the number of available suppliers or outsourcers and could result in increased costs, transitional, support, service, quality or continuity issues; delay our ability to deploy new network and other technologies and offer new products and services; and adversely affect our business and financial results.

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.

In addition, certain company initiatives rely heavily on professional consulting services provided by third parties, and a failure of such third parties may not be reasonably evident until their work is delivered or delayed. Difficulties in implementing remedial strategies in respect of professional consulting services provided by third parties that are not performed in a proper or timely fashion could result in an adverse effect on our ability to comply with various obligations, including applicable legal and accounting requirements.

Other examples of risks associated with our dependence on third-party suppliers 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 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 resolutions
- The insolvency of one or more of our suppliers could cause a break-down in supply and have an adverse effect on our operations, including our ability to make sales or service customers, as well as on our financial results
- 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, which 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 programs 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.
- Products (including software) and services supplied to us may contain security issues including, but not limited to, latent security issues that would not be apparent upon an inspection. Should we or a supplier fail to correct a security issue in a timely fashion, there could be an adverse effect on our business and financial results.

- We rely on other telecommunications carriers from time to time to deliver services. Should these carriers fail to roll out new networks or fail to upgrade existing networks, or should their networks be affected by operational failures or service interruptions, such issues could adversely affect our ability to provide services using such carriers' networks and could, consequently, have an adverse effect on our business, financial results and reputation.
- BCE depends on call centre and technical support services provided by a number of external suppliers and outsourcers, some of which are located in foreign countries. These vendors have access to customer and internal BCE information necessary for the support services that they provide. Information access and service delivery issues that are not managed appropriately may have an adverse impact on our reputation, the quality and speed of services provided to customers, and our ability to address technical issues.

FINANCIAL MANAGEMENT

If we are unable to raise the capital we need or generate sufficient cash flows from operating activities, 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, fund capital expenditures and provide for planned growth depends on having access to adequate sources of capital and on our ability to generate cash flows from operating activities, 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, debt capital and money 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, political, economic and financial market instability in Canada or abroad, government policies, central bank monetary policies, changes to bank capitalization or other 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 debt or equity capital, retain senior executives and other key employees, make strategic acquisitions or enter into joint ventures.

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 operating activities and on our growth prospects.

We cannot guarantee that BCE's dividend payout policy will be maintained or that dividends will be increased or declared

From time to time, the BCE Board reviews the adequacy of BCE's dividend payout policy with the objective of allowing sufficient financial flexibility to continue investing in our business while growing returns to shareholders. Under the current dividend payout policy, increases in the common share dividend are directly linked to growth in BCE's free cash flow. BCE's dividend payout policy, increases in the common share dividend and the declaration of dividends on any of BCE's outstanding shares are subject to the discretion of the BCE Board and, consequently, there can be no guarantee that BCE's dividend payout policy will be maintained, that the dividend on common shares will be increased or that dividends will be declared. BCE's dividend payout policy, dividend increases and the declaration of dividends by the BCE Board are 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 6.5, *Financial risk management* of this MD&A and in Note 26 to BCE's 2019 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, reduced profit margins, cash flow shortages, inability to complete planned capital expenditures, reputational damage, equity and debt securities 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, require us to increase contributions to our post-employment benefit plans in the future and, therefore, 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 depends significantly on the performance of capital markets. Market conditions also impact the discount rate used to calculate our pension plan solvency obligations and could therefore also significantly affect our cash funding requirements.

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

Our complex business operations are subject to various tax laws. 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 financial guidance

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. Examples of risks to our ability to reduce costs or limit potential cost increases include the following:

- 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
- 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
- Failure to contain growing operational costs related to network sites, footprint expansion, spectrum licences and content and equipment acquisition could have a negative effect on our financial performance
- Fluctuations in energy prices are partly influenced by government policies to address climate change such as carbon pricing 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 a large number of employees, BCE 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
- Fraudulent (unauthorized) access and manipulation of customer accounts, including through sim-swap and port out fraud
- 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, which could potentially divert users to unlicensed or otherwise illegitimate platforms, thus impacting our ability to derive distribution and advertising revenues
- Ongoing efforts to steal the services of TV distributors, including Bell Canada and ExpressVu, 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 claims and legal proceedings as part of our business. Plaintiffs are able to launch and obtain certification of class actions on behalf of a large group of people with increasing ease, and securities laws facilitate the introduction 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. In addition, the increase in laws and regulations around customer interactions and the technological evolution of our business create an environment of complex compliance requirements which must be adequately managed.

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 legislation
- Privacy legislation, such as Canada's anti-spam legislation (CASL) and the *Personal Information Protection and Electronic Documents Act*, as well as other privacy legislation we may become subject to via mandatory flow-through of privacy-related obligations by our customers
- Tax legislation
- Corporate and securities legislation
- IFRS requirements
- Environmental protection and health and safety laws
- Payment card industry standards for protection against customer credit card infractions

The failure to comply with any of the above or other legal or regulatory obligations could expose us to litigation, including pursuant to class actions, and significant fines and penalties, as well as result in reputational harm.

For a description of important legal proceedings involving us, please see the section entitled *Legal proceedings* contained in the BCE 2019 AIF.

Finally, the failure of our employees, suppliers or other business partners to comply with applicable legal and ethical standards including, without limitation, anti-bribery laws, as well as our policies and contractual obligations, could also expose us to litigation and significant fines and penalties, and result in reputational harm or being disqualified from bidding on contracts.

ENVIRONMENTAL AND HEALTH CONCERNS

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, replace and upgrade our networks, IT systems, equipment and other facilities* in this section 9. Given that some of our third-party suppliers and outsourcers are located in foreign countries, localized natural disasters in such countries could further negatively impact our business. In addition, rising mean temperatures and extended heat waves could increase the need for cooling capacity in our data centres and network infrastructure, thus increasing our energy consumption and associated costs. Several areas of our operations also 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.

Health concerns about radiofrequency emissions from wireless communication devices and equipment, as well as pandemics, 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. In 2011, the International Agency for Research on Cancer (IARC) of the World Health Organization classified radiofrequency electromagnetic fields from wireless phones as possibly carcinogenic to humans, but also indicated that chance, bias or confounding could not be ruled out with reasonable confidence. The IARC also called for additional research into long-term heavy use of mobile phones.

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 may face lawsuits relating to alleged adverse health effects on customers, as well as relating to our marketing and disclosure practices in connection therewith, and the likely outcome of such potential lawsuits would be unpredictable and could 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, pandemics, epidemics and other health risks could occur, which could adversely affect our ability to maintain operational networks and provide products and services to our customers, as well as the ability of our suppliers to provide us with products and services we need to operate our business. Pandemics, epidemics and other health risks could also have an adverse effect on the economy and financial markets resulting in a declining level of retail and commercial activity, which could have a negative impact on the demand for, and prices of, our products and services.

Any of these events could have an adverse effect on our business and financial performance.

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, *Significant accounting policies*, in BCE's 2019 consolidated financial statements for more information about the accounting principles we used 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 estimates and judgments 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, as required.

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.

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 2019 – INCREASE/(DECREASE)		IMPACT ON POST-EMPLOYMENT BENEFIT OBLIGATIONS AT DECEMBER 31, 2019 – INCREASE/(DECREASE)	
	CHANGE IN ASSUMPTION	INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION	INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION
Discount rate	0.5%	(75)	69	(1,728)	1,944
Life expectancy at age 65	1 year	38	(39)	945	(972)

REVENUE FROM CONTRACTS WITH CUSTOMERS

We are required to make estimates that affect the amount of revenue from contracts with customers, including estimating the stand-alone selling prices of products and services.

For bundled arrangements, we account for individual products and services when they are separately identifiable and the customer can benefit from the product or service on its own or with other readily available resources. The total arrangement consideration is allocated to each product or service included in the contract with the customer based on its stand-alone selling price. We generally determine stand-alone selling prices based on the observable prices at which we sell products separately without a service contract and prices for non-bundled service offers with the same range of services, adjusted for market conditions and other factors, as appropriate. When similar products and services are not sold separately, we use the expected cost plus margin approach to determine stand-alone selling prices. Products and services purchased by a customer in excess of those included in the bundled arrangement are accounted for separately.

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*.

Impairment charges in 2019 included $85 million allocated to indefinite-life intangible assets, and $8 million allocated primarily to property, plant and equipment. These impairment charges relate to broadcast licences and certain assets for various radio markets within our Bell Media segment. The impairment charges were a result of continued advertising demand and ratings pressures in the industry resulting from audience declines, as well as competitive pressure from streaming services. The charges were determined by comparing the carrying value of the cash generating units (CGUs) to their fair value less cost of disposal. We estimated the fair value of the CGUs using both discounted cash flows and market-based valuation models, which include five-year cash flow projections derived from business plans reviewed by senior management for the period of January 1, 2020 to December 31, 2024, using a discount rate of 7.5% and a perpetuity growth rate of nil as well as market multiple data from public companies and market transactions. The carrying value of these CGUs was $464 million at December 31, 2019.

Impairment charges in 2018 included $145 million allocated to indefinite-life intangible assets, and $14 million allocated to finite-life intangible assets. These impairment charges primarily relate to our French TV channels within our Bell Media segment. These impairments were the result of revenue and profitability declines from lower audience levels and subscriber erosion. The charges were determined by comparing the carrying value of the CGUs to their fair value less costs of disposal. We estimated the fair value of the CGUs using both discounted cash flows and market-based valuation models, which include five-year cash flow projections derived from business plans reviewed by senior management for the period of January 1, 2019 to December 31, 2023, using a discount rate of 8.0% to 8.5% and a perpetuity growth rate of nil, as well as market multiple data from public companies and market transactions. The carrying value of these CGUs was $515 million at December 31, 2018. In the previous year's impairment analysis, the company's French Pay and French Specialty TV channels were tested for recoverability separately. In 2018, the CGUs were grouped to form one French CGU which reflects the evolution of the cash flows from our content strategies as well as the CRTC beginning to regulate Canadian broadcasters under a group licence approach based on language. Additionally, in 2018, we recorded an indefinite-life intangible asset impairment charge of $31 million within our Bell Media segment as a result of a strategic decision to retire a brand.

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 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. Both fair value less costs of disposal and value in use are 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 recognized in *Other expense* in the income statements for any excess of the carrying value of goodwill over its recoverable amount. For purposes of impairment testing of goodwill, our CGUs or groups of CGUs correspond to our reporting segments as disclosed in Note 3, *Segmented information*, in BCE's 2019 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.

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 (1.1%) in the perpetuity growth rate or an increase of 0.8% in the discount rate would have resulted in its recoverable amount being equal to its carrying value.

There were no goodwill impairment charges in 2019 or 2018.

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 amounts of deferred tax assets and liabilities are estimated with consideration given to the timing, sources and amounts of future taxable income.

LEASES

The application of IFRS 16 requires us to make estimates that affect the measurement of right-of-use assets and liabilities, including determining the appropriate discount rate used to measure lease liabilities. Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using our incremental borrowing rate, unless the rate implicit in the lease is readily determinable. Our incremental borrowing rate is derived from publicly available risk-free interest rates, adjusted for applicable credit spreads and lease terms. We apply a single incremental borrowing rate to a portfolio of leases with similar characteristics.

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 and earnings multiples.

CONTINGENCIES

In the ordinary course of business, we become involved in various claims and legal proceedings seeking monetary damages and other relief. Pending claims and legal proceedings 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.

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.

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 under the 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 long-term, 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 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 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.

LEASES

The application of IFRS 16 requires us to make judgments that affect the measurement of right-of-use assets and liabilities. A lease contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At inception of the contract, we assess whether the contract contains an identified asset, whether we have the right to obtain substantially all of the economic benefits from use of the asset and whether we have the right to direct how and for what purpose the asset is used. In determining the lease term, we include periods covered by renewal options when we are reasonably certain to exercise those options. Similarly, we include periods covered by termination options when we are reasonably certain not to exercise those options. To assess if we are reasonably certain to exercise an option, we consider all facts and circumstances that create an economic incentive to exercise renewal options (or not exercise termination options). Economic incentives include the costs related to the termination of the lease, the significance of any leasehold improvements and the importance of the underlying assets to our operations.

REVENUE FROM CONTRACTS WITH CUSTOMERS

The identification of performance obligations within a contract and the timing of satisfaction of performance obligations under long-term contracts requires judgment. For bundled arrangements, we account for individual products and services when they are separately identifiable and the customer can benefit from the product or service on its own or with other readily available resources. When our right to consideration from a customer corresponds directly with the value to the customer of the products and services transferred to date, we recognize revenue in the amount to which we have a right to invoice. We recognize product revenues from the sale of wireless handsets and devices and wireline equipment when a customer takes possession of the product. We recognize service revenues over time, as the services are provided. Revenues on certain long-term contracts are recognized using output methods based on products delivered, performance completed to date, time elapsed or milestones met.

Additionally, the determination of costs to obtain a contract, including the identification of incremental costs, also requires judgment. Incremental costs of obtaining a contract with a customer, principally comprised of sales commissions and prepaid contract fulfillment costs, are included in contract costs in the statements of financial position, except where the amortization period is one year or less, in which case costs of obtaining a contract are immediately expensed. Capitalized costs are amortized on a systematic basis that is consistent with the period and pattern of transfer to the customer of the related products or services.

CGUs

The determination of CGUs or groups of CGUs for the purpose of impairment testing requires judgment.

CONTINGENCIES

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

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 payment as a result of a judgment or 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.

ADOPTION OF NEW OR AMENDED ACCOUNTING STANDARDS

As required, effective January 1, 2019, we adopted the following new or amended accounting standards.

STANDARD	DESCRIPTION	IMPACT
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 substantially change lease accounting for lessors.	We adopted IFRS 16 using a modified retrospective approach whereby the financial statements of prior periods presented were not restated and continue to be reported under IAS 17 – Leases, as permitted by the specific transition provisions of IFRS 16. The cumulative effect of the initial adoption of IFRS 16 was reflected as an adjustment to the deficit at January 1, 2019. Further details on the impacts of adopting IFRS 16 on our January 1, 2019 consolidated statement of financial position are provided in Note 35, *Adoption of IFRS 16*, in BCE's 2019 consolidated financial statements. We are currently assessing the impacts of the International Financial Reporting Interpretations Committee (IFRIC) agenda decision published in December 2019 in regards to determination of the lease term for cancellable or renewable leases under IFRS 16. As permitted by the IASB, implementation of the decision is expected in the first quarter of 2020. Under IAS 17, leases of property, plant and equipment were recognized as finance leases when we obtained substantially all the risks and rewards of ownership of the underlying assets. All other leases were classified as operating leases. IFRS 16 eliminates the distinction between operating and finance leases for lessees, requiring instead that we recognize a right-of-use asset and a lease liability at lease commencement for all leases, with certain exceptions permitted through elections and practical expedients. Accounting for leases previously classified as finance leases and lessor accounting remains largely unchanged unde IFRS 16. We recognized lease liabilities at January 1, 2019 for leases previously classified as operating leases, measured at the present value of lease payments using our incremental borrowing rate at that date. Property, plant and equipment includes the corresponding right-of-use assets also recognized at January 1, 2019. The right-of-use assets were generally measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet as at December 31, 2018. In certain cases, the right-of-use assets were measured as though IFRS 16 had been applied since the lease commencement date. A depreciation charge for right-of-use assets is recorded in *Depreciation* and an interest expense on lease liabilities is recorded in *Finance costs* in the income statement. As permitted by IFRS 16, we elected not to recognize lease liabilities and right-of-use assets for short-term leases and leases of low value assets, which will continue to be expensed on a straight-line basis over the lease term. We have also applied certain practical expedients to facilitate the initial adoption and ongoing application of IFRS 16: • We generally do not separate non-lease components from related lease components. Each lease component and any associated non-lease components are accounted for as a single lease component • We apply a single incremental borrowing rate to a portfolio of leases with similar characteristics • As an alternative to performing an impairment review, we adjusted right-of-use assets for any onerous lease provisions recognized in the balance sheet at December 31, 2018 • We applied the exemption not to recognize right-of-use assets and liabilities for certain leases with a remaining term of 12 months or less as of January 1, 2019 • We used hindsight when determining the lease term when the lease contracts contain options to extend or terminate the lease
IFRIC 23 – Uncertainty over Income Tax Treatments	Provides guidance on the application of IAS 12 – Income Taxes when there is uncertainty over income tax treatments. It specifically addresses whether an entity considers uncertain tax treatments separately or as a group, the examination of tax treatments by taxation authorities, the recognition and measurement of the effect of tax uncertainties and how an entity considers changes in facts and circumstances.	IFRIC 23 did not have a significant impact on our financial statements.

ADOPTION OF IFRS 16

Upon adoption of IFRS 16 on January 1, 2019, we recognized right-of-use assets of $2,257 million within property, plant and equipment, and lease liabilities of $2,304 million within debt, with an increase to our deficit of $19 million. These amounts were recognized in addition to assets under finance leases of $1,947 million and the corresponding finance lease liabilities of $2,097 million at December 31, 2018 under IAS 17. As a result, on January 1, 2019, our total right-of-use assets and lease liabilities amounted to $4,204 million and $4,401 million, respectively. The table below shows the impacts of adopting IFRS 16 on our January 1, 2019 consolidated statement of financial position.

	DECEMBER 31, 2018 AS REPORTED	IFRS 16 IMPACTS	JANUARY 1, 2019 UPON ADOPTION OF IFRS 16
Prepaid expenses	244	(55)	**189**
Other current assets	329	9	**338**
Property, plant and equipment	24,844	2,257	**27,101**
Other non-current assets	847	17	**864**
Trade payables and other liabilities	3,941	(10)	**3,931**
Debt due within one year	4,645	293	**4,938**
Long-term debt	19,760	2,011	**21,771**
Deferred tax liabilities	3,163	(7)	**3,156**
Other non-current liabilities	997	(39)	**958**
Deficit	(4,937)	(19)	**(4,956)**
Non-controlling interest	326	(1)	**325**

BCE's operating lease commitments at December 31, 2018 were $1,612 million. The difference between operating lease commitments at December 31, 2018 and lease liabilities of $2,304 million upon adoption of IFRS 16 at January 1, 2019, is due mainly to an increase of $1,122 million related to renewal options reasonably certain to be exercised, an increase of $112 million mainly related to non-monetary transactions and a decrease of ($542) million as a result of discounting applied to future lease payments, which was determined using a weighted average incremental borrowing rate of 3.49% at January 1, 2019.

