BCE

Compensation Discussion & Analysis

Extract from the
BCE 2010 Management Proxy Circular
dated March 11, 2010

This CD&A describes our compensation philosophy, policies and programs and provides details of the compensation provided in 2009 to our President and Chief Executive Officer (CEO), our Executive Vice-President and Chief Financial Officer (CFO) and our three other most highly compensated executive officers. These executive officers are referred to in this document as the "named executive officers" and are as follows:

- George A. Cope, President and CEO of BCE and Bell Canada
- Siim A. Vanaselja, Executive Vice-President and CFO of BCE and Bell Canada
- Kevin W. Crull, President — Residential Services of Bell Canada
- Stéphane Boisvert, President — Bell Business Markets of Bell Canada since May 25, 2009. He was previously President — Enterprise of Bell Canada
- Wade Oosterman, President — Bell Mobility and Chief Brand Officer of Bell Canada

CONTEXT FOR 2009 AND CORPORATE PERFORMANCE

On July 11, 2008 George Cope, formerly President and Chief Operating Officer of Bell Canada (COO), was promoted to President and CEO of BCE and Bell Canada. On his recommendation, the Board approved the following goal for Bell — To be recognized by customers as Canada's leading communications company — and the 5 Strategic Imperatives required to achieve it:

- Improve customer service
- Accelerate wireless
- Leverage wireline momentum
- Invest in broadband
- Achieve a competitive cost structure

The first step in the journey was the 100-Day Plan which, in part, was designed to restructure and re-energize the company through significant streamlining of the senior and other management teams. To achieve a competitive cost structure, the team comprised of the President and CEO and his direct reports was reduced from 17 individuals to 12. Further supporting the focus on cost efficiency and delayering was the decision to not replace the COO position. The introduction of four new members to the executive team further strengthened the leadership talent of the corporation.

The termination of the proposed privatization of BCE in late 2008 and the intensity of Bell's strategic execution and corporate restructuring, which was a key element of the 100-Day Plan, posed unique motivation and retention challenges for Bell. The MRCC addressed these challenges on two fronts. First, maintaining our salary freeze gave us the scope to put more emphasis on variable compensation. To that end, short-term incentive targets were increased in 2008 and 2009, which heightened the motivation for the executive team to achieve the corporate objectives. Second, by granting equity-based compensation, the value of which would appreciate in line with the growth of the market value of the BCE common shares as well as growth in the dividend payout, the MRCC created alignment between the interests of the executives and the shareholders. Given that these equity grants would vest at the end of 2010, they served as a valuable retention tool as well.

The MRCC believes that our compensation programs achieved their objectives in 2009. The-12 member leadership team headed by Mr. Cope, assigned to their positions in mid-2008, has remained in place and provided both management strength and stability of leadership at Bell. Material progress was made in 2009 with respect to each of the objectives set for the 5 Strategic Imperatives. In addition, 2009 performance relative to the financial objectives was on target. For a comprehensive list of accomplishments over 2009 for each of the 5 Strategic Imperatives as well as our 2009 operating highlights, see our *Management Discussion and Analysis* for the year ended December 31, 2009 (MD&A) available on our website at www.bce.ca.

In 2009, and consistent with our pay-for-performance philosophy, we maintained our salary freeze and advised all management employees, including executives, that they would not receive across the board annual base salary increases for the year (similar to the approach taken since 2006 for executives) but would instead have their short-term incentive targets increased.

The salary freeze will be maintained for 2010 and no new grants other than for promotions and new hires are planned as part of our mid-term and long-term incentive plans. During the course of 2010, mid and long-term compensation plans will be reviewed, reevaluated and redesigned as required to ensure that they continue to be effective motivation and retention tools.

SETTING EXECUTIVE COMPENSATION

The roles of Management and the MRCC in setting and administering executive compensation are described below.

MANAGEMENT	MRCC
• Proposes the elements of a compensation program that supports a performance culture • Implements the processes required to administer the program • Manages the process used to establish performance objectives and to measure individual and Corporate performance against set objectives • Provides the MRCC with an assessment of the Business Unit results achieved by each of the Business Unit officers as well as an assessment of the leadership attributes demonstrated in fulfilling their roles and responsibilities • Recommends to the MRCC the base salary as well as the short-term, mid-term and long-term incentive awards for the officers of the Corporation • Proposes the succession plan for the officers of the Corporation	• Oversees and recommends for approval by the Board the company's executive compensation philosophy, policies and programs • Reviews with the CEO any proposed major changes in organization or personnel including the succession plan • Reviews any proposed major changes in the company's benefit plans and recommend for approval any change requiring Board approval • Reviews annually with the members of the Board the performance of the CEO and other executive officers • Recommends annually to the members of the Board all forms of compensation for the CEO and other officers • Reviews the company's Executive compensation disclosure for inclusion in the company's public disclosure documents • Seeks advice from independent compensation consultants on emerging trends in executive compensation

Benchmarking

To ensure the competitiveness of the compensation offered to our executive officers, the MRCC regularly reviews the compensation offered for similar executive positions at other companies with whom we compete for talent.