FUTURE CHANGES TO ACCOUNTING STANDARDS

The following amended standard issued by the IASB has an effective date after December 31, 2019 and has not yet been adopted by BCE.

STANDARD	DESCRIPTION	IMPACT	EFFECTIVE DATE
Amendments to IFRS 3 – Business Combinations	These amendments to the implementation guidance of IFRS 3 clarify the definition of a business to assist entities to determine whether a transaction should be accounted for as a business combination or an asset acquisition.	The amendments to IFRS 3 – Business Combinations may affect whether future acquisitions are accounted for as business combinations or asset acquisitions, along with the resulting allocation of the purchase price between the net identifiable assets acquired and goodwill.	Prospectively for acquisitions occurring on or after January 1, 2020.

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 3, *Segmented information*, in BCE's 2019 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.

	2019	2018
Net earnings	**3,253**	2,973
Severance, acquisition and other costs	**114**	136
Depreciation	**3,496**	3,145
Amortization	**902**	869
Finance costs		
Interest expense	**1,132**	1,000
Interest on post-employment benefit obligations	**63**	69
Other expense	**13**	348
Income taxes	**1,133**	995
Adjusted EBITDA	**10,106**	9,535
BCE operating revenues	***23,964***	*23,468*
Adjusted EBITDA margin	**42.2%**	40.6%

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 mark-to-market losses (gains) on derivatives used to economically hedge equity settled share-based compensation plans, net losses (gains) on investments, early debt redemption costs and impairment charges, net of tax and NCI. 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 mark-to-market losses (gains) on derivatives used to economically hedge equity settled share-based compensation plans, net losses (gains) on investments, early debt redemption costs and impairment charges, 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.

	2019		2018	
	TOTAL	PER SHARE	TOTAL	PER SHARE
Net earnings attributable to common shareholders	**3,040**	**3.37**	2,785	3.10
Severance, acquisition and other costs	**83**	**0.10**	100	0.11
Net mark-to-market losses (gains) on derivatives used to economically hedge equity settled share-based compensation plans	**(101)**	**(0.11)**	58	0.07
Net (gains) losses on investments	**44**	**0.05**	47	0.05
Early debt redemption costs	**13**	**0.01**	15	0.02
Impairment charges	**74**	**0.08**	146	0.16
Adjusted net earnings	**3,153**	**3.50**	3,151	3.51

FREE CASH FLOW AND DIVIDEND PAYOUT RATIO

The terms free cash flow and dividend payout ratio do not have any standardized meaning under IFRS. Therefore, they are unlikely to be comparable to similar measures presented by other issuers.

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. We exclude acquisition and other costs paid and voluntary pension funding 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.

We consider free cash flow to be an important indicator of the financial strength and performance of our businesses because it shows how much cash is available to pay dividends on common shares, 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 and to evaluate the financial strength and performance of our businesses. The most comparable IFRS financial measure is cash flows from operating activities.

We define dividend payout ratio as dividends paid on common shares divided by free cash flow. We consider dividend payout ratio to be an important indicator of the financial strength and performance of our businesses because it shows the sustainability of the company's dividend payments.

The following table is a reconciliation of cash flows from operating activities to free cash flow on a consolidated basis.

	2019	2018
Cash flows from operating activities	**7,958**	7,384
Capital expenditures	**(3,988)**	(3,971)
Cash dividends paid on preferred shares	**(147)**	(149)
Cash dividends paid by subsidiaries to NCI	**(65)**	(16)
Acquisition and other costs paid	**60**	79
Voluntary DB pension plan contribution	**–**	240
Free cash flow	**3,818**	3,567

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 statements 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.

	2019	2018
Debt due within one year	**3,881**	4,645
Long-term debt	**22,415**	19,760
50% of outstanding preferred shares	**2,002**	2,002
Cash and cash equivalents	**(145)**	(425)
Net debt	**28,153**	25,982

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. For the purposes of calculating our net debt leverage ratio, adjusted EBITDA is twelve-month trailing 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. For the purposes of calculating our adjusted EBITDA to net interest expense ratio, adjusted EBITDA is twelve-month trailing adjusted EBITDA. Net interest expense is twelve-month trailing 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 described previously, 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
ABPU	Average billing per user (ABPU) or subscriber approximates the average amount billed to customers on a monthly basis, which is used to track our recurring billing streams. Wireless blended ABPU is calculated by dividing certain customer billings by the average subscriber base for the specified period and is expressed as a dollar unit per month.
Capital intensity	Capital expenditures divided by operating revenues.
Churn	Churn is the rate at which existing subscribers cancel their services. It is a measure of our ability to retain our customers. Wireless churn is calculated by dividing the number of deactivations during a given period by the average number of subscribers in the base for the specified period and is expressed as a percentage per month.
Subscriber unit	Wireless subscriber unit is comprised of an active revenue-generating unit (e.g. mobile device, tablet or wireless Internet products), with a unique identifier (typically International Mobile Equipment Identity (IMEI) number), that has access to our wireless networks. We report wireless subscriber units in two categories: postpaid and prepaid. Prepaid subscriber units are considered active for a period of 90 days (previously 120 to 150 days) following the expiry of the subscriber's prepaid balance. Wireline subscriber unit consists of an active revenue-generating unit with access to our services, including retail Internet, satellite TV, IPTV, and/or NAS. A subscriber is included in our subscriber base when the service has been installed and is operational at the customer premise and a billing relationship has been established. • Retail Internet, IPTV and satellite TV subscribers have access to stand-alone services, and are primarily represented by a dwelling unit • Retail NAS subscribers are based on a line count and are represented by a unique telephone number

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 Chief Financial Officer (CFO), to allow timely decisions regarding required disclosure.

As at December 31, 2019, 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, 2019.

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, and effected by the Board, management and other personnel of BCE, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as issued by the IASB. 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, 2019, 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 CEO and CFO concluded that our internal control over financial reporting was effective as at December 31, 2019.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

No changes were made in our internal control over financial reporting during the year ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. The adoption of IFRS 16 – Leases, effective January 1, 2019, required the implementation of new accounting systems, processes and controls, which changed the company's internal controls over lease accounting. No significant changes were made to our internal control over financial reporting due to the adoption of the new standard in 2019.

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 in accordance with 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 160 of this annual report. The internal auditors and the shareholders' auditors have free and independent access to the Audit Committee.

(signed) Mirko Bibic
President and Chief Executive Officer

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

(signed) Thierry Chaumont
Senior Vice-President, Controller and Tax

March 5, 2020

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of BCE Inc.

OPINION ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated statements of financial position of BCE Inc. and subsidiaries (the "Company") as at December 31, 2019 and 2018, the related consolidated income statements, statements of comprehensive income, changes in equity, and cash flows for each of the two years in the period ended December 31, 2019, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for each of the two years in the period ended December 31, 2019, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 5, 2020, expressed an unqualified opinion on the Company's internal control over financial reporting.

CHANGE IN ACCOUNTING PRINCIPLE

As discussed in Note 2 to the financial statements, effective January 1, 2019, the Company has changed its method of accounting for leases due to adoption of IFRS 16 - Leases.

BASIS FOR OPINION

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

CRITICAL AUDIT MATTER

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill and Intangible Assets – Bell Media Group – Refer to Notes 7, 16 and 19 to the financial statements

CRITICAL AUDIT MATTER DESCRIPTION

The Company performs an annual assessment of impairment for goodwill and indefinite lived intangible assets (specifically broadcast licenses) for the Bell Media group of cash generating units ("Bell Media"). As a result of the annual assessment of impairment of goodwill and intangible assets for Bell Media, management has determined that there is no impairment of goodwill and there is an impairment for intangible assets.

While there are several assumptions that are required to determine the recoverable amounts of Bell Media, the judgments with the highest degree of subjectivity and impact on the recoverable amounts for the testing of goodwill are forecasts of future operating performance, discount rates and terminal growth rates. The judgments with the highest degree of subjectivity and impact on the recoverable amounts for the testing of intangible assets are forecasts of future operating performance, determination of EBITDA multiples, discount rates and terminal growth rates. Changes in these assumptions could have a significant impact on the recoverable amount of Bell Media, resulting in an impairment charge to goodwill or intangible assets as required.

Given the significant judgments made by management, regarding the forecasts of future operating performance, determination of EBITDA multiples, discount rates and terminal growth rates, a high degree of auditor judgment was required and resulted in an increased extent of audit effort, which included the need to involve fair value specialists.

HOW THE CRITICAL AUDIT MATTER WAS ADDRESSED IN THE AUDIT

Our audit procedures related to forecasts of future operating performance, determination of EBITDA multiples, discount rates, and terminal growth rates used by management to determine the recoverable amounts for Bell Media included the following, among others:

- Evaluated the effectiveness of controls over goodwill and intangible assets, including those over the forecasts of future operating performance, and the determination of the EBITDA multiples, discount rates and terminal growth rates.
- Evaluated management's ability to accurately forecast future operating performance by comparing actual results to management's historical forecasts.
- Evaluated the reasonableness of management's forecasts of future operating performance by comparing the forecasts to:
  - Analyst and industry reports for the Company and certain of its peer companies, and other relevant publicly available information;
  - Known changes in Bell Media's operations or the industry in which they operate, which are expected to impact future operating performance;
  - Historical operating performance;
  - Internal communications to management and the Board of Directors.
- With the assistance of fair value specialists, we evaluated the reasonableness of the (1) EBITDA multiples, (2) discount rates, and (3) terminal growth rates by:
  - Testing the source information underlying the determination of the discount rates;
  - Reviewing relevant internal and external information, including analyst and industry reports, to assess the reasonability of the selected EBITDA multiples, discount rates, and terminal growth rates;
  - Developing a range of independent estimates and comparing those to the EBITDA multiples, discount rates, and terminal growth rates selected by management.

/s/ Deloitte LLP [1]
Chartered Professional Accountants

Montréal, Canada
March 5, 2020

We have served as the Company's auditor since 1880.

[1] *CPA auditor, CA, public accountancy permit No. A124391*

CONSOLIDATED INCOME STATEMENTS

FOR THE YEAR ENDED DECEMBER 31 (IN MILLIONS OF CANADIAN DOLLARS, EXCEPT SHARE AMOUNTS)	NOTE	2019	2018
Operating revenues	3	**23,964**	23,468
Operating costs	3, 4	**(13,858)**	(13,933)
Severance, acquisition and other costs	5	**(114)**	(136)
Depreciation	14	**(3,496)**	(3,145)
Amortization	16	**(902)**	(869)
Finance costs			
Interest expense	6	**(1,132)**	(1,000)
Interest on post-employment benefit obligations	24	**(63)**	(69)
Other expense	7	**(13)**	(348)
Income taxes	8	**(1,133)**	(995)
Net earnings		**3,253**	2,973
Net earnings attributable to:			
Common shareholders		**3,040**	2,785
Preferred shareholders		**151**	144
Non-controlling interest	33	**62**	44
Net earnings		**3,253**	2,973
Net earnings per common share	9		
Basic and diluted		**3.37**	3.10
Average number of common shares outstanding – basic (millions)		**900.8**	898.6

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31 (IN MILLIONS OF CANADIAN DOLLARS)	NOTE	2019	2018
Net earnings		**3,253**	2,973
Other comprehensive income, net of income taxes			
Items that will be subsequently reclassified to net earnings			
Net change in value of publicly-traded and privately-held investments, net of income taxes of nil for 2019 and 2018		**6**	6
Net change in value of derivatives designated as cash flow hedges, net of income taxes of ($45) million and ($15) million for 2019 and 2018, respectively		**112**	43
Items that will not be reclassified to net earnings			
Actuarial gains on post-employment benefit plans, net of income taxes of ($51) million and ($25) million for 2019 and 2018, respectively	24	**140**	67
Net change in value of derivatives designated as cash flow hedges, net of income taxes of $9 million and ($23) million for 2019 and 2018, respectively		**(25)**	61
Other comprehensive income		**233**	177
Total comprehensive income		**3,486**	3,150
Total comprehensive income attributable to:			
Common shareholders		**3,277**	2,957
Preferred shareholders		**151**	144
Non-controlling interest	33	**58**	49
Total comprehensive income		**3,486**	3,150

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(IN MILLIONS OF CANADIAN DOLLARS)	NOTE	DECEMBER 31, 2019	DECEMBER 31, 2018
ASSETS			
Current assets			
Cash		**141**	425
Cash equivalents		**4**	–
Trade and other receivables	10	**3,038**	3,006
Inventory	11	**427**	432
Contract assets	12	**1,111**	987
Contract costs	13	**415**	370
Prepaid expenses		**194**	244
Other current assets		**190**	329
Total current assets		**5,520**	5,793
Non-current assets			
Contract assets	12	**533**	506
Contract costs	13	**368**	337
Property, plant and equipment	14, 35	**27,636**	24,844
Intangible assets	16	**13,352**	13,205
Deferred tax assets	8	**98**	112
Investments in associates and joint ventures	17	**698**	798
Other non-current assets	18	**1,274**	847
Goodwill	19	**10,667**	10,658
Total non-current assets		**54,626**	51,307
Total assets		**60,146**	57,100
LIABILITIES			
Current liabilities			
Trade payables and other liabilities	20	**3,954**	3,941
Contract liabilities	12	**683**	703
Interest payable		**227**	196
Dividends payable		**729**	691
Current tax liabilities		**303**	253
Debt due within one year	21	**3,881**	4,645
Total current liabilities		**9,777**	10,429
Non-current liabilities			
Contract liabilities	12	**207**	196
Long-term debt	22	**22,415**	19,760
Deferred tax liabilities	8	**3,561**	3,163
Post-employment benefit obligations	24	**1,907**	1,866
Other non-current liabilities	25	**871**	997
Total non-current liabilities		**28,961**	25,982
Total liabilities		**38,738**	36,411
Commitments and contingencies	31		
EQUITY			
Equity attributable to BCE shareholders			
Preferred shares	27	**4,004**	4,004
Common shares	27	**20,363**	20,036
Contributed surplus	27	**1,178**	1,170
Accumulated other comprehensive income		**161**	90
Deficit		**(4,632)**	(4,937)
Total equity attributable to BCE shareholders		**21,074**	20,363
Non-controlling interest	33	**334**	326
Total equity		**21,408**	20,689
Total liabilities and equity		**60,146**	57,100

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019 (IN MILLIONS OF CANADIAN DOLLARS)	NOTE	ATTRIBUTABLE TO BCE SHAREHOLDERS						NON-CONTROLLING INTEREST	TOTAL EQUITY
		PREFERRED SHARES	COMMON SHARES	CONTRIBUTED SURPLUS	ACCUMULATED OTHER COMPREHENSIVE INCOME	DEFICIT	TOTAL		
Balance at December 31, 2018		**4,004**	**20,036**	**1,170**	**90**	**(4,937)**	**20,363**	**326**	**20,689**
Adoption of IFRS 16	2, 35	**–**	**–**	**–**	**–**	**(19)**	**(19)**	**(1)**	**(20)**
Balance at January 1, 2019		**4,004**	**20,036**	**1,170**	**90**	**(4,956)**	**20,344**	**325**	**20,669**
Net earnings		**–**	**–**	**–**	**–**	**3,191**	**3,191**	**62**	**3,253**
Other comprehensive income (loss)		**–**	**–**	**–**	**97**	**140**	**237**	**(4)**	**233**
Total comprehensive income		**–**	**–**	**–**	**97**	**3,331**	**3,428**	**58**	**3,486**
Common shares issued under employee stock option plan	27	**–**	**251**	**(11)**	**–**	**–**	**240**	**–**	**240**
Common shares issued under employee savings plan (ESP)	27	**–**	**75**	**–**	**–**	**–**	**75**	**–**	**75**
Other share-based compensation	27	**–**	**1**	**19**	**–**	**1**	**21**	**–**	**21**
Dividends declared on BCE common and preferred shares		**–**	**–**	**–**	**–**	**(3,008)**	**(3,008)**	**–**	**(3,008)**
Dividends declared by subsidiaries to non-controlling interest		**–**	**–**	**–**	**–**	**–**	**–**	**(64)**	**(64)**
Settlement of cash flow hedges transferred to the cost basis of hedged items		**–**	**–**	**–**	**(26)**	**–**	**(26)**	**–**	**(26)**
Other		**–**	**–**	**–**	**–**	**–**	**–**	**15**	**15**
Balance at December 31, 2019		**4,004**	**20,363**	**1,178**	**161**	**(4,632)**	**21,074**	**334**	**21,408**

FOR THE YEAR ENDED DECEMBER 31, 2018 (IN MILLIONS OF CANADIAN DOLLARS)	NOTE	ATTRIBUTABLE TO BCE SHAREHOLDERS						NON-CONTROLLING INTEREST	TOTAL EQUITY
		PREFERRED SHARES	COMMON SHARES	CONTRIBUTED SURPLUS	ACCUMULATED OTHER COMPREHENSIVE INCOME	DEFICIT	TOTAL		
Balance at December 31, 2017		4,004	20,091	1,162	(17)	(4,938)	20,302	323	20,625
Adoption of IFRS 9		–	–	–	–	(4)	(4)	–	(4)
Balance at January 1, 2018		4,004	20,091	1,162	(17)	(4,942)	20,298	323	20,621
Net earnings		–	–	–	–	2,929	2,929	44	2,973
Other comprehensive income		–	–	–	106	66	172	5	177
Total comprehensive income		–	–	–	106	2,995	3,101	49	3,150
Common shares issued under employee stock option plan	27	–	13	(1)	–	–	12	–	12
Other share-based compensation		–	–	12	–	(24)	(12)	–	(12)
Repurchase of common shares	27	–	(69)	(3)	–	(103)	(175)	–	(175)
Common shares issued for the acquisition of AlarmForce Industries Inc. (AlarmForce)	34, 27	–	1	–	–	–	1	–	1
Dividends declared on BCE common and preferred shares		–	–	–	–	(2,856)	(2,856)	–	(2,856)
Dividends declared by subsidiaries to non-controlling interest		–	–	–	–	–	–	(5)	(5)
Settlement of cash flow hedges transferred to the cost basis of hedged items		–	–	–	1	–	1	–	1
Return of capital to non-controlling interest		–	–	–	–	(7)	(7)	(44)	(51)
Other		–	–	–	–	–	–	3	3
Balance at December 31, 2018		4,004	20,036	1,170	90	(4,937)	20,363	326	20,689

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31 (IN MILLIONS OF CANADIAN DOLLARS)	NOTE	2019	2018
Cash flows from operating activities			
Net earnings		**3,253**	2,973
Adjustments to reconcile net earnings to cash flows from operating activities			
Severance, acquisition and other costs	5	**114**	136
Depreciation and amortization	14, 16	**4,398**	4,014
Post-employment benefit plans cost	24	**310**	335
Net interest expense		**1,108**	987
Losses on investments	7	**(13)**	34
Income taxes	8	**1,133**	995
Contributions to post-employment benefit plans	24	**(290)**	(539)
Payments under other post-employment benefit plans	24	**(72)**	(75)
Severance and other costs paid		**(168)**	(138)
Interest paid		**(1,087)**	(990)
Income taxes paid (net of refunds)		**(725)**	(650)
Acquisition and other costs paid		**(60)**	(79)
Net change in operating assets and liabilities		**57**	381
Cash flows from operating activities		**7,958**	7,384
Cash flows used in investing activities			
Capital expenditures	3	**(3,988)**	(3,971)
Business acquisitions	34	**(51)**	(395)
Disposition of intangibles and other assets	34	**–**	68
Acquisition of spectrum licences		**–**	(56)
Other investing activities		**3**	(32)
Cash flows used in investing activities		**(4,036)**	(4,386)
Cash flows used in financing activities			
Decrease in notes payable		**(1,073)**	(123)
Increase (decrease) in securitized trade receivables		**131**	(2)
Issue of long-term debt	22	**1,954**	2,996
Repayment of long-term debt	22	**(2,228)**	(2,713)
Issue of common shares	27	**240**	11
Purchase of shares for settlement of share-based payments	28	**(142)**	(222)
Repurchase of common shares	27	**–**	(175)
Cash dividends paid on common shares		**(2,819)**	(2,679)
Cash dividends paid on preferred shares		**(147)**	(149)
Cash dividends paid by subsidiaries to non-controlling interest		**(65)**	(16)
Return of capital to non-controlling interest		**–**	(51)
Other financing activities		**(53)**	(75)
Cash flows used in financing activities		**(4,202)**	(3,198)
Net decrease in cash		**(284)**	(17)
Cash at beginning of year		**425**	442
Cash at end of year		**141**	425
Net increase (decrease) in cash equivalents		**4**	(183)
Cash equivalents at beginning of year		**–**	183
Cash equivalents at end of year		**4**	–

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., Bell Canada, their subsidiaries, joint arrangements 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 TV, specialty TV, pay TV, streaming services, digital media services, radio broadcasting services and out-of-home (OOH) advertising services to customers in Canada. The consolidated financial statements (financial statements) were approved by BCE's board of directors on March 5, 2020.

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.

As required, we adopted IFRS 16 – Leases effective January 1, 2019. We adopted IFRS 16 using a modified retrospective approach whereby the financial statements of prior periods presented were not restated and continue to be reported under IAS 17 – Leases, as permitted by the specific transition provisions of IFRS 16. The cumulative effect of the initial adoption of IFRS 16 was reflected as an adjustment to the deficit at January 1, 2019. Further details on the impacts of adopting IFRS 16 on our January 1, 2019 consolidated statement of financial position are provided below under *T) Adoption of new or amended accounting standards* and in Note 35, *Adoption of IFRS 16*.

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 FROM CONTRACTS WITH CUSTOMERS

Revenue is measured based on the value of the expected consideration in a contract with a customer and excludes sales taxes and other amounts we collect on behalf of third parties. We recognize revenue when control of a product or service is transferred to a customer. When our right to consideration from a customer corresponds directly with the value to the customer of the products and services transferred to date, we recognize revenue in the amount to which we have a right to invoice.

For bundled arrangements, we account for individual products and services when they are separately identifiable and the customer can benefit from the product or service on its own or with other readily available resources. The total arrangement consideration is allocated to each product or service included in the contract with the customer based on its stand-alone selling price. We generally determine stand-alone selling prices based on the observable prices at which we sell products separately without a service contract and prices for non-bundled service offers with the same range of services, adjusted for market conditions and other factors, as appropriate. When similar products and services are not sold separately, we use the expected cost plus margin approach to determine stand-alone selling prices. Products and services purchased by a customer in excess of those included in the bundled arrangement are accounted for separately.

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.

A contract asset is recognized in the consolidated statements of financial position (statements of financial position) when our right to consideration from the transfer of products or services to a customer is conditional on our obligation to transfer other products or services. Contract assets are transferred to trade receivables when our right to consideration becomes conditional only as to the passage of time. A contract liability is recognized in the statements of financial position when we receive consideration in advance of the transfer of products or services to the customer. Contract assets and liabilities relating to the same contract are presented on a net basis.

Incremental costs of obtaining a contract with a customer, principally comprised of sales commissions and prepaid contract fulfillment costs, are included in contract costs in the statements of financial position, except where the amortization period is one year or less, in which case costs of obtaining a contract are immediately expensed. Capitalized costs are amortized on a systematic basis that is consistent with the period and pattern of transfer to the customer of the related products or services.

WIRELESS SEGMENT REVENUES

Our Wireless segment principally generates revenue from providing integrated digital wireless voice and data communications products and services to residential and business customers.

We recognize product revenues from the sale of wireless handsets and devices when a customer takes possession of the product. We recognize wireless service revenues over time, as the services are provided. For bundled arrangements, stand-alone selling prices are determined using observable prices adjusted for market conditions and other factors, as appropriate.

For wireless products and services that are sold separately, customers usually pay in full at the point of sale for products and on a monthly basis for services. For wireless products and services sold in bundled arrangements, customers pay monthly over a contract term of up to 24 months for residential customers and up to 36 months for business customers.

WIRELINE SEGMENT REVENUES

Our Wireline segment principally generates revenue from providing data, including Internet access and Internet protocol television (IPTV), local telephone, long distance, satellite TV service and connectivity, as well as other communications services and products to residential and business customers. Our Wireline segment also includes revenues from our wholesale business, which buys and sells local telephone, long distance, data and other services from or to resellers and other carriers.

We recognize product revenues from the sale of wireline equipment when a customer takes possession of the product. We recognize service revenues over time, as the services are provided. Revenues on certain long-term contracts are recognized using output methods based on products delivered, performance completed to date, time elapsed or milestones met. For bundled arrangements, stand-alone selling prices are determined using observable prices adjusted for market conditions and other factors, as appropriate, or the expected cost plus margin approach for customized business arrangements.

For wireline customers, products are usually paid in full at the point of sale. Services are paid for on a monthly basis except where a billing schedule has been established with certain business customers under long-term contracts that can generally extend up to seven years.

MEDIA SEGMENT REVENUES

Our Media segment principally generates revenue from conventional TV, specialty TV, digital media, radio broadcasting and OOH advertising and subscriber fees from specialty TV, pay TV and streaming services.

We recognize advertising revenue when advertisements are aired on the radio or TV, posted on our websites or appear on our advertising panels and street furniture. Revenues relating to subscriber fees are recorded on a monthly basis as the services are provided. Customer payments are due monthly as the services are provided.

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. We recognize compensation expense in *Operating costs* in the consolidated income statements (income statements). 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* in the 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 ESP contributions as compensation expense in *Operating costs* in the income statements. We credit contributed surplus for the ESP expense recognized over the two-year 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* in the income statements equal to the market value of a BCE common share. Deferred shares are no longer granted except those issued to reflect dividends declared on common shares.

Compensation expense is adjusted for subsequent changes in the market value of BCE common shares. 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 (loss) for the current or past periods.

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* in the statements of financial position 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 aging 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* in the income statements.

LEASES

We enter into leases for network infrastructure and equipment, land and buildings in the normal course of business. Lease contracts are typically made for fixed periods but may include purchase, renewal or termination options. Leases are negotiated on an individual basis and contain a wide range of different terms and conditions.

We adopted IFRS 16 as of January 1, 2019. For periods prior to January 1, 2019, we continue to apply IAS 17, as permitted by the specific transition provisions of IFRS 16. We are currently assessing the impacts of the International Financial Reporting Interpretations Committee (IFRIC) agenda decision published in December 2019 in regards to determination of the lease term for cancellable or renewable leases under IFRS 16. As permitted by the IASB, implementation of the decision is expected in the first quarter of 2020.

IFRS 16

We assess whether a contract contains a lease at inception of the contract. A lease contract conveys the right to control the use of an identified asset for a period in exchange for consideration. We recognize lease liabilities with corresponding right-of-use assets for all lease agreements, except for short-term leases and leases of low value assets, which are expensed on a straight-line basis over the lease term. Consideration in a contract is allocated to lease and non-lease components on a relative stand-alone value basis. We generally account for lease components and any associated non-lease components as a single lease component.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using our incremental borrowing rate, unless the rate implicit in the lease is readily determinable. We apply a single incremental borrowing rate to a portfolio of leases with similar characteristics. Lease payments included in the measurement of the lease liability comprise:

- fixed (and in-substance fixed) lease payments, less any lease incentives
- variable lease payments that depend on an index or rate
- payments expected under residual value guarantees and payments relating to purchase options and renewal option periods that are reasonably certain to be exercised (or periods subject to termination options that are not reasonably certain to be exercised)

Lease liabilities are subsequently measured at amortized cost using the effective interest method. Lease liabilities are remeasured, with a corresponding adjustment to the related right-of-use assets, when there is a change in variable lease payments arising from a change in an index or rate, or when we change our assessment of whether purchase, renewal or termination options will be exercised.

Right-of-use assets are measured at cost, and are comprised of the initial measurement of the corresponding lease liabilities, lease payments made at or before the commencement date and any initial direct costs. They are subsequently depreciated on a straight-line basis and reduced by impairment losses, if any. Right-of-use assets may also be adjusted to reflect the remeasurement of related lease liabilities. If we obtain ownership of the leased asset by the end of the lease term or the cost of the right-of-use asset reflects the exercise of a purchase option, we depreciate the right-of-use asset from the lease commencement date to the end of the useful life of the underlying asset. Otherwise, we depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term.

Variable lease payments that do not depend on an index or rate are not included in the measurement of lease liabilities and right-of-use assets. The related payments are expensed in *Operating costs* in the period in which the event or condition that triggers those payments occurs.

IAS 17

Under IAS 17, 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. We recognize operating lease expense in *Operating costs* in the income statements on a straight-line basis over the term of the lease.

ASSET RETIREMENT OBLIGATIONS (AROs)

We initially measure and record AROs at management's best estimate using a present value methodology, adjusted subsequently for any changes in the timing or amount of 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 ARO 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 recorded 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:

- we receive a broadcast master and the cost is known or reasonably determinable for new program and feature film licences; or
- the licence term commences for licence period extensions or syndicated programs

Related liabilities of programs and feature films are 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, Bell Media and Bell MTS 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. Borrowing costs are calculated at a rate that is based on our weighted average interest rate on our outstanding long-term debt.

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, as required. 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	2 to 26 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* 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 or loss on an after-tax basis.

Investments are reviewed for impairment at each reporting period and we compare their recoverable amount to their carrying amount when there is an indication of impairment.

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 is remeasured to fair value and any gain or loss on remeasurement is recognized in *Other expense* in the income statements. 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 *Other expense* in the income statements 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. Both fair value less costs of disposal and value in use are 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 recognized in *Other expense* in the income statements for any excess of the carrying value of goodwill over its recoverable amount. For purposes of impairment testing of goodwill, our CGUs or groups of CGUs correspond to our reporting segments as disclosed in Note 3, *Segmented information*.

O) FINANCIAL INSTRUMENTS AND CONTRACT ASSETS

We measure trade and other receivables at amortized cost using the effective interest method, net of any allowance for doubtful accounts.

Our portfolio investments in equity securities are classified as fair value through other comprehensive income (FVOCI) and are presented in our statements of financial position as *Other non-current assets*. 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* in the consolidated statements of comprehensive income (statements of comprehensive income) and are reclassified from *Accumulated other comprehensive income* to *Deficit* in the statements of financial position when realized.

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.

We measure the allowance for doubtful accounts and impairment of contract assets based on an expected credit loss (ECL) model, which takes into account current economic conditions, historical information, and forward-looking information. We use the simplified approach for measuring losses based on the lifetime ECL for trade and other receivables and contract assets. Amounts considered uncollectible are written off and recognized in *Operating costs* in the income statements.

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 operating revenues and expenses. We do not use derivative financial instruments for speculative or trading purposes.

Derivatives that mature within one year are included in *Other current assets* or *Trade payables and other liabilities* in the statements of financial position, whereas derivatives that have a maturity of more than one year are included in *Other non-current assets* or *Other non-current liabilities*.

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, commitment, or 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 hedging relationship ceases to meet the qualifying criteria, we discontinue hedge accounting prospectively.

CASH FLOW HEDGES

We enter into cash flow hedges to mitigate foreign currency risk on certain debt instruments and anticipated purchases and sales, as well as interest rate risk related to anticipated debt issuances.

We use foreign currency forward contracts to manage the foreign currency exposure relating to anticipated purchases and sales denominated in foreign currencies. Changes in the fair value of these foreign currency forward contracts are recognized in our statements of comprehensive income, except for any ineffective portion, which is recognized immediately in *Other expense* in the income statements. Realized gains and losses in *Accumulated other comprehensive income* are reclassified to the income statements or to the initial cost of the non-financial asset in the same periods as the corresponding hedged transactions are recognized.

We use foreign currency forward contracts and cross currency interest rate swaps to manage our U.S. dollar debt under our U.S. commercial paper program and our U.S. dollar long-term debt. Changes in the fair value of these derivatives and the related debt are recognized in *Other expense* 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 anticipated purchases, 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* 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 and retirees. 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 were phased out for new retirees since December 31, 2016. Most of these OPEB plans are unfunded and benefits are paid when incurred.
- 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* in the income statements. Interest on our post-employment benefit plan assets and obligations is recognized in *Finance costs* in the income statements and represents the accretion of interest on the assets and obligations under our 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 statements of 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 based on management's assumptions at least every three years to determine the actuarial present value of the accrued DB pension plans and OPEB obligations. The most recent actuarial valuation of our significant pension plans was as at December 31, 2018.

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 only participate 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 which is recognized in *Finance costs* in the income statements.

S) ESTIMATES AND KEY JUDGMENTS

When preparing the 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.

REVENUE FROM CONTRACTS WITH CUSTOMERS

We are required to make estimates that affect the amount of revenue from contracts with customers, including estimating the stand-alone selling prices of products and services.

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 amounts of deferred tax assets and liabilities are estimated with consideration given to the timing, sources and amounts of future taxable income.

LEASES

The application of IFRS 16 requires us to make estimates that affect the measurement of right-of-use assets and liabilities, including determining the appropriate discount rate used to measure lease liabilities. Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using our incremental borrowing rate, unless the rate implicit in the lease is readily determinable. Our incremental borrowing rate is derived from publicly available risk-free interest rates, adjusted for applicable credit spreads and lease terms. We apply a single incremental borrowing rate to a portfolio of leases with similar characteristics.

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 and earnings multiples.

CONTINGENCIES

In the ordinary course of business, we become involved in various claims and legal proceedings seeking monetary damages and other relief. Pending claims and legal proceedings 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 under the 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 long-term, 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 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.

LEASES

The application of IFRS 16 requires us to make judgments that affect the measurement of right-of-use assets and liabilities. A lease contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At inception of the contract, we assess whether the contract contains an identified asset, whether we have the right to obtain substantially all of the economic benefits from use of the asset and whether we have the right to direct how and for what purpose the asset is used. In determining the lease term, we include periods covered by renewal options when we are reasonably certain to exercise those options. Similarly, we include periods covered by termination options when we are reasonably certain not to exercise those options. To assess if we are reasonably certain to exercise an option, we consider all facts and circumstances that create an economic incentive to exercise renewal options (or not exercise termination options). Economic incentives include the costs related to the termination of the lease, the significance of any leasehold improvements and the importance of the underlying assets to our operations.

REVENUE FROM CONTRACTS WITH CUSTOMERS

The identification of performance obligations within a contract and the timing of satisfaction of performance obligations under long-term contracts requires judgment. Additionally, the determination of costs to obtain a contract, including the identification of incremental costs, also requires judgment.

CGUs

The determination of CGUs or groups of CGUs for the purpose of impairment testing requires judgment.

CONTINGENCIES

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

T) ADOPTION OF NEW OR AMENDED ACCOUNTING STANDARDS

As required, effective January 1, 2019, we adopted the following new or amended accounting standards.