At the end of 2008 the MRCC retained the services of Hewitt Associates and Exequity LLP to provide expertise and advice on a compensation market review for our CEO, CFO and the President of a business unit. For this study, the MRCC asked these compensation consultants to benchmark the compensation of the selected executive officers against two Canadian comparator groups, as per the following table. The comparator groups as well as the rationale for their use are as follows:

COMPARATOR GROUP	DESCRIPTION	RATIONALE FOR USE	LIST OF COMPANIES
Top 30 Canadian Comparator Group	Includes the 30 largest Canadian companies based on annual revenues and enterprise value	Ensure the competitiveness of our executive compensation by comparing it to that offered at companies that are similar to us in terms of size, revenues and enterprise value and that compete with us for key talents.	Bank of Montreal – Barrick Gold Corporation – Bombardier Inc. – Canadian Imperial Bank of Commerce – Canadian National Railway Company – Canadian Natural Resources Limited – Enbridge Inc. – EnCana Corporation – George Weston Limited – Great-West Lifeco Inc. – Husky Energy Inc. – Imperial Oil Limited – Loblaw Companies Limited – Manulife Financial Corporation – National Bank of Canada – Petro-Canada – Potash Corporation of Saskatchewan Inc. – Power Corporation of Canada – Quebecor Inc. – Research In Motion Limited – Rogers Communications Inc. – Royal Bank of Canada – Shoppers Drug Mart Corporation – Suncor Energy Inc. – Talisman Energy Inc. – TELUS Corporation – The Bank of Nova Scotia – The Toronto Dominion Bank – Thomson Reuters Corporation – TransCanada Corporation

COMPARATOR GROUP	DESCRIPTION	RATIONALE FOR USE	LIST OF COMPANIES
Canadian Industry-Specific Comparator Group	Includes our four direct Canadian competitors. Three out of four of these companies are also included in the first group	Provide specific guidance on pay levels offered at companies that compete with us for key talents and customers that evolve in the same market and regulatory environments and against which investors compare our performance.	Quebecor Inc. – Rogers Communications Inc. – Shaw Communications Inc. – TELUS Corporation

Given the fact that the market study was completed in 2008 and reflected 2008 data, the MRCC asked Hewitt Associates and Exequity LLP to project to January 1, 2009 the data on base salary and short-term incentive components. The projection was made using the latest increase percentages reported for executives across Canada in Hewitt Canada's 2008/2009 Salary Increase Survey (conducted in June of 2008) and Salary Increase Survey Update (conducted in October 2008), i.e., an average salary increase awarded to executives of 4.4% in 2008.

Even though data from US companies was provided, the MRCC decided to rely solely upon the Canadian comparator group data when assessing our executive compensation positioning to market. That decision was based upon the premise that our competition for executive talent comes primarily from other Canadian companies offering executive positions with similar scope and responsibility.

In addition the MRCC took into consideration the market data gathered on total direct compensation to recommend the level of grants of restricted share units and stock options awarded to the named executive officers on December 22, 2008. More information on grants of restricted share units and stock options is available under *Mid-term and long-term incentive awards*.

To ensure internal equity, the MRCC takes into account the relative scope of responsibilities and business impact of each executive officer position relative to other positions when making a recommendation to the Board on executive compensation matters.

With such benchmarking exercise having been completed in December 2008, it was deemed unnecessary to perform another benchmarking study in 2009. The benchmarking that was done at 2008's year end was used throughout 2009.

Services rendered by independent compensation consultants

When Mr. Cope was promoted to the CEO position in July 2008, the principal terms of his compensation (salary, short-term incentive target, mid and long-term incentives, perquisites, pension) were determined by the MRCC and it was agreed that they would be incorporated in a written agreement later. During 2009, Towers Watson (formerly known as Towers Perrin) was retained by the MRCC to provide general market practices with respect to the terms of such agreements for CEOs. The MRCC selected Hugessen Consulting to provide advice on the terms of Mr. Cope's agreement and received independent legal counsel in this connection. In addition to the work done in reviewing our CEO agreement, Hugessen was also retained by the CGC to provide advice with respect to market practices regarding compensation of Board members, committee Chairs and the Board Chair.

At the end of 2008, the MRCC retained Hewitt Associates and Exequity LLP to review the competitive positioning to market of our executive officer positions for 2009. This review included specifically the positions of the CEO, the CFO and the President of a business unit. As part of the review, the consultants compiled and analyzed compensation data from the company's comparator groups, as described under *Benchmarking*.

Although the MRCC took the information provided by all the consultants into consideration, it made independent recommendations to the Board on all executive compensation matters.