STANDARD	DESCRIPTION	IMPACT
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 substantially change lease accounting for lessors.	We adopted IFRS 16 using a modified retrospective approach whereby the financial statements of prior periods presented were not restated and continue to be reported under IAS 17 – Leases, as permitted by the specific transition provisions of IFRS 16. The cumulative effect of the initial adoption of IFRS 16 was reflected as an adjustment to the deficit at January 1, 2019. Further details on the impacts of adopting IFRS 16 on our January 1, 2019 consolidated statement of financial position are provided in Note 35, *Adoption of IFRS 16*. We are currently assessing the impacts of the IFRIC agenda decision published in December 2019 in regards to determination of the lease term for cancellable or renewable leases under IFRS 16. As permitted by the IASB, implementation of the decision is expected in the first quarter of 2020. Under IAS 17, leases of property, plant and equipment were recognized as finance leases when we obtained substantially all the risks and rewards of ownership of the underlying assets. All other leases were classified as operating leases. IFRS 16 eliminates the distinction between operating and finance leases for lessees, requiring instead that we recognize a right-of-use asset and a lease liability at lease commencement for all leases, with certain exceptions permitted through elections and practical expedients. Accounting for leases previously classified as finance leases and lessor accounting remains largely unchanged under IFRS 16. We recognized lease liabilities at January 1, 2019 for leases previously classified as operating leases, measured at the present value of lease payments using our incremental borrowing rate at that date. Property, plant and equipment includes the corresponding right-of-use assets also recognized at January 1, 2019. The right-of-use assets were generally measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet as at December 31, 2018. In certain cases, the right-of-use assets were measured as though IFRS 16 had been applied since the lease commencement date. A depreciation charge for right-of-use assets is recorded in *Depreciation* and an interest expense on lease liabilities is recorded in *Finance costs* in the income statement. As permitted by IFRS 16, we elected not to recognize lease liabilities and right-of-use assets for short-term leases and leases of low value assets, which will continue to be expensed on a straight-line basis over the lease term. We have also applied certain practical expedients to facilitate the initial adoption and ongoing application of IFRS 16: • We generally do not separate non-lease components from related lease components. Each lease component and any associated non-lease components are accounted for as a single lease component • We apply a single incremental borrowing rate to a portfolio of leases with similar characteristics • As an alternative to performing an impairment review, we adjusted right-of-use assets for any onerous lease provisions recognized in the balance sheet at December 31, 2018 • We applied the exemption not to recognize right-of-use assets and liabilities for certain leases with a remaining term of 12 months or less as of January 1, 2019 • We used hindsight when determining the lease term when the lease contracts contain options to extend or terminate the lease
IFRIC 23 – Uncertainty over Income Tax Treatments	Provides guidance on the application of IAS 12 – Income Taxes when there is uncertainty over income tax treatments. It specifically addresses whether an entity considers uncertain tax treatments separately or as a group, the examination of tax treatments by taxation authorities, the recognition and measurement of the effect of tax uncertainties and how an entity considers changes in facts and circumstances.	IFRIC 23 did not have a significant impact on our financial statements.

U) FUTURE CHANGES TO ACCOUNTING STANDARDS

The following amended standard issued by the IASB has an effective date after December 31, 2019 and has not yet been adopted by BCE.

STANDARD	DESCRIPTION	IMPACT	EFFECTIVE DATE
Amendments to IFRS 3 – Business Combinations	These amendments to the implementation guidance of IFRS 3 clarify the definition of a business to assist entities to determine whether a transaction should be accounted for as a business combination or an asset acquisition.	The amendments to IFRS 3 – Business Combinations may affect whether future acquisitions are accounted for as business combinations or asset acquisitions, along with the resulting allocation of the purchase price between the net identifiable assets acquired and goodwill.	Prospectively for acquisitions occurring on or after January 1, 2020.

Note 3 Segmented information

The accounting policies used in our segment reporting are the same as those we describe in Note 2, *Significant accounting policies*. Our results are reported in three segments: Bell Wireless, Bell Wireline and Bell Media. 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.

To align with changes in how we manage our business and assess performance, the operating results of The Source (Bell) Electronics Inc. (The Source) are now entirely included within our Wireless segment effective January 1, 2019, with prior periods restated for comparative purposes. Previously, The Source's results were included within our Wireless and Wireline segments.

We measure the performance of each segment based on segment profit, which is equal to operating revenues less operating costs for the segment. Substantially all of our severance, acquisition and other costs, depreciation and amortization, finance costs and other expense are managed on a corporate basis and, accordingly, are not reflected in segment results.

Substantially all of our operations and assets are located in Canada.

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, the Atlantic provinces and Manitoba, 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 TV, specialty TV, pay TV, streaming services, digital media services, radio broadcasting services and OOH advertising services to customers nationally across Canada.

SEGMENTED INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2019	NOTE	BELL WIRELESS	BELL WIRELINE	BELL MEDIA	INTER-SEGMENT ELIMINATIONS	BCE
Operating revenues						
External customers		**9,087**	**12,066**	**2,811**	**–**	**23,964**
Inter-segment		**55**	**290**	**406**	**(751)**	**–**
Total operating revenues		**9,142**	**12,356**	**3,217**	**(751)**	**23,964**
Operating costs	4	**(5,300)**	**(6,942)**	**(2,367)**	**751**	**(13,858)**
Segment profit (1)		**3,842**	**5,414**	**850**	**–**	**10,106**
Severance, acquisition and other costs	5					**(114)**
Depreciation and amortization	14, 16					**(4,398)**
Finance costs						
Interest expense	6					**(1,132)**
Interest on post-employment benefit obligations	24					**(63)**
Other expense	7					**(13)**
Income taxes	8					**(1,133)**
Net earnings						**3,253**
Goodwill	19	**3,048**	**4,673**	**2,946**	**–**	**10,667**
Indefinite-life intangible assets	16	**3,948**	**1,692**	**2,381**	**–**	**8,021**
Capital expenditures		**697**	**3,183**	**108**	**–**	**3,988**

(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, 2018	NOTE	BELL WIRELESS	BELL WIRELINE	BELL MEDIA	INTER-SEGMENT ELIMINATIONS	BCE
Operating revenues						
External customers		8,766	12,025	2,677	–	23,468
Inter-segment		52	242	444	(738)	–
Total operating revenues		8,818	12,267	3,121	(738)	23,468
Operating costs	4	(5,297)	(6,946)	(2,428)	738	(13,933)
Segment profit (1)		3,521	5,321	693	–	9,535
Severance, acquisition and other costs	5					(136)
Depreciation and amortization	14, 16					(4,014)
Finance costs						
Interest expense	6					(1,000)
Interest on post-employment benefit obligations	24					(69)
Other expense	7					(348)
Income taxes	8					(995)
Net earnings						2,973
Goodwill	19	3,048	4,679	2,931	–	10,658
Indefinite-life intangible assets	16	3,948	1,692	2,467	–	8,107
Capital expenditures		664	3,193	114	–	3,971

(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 SERVICES AND PRODUCTS

The following table presents our revenues disaggregated by type of services and products.

FOR THE YEAR ENDED DECEMBER 31	2019	2018
Services (1)		
Wireless	**6,427**	6,269
Wireline data	**7,684**	7,466
Wireline voice	**3,564**	3,782
Media	**2,811**	2,677
Other wireline services	**251**	247
Total services	**20,737**	20,441
Products (2)		
Wireless	**2,660**	2,497
Wireline data	**519**	466
Wireline equipment and other	**48**	64
Total products	**3,227**	3,027
Total operating revenues	**23,964**	23,468

(1) *Our service revenues are generally recognized over time.*

(2) *Our product revenues are generally recognized at a point in time.*

Note 4 Operating costs

FOR THE YEAR ENDED DECEMBER 31	NOTE	2019	2018
Labour costs			
Wages, salaries and related taxes and benefits (1)		**(4,303)**	(4,284)
Post-employment benefit plans service cost (net of capitalized amounts)	24	**(247)**	(266)
Other labour costs (1) (2)		**(1,005)**	(1,042)
Less:			
Capitalized labour (1)		**1,032**	1,052
Total labour costs		**(4,523)**	(4,540)
Cost of revenues (1) (3)		**(7,380)**	(7,349)
Other operating costs (1) (4)		**(1,955)**	(2,044)
Total operating costs		**(13,858)**	(13,933)

(1) *We have reclassified amounts from the previous period to make them consistent with the presentation for the current period.*

(2) *Other labour costs include contractor and outsourcing costs.*

(3) *Cost of revenues includes costs of wireless devices and other equipment sold, network and content costs, and payments to other carriers.*

(4) *Other operating costs include marketing, advertising and sales commission costs, bad debt expense, taxes other than income taxes, information technology costs, professional service fees and rent.*

Research and development expenses of $109 million and $106 million are included in operating costs for 2019 and 2018, respectively.

Note 5 Severance, acquisition and other costs

FOR THE YEAR ENDED DECEMBER 31	2019	2018
Severance	**(63)**	(92)
Acquisition and other	**(51)**	(44)
Total severance, acquisition and other costs	**(114)**	(136)

SEVERANCE COSTS

Severance costs consist of charges related to involuntary and voluntary employee terminations. In 2018, severance costs include a 4% reduction in management workforce across BCE.

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.

Note 6 Interest expense

FOR THE YEAR ENDED DECEMBER 31	2019	2018
Interest expense on long-term debt	**(1,024)**	(918)
Interest expense on other debt	**(153)**	(133)
Capitalized interest	**45**	51
Total interest expense	**(1,132)**	(1,000)

Included in interest expense on long-term debt is interest on lease liabilities of $220 million for 2019 and interest on finance leases of $142 million for 2018.

Capitalized interest was calculated using an average rate of 3.96% and 3.88% for 2019 and 2018, respectively, which represents the weighted average interest rate on our outstanding long-term debt.

Note 7 Other expense

FOR THE YEAR ENDED DECEMBER 31	NOTE	2019	2018
Impairment of assets	14, 16	**(102)**	(200)
Equity losses from investments in associates and joint ventures	17		
Losses on investments		**(53)**	(20)
Operations		**(19)**	(15)
Early debt redemption costs	22	**(18)**	(20)
(Losses) gains on retirements and disposals of property, plant and equipment and intangible assets		**(9)**	11
Net mark-to-market gains (losses) on derivatives used to economically hedge equity settled share-based compensation plans		**138**	(80)
Gains (losses) on investments		**13**	(34)
Other		**37**	10
Total other expense		**(13)**	(348)

IMPAIRMENT OF ASSETS

2019

Impairment charges in 2019 included $85 million allocated to indefinite-life intangible assets, and $8 million allocated primarily to property, plant and equipment. These impairment charges relate to broadcast licences and certain assets for various radio markets within our Bell Media segment. The impairment charges were a result of continued advertising demand and ratings pressures in the industry resulting from audience declines, as well as competitive pressure from streaming services. The charges were determined by comparing the carrying value of the CGUs to their fair value less cost of disposal. We estimated the fair value of the CGUs using both discounted cash flows and market-based valuation models, which include five-year cash flow projections derived from business plans reviewed by senior management for the period of January 1, 2020 to December 31, 2024, using a discount rate of 7.5% and a perpetuity growth rate of nil as well as market multiple data from public companies and market transactions. The carrying value of these CGUs was $464 million at December 31, 2019.

2018

Impairment charges in 2018 included $145 million allocated to indefinite-life intangible assets, and $14 million allocated to finite-life intangible assets. These impairment charges primarily relate to our French TV channels within our Bell Media segment. These impairments were the result of revenue and profitability declines from lower audience levels and subscriber erosion. The charges were determined by comparing the carrying value of the CGUs to their fair value less costs of disposal. We estimated the fair value of the CGUs using both discounted cash flows and market-based valuation models, which include five-year cash flow projections derived from business plans reviewed by senior management for the period of January 1, 2019 to December 31, 2023, using a discount rate of 8.0% to 8.5% and a perpetuity growth rate of nil, as well as market multiple data from public companies and market transactions. The carrying value of these CGUs was $515 million at December 31, 2018. In the previous year's impairment analysis, the company's French Pay and French Specialty TV channels were tested for recoverability separately. In 2018, the CGUs were grouped to form one French CGU which reflects the evolution of the cash flows from our content strategies as well as the CRTC beginning to regulate Canadian broadcasters under a group licence approach based on language.

Additionally, in 2018, we recorded an indefinite-life intangible asset impairment charge of $31 million within our Bell Media segment as a result of a strategic decision to retire a brand.

EQUITY LOSSES FROM INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

We recorded a loss on investment of $53 million and $20 million in 2019 and 2018, respectively, related to 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 (LOSSES) ON INVESTMENTS

In 2019 we recorded gains of $13 million which included a gain on an obligation to repurchase at fair value the minority interest in one of our subsidiaries.

In 2018, we recorded losses of $34 million which included a loss on an obligation to repurchase at fair value the minority interest in one of our subsidiaries.

Note 8 Income taxes

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

FOR THE YEAR ENDED DECEMBER 31	2019	2018
Current taxes		
Current taxes	**(761)**	(775)
Uncertain tax positions	**6**	8
Change in estimate relating to prior periods	**22**	12
Deferred taxes		
Deferred taxes relating to the origination and reversal of temporary differences	**(322)**	(352)
Change in estimate relating to prior periods	**(8)**	8
Recognition and utilization of loss carryforwards	**(106)**	44
Effect of change in provincial corporate tax rate	**27**	–
Uncertain tax positions	**9**	60
Total income taxes	**(1,133)**	(995)

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 27.0% for both 2019 and 2018.

FOR THE YEAR ENDED DECEMBER 31	2019	2018
Net earnings	**3,253**	2,973
Add back income taxes	**1,133**	995
Earnings before income taxes	**4,386**	3,968
Applicable statutory tax rate	**27.0%**	27.0%
Income taxes computed at applicable statutory rates	**(1,184)**	(1,071)
Non-taxable portion of gains (losses) on investments	**4**	(9)
Uncertain tax positions	**15**	68
Effect of change in provincial corporate tax rate	**27**	–
Change in estimate relating to prior periods	**14**	20
Non-taxable portion of equity losses	**(20)**	(10)
Previously unrecognized tax benefits	**9**	–
Other	**2**	7
Total income taxes	**(1,133)**	(995)
Average effective tax rate	**25.8%**	25.1%

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

	2019		2018	
FOR THE YEAR ENDED DECEMBER 31	OTHER COMPREHENSIVE INCOME	DEFICIT	OTHER COMPREHENSIVE INCOME	DEFICIT
Current taxes	**3**	**4**	41	5
Deferred taxes	**(90)**	**13**	(104)	(11)
Total income taxes (expense) recovery	**(87)**	**17**	(63)	(6)

The following table shows deferred taxes resulting from temporary differences between the carrying amounts of assets and liabilities recognized in the statements of financial position and their corresponding tax basis, as well as tax loss carryforwards.

NET DEFERRED TAX LIABILITY	NON-CAPITAL LOSS CARRY-FORWARDS	POST-EMPLOYMENT BENEFIT PLANS	INDEFINITE-LIFE INTANGIBLE ASSETS	PROPERTY PLANT AND EQUIPMENT AND FINITE-LIFE INTANGIBLE ASSETS	CRTC TANGIBLE BENEFITS	OTHER	TOTAL
January 1, 2018	17	494	(1,761)	(1,400)	30	(106)	(2,726)
Income statement	109	(14)	(2)	(248)	(14)	(71)	(240)
Business acquisitions	3	–	–	(16)	–	1	(12)
Other comprehensive income	–	(65)	–	–	–	(39)	(104)
Deficit	–	–	–	–	–	(11)	(11)
Other	–	–	–	15	–	27	42
December 31, 2018	129	415	(1,763)	(1,649)	16	(199)	(3,051)
Adoption of IFRS 16	**–**	**–**	**–**	**7**	**–**	**–**	**7**
January 1, 2019	**129**	**415**	**(1,763)**	**(1,642)**	**16**	**(199)**	**(3,044)**
Income statement	**(105)**	**3**	**–**	**(177)**	**(9)**	**(112)**	**(400)**
Business acquisitions	**5**	**–**	**–**	**(6)**	**–**	**(1)**	**(2)**
Other comprehensive income	**–**	**(54)**	**–**	**–**	**–**	**(36)**	**(90)**
Deficit	**–**	**–**	**–**	**–**	**–**	**13**	**13**
Other	**2**	**–**	**–**	**46**	**–**	**12**	**60**
December 31, 2019	**31**	**364**	**(1,763)**	**(1,779)**	**7**	**(323)**	**(3,463)**

At December 31, 2019, BCE had $215 million of non-capital loss carryforwards. We:

- recognized a deferred tax asset of $31 million for $122 million of the non-capital loss carryforwards. These non-capital loss carryforwards expire in varying annual amounts from 2024 to 2039.
- did not recognize a deferred tax asset for $93 million of non-capital loss carryforwards. This balance expires in varying annual amounts from 2023 to 2037.

At December 31, 2019, BCE had $734 million of unrecognized capital loss carryforwards which can be carried forward indefinitely.

At December 31, 2018, BCE had $645 million of non-capital loss carryforwards. We:

- recognized a deferred tax asset of $129 million for $478 million of the non-capital loss carryforwards. These non-capital loss carryforwards expire in varying annual amounts from 2024 to 2038.
- did not recognize a deferred tax asset for $167 million of non-capital loss carryforwards. This balance expires in varying annual amounts from 2023 to 2038.

At December 31, 2018, BCE had $806 million of unrecognized capital loss carryforwards which can be carried forward indefinitely.

Note 9 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	2019	2018
Net earnings attributable to common shareholders – basic	**3,040**	2,785
Dividends declared per common share (in dollars)	**3.17**	3.02
Weighted average number of common shares outstanding (in millions)		
Weighted average number of common shares outstanding – basic	**900.8**	898.6
Assumed exercise of stock options (1)	**0.6**	0.3
Weighted average number of common shares outstanding – diluted (in millions)	**901.4**	898.9

(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 61,170 in 2019 and 12,252,594 in 2018.*

Note 10 Trade and other receivables

FOR THE YEAR ENDED DECEMBER 31	NOTE	2019	2018
Trade receivables (1)		**2,981**	3,026
Allowance for revenue adjustments		**(104)**	(106)
Allowance for doubtful accounts	26	**(62)**	(51)
Current tax receivable		**23**	14
Other accounts receivable		**200**	123
Total trade and other receivables		**3,038**	3,006

(1) *The details of securitized trade receivables are set out in Note 21, Debt due within one year.*

Note 11 Inventory

FOR THE YEAR ENDED DECEMBER 31	2019	2018
Wireless devices and accessories	**199**	202
Merchandise and other	**228**	230
Total inventory	**427**	432

The total amount of inventory subsequently recognized as an expense in cost of revenues was $3,141 million and $2,971 million for 2019 and 2018, respectively.

Note 12 Contract assets and liabilities

The table below provides a reconciliation of the significant changes in the contract assets and the contract liabilities balances.

	CONTRACT ASSETS (1)		CONTRACT LIABILITIES	
FOR THE YEAR ENDED DECEMBER 31	2019	2018	2019	2018
Opening balance, January 1	**1,493**	1,263	**899**	894
Revenue recognized included in contract liabilities at the beginning of the year	**–**	–	**(666)**	(625)
Revenue recognized from contract liabilities included in contract assets at the beginning of the year	**131**	154	**–**	–
Increase in contract liabilities during the year	**–**	–	**644**	628
Increase in contract liabilities included in contract assets during the year	**(175)**	(168)	**–**	–
Increase in contract assets from revenue recognized during the year	**1,915**	1,770	**–**	–
Contract assets transferred to trade receivables	**(1,461)**	(1,321)	**47**	–
Acquisitions	**–**	–	**(4)**	13
Contract terminations transferred to trade receivables	**(205)**	(219)	**24**	(4)
Other	**(54)**	14	**(54)**	(7)
Ending balance, December 31	**1,644**	1,493	**890**	899

(1) *Net of allowance for doubtful accounts of $68million and $73 million at December 31, 2019 and December 31, 2018, respectively. We have updated amounts for the prior year to make them consistent with the presentation for the current year. See Note 26,* Financial and capital management*, for additional details.*

Note 13 Contract costs

The table below provides a reconciliation of the contract costs balance.

FOR THE YEAR ENDED DECEMBER 31	2019	2018
Opening balance, January 1	**707**	636
Incremental costs of obtaining a contract and contract fulfillment costs	**602**	567
Amortization included in operating costs	**(523)**	(477)
Impairment charges included in operating costs	**(3)**	(19)
Ending balance, December 31	**783**	707

Contract costs are amortized over a period ranging from 12 to 84 months.

Note 14 Property, plant and equipment

FOR THE YEAR ENDED DECEMBER 31, 2019	NOTE	NETWORK INFRASTRUCTURE AND EQUIPMENT (1)	LAND AND BUILDINGS (1)	ASSETS UNDER CONSTRUCTION	TOTAL
COST					
December 31, 2018		**64,248**	**6,071**	**1,764**	**72,083**
Adoption of IFRS 16	2, 35	**800**	**1,457**	**–**	**2,257**
January 1, 2019		**65,048**	**7,528**	**1,764**	**74,340**
Additions		**2,510**	**569**	**1,705**	**4,784**
Acquired through business combinations		**3**	**38**	**–**	**41**
Transfers		**1,132**	**(9)**	**(1,782)**	**(659)**
Retirements and disposals		**(1,085)**	**(43)**	**–**	**(1,128)**
Impairment losses recognized in earnings	7	**(11)**	**(4)**	**–**	**(15)**
December 31, 2019		**67,597**	**8,079**	**1,687**	**77,363**
ACCUMULATED DEPRECIATION					
January 1, 2019		**43,834**	**3,405**	**–**	**47,239**
Depreciation		**3,030**	**466**	**–**	**3,496**
Retirements and disposals		**(1,003)**	**(27)**	**–**	**(1,030)**
Other		**53**	**(31)**	**–**	**22**
December 31, 2019		**45,914**	**3,813**	**–**	**49,727**
NET CARRYING AMOUNT					
January 1, 2019		**21,214**	**4,123**	**1,764**	**27,101**
December 31, 2019		**21,683**	**4,266**	**1,687**	**27,636**

(1) *Includes right-of-use assets. See Note 15,* Leases, *for additional details.*

FOR THE YEAR ENDED DECEMBER 31, 2018	NOTE	NETWORK INFRASTRUCTURE AND EQUIPMENT	LAND AND BUILDINGS	ASSETS UNDER CONSTRUCTION	TOTAL (1)
COST					
January 1, 2018		61,484	5,961	1,774	69,219
Additions		2,699	72	1,437	4,208
Acquired through business combinations		144	49	–	193
Transfers		898	43	(1,447)	(506)
Retirements and disposals		(969)	(54)	–	(1,023)
Impairment losses recognized in earnings	7	(8)	–	–	(8)
December 31, 2018		64,248	6,071	1,764	72,083
ACCUMULATED DEPRECIATION					
January 1, 2018		41,949	3,241	–	45,190
Depreciation		2,923	222	–	3,145
Retirements and disposals		(931)	(52)	–	(983)
Other		(107)	(6)	–	(113)
December 31, 2018		43,834	3,405	–	47,239
NET CARRYING AMOUNT					
January 1, 2018		19,535	2,720	1,774	24,029
December 31, 2018		20,414	2,666	1,764	24,844

(1) *Includes assets under finance lease. See Note 15,* Leases, *for additional details*

Note 15 Leases

RIGHT-OF-USE ASSETS

BCE's significant right-of-use assets under leases are satellites, office premises, land, cellular tower sites, retail outlets and OOH advertising spaces. Right-of-use assets are presented in *Property, plant and equipment* in the statement of financial position.

FOR THE YEAR ENDED DECEMBER 31, 2019	NETWORK INFRASTRUCTURE AND EQUIPMENT	LAND AND BUILDINGS	TOTAL
COST			
January 1, 2019	**3,329**	**2,453**	**5,782**
Additions	**527**	**513**	**1,040**
Transfers	**(233)**	**–**	**(233)**
Acquired through business combinations	**–**	**8**	**8**
Lease terminations	**(12)**	**(38)**	**(50)**
Impairment losses recognized in earnings	**(2)**	**(3)**	**(5)**
December 31, 2019	**3,609**	**2,933**	**6,542**
ACCUMULATED DEPRECIATION			
January 1, 2019	**1,042**	**536**	**1,578**
Depreciation	**373**	**303**	**676**
Transfers	**(111)**	**–**	**(111)**
Lease terminations	**(3)**	**(22)**	**(25)**
December 31, 2019	**1,301**	**817**	**2,118**
NET CARRYING AMOUNT			
January 1, 2019	**2,287**	**1,917**	**4,204**
December 31, 2019	**2,308**	**2,116**	**4,424**

LEASES IN THE INCOME STATEMENT

The following table provides the expenses related to leases recognized in the income statement.

FOR THE YEAR ENDED DECEMBER 31	2019
Interest expense on lease liabilities	**220**
Variable lease payment expenses not included in the measurement of lease liabilities	**161**
Expenses for leases of low value assets	**58**
Expenses for short-term leases	**30**

Rental expense relating to operating leases was $352 million in 2018.

LEASES IN THE STATEMENT OF CASH FLOWS

Total cash outflow related to leases was $1,239 million for the period ended December 31, 2019.

FINANCE LEASES UNDER IAS 17

The following table shows the net carrying amount and additions to assets under finance leases for the year ended December 31, 2018.

FOR THE YEAR ENDED DECEMBER 31, 2018	ADDITIONS	NET CARRYING AMOUNT
Network infrastructure and equipment	405	1,487
Land and buildings	1	460
Total	406	1,947

ADDITIONAL DISCLOSURES

See Note 2, *Significant accounting policies*, and Note 35, *Adoption of IFRS 16*, for the impacts upon adoption of IFRS 16 as at January 1, 2019.

See Note 21, *Debt due within one year*, and Note 22, *Long-term debt*, for lease liabilities balances included in the statement of financial position.

See Note 26, *Financial and capital management*, for a maturity analysis of lease liabilities.

See Note 31, *Commitments and contingencies*, for leases committed but not yet commenced as at December 31, 2019.

Note 16 Intangible assets

		FINITE-LIFE					INDEFINITE-LIFE				
FOR THE YEAR ENDED DECEMBER 31, 2019	NOTE	SOFTWARE	CUSTOMER RELATION-SHIPS	PROGRAM AND FEATURE FILM RIGHTS	OTHER	TOTAL	BRANDS	SPECTRUM AND OTHER LICENCES	BROADCAST LICENCES	TOTAL	TOTAL INTANGIBLE ASSETS
COST											
January 1, 2019		9,525	2,014	704	500	12,743	2,409	3,587	2,111	8,107	20,850
Additions		389	–	1,004	4	1,397	–	–	–	–	1,397
Acquired through business combinations		–	6	–	–	6	–	–	–	–	6
Transfers		660	–	–	–	660	–	–	–	–	660
Retirements and disposals		(52)	(3)	–	(14)	(69)	–	–	–	–	(69)
Impairment losses recognized in earnings	7	–	–	–	(1)	(1)	–	(1)	(85)	(86)	(87)
Amortization included in operating costs		–	–	(992)	–	(992)	–	–	–	–	(992)
December 31, 2019		10,522	2,017	716	489	13,744	2,409	3,586	2,026	8,021	21,765
ACCUMULATED AMORTIZATION											
January 1, 2019		6,720	727	–	198	7,645	–	–	–	–	7,645
Amortization		745	112	–	45	902	–	–	–	–	902
Retirements and disposals		(51)	–	–	(14)	(65)	–	–	–	–	(65)
Other		(69)	–	–	–	(69)	–	–	–	–	(69)
December 31, 2019		7,345	839	–	229	8,413	–	–	–	–	8,413
NET CARRYING AMOUNT											
January 1, 2019		2,805	1,287	704	302	5,098	2,409	3,587	2,111	8,107	13,205
December 31, 2019		3,177	1,178	716	260	5,331	2,409	3,586	2,026	8,021	13,352

FOR THE YEAR ENDED DECEMBER 31, 2018	NOTE	FINITE-LIFE					INDEFINITE-LIFE				TOTAL INTANGIBLE ASSETS
		SOFTWARE	CUSTOMER RELATION-SHIPS	PROGRAM AND FEATURE FILM RIGHTS	OTHER	TOTAL	BRANDS	SPECTRUM AND OTHER LICENCES	BROADCAST LICENCES	TOTAL	
COST											
January 1, 2018		8,689	1,950	741	393	11,773	2,443	3,534	2,251	8,228	20,001
Additions		362	13	967	106	1,448	–	56	–	56	1,504
Acquired through business combinations		9	51	–	1	61	1	–	5	6	67
Transfers		506	–	–	4	510	(4)	–	–	(4)	506
Retirements and disposals		(41)	–	–	(4)	(45)	–	(1)	–	(1)	(46)
Impairment losses recognized in earnings	7	–	–	(14)	–	(14)	(31)	(2)	(145)	(178)	(192)
Amortization included in operating costs		–	–	(990)	–	(990)	–	–	–	–	(990)
December 31, 2018		9,525	2,014	704	500	12,743	2,409	3,587	2,111	8,107	20,850
ACCUMULATED AMORTIZATION											
January 1, 2018		5,976	612	–	155	6,743	–	–	–	–	6,743
Amortization		707	115	–	47	869	–	–	–	–	869
Retirements and disposals		(39)	–	–	(4)	(43)	–	–	–	–	(43)
Other		76	–	–	–	76	–	–	–	–	76
December 31, 2018		6,720	727	–	198	7,645	–	–	–	–	7,645
NET CARRYING AMOUNT											
January 1, 2018		2,713	1,338	741	238	5,030	2,443	3,534	2,251	8,228	13,258
December 31, 2018		2,805	1,287	704	302	5,098	2,409	3,587	2,111	8,107	13,205

Note 17 Investments in associates and joint ventures

The following tables provide summarized financial information with respect to BCE's associates and joint ventures. For more details on our associates and joint ventures see Note 32, *Related party transactions*.

STATEMENTS OF FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31	2019	2018
Assets	**4,045**	3,819
Liabilities	**(2,689)**	(2,253)
Total net assets	**1,356**	1,566
BCE's share of net assets	**698**	798

INCOME STATEMENTS

FOR THE YEAR ENDED DECEMBER 31	NOTE	2019	2018
Revenues		**2,398**	2,128
Expenses		**(2,545)**	(2,191)
Total net losses		**(147)**	(63)
BCE's share of net losses	7	**(72)**	(35)

Note 18 Other non-current assets

FOR THE YEAR ENDED DECEMBER 31	NOTE	2019	2018
Net assets of post-employment benefit plans	24	**558**	331
Long-term notes and other receivables		**142**	89
Derivative assets	26	**200**	68
Publicly-traded and privately-held investments	26	**129**	110
Investments (1)		**128**	114
Other		**117**	135
Total other non-current assets		**1,274**	847

(1) *These amounts have been pledged as security related to obligations for certain employee benefits and are not available for general use.*

Note 19 Goodwill

The following table provides details about the changes in the carrying amounts of goodwill for the years ended December 31, 2019 and 2018. BCE's groups of CGUs correspond to our reporting segments.

	BELL WIRELESS	BELL WIRELINE	BELL MEDIA	BCE
Balance at January 1, 2018	3,032	4,497	2,899	10,428
Acquisitions and other	16	182	32	230
Balance at December 31, 2018	3,048	4,679	2,931	10,658
Acquisitions and other	**–**	**(6)**	**15**	**9**
Balance at December 31, 2019	**3,048**	**4,673**	**2,946**	**10,667**

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 derived 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	1.0%	6.0%
Bell Media	1.0%	8.0%

The recoverable amounts determined in a prior year for the Bell Wireless and Bell Wireline groups of CGUs exceed their corresponding current carrying values by a substantial margin and have been carried forward and used in the impairment test for the current year. 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 (1.1%) in the perpetuity growth rate or an increase of 0.8% in the discount rate would have resulted in its recoverable amount being equal to its carrying value.

Note 20 Trade payables and other liabilities

FOR THE YEAR ENDED DECEMBER 31	NOTE	2019	2018
Trade payables and accruals		**2,604**	2,535
Compensation payable		**589**	589
Maple Leaf Sports and Entertainment Ltd. (MLSE) financial liability (1)	26	**135**	135
Taxes payable		**101**	129
Derivative liabilities	26	**49**	27
Severance and other costs payable		**35**	63
Provisions	23	**33**	66
CRTC tangible benefits obligation	26	**28**	38
CRTC deferral account obligation	26	**13**	16
Other current liabilities		**367**	343
Total trade payables and other liabilities		**3,954**	3,941

(1) *Represents BCE's obligation to repurchase the BCE Master Trust Fund's (Master Trust Fund) 9% interest in MLSE at a price not less than an agreed minimum price should the Master Trust Fund 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 *in the income statements.*

Note 21 Debt due within one year

FOR THE YEAR ENDED DECEMBER 31	NOTE	WEIGHTED AVERAGE INTEREST RATE AT DECEMBER 31, 2019	2019	2018
Notes payable (1)	26	2.03%	**1,994**	3,201
Loans secured by trade receivables	26	2.71%	**1,050**	919
Long-term debt due within one year (2)	22	4.77%	**837**	525
Total debt due within one year			**3,881**	4,645

(1) *Includes commercial paper of $1,502 million in U.S. dollars ($1,951 million in Canadian dollars) and $2,314 million in U.S. dollars ($3,156 million in Canadian dollars) as at December 31, 2019 and December 31, 2018, respectively, which were issued under our U.S. commercial paper program and have been hedged for foreign currency fluctuations through forward currency contracts. See Note 26,* Financial and capital management*, for additional details.*

(2) *Included in long-term debt due within one year is the current portion of lease liabilities of $775million as at December 31, 2019 and the current portion of finance leases of $466 million as at December 31, 2018.*

SECURITIZED TRADE RECEIVABLES

Our securitized trade receivables programs are recorded as floating rate revolving loans secured by certain trade receivables and expire on December 31, 2020 and December 1, 2022.

The following table provides further details on our securitized trade receivables programs.

FOR THE YEAR ENDED DECEMBER 31	2019	2018
Average interest rate throughout the year	**2.79%**	2.41%
Securitized trade receivables	**2,185**	1,998

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 under its Canadian and U.S. commercial paper programs up to the maximum aggregate principal amount of $3 billion in either Canadian or U.S. currency provided that at no time shall such maximum amount of notes exceed $4 billion in Canadian currency which equals the aggregate amount available under Bell Canada's committed supporting revolving and expansion credit facilities as at December 31, 2019. The total amount of the net available committed revolving and expansion credit facilities may be drawn at any time.

The table below is a summary of our total bank credit facilities at December 31, 2019.

	TOTAL AVAILABLE	DRAWN	LETTERS OF CREDIT	COMMERCIAL PAPER OUTSTANDING	NET AVAILABLE
Committed credit facilities					
Unsecured revolving and expansion credit facilities (1) (2)	**4,000**	**–**	**–**	**1,951**	**2,049**
Other	**106**	**–**	**106**	**–**	**–**
Total committed credit facilities	**4,106**	**–**	**106**	**1,951**	**2,049**
Total non-committed credit facilities	**1,939**	**–**	**1,059**	**–**	**880**
Total committed and non-committed credit facilities	**6,045**	**–**	**1,165**	**1,951**	**2,929**

(1) *Bell Canada's $2.5 billion and additional $500 million committed revolving credit facilities expire in November 2024 and November 2020, respectively, and its $1 billion committed expansion credit facility expires in November 2022. Bell Canada has the option, subject to certain conditions, to convert advances outstanding under the additional $500million revolving credit facility into a term loan with a maximum one-year term.*

(2) *As of December 31, 2019, Bell Canada's outstanding commercial paper included $1,502million in U.S. dollars ($1,951 million in Canadian dollars). All of Bell Canada's commercial paper outstanding is included in debt due within one year.*

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 22 Long-term debt

FOR THE YEAR ENDED DECEMBER 31	NOTE	WEIGHTED AVERAGE INTEREST RATE AT DECEMBER 31, 2019	MATURITY	2019	2018
Debt securities					
1997 trust indenture		3.82%	2021–2047	**14,500**	14,750
1976 trust indenture		9.54%	2021–2054	**1,100**	1,100
2011 trust indenture		4.00%	2024	**225**	225
2016 U.S. trust indenture (1)		4.41%	2048–2049	**2,273**	1,569
1996 trust indenture (subordinated)		8.21%	2026–2031	**275**	275
Lease liabilities		5.11%	2020–2065	**4,599**	–
Finance leases			2019–2047	**–**	2,097
Other				**328**	308
Total debt				**23,300**	20,324
Net unamortized premium				**15**	21
Unamortized debt issuance costs				**(63)**	(60)
Less:					
Amount due within one year	21			**(837)**	(525)
Total long-term debt				**22,415**	19,760

(1) *At December 31, 2019 and 2018, notes issued under the 2016 U.S. trust indenture totaled $1,750 million and $1,150 million in U.S. dollars, respectively, and have been hedged for foreign currency fluctuations through cross currency interest rate swaps. See Note 26,* Financial and capital management, *for additional details.*

Bell Canada's debt securities have been issued in Canadian dollars with the exception of debt securities issued under the 2016 U.S. trust indenture, which have been issued in U.S. dollars. All debt securities bear a fixed interest rate.

RESTRICTIONS

Some of our debt agreements:

- impose covenants and new issue tests
- require us to make an offer to repurchase certain series of debt securities 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 debt securities have been issued under trust indentures and are unsecured. All debt securities have been 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.

2019

On September 10, 2019, Bell Canada issued 2.90% Series M-50 medium term note (MTN) debentures under its 1997 trust indenture, with a principal amount of $550 million, which mature on September 10, 2029.