None of our directors or named executive officers has any affiliation or relationship with Hewitt Associates, Exequity LLP, Hugessen Consulting or Towers Watson, and none of these firms provided any services to us or received any compensation from us, except for services they provide to, or which are reviewed and approved by, the MRCC or its designates. We therefore consider Hewitt Associates, Exequity LLP, Hugessen Consulting and Towers Watson to be independent of our company.

Below is a table summarizing the payments made to independent compensation consultants over the last 2 years.

	TOWERS WATSON	HEWITT ASSOCIATES	EXEQUITY LLP	HUGESSEN CONSULTING
2009	$14,778	—	—	$109,346
2008	—	$48,103	US$5,550	—

ELEMENTS OF COMPENSATION

Overall Design

Base salaries offered to our executive officers are positioned at the 50th percentile or median, target short-term incentives at the 75th percentile and total direct compensation (comprised of base salaries, target short-term incentives and target mid-term and long-term incentives) at the 60th percentile of what is paid by the companies forming our Canadian comparator group for similar positions.

The MRCC believes that this compensation design, by putting more emphasis on variable compensation, is consistent with our pay-for-performance compensation philosophy. In order to reinforce our *One Company / One Team* concept, 70% of our annual short-term incentive award is based on corporate goals established by the MRCC. In order to incent personal development and appropriate behaviour, 30% of executive officers' annual short-term incentive awards is based on individual performance determined by the MRCC in the exercise of its discretion.

To align management's interests with our shareholders' interest in dividend growth, our equity-based mid-term incentive plan focuses on the use of restricted share units rather than stock options.

Base Salaries

The MRCC recommends, for Board approval, the base salary of each executive officer within a salary range which reflects the scope and responsibilities of the position, the executive officer's experience and the positioning of his base salary based on the comparator group and internal equity. The mid-point of the salary range corresponds to the median of the salary paid by our comparator group for similar positions. The minimum for the salary range is 20% below the mid-point and the maximum is 20% above.

For four years, since 2006, no annual base salary increases have been granted across the board to our executives. In order to encourage a cultural shift towards greater individual accountability and higher levels of performance, base salaries offered to all of our executives have been adjusted only to reflect an increase in responsibilities or job scope with adjustment made to variable compensation when required to maintain competitive market positioning of our total direct compensation.

The study undertaken by Exequity LLP and Hewitt Associates at the end of 2008 benchmarked the compensation of our executive officers against market (as described under *Benchmarking*) and led to a recommendation to the Board to adjust some base salaries in order to position them at the median of the companies in our Canadian comparator group. Consequently, even though we are under a salary freeze, the MRCC determined that Mr. Crull's base salary needed to be adjusted from $650,000 to $700,000 on January 1, 2009 to appropriately reflect his level of responsibilities and positioning to the market. Correspondingly, Mr. Vanaselja's salary was adjusted from $535,000 to $575,000 on the same date.

Annual short-term incentive awards

The annual short-term incentive applicable to the CEO and all executive officers has two components. A corporate performance component which is based on quantitative financial targets and qualitative objectives aligned with our 5 Strategic Imperatives. There is also an individual component which allows the MRCC to assess and reward leadership behaviour demonstrated by the executive in the achievement of business unit and overall corporate results.

The MRCC reviews short-term incentive targets for our executive officers each year as well as upon hire, promotion or when there are significant changes in the responsibilities of an executive officer. When making a recommendation to set or increase the incentive target of an executive officer, the MRCC takes into consideration the scope of the executive officer's responsibilities, the executive officer's base salary, internal equity and the positioning of his short-term incentive target compared to market.

In 2009, and consistent with our pay-for-performance philosophy, we decided to maintain our salary freeze and instead increased short-term incentive targets. As a result, the short-term incentive targets for Messrs. Vanaselja, Crull, Boisvert and Oosterman were increased from 82.5% to 100% on January 1, 2009. Mr. Cope's short-term incentive target was increased to 125% upon his nomination as President and CEO on July 11, 2008 and has remained unchanged for 2009.

Short-term incentive awards are calculated as follows:

Base salary	x	Short-term incentive target	x	(Corporate performance index	+	Individual performance index)
				70% Weight		30% Weight
				(may vary between 0% and 150%)		(may vary between 0% and 300%)

The formula used to calculate the short-term incentive payment was changed for 2009. In prior years the individual performance index was used as a multiplier of the corporate performance index. In other words, the individual performance index was multiplied by the full product of base salary, short-term incentive target and the corporate performance index.

Beginning in 2009, the individual performance index became a multiplier of the product of base salary, short-term incentive target and the 30% weighting attributed to individual performance. As a result of this change, overachievement on the 70% corporate performance component can only be earned if the corporation as a whole exceeds the quantitative metrics approved by the MRCC which are aligned with our 5 Strategic Imperatives.

2009 Short-Term Incentive

Corporate Performance Objectives

At the beginning of the year, the MRCC recommends for approval by the Board, the company's financial and operating objectives used to determine the corporate performance objectives that will account for 70% of the weighting of the short-term incentive award for that year. The financial targets, which account for 75% of the weighting of the overall corporate