On June 13, 2019, Bell Canada redeemed, prior to maturity, its 3.25% Series M-27 MTN debentures, having an outstanding principal amount of $1 billion, which were due June 17, 2020.

On May 24, 2019, Bell Canada redeemed, prior to maturity, its 3.54% Series M-37 debentures, having an outstanding principal amount of $400 million, which were due on June 12, 2020.

On May 13, 2019, Bell Canada issued 2.75% Series M-49 MTN debentures under its 1997 trust indenture, with a principal amount of $600 million, which mature on January 29, 2025. In addition, on the same date, Bell Canada issued 4.30% Series US-2 Notes under its 2016 trust indenture, with a principal amount of $600 million in U.S. dollars ($808 million in Canadian dollars), which mature on July 29, 2049.

For the year ended December 31, 2019, we incurred early debt redemption charges of $18 million which were recorded in *Other expense* in the income statement.

Subsequent to year end, on February 13, 2020, Bell Canada issued 3.50% Series M-51 MTN debentures under its 1997 trust indenture, with a principal amount of $750 million, which mature on September 30, 2050. The net proceeds of the offering are intended to be used to fund, on March 16, 2020, the redemption, prior to maturity, of Bell Canada's 4.95% Series M-24 MTN debentures, with early debt redemption charges of $17 million. The M-24 MTN debentures have an outstanding principal amount of $500 million and were due on May 19, 2021. The net proceeds are further intended to be used for the repayment of short-term debt.

2018

On October 15, 2018, Bell Canada redeemed, prior to maturity, its 5.625% Series 8 notes, having an outstanding principal amount of $200 million, which were due on December 16, 2019.

On September 21, 2018, Bell Canada redeemed, prior to maturity, its 3.35% Series M-25 MTN debentures, having an outstanding principal amount of $1 billion, which were due on June 18, 2019.

On September 14, 2018, and March 29, 2018, Bell Canada issued 4.464% Series US-1 Notes under its 2016 U.S. trust indenture, with a principal amount of $400 million in U.S. dollars ($526 million in Canadian dollars) and $750 million in U.S. dollars ($967 million in Canadian dollars), respectively, which mature on April 1, 2048.

On August 21, 2018, Bell Canada issued 3.80% Series M-48 MTN debentures under its 1997 trust indenture, with a principal amount of $1 billion, which mature on August 21, 2028.

On May 4, 2018, Bell Canada redeemed, prior to maturity, its 3.50% Series M-28 MTN debentures, having an outstanding principal amount of $400 million, which were due on September 10, 2018.

On April 16, 2018, Bell Canada redeemed, prior to maturity, its 4.59% Series 9 notes, having an outstanding principal amount of $200 million, which were due on October 1, 2018. In addition, on the same date, Bell Canada redeemed, prior to maturity, its 5.52% Series M-33 debentures, having an outstanding principal amount of $300 million, which were due on February 26, 2019.

On March 12, 2018, Bell Canada issued 3.35% Series M-47 MTN debentures under its 1997 trust indenture, with a principal amount of $500 million, which mature on March 12, 2025.

For the year ended December 31, 2018, we incurred early debt redemption charges of $20 million, which were recorded in *Other expense* in the income statement.

Note 23 Provisions

FOR THE YEAR ENDED DECEMBER 31	NOTE	AROs	OTHER (1)	TOTAL
January 1, 2019		**199**	**172**	**371**
Additions		**21**	**24**	**45**
Usage		**(4)**	**(52)**	**(56)**
Reversals		**(17)**	**(1)**	**(18)**
Adoption of IFRS 16		**–**	**(11)**	**(11)**
December 31, 2019		**199**	**132**	**331**
Current	20	**16**	**17**	**33**
Non-current	25	**183**	**115**	**298**
December 31, 2019		**199**	**132**	**331**

(1) *Other includes environmental, vacant space and legal provisions.*

AROs reflect management's best estimates of expected future costs to restore current leased premises to their original condition prior to lease inception. Cash outflows associated with our ARO liabilities are generally expected to occur at the restoration dates of the assets to which they relate, which are long-term in nature. The timing and extent of restoration work that will be ultimately required for these sites is uncertain.

Note 24 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 plans to an increase in life expectancy.

COMPONENTS OF POST-EMPLOYMENT BENEFIT PLANS SERVICE COST

FOR THE YEAR ENDED DECEMBER 31	2019	2018
DB pension	**(193)**	(213)
DC pension	**(110)**	(106)
OPEBs	**(3)**	(3)
Less:		
Capitalized benefit plans cost	**59**	56
Total post-employment benefit plans service cost included in operating costs	**(247)**	(266)
Other costs recognized in severance, acquisition and other costs	**–**	(4)
Total post-employment benefit plans service cost	**(247)**	(270)

COMPONENTS OF POST-EMPLOYMENT BENEFIT PLANS FINANCING COST

FOR THE YEAR ENDED DECEMBER 31	2019	2018
DB pension	**(19)**	(23)
OPEBs	**(44)**	(46)
Total interest on post-employment benefit obligations	**(63)**	(69)

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

	2019	2018
Cumulative losses recognized directly in equity, January 1	**(2,892)**	(2,984)
Actuarial gains in other comprehensive income (1)	**191**	79
Decrease in the effect of the asset limit (2)	**–**	13
Cumulative losses recognized directly in equity, December 31	**(2,701)**	(2,892)

(1) *The cumulative actuarial losses recognized in the statements of comprehensive income are $2,947million in 2019.*

(2) *The cumulative decrease in the effect of the asset limit recognized in the statements of comprehensive income is $246million in 2019.*

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	
	2019	2018	2019	2018	2019	2018
Post-employment benefit obligations, January 1	**(23,404)**	(24,404)	**(1,469)**	(1,653)	**(24,873)**	(26,057)
Current service cost	**(193)**	(213)	**(3)**	(3)	**(196)**	(216)
Interest on obligations	**(872)**	(864)	**(55)**	(56)	**(927)**	(920)
Actuarial (losses) gains (1)	**(2,498)**	750	**(80)**	163	**(2,578)**	913
Net curtailment losses	**–**	(4)	**–**	–	**–**	(4)
Benefit payments	**1,326**	1,342	**77**	80	**1,403**	1,422
Employee contributions	**(10)**	(11)	**–**	–	**(10)**	(11)
Other	**1**	–	**1**	–	**2**	–
Post-employment benefit obligations, December 31	**(25,650)**	(23,404)	**(1,529)**	(1,469)	**(27,179)**	(24,873)
Fair value of plan assets, January 1	**23,071**	23,945	**287**	299	**23,358**	24,244
Expected return on plan assets (2)	**853**	841	**11**	10	**864**	851
Actuarial gains (losses) (1)	**2,742**	(817)	**27**	(17)	**2,769**	(834)
Benefit payments	**(1,326)**	(1,342)	**(77)**	(80)	**(1,403)**	(1,422)
Employer contributions	**180**	433	**72**	75	**252**	508
Employee contributions	**10**	11	**–**	–	**10**	11
Fair value of plan assets, December 31	**25,530**	23,071	**320**	287	**25,850**	23,358
Plan deficit	**(120)**	(333)	**(1,209)**	(1,182)	**(1,329)**	(1,515)
Effect of asset limit	**(20)**	(20)	**–**	–	**(20)**	(20)
Post-employment benefit liability, December 31	**(140)**	(353)	**(1,209)**	(1,182)	**(1,349)**	(1,535)
Post-employment benefit assets included in other non-current assets	**558**	331	**–**	–	**558**	331
Post-employment benefit obligations	**(698)**	(684)	**(1,209)**	(1,182)	**(1,907)**	(1,866)

(1) *Actuarial gains (losses) include experience gains (losses) of $2,525million in 2019 and ($693million) in 2018.*

(2) *The actual return on plan assets was $3,633million or 16.0% in 2019 and $17million or 0.2% in 2018.*

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	2019	2018	2019	2018	2019	2018	2019	2018
Present value of post-employment benefit obligations	**(24,961)**	(22,765)	**(1,918)**	(1,816)	**(300)**	(292)	**(27,179)**	(24,873)
Fair value of plan assets	**25,474**	23,018	**376**	340	**–**	–	**25,850**	23,358
Plan surplus (deficit)	**513**	253	**(1,542)**	(1,476)	**(300)**	(292)	**(1,329)**	(1,515)

(1) *The partially funded plans consist of supplementary executive retirement plans (SERPs) for eligible employees and certain 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 certain OPEBs, which are paid as claims are incurred.*

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	
FOR THE YEAR ENDED DECEMBER 31	2019	2018
Post-employment benefit obligations		
Discount rate	**3.1%**	3.8%
Rate of compensation increase	**2.25%**	2.25%
Cost of living indexation rate (1)	**1.6%**	1.6%
Life expectancy at age 65 (years)	**23.2**	23.1

(1) *Cost of living indexation rate is only applicable to DB pension plans.*

	DB PENSION PLANS AND OPEB PLANS	
FOR THE YEAR ENDED DECEMBER 31	2019	2018
Net post-employment benefit plans cost		
Discount rate	**4.0%**	3.7%
Rate of compensation increase	**2.25%**	2.25%
Cost of living indexation rate (1)	**1.6%**	1.6%
Life expectancy at age 65 (years)	**23.1**	23.2

(1) *Cost of living indexation rate is only applicable to DB pension plans.*

The weighted average duration of the post-employment benefit obligation is 14 years.

We assumed the following trend rates in healthcare costs:

- an annual increase in the cost of medication of 6.5% for 2019 decreasing to 4.0% over 20 years
- an annual increase in the cost of covered dental benefits of 4%
- an annual increase in the cost of covered hospital benefits of 3.7%
- an annual increase in the cost of other covered healthcare benefits of 4%

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	4	(3)
Post-employment benefit obligations	110	(95)

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 2019 – INCREASE/(DECREASE)		IMPACT ON POST-EMPLOYMENT BENEFIT OBLIGATIONS AT DECEMBER 31, 2019 – INCREASE/(DECREASE)	
	CHANGE IN ASSUMPTION	INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION	INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION
Discount rate	0.5%	(75)	69	(1,728)	1,944
Life expectancy at age 65	1 year	38	(39)	945	(972)

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 benefits.

The following table shows the target allocations for 2019 and the allocation of our post-employment benefit plan assets at December 31, 2019 and 2018.

	WEIGHTED AVERAGE TARGET ALLOCATION	TOTAL PLAN ASSETS FAIR VALUE	
ASSET CATEGORY	2019	DECEMBER 31, 2019	DECEMBER 31, 2018
Equity securities	**0%–40%**	**22%**	20%
Debt securities	**60%–100%**	**62%**	64%
Alternative investments	**0%–50%**	**16%**	16%
Total		**100%**	100%

The following table shows the fair value of the DB pension plan assets for each category.

FOR THE YEAR ENDED DECEMBER 31	2019	2018
Observable markets data		
Equity securities		
Canadian	**1,017**	844
Foreign	**4,534**	3,770
Debt securities		
Canadian	**13,216**	12,457
Foreign	**2,385**	2,004
Money market	**219**	327
Non-observable markets inputs		
Alternative investments		
Private equities	**2,119**	1,804
Hedge funds	**1,001**	1,014
Real estate	**948**	758
Other	**91**	93
Total	**25,530**	23,071

Equity securities included approximately $15 million of BCE common shares, or 0.06% of total plan assets, at December 31, 2019 and approximately $8 million of BCE common shares, or 0.03% of total plan assets, at December 31, 2018.

Debt securities included approximately $53 million of Bell Canada debentures, or 0.21% of total plan assets, at December 31, 2019 and approximately $68 million of Bell Canada debentures, or 0.30% of total plan assets, at December 31, 2018.

Alternative investments included an investment in MLSE of $135 million, or 0.53% of total plan assets, at December 31, 2019 and $135 million, or 0.59% of total plan assets, at December 31, 2018.

The Bell Canada pension plan has an investment arrangement which hedges part of its exposure to potential increases in longevity, which covers approximately $4 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 authorities. 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	2019	2018	2019	2018	2019	2018
Contributions/payments	**(180)**	(433)	**(110)**	(106)	**(72)**	(75)

(1) *Includes voluntary contributions of nil in2019 and $240 million in 2018.*

We expect to contribute approximately $170 million to our DB pension plans in 2020, subject to actuarial valuations being completed. We expect to contribute approximately $120 million to the DC pension plans and to pay approximately $75 million to beneficiaries under OPEB plans in 2020.

Note 25 Other non-current liabilities

FOR THE YEAR ENDED DECEMBER 31	NOTE	2019	2018
Long-term disability benefits obligation		**305**	288
Provisions	23	**298**	305
CRTC deferral account obligation	26	**69**	92
CRTC tangible benefits obligation	26	**1**	23
Other		**198**	289
Total other non-current liabilities		**871**	997

Note 26 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 2019 and/ or 2018:

- foreign currency forward contracts and options that manage the foreign currency risk of certain anticipated purchases and sales and U.S. commercial paper
- cross currency interest rate swaps that hedge foreign currency risk on a portion of our debt due within one year and long-term debt
- forward contracts on BCE common shares that mitigate the cash flow exposure and equity price risk related to share-based payment plans
- interest rate swaps that hedge future dividend rate resets on preferred shares

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, dividends payable, trade payables and accruals, compensation payable, severance and other costs payable, interest 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, 2019		DECEMBER 31, 2018	
	CLASSIFICATION	FAIR VALUE METHODOLOGY	NOTE	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
CRTC tangible benefits obligation	Trade payables and other liabilities and other non-current liabilities	Present value of estimated future cash flows discounted using observable market interest rates	20, 25	**29**	**29**	61	61
CRTC deferral account obligation	Trade payables and other liabilities and other non-current liabilities	Present value of estimated future cash flows discounted using observable market interest rates	20, 25	**82**	**85**	108	112
Debt securities and other debt	Debt due within one year and long-term debt	Quoted market price of debt	21, 22	**18,653**	**20,905**	18,188	19,178
Finance leases (1)	Debt due within one year and long-term debt	Present value of future cash flows discounted using observable market interest rates	22	**–**	**–**	2,097	2,304

(1) *Upon adoption of IFRS 16 on January 1, 2019, fair value disclosures are no longer required for leases.*

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

	CLASSIFICATION	NOTE	CARRYING VALUE OF ASSET (LIABILITY)	FAIR VALUE		
				QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	OBSERVABLE MARKET DATA (LEVEL 2) (1)	NON-OBSERVABLE MARKET INPUTS (LEVEL 3) (2)
December 31, 2019						
Publicly-traded and privately-held investments	Other non-current assets	18	**129**	**2**	**–**	**127**
Derivative financial instruments	Other current assets, trade payables and other liabilities, other non-current assets and liabilities		**165**	**–**	**165**	**–**
MLSE financial liability (3)	Trade payables and other liabilities	20	**(135)**	**–**	**–**	**(135)**
Other	Other non-current assets and liabilities		**71**	**1**	**128**	**(58)**
December 31, 2018						
Publicly-traded and privately-held investments	Other non-current assets	18	110	1	–	109
Derivative financial instruments	Other current assets, trade payables and other liabilities, other non-current assets and liabilities		181	–	181	–
MLSE financial liability (3)	Trade payables and other liabilities	20	(135)	–	–	(135)
Other	Other non-current assets and liabilities		43	–	114	(71)

(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) *Represents BCE's obligation to repurchase the Master Trust Fund's 9% interest in MLSE at a price not less than an agreed minimum price should the Master Trust Fund 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 *in the income statements. The option has been exercisable since 2017.*

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, 2019 and 2018. 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.

	NOTE	2019	2018
Balance, January 1		**(51)**	(54)
Adoption of IFRS 9		**–**	(4)
Additions		**(114)**	(84)
Usage		**103**	91
Balance, December 31	10	**(62)**	(51)

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, net of allowance for doubtful accounts.

AT DECEMBER 31	2019	2018
Trade receivables not past due	**2,082**	2,091
Trade receivables past due, net of allowance for doubtful accounts		
Under 60 days	**541**	508
60 to 120 days	**232**	304
Over 120 days	**64**	72
Trade receivables, net of allowance for doubtful accounts	**2,919**	2,975

The following table provides the change in allowance for doubtful accounts for contract assets.

	NOTE	2019	2018 (1)
Balance, January 1		**(73)**	(90)
Additions		**(28)**	(19)
Usage and reversals		**33**	36
Balance, December 31		**(68)**	(73)
Current		**(32)**	(35)
Non-current		**(36)**	(38)
Balance, December 31	12	**(68)**	(73)

(1) *We have updated amounts for the prior year to make them consistent with the presentation for the current year.*

LIQUIDITY RISK

Our cash and cash equivalents, cash flows from operations and possible capital markets financing are expected to be sufficient to fund ou 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, 2019 for each of the next five years and thereafter.

AT DECEMBER 31, 2019	NOTE	2020	2021	2022	2023	2024	THERE-AFTER	TOTAL
Long-term debt	22	62	2,302	1,762	1,637	1,250	11,688	18,701
Notes payable	21	1,994	–	–	–	–	–	1,994
Lease liabilities		960	858	629	530	418	2,338	5,733
Loan secured by trade receivables	21	1,050	–	–	–	–	–	1,050
Interest payable on long-term debt, notes payable and loan secured by trade receivables		862	772	711	643	580	6,869	10,437
Net interest receipts on cross currency basis swaps		(3)	(2)	(2)	(2)	(2)	(57)	(68)
MLSE financial liability	20	(135)	–	–	–	–	–	(135)
Total		**4,790**	**3,930**	**3,100**	**2,808**	**2,246**	**20,838**	**37,712**

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 interest rate swaps to manage foreign currency risk related to anticipated purchases and sales and certain foreign currency debt.

In 2019, we entered into a cross currency interest rate swap with a notional amount of $600 million in U.S. dollars ($808 million in Canadian dollars), to hedge the U.S. currency exposure of our Series US-2 Notes maturing in 2049. See Note 22, *Long-term debt*, for additional details.

In 2018, we entered into cross currency interest rate swaps with a notional amount of $1,150 million in U.S. dollars ($1,493 million in Canadian dollars), to hedge the U.S. currency exposure of our Series US-1 Notes maturing in 2048. See Note 22, *Long-term debt*, for additional details.

A 10% depreciation (appreciation) in the value of the Canadian dollar relative to the U.S. dollar would result in a gain (loss) of $13 million ($27 million) recognized in net earnings at December 31, 2019 and a gain (loss) of $189 million ($178 million) recognized in *Other comprehensive income* at December 31, 2019, with all other variables held constant.

A 10% depreciation (appreciation) in the value of the Canadian dollar relative to the Philippine peso would result in a gain (loss) of $4 million recognized in *Other comprehensive income* at December 31, 2019, with all other variables held constant.

The following table provides further details on our outstanding foreign currency forward contracts and options as at December 31, 2019.

TYPE OF HEDGE	BUY CURRENCY	AMOUNT TO RECEIVE	SELL CURRENCY	AMOUNT TO PAY	MATURITY	HEDGED ITEM
Cash flow	USD	1,512	CAD	1,999	2020	Commercial paper
Cash flow	USD	704	CAD	915	2020	Anticipated transactions
Cash flow	PHP	1,944	CAD	49	2020	Anticipated transactions
Cash flow	USD	491	CAD	637	2021	Anticipated transactions
Economic – put options	USD	261	CAD	340	2020	Anticipated transactions
Economic – call options	USD	228	CAD	299	2020	Anticipated transactions
Economic – options (1)	USD	120	CAD	154	2021	Anticipated transactions

(1) *In 2019, we entered into a series of foreign currency options having a leverage provision and a profit cap limitation.*

INTEREST RATE EXPOSURES

A 1% increase (decrease) in interest rates would result in a decrease (increase) of $29 million in net earnings at December 31, 2019.

In 2019, we entered into interest rate swaps with a notional amount of $275 million to hedge the dividend rate reset on BCE preferred shares in 2020.

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 equity settled share-based compensation plans and the equity price risk related to a cash-settled share-based payment plan. See Note 28, *Share-based payments*, for details on our share-based payment arrangements. The fair value of our equity forward contracts at December 31, 2019 was an asset of $40 million (December 31, 2018 – a liability of $73 million).

A 5% increase (decrease) in the market price of BCE's common shares at December 31, 2019 would result in a gain (loss) of $38 million recognized in net earnings for 2019, with 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). In 2019, we increased our net debt leverage ratio target range to 2.00 to 2.50 times adjusted EBITDA from 1.75 to 2.25 times adjusted EBITDA in 2018. This increase reflects the one-time impact from the adoption of IFRS 16 which increased net debt by $2,304 million on January 1, 2019. See Note 35, *Adoption of IFRS 16*, for further details on the impacts of adopting IFRS 16 on our January 1, 2019 consolidated statement of financial position. At December 31, 2019, we had exceeded the limit of our internal net debt leverage ratio target range by 0.29. In 2019 and 2018, our adjusted EBITDA to net interest expense ratio target was greater than 7.5 times. The adoption of IFRS 16 did not have an impact on our adjusted EBITDA to net interest expense ratio target.

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 measures of financial leverage and health of the company.

The following table provides a summary of our key ratios.

AT DECEMBER 31	2019	2018
Net debt leverage ratio	**2.79**	2.72
Adjusted EBITDA to net interest expense ratio	**8.54**	9.00

On February 5, 2020 the board of directors of BCE approved an increase of 5.0% in the annual dividend on BCE's common shares, from $3.17 to $3.33 per common share. In addition, the board of directors of BCE declared a quarterly dividend of $0.8325 per common share payable on April 15, 2020 to the shareholders of record at March 16, 2020.

On February 6, 2019, the board of directors of BCE approved an increase of 5.0% in the annual dividend on BCE's common shares, from $3.02 to $3.17 per common share.

In Q1 2018, BCE completed a normal course issuer bid program (NCIB). See Note 27, *Share capital*, for additional details.

(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 a shown in our income statements. Net interest expense is net interest expense as shown in our statements of cash flows plus 50% of declared preferred share dividends as shown in our income statements.*

Note 27 Share capital

PREFERRED SHARES

BCE's articles of amalgamation, as amended, 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 provides a summary of the principal terms of BCE's First Preferred Shares as at December 31, 2019. There were no Second Preferred Shares issued and outstanding at December 31, 2019. 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	REDEMPTION PRICE	NUMBER OF SHARES		STATED CAPITAL	
						AUTHORIZED	ISSUED AND OUTSTANDING	DECEMBER 31, 2019	DECEM
Q	floating	Series R	December 1, 2025		$25.50	8,000,000	–	–	
R (1)	4.13%	Series Q	December 1, 2020	December 1, 2020	$25.00	8,000,000	8,000,000	**200**	
S	floating	Series T	November 1, 2021	At any time	$25.50	8,000,000	3,513,448	**88**	
T (1)	3.019%	Series S	November 1, 2021	November 1, 2021	$25.00	8,000,000	4,486,552	**112**	
Y	floating	Series Z	December 1, 2022	At any time	$25.50	10,000,000	8,081,491	**202**	
Z (1)	3.904%	Series Y	December 1, 2022	December 1, 2022	$25.00	10,000,000	1,918,509	**48**	
AA (1)	3.61%	Series AB	September 1, 2022	September 1, 2022	$25.00	20,000,000	11,398,396	**291**	
AB	floating	Series AA	September 1, 2022	At any time	$25.50	20,000,000	8,601,604	**219**	
AC (1)	4.38%	Series AD	March 1, 2023	March 1, 2023	$25.00	20,000,000	10,029,691	**256**	
AD	floating	Series AC	March 1, 2023	At any time	$25.50	20,000,000	9,970,309	**254**	
AE	floating	Series AF	February 1, 2020	At any time	$25.50	24,000,000	9,292,133	**232**	
AF (1)	3.11%	Series AE	February 1, 2020	February 1, 2020	$25.00	24,000,000	6,707,867	**168**	
AG (1)	2.80%	Series AH	May 1, 2021	May 1, 2021	$25.00	22,000,000	4,985,351	**125**	
AH	floating	Series AG	May 1, 2021	At any time	$25.50	22,000,000	9,014,649	**225**	
AI (1)	2.75%	Series AJ	August 1, 2021	August 1, 2021	$25.00	22,000,000	5,949,884	**149**	
AJ	floating	Series AI	August 1, 2021	At any time	$25.50	22,000,000	8,050,116	**201**	
AK (1)	2.954%	Series AL	December 31, 2021	December 31, 2021	$25.00	25,000,000	22,745,921	**569**	
AL (2)	floating	Series AK	December 31, 2021	At any time		25,000,000	2,254,079	**56**	
AM (1)	2.764%	Series AN	March 31, 2021	March 31, 2021	$25.00	30,000,000	9,546,615	**218**	
AN (2)	floating	Series AM	March 31, 2021	At any time		30,000,000	1,953,385	**45**	
AO (1)	4.26%	Series AP	March 31, 2022	March 31, 2022	$25.00	30,000,000	4,600,000	**118**	
AP (3)	floating	Series AO	March 31, 2027			30,000,000	–	–	
AQ (1)	4.812%	Series AR	September 30, 2023	September 30, 2023	$25.00	30,000,000	9,200,000	**228**	
AR (3)	floating	Series AQ	September 30, 2028			30,000,000	–	–	
								4,004	

(1) *BCE may redeem each of these series of First Preferred Shares on the applicable redemption date and every five years after that date.*

(2) *BCE may redeem Series AL and AN First Preferred Shares at $25.00per share on December 31, 2021 and March 31, 2021, respectively, and every five years thereafter (each, a Series conversion date). Alternatively, BCE may redeem Series AL or AN First Preferred Shares at $25.50 per share on any date which is not a Series conversion date for the applicable series of First Preferred Shares.*

(3) *If Series AP or AR First Preferred Shares are issued on March31, 2022 and September 30, 2023, respectively, BCE may redeem such shares at $25.00per share on March 31, 2027 and September 30, 2028, respectively, and every five years thereafter (each, a Series conversion date). Alternatively, BCE may redeem Series AP or AR First Preferred Shares at $25.50per share on any date which is not a Series conversion date for the applicable series of First Preferred Shares.*

VOTING RIGHTS

All of the issued and outstanding First Preferred Shares at December 31, 2019 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 at 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.

Holders of Series AL and AN First Preferred Shares are entitled to floating cumulative quarterly dividends. The floating dividend rate on these shares is calculated every quarter, 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, 2019 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 AND DIVIDEND RATE RESET OF FIRST PREFERRED SHARES

Subsequent to year end, on February 1, 2020 3,283,795 of BCE's 9,292,133 floating rate Cumulative Redeemable First Preferred Shares, Series AE (Series AE Preferred Shares) were converted, on a one-for-one basis, into fixed-rate Cumulative Redeemable First Preferred Shares, Series AF (Series AF Preferred Shares). In addition, on February 1, 2020, 506,975 of BCE's 6,707,867 Series AF Preferred Shares were converted, on a one-for-one basis, into Series AE Preferred Shares.

The annual fixed dividend rate on BCE's Series AF Preferred Shares was reset for the next five years, effective February 1, 2020, at 3.865%. The Series AE Preferred Shares continue to pay a monthly cash dividend.

COMMON SHARES AND CLASS B SHARES

BCE's articles of amalgamation provide for an unlimited number of voting common shares and non-voting Class B shares, all without par value. The common shares and the Class B shares rank equally in the payment of dividends and in the distribution of assets if BCE is liquidated, dissolved or wound up, after payments due to the holders of preferred shares. No Class B shares were outstanding at December 31, 2019 and 2018.

The following table provides details about the outstanding common shares of BCE.

		2019		2018	
	NOTE	NUMBER OF SHARES	STATED CAPITAL	NUMBER OF SHARES	STATED CAPITAL
Outstanding, January 1		**898,200,415**	**20,036**	900,996,640	20,091
Shares issued for the acquisition of AlarmForce	34	**–**	**–**	22,531	1
Shares issued under employee stock option plan	28	**4,459,559**	**251**	266,941	13
Repurchase of common shares		**–**	**–**	(3,085,697)	(69)
Shares issued under ESP		**1,231,479**	**75**	–	–
Shares issued under DSP		**16,729**	**1**	–	–
Outstanding, December 31		**903,908,182**	**20,363**	898,200,415	20,036

In Q1 2018, BCE repurchased and canceled 3,085,697 common shares for a total cost of $175 million through a NCIB. Of the total cost, $69 million represents stated capital and $3 million represents the reduction of the contributed surplus attributable to these common shares. The remaining $103 million was charged to the deficit.

CONTRIBUTED SURPLUS

Contributed surplus in 2019 and 2018 includes premiums in excess of par value upon the issuance of BCE common shares and share-based compensation expense net of settlements.

Note 28 Share-based payments

The following share-based payment amounts are included in the income statements as operating costs.

FOR THE YEAR ENDED DECEMBER 31	2019	2018
ESP	**(29)**	(29)
RSUs/PSUs	**(54)**	(50)
Other (1)	**(10)**	(10)
Total share-based payments	**(93)**	(89)

(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 ESP allows employees to contribute up to 12% of their annual earnings with a maximum employer contribution of 2%.

Employer contributions to the ESP and related dividends are subject to employees holding their shares for a 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, 2019, 4,360,087 common shares were authorized for issuance from treasury under the ESP.

The following table summarizes the status of unvested employer contributions at December 31, 2019 and 2018.

NUMBER OF ESP SHARES	2019	2018
Unvested contributions, January 1	**1,120,426**	1,039,030
Contributions (1)	**623,705**	671,911
Dividends credited	**57,083**	56,926
Vested	**(523,359)**	(501,089)
Forfeited	**(153,657)**	(146,352)
Unvested contributions, December 31	**1,124,198**	1,120,426

(1) *The weighted average fair value of the shares contributed was $60 in 2019 and $55 in 2018.*

RSUs/PSUs

RSUs/PSUs are granted to executives and other eligible 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 eligible 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, 2019 and 2018.

NUMBER OF RSUs/PSUs	2019	2018
Outstanding, January 1	**2,812,697**	2,740,392
Granted (1)	**975,348**	1,006,586
Dividends credited	**149,648**	149,258
Settled	**(932,133)**	(1,027,321)
Forfeited	**(90,442)**	(56,218)
Outstanding, December 31	**2,915,118**	2,812,697
Vested, December 31 (2)	**904,266**	880,903

(1) *The weighted average fair value of the RSUs/PSUs granted was $58 in 2019 and $57 in 2018.*

(2) *The RSUs/PSUs vested on December 31, 2019 were fully settled in February 2020 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. The liability related to the DSP is recorded in *Trade payables and other liabilities* in the statements of financial position and was $22 million and $26 million at December 31, 2019 and 2018, respectively.

DSUs

Eligible bonuses and RSUs/PSUs may be paid in the form of DSUs when executives or other eligible 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; thereafter, at least 50% of their compensation is paid in DSUs. 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, 2019 and 2018.

NUMBER OF DSUs	2019	2018
Outstanding, January 1	**4,391,997**	4,309,528
Issued (1)	**84,588**	94,580
Settlement of RSUs/PSUs	**146,960**	112,675
Dividends credited	**236,079**	240,879
Settled	**(236,525)**	(365,665)
Outstanding, December 31	**4,623,099**	4,391,997

(1) *The weighted average fair value of the DSUs issued was $59 in 2019 and $55 in 2018.*

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, 2019, 7,524,891 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 for options granted prior to 2019 and ten years from the date of grant for options granted in 2019.

The following table summarizes BCE's outstanding stock options at December 31, 2019 and 2018.

		2019		2018	
	NOTE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE ($)	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE ($)
Outstanding, January 1		**14,072,332**	**56**	10,490,249	55
Granted		**3,357,303**	**58**	3,888,693	56
Exercised (1)	27	**(4,459,559)**	**54**	(266,941)	42
Forfeited		**(144,535)**	**58**	(39,669)	58
Outstanding, December 31		**12,825,541**	**57**	14,072,332	56
Exercisable, December 31		**2,786,043**	**56**	4,399,588	52

(1) *The weighted average market share price for options exercised was $62 in 2019 and $55 in 2018.*

The following table provides additional information about BCE's stock option plans at December 31, 2019 and 2018.

	STOCK OPTIONS OUTSTANDING					
	2019			2018		
RANGE OF EXERCISE PRICES	NUMBER	WEIGHTED AVERAGE REMAINING LIFE (YEARS)	WEIGHTED AVERAGE EXERCISE PRICE ($)	NUMBER	WEIGHTED AVERAGE REMAINING LIFE (YEARS)	WEIGHTED AVERAGE EXERCISE PRICE ($)
$40–$49	**449,216**	**1**	**47**	1,747,042	2	46
$50–$59	**12,271,003**	**6**	**58**	12,232,011	5	57
$60 & above	**105,322**	**4**	**61**	93,279	5	61
	12,825,541	**5**	**57**	14,072,332	4	56

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.

	2019	2018
Weighted average fair value per option granted	**$2.34**	$2.13
Weighted average share price	**$58**	$57
Weighted average exercise price	**$58**	$56
Expected dividend growth	**5%**	5%
Expected volatility	**14%**	12%
Risk-free interest rate	**2%**	2%
Expected life (years)	**4**	4

Expected dividend growth is commensurate with BCE's dividend growth strategy. Expected volatility is 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.

Note 29 Additional cash flow information

The following table provides a reconciliation of changes in liabilities arising from financing activities.

	NOTE	DEBT DUE WITHIN ONE YEAR AND LONG-TERM DEBT	DERIVATIVE TO HEDGE FOREIGN CURRENCY ON DEBT (1)	DIVIDENDS PAYABLE	OTHER LIABILITIES	TOTAL
December 31, 2018		**24,405**	**(169)**	**691**	**–**	**24,927**
Adoption of IFRS 16		**2,304**	**–**	**–**	**–**	**2,304**
January 1, 2019		**26,709**	**(169)**	**691**	**–**	**27,231**
Cash flows from (used in) financing activities						
Decrease in notes payable		**(1,045)**	**(28)**	**–**	**–**	**(1,073)**
Issue of long-term debt		**1,954**	**–**	**–**	**–**	**1,954**
Repayment of long-term debt		**(2,228)**	**–**	**–**	**–**	**(2,228)**
Increase in securitized trade receivables		**131**	**–**	**–**	**–**	**131**
Cash dividends paid on common and preferred shares		**–**	**–**	**(2,966)**	**–**	**(2,966)**
Cash dividends paid by subsidiaries to non-controlling interests	33	**–**	**–**	**(65)**	**–**	**(65)**
Other financing activities		**(33)**	**–**	**–**	**(20)**	**(53)**
Total cash flows used in financing activities excluding equity		**(1,221)**	**(28)**	**(3,031)**	**(20)**	**(4,300)**
Non-cash changes arising from						
Increase in lease liabilities		**1,006**	**–**	**–**	**–**	**1,006**
Dividends declared on common and preferred shares		**–**	**–**	**3,008**	**–**	**3,008**
Dividends declared by subsidiaries to non-controlling interests		**–**	**–**	**64**	**–**	**64**
Effect of changes in foreign exchange rates		**(261)**	**261**	**–**	**–**	**–**
Other		**63**	**(8)**	**(3)**	**20**	**72**
Total non-cash changes		**808**	**253**	**3,069**	**20**	**4,150**
December 31, 2019		**26,296**	**56**	**729**	**–**	**27,081**

(1) *Included in* Other current assets, Other non-current assets *and* Trade payables and other liabilities *in the statements of financial position.*

	NOTE	DEBT DUE WITHIN ONE YEAR AND LONG-TERM DEBT	DERIVATIVE TO HEDGE FOREIGN CURRENCY ON DEBT (1)	DIVIDENDS PAYABLE	OTHER LIABILITIES	TOTAL
January 1, 2018		23,393	54	678	–	24,125
Cash flows from (used in) financing activities						
Decrease in notes payable		(241)	118	–	–	(123)
Issue of long-term debt		2,996	–	–	–	2,996
Repayment of long-term debt		(2,713)	–	–	–	(2,713)
Decrease in securitized trade receivables		(2)	–	–	–	(2)
Cash dividends paid on common and preferred shares		–	–	(2,828)	–	(2,828)
Cash dividends paid by subsidiaries to non-controlling interests	33	–	–	(16)	–	(16)
Other financing activities		(40)	–	–	(35)	(75)
Total cash flows from (used in) financing activities excluding equity		–	118	(2,844)	(35)	(2,761)
Non-cash changes arising from						
Finance lease additions		414	–	–	–	414
Dividends declared on common and preferred shares		–	–	2,856	–	2,856
Dividends declared by subsidiaries to non-controlling interests		–	–	5	–	5
Effect of changes in foreign exchange rates		341	(341)	–	–	–
Business acquisitions		96	–	–	–	96
Other		161	–	(4)	35	192
Total non-cash changes		1,012	(341)	2,857	35	3,563
December 31, 2018		24,405	(169)	691	–	24,927

(1) *Included in* Other current assets *and* Other non-current assets *in the statements of financial position.*

Note 30 Remaining performance obligations

The following table shows revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as at December 31, 2019.

	2020	2021	2022	2023	2024	THERE-AFTER	TOTAL
Wireline	1,213	789	473	253	114	59	2,901
Wireless	1,907	1,060	389	113	80	563	4,112
Total	**3,120**	**1,849**	**862**	**366**	**194**	**622**	**7,013**

When estimating minimum transaction prices allocated to the remaining unfulfilled, or partially unfulfilled, performance obligations, BCE applied the practical expedient to not disclose information about remaining performance obligations that have an original expected duration of one year or less and for those contracts where we bill the same value as that which is transferred to the customer.

Note 31 Commitments and contingencies

COMMITMENTS

The following table is a summary of our contractual obligations at December 31, 2019 that are due in each of the next five years and thereafter.

	2020	2021	2022	2023	2024	THERE-AFTER	TOTAL
Commitments for property, plant and equipment and intangible assets	1,050	796	656	521	381	589	3,993
Purchase obligations	593	510	460	297	180	370	2,410
Leases committed not yet commenced	10	4	3	3	2	5	27
Total	**1,653**	**1,310**	**1,119**	**821**	**563**	**964**	**6,430**

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 and other purchase obligations.

Our commitments for leases not yet commenced include OOH advertising spaces and real estate with lease terms ranging from 4 to 20 years. These leases are non-cancellable.

CONTINGENCIES

As part of its ongoing review of wholesale Internet rates, on October 6, 2016, the CRTC significantly reduced, on an interim basis, some of the wholesale rates that Bell Canada and other major providers charge for access by third-party Internet resellers to fibre-to-the-node (FTTN) or cable networks, as applicable. On August 15, 2019, the CRTC further reduced the wholesale rates that Internet resellers pay to access network infrastructure built by facilities-based providers like Bell Canada, with retroactive effect back to March 2016 (the Decision). The estimated cost impact to Bell Canada of the Decision could be in excess of $100 million, if not overturned or otherwise modified. Bell Canada and five major cable carriers (the Applicants) have obtained leave to appeal the Decision from the Federal Court of Appeal. The Federal Court of Appeal has also granted stay of the Decision until it makes its final ruling. The Applicants and TELUS Communications Inc. (Telus) further appealed the Decision to the Federal Cabinet and have filed review and vary applications of the Decision with the CRTC. As a result of the stay, the impact of the Decision has not been recorded in our 2019 financial statements.

In the ordinary course of business, we become involved in various claims and legal proceedings seeking monetary damages and other relief. In particular, because of the nature of our consumer-facing business, we are exposed to class actions pursuant to which substantial monetary damages may be claimed. Due to the inherent risks and uncertainties of the litigation process, we cannot predict the final outcome or timing of claims and legal proceedings. Subject to the foregoing, and based on information currently available and management's assessment of the merits of the claims and legal proceedings pending at March 5, 2020, management believes that the ultimate resolution of these claims and legal proceedings is unlikely to 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 32 Related party transactions

SUBSIDIARIES

The following table shows BCE's significant subsidiaries at December 31, 2019. 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 significant 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	2019	2018
Bell Canada	**100%**	100%
Bell Mobility	**100%**	100%
Bell Media	**100%**	100%

TRANSACTIONS WITH JOINT ARRANGEMENTS AND ASSOCIATES

During 2019 and 2018, BCE provided communication 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 and associates include MLSE, Glentel Inc. and Dome Productions Partnership. From time to time, BCE may be required to make capital contributions in its investments.

In 2019, BCE recognized revenues and incurred expenses with our joint arrangements and associates of $17 million (2018 – $17 million) and $200 million (2018 – $187 million), respectively.

BCE MASTER TRUST FUND

Bimcor Inc. (Bimcor), a wholly-owned subsidiary of Bell Canada, is the administrator of the Master Trust Fund. Bimcor recognized management fees of $12 million from the Master Trust Fund for 2019 and $11 million for 2018. The details of BCE's post-employment benefit plans are set out in Note 24, *Post-employment benefit plans*.

COMPENSATION OF KEY MANAGEMENT PERSONNEL AND BOARD OF DIRECTORS

The following table includes compensation of key management personnel and the board of directors for the years ended December 31, 2019 and 2018 included in our income statements. Key management personnel included the company's Chief Executive Officer, Chief Operating Officer, Group President and the executives who reported directly to them.

FOR THE YEAR ENDED DECEMBER 31	2019	2018
Wages, salaries, fees and related taxes and benefits	**(24)**	(27)
Post-employment benefit plans and OPEBs cost	**(3)**	(4)
Share-based compensation	**(29)**	(23)
Key management personnel and board of directors compensation expense	**(56)**	(54)

Note 33 Significant partly-owned subsidiary

The following tables show summarized financial information for our subsidiary with significant non-controlling interest (NCI).

SUMMARIZED STATEMENTS OF FINANCIAL POSITION

	CTV SPECIALTY (1) (2)	
FOR THE YEAR ENDED DECEMBER 31	2019	2018
Current assets	**314**	337
Non-current assets	**994**	993
Total assets	**1,308**	1,330
Current liabilities	**151**	142
Non-current liabilities	**192**	201
Total liabilities	**343**	343
Total equity attributable to BCE shareholders	**671**	685
NCI	**294**	302

(1) *At December 31, 2019 and 2018, the ownership interest held by NCI in CTV Specialty Television Inc. (CTV Specialty) was 29.9%. CTV Specialty was incorporated and operated in Canada as at such dates.*

(2) *CTV Specialty's net assets at December 31, 2019 and 2018 include $8 million and $10 million, respectively, directly attributable to NCI.*

SELECTED INCOME AND CASH FLOW INFORMATION

	CTV SPECIALTY (1)	
FOR THE YEAR ENDED DECEMBER 31	2019	2018
Operating revenues	**878**	857
Net earnings	**193**	131
Net earnings attributable to NCI	**61**	42
Total comprehensive income	**181**	149
Total comprehensive income attributable to NCI	**58**	47
Cash dividends paid to NCI	**65**	16

(1) *CTV Specialty's net earnings and total comprehensive income include $5million directly attributable to NCI for2019 and $4 million for 2018.*

Note 34 Business acquisitions and dispositions

2018

ACQUISITION OF AXIA NETMEDIA CORPORATION (AXIA)

On August 31, 2018, BCE completed the acquisition of all of the issued and outstanding common shares of Axia for a total cash consideration of $154 million.

Axia provides broadband network services to commercial and government accounts throughout the province of Alberta. The acquisition of Axia expands BCE's broadband operations in Alberta and will add approximately 10,000 kilometres of fibre capacity to our footprint.

Axia is included in our Bell Wireline segment in our consolidated financial statements.

The following table summarizes the fair value of the consideration paid and the fair value assigned to each major class of assets and liabilities.

	TOTAL
Cash consideration	154
Total cost to be allocated	154
Trade and other receivables	5
Other non-cash working capital	(13)
Property, plant and equipment	64
Finite-life intangible assets	20
Other non-current liabilities	(5)
	71
Cash and cash equivalents	3
Fair value of net assets acquired	74
Goodwill (1)	80

(1) *Goodwill arises principally from expected synergies and is not deductible for tax purposes. Goodwill arising from the transaction was allocated to our Bell Wireline group of CGUs.*

The transaction did not have a significant impact on our consolidated operating revenues and net earnings for the year ended December 31, 2018.

ACQUISITION OF ALARMFORCE

On January 5, 2018, BCE acquired all of the issued and outstanding shares of AlarmForce for a total consideration of $182 million, of which $181 million was paid in cash and the remaining $1 million through the issuance of 22,531 BCE common shares.

Subsequent to the acquisition of AlarmForce, on January 5, 2018, BCE sold AlarmForce's approximate 39,000 customer accounts in British Columbia, Alberta and Saskatchewan to Telus for total proceeds of approximately $68 million.

AlarmForce provides security alarm monitoring, personal emergency response monitoring, video surveillance and related services to residential and commercial subscribers. The acquisition of AlarmForce supports our strategic expansion in the Smart Home marketplace.

AlarmForce is included in our Bell Wireline segment in our consolidated financial statements.

The following table summarizes the fair value of the consideration paid and the fair value assigned to each major class of assets and liabilities.

	TOTAL
Cash consideration	181
Issuance of 22,531 BCE common shares (1)	1
Total cost to be allocated	182
Assets held for sale (2)	68
Other non-cash working capital	(5)
Property, plant and equipment	8
Finite-life intangible assets (3)	34
Indefinite-life intangible assets	1
Other non-current assets	1
Deferred tax liabilities	(7)
	100
Cash and cash equivalents	4
Fair value of net assets acquired	104
Goodwill (4)	78

(1) *Recorded at fair value based on the market price of BCE common shares on the acquisition date.*

(2) *Consists mainly of customer relationships recorded at fair value less costs to sell.*

(3) *Consists mainly of customer relationships.*

(4) *Goodwill arises principally from expected synergies and future growth and is not deductible for tax purposes. Goodwill arising from the transaction was allocated to our Bell Wireline group of CGUs.*

For the year ended December 31, 2018, operating revenues of $43 million from AlarmForce are included in the consolidated income statements from the date of acquisition. The transaction did not have a significant impact on our consolidated net earnings for the year ended December 31, 2018. These amounts reflect the amortization of certain elements of the purchase price allocation and related tax adjustments.

Note 35 Adoption of IFRS 16

Upon adoption of IFRS 16 on January 1, 2019, we recognized right-of-use assets of $2,257 million within property, plant and equipment, and lease liabilities of $2,304 million within debt, with an increase to our deficit of $19 million. These amounts were recognized in addition to assets under finance leases of $1,947 million and the corresponding finance lease liabilities of $2,097 million at December 31, 2018 under IAS 17. As a result, on January 1, 2019, our total right-of-use assets and lease liabilities amounted to $4,204 million and $4,401 million, respectively. The table below shows the impacts of adopting IFRS 16 on our January 1, 2019 consolidated statement of financial position.

	DECEMBER 31, 2018 AS REPORTED	IFRS 16 IMPACTS	JANUARY 1, 2019 UPON ADOPTION OF IFRS 16
Prepaid expenses	244	(55)	**189**
Other current assets	329	9	**338**
Property, plant and equipment	24,844	2,257	**27,101**
Other non-current assets	847	17	**864**
Trade payables and other liabilities	3,941	(10)	**3,931**
Debt due within one year	4,645	293	**4,938**
Long-term debt	19,760	2,011	**21,771**
Deferred tax liabilities	3,163	(7)	**3,156**
Other non-current liabilities	997	(39)	**958**
Deficit	(4,937)	(19)	**(4,956)**
Non-controlling interest	326	(1)	**325**

BCE's operating lease commitments at December 31, 2018 were $1,612 million. The difference between operating lease commitments at December 31, 2018 and lease liabilities of $2,304 million upon adoption of IFRS 16 at January 1, 2019, is due mainly to an increase of $1,122 million related to renewal options reasonably certain to be exercised, an increase of $112 million mainly related to non-monetary transactions and a decrease of ($542) million as a result of discounting applied to future lease payments, which was determined using a weighted average incremental borrowing rate of 3.49% at January 1, 2019.

Reports on internal controls

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 and effected by the board of directors, management and other personnel 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, 2019, 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, 2019. There were no material weaknesses that have been identified by BCE's management in internal control over financial reporting as at December 31, 2019.

Our internal control over financial reporting as at December 31, 2019 has been audited by Deloitte LLP, independent registered public accounting firm, who also audited our consolidated financial statements for the year ended December 31, 2019. Deloitte LLP issued an unqualified opinion on the effectiveness of our internal control over financial reporting as at December 31, 2019.

(signed) Mirko Bibic
President and Chief Executive Officer

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

(signed) Thierry Chaumont
Senior Vice-President, Controller and Tax

March 5, 2020

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of BCE Inc.

OPINION ON INTERNAL CONTROL OVER FINANCIAL REPORTING

We have audited the internal control over financial reporting of BCE Inc. and subsidiaries (the "Company") as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as at and for the year ended December 31, 2019, of the Company and our report dated March 5, 2020, expressed an unqualified opinion on those financial statements, and included an explanatory paragraph regarding the Company's change in the method of accounting for leases due to the adoption of IFRS 16 - Leases.

BASIS FOR OPINION

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's 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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. 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.

DEFINITION AND LIMITATIONS OF INTERNAL CONTROL OVER FINANCIAL REPORTING

A company's internal control over financial reporting is a process designed 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. 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 generally accepted accounting principles, 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 its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte LLP [1]
Chartered Professional Accountants

Montréal, Canada
March 5, 2020

1 *CPA auditor, CA, public accountancy permit No. A124391*

Exhibit 99.4

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-12130 on Form F-3, Registration Statement No. 333-231698 on Form F-10 and Registration Statements Nos. 333-12780 and 333-12802 on Form S-8 and to the use of our reports dated March 5, 2020, relating to the consolidated financial statements of BCE Inc. (the "Company") and the effectiveness of the Company's internal control over financial reporting, appearing in this Annual Report on Form 40-F for the year ended December 31, 2019.

/s/ Deloitte LLP[1]

March 11, 2020

Montréal, Canada

1 CPA auditor, CA, public accountancy permit No. A124391

Exhibit 99.5

NOTICE OF RELIANCE
SECTION 13.4 OF NATIONAL INSTRUMENT 51-102
CONTINUOUS DISCLOSURE OBLIGATIONS

To: Alberta Securities Commission
British Columbia Securities Commission
Manitoba Securities Commission
Financial and Consumer Services Commission, New Brunswick
Office of the Superintendent of Securities, Newfoundland and Labrador
Nova Scotia Securities Commission
Ontario Securities Commission
Office of the Superintendent of Securities, Prince Edward Island
Autorité des marchés financiers
Financial and Consumer Affairs Authority of Saskatchewan
Toronto Stock Exchange

Notice is hereby given that Bell Canada relies on the continuous disclosure documents filed by BCE Inc. pursuant to the exemption from the requirements of National Instrument 51-102 – Continuous Disclosure Obligations ("NI 51-102") provided in Section 13.4 of NI 51-102.

The continuous disclosure documents of BCE Inc. can be found for viewing in electronic format at www.sedar.com.

Attached to this notice and forming part thereof is the consolidating summary financial information for BCE Inc. as required by Section 13.4 of NI 51-102.

Dated: March 11, 2020

BELL CANADA

By: *(signed) Thierry Chaumont*
Name: Thierry Chaumont
Title: Senior Vice-President, Controller and Tax

Bell

Bell Canada

UNAUDITED SELECTED SUMMARY FINANCIAL INFORMATION(1)

For the periods ended December 31, 2019 and 2018

(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, 2019.

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 INC. CONSOLIDATED	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Operating revenues	**–**	–	**23,966**	23,470	**–**	–	**(2)**	(2)	**23,964**	23,468
Net earnings from continuing operations attributable to owners	**3,191**	2,929	**3,386**	3,009	**137**	124	**(3,523)**	(3,133)	**3,191**	2,929
Net earnings attributable to owners	**3,191**	2,929	**3,386**	3,009	**137**	124	**(3,523)**	(3,133)	**3,191**	2,929

As at December 31, 2019 and December 31, 2018, 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 INC. CONSOLIDATED	
	Dec. 31, 2019	Dec. 31, 2018	**Dec. 31, 2019**	Dec. 31, 2018	**Dec. 31, 2019**	Dec. 31, 2018	**Dec. 31, 2019**	Dec. 31, 2018	**Dec. 31, 2019**	Dec. 31, 2018
Total Current Assets	**651**	576	**7,687**	7,400	**420**	286	**(3,238)**	(2,469)	**5,520**	5,793
Total Non-current Assets	**23,745**	22,429	**48,030**	44,616	**39**	53	**(17,188)**	(15,791)	**54,626**	51,307
Total Current Liabilities	**3,219**	2,531	**9,721**	10,317	**75**	50	**(3,238)**	(2,469)	**9,777**	10,429
Total Non-current Liabilities	**103**	113	**28,254**	25,231	**29**	84	**575**	554	**28,961**	25,982

(1) The summary financial information is prepared in accordance with International Financial Reporting Standards (IFRS) and is in accordance with generally accepted accounting principles issued by the Canadian Accounting Standards Board for publicly-accountable enterprises. As required, BCE adopted IFRS 16 - Leases effective January 1, 2019 using a modified retrospective approach whereby the financial results of prior periods presented were not restated and continue to be reported under IAS 17 - Leases, as permitted by IFRS 16.

(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 99.6

BCE Inc.

EXHIBIT TO 2019 ANNUAL FINANCIAL STATEMENTS

EARNINGS COVERAGE

The following consolidated financial ratios are calculated for the twelve months ended December 31, 2019, give effect to the issuance and redemption of all long-term debt since January 1, 2019 as if these transactions occurred on January 1, 2019, and are based on unaudited financial information of BCE Inc.

	December 31, 2019
Earnings coverage of interest on debt requirements based on net earnings attributable to owners of BCE Inc. before interest expense and income tax:	4.5 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:	4.5 times

Exhibit 99.31

CERTIFICATIONS

I, Mirko Bibic, certify that:

1. I have reviewed this annual report on Form 40-F of BCE Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 11, 2020

(signed) Mirko Bibic

Mirko Bibic
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 11, 2020

(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, 2019 of the Company (the "Form 40-F") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Form 40-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 11, 2020

(signed) Mirko Bibic

Mirko Bibic
President and Chief Executive Officer
BCE Inc.

Date: March 11, 2020

(signed) Glen LeBlanc

Glen LeBlanc
Executive Vice-President and Chief Financial Officer
BCE Inc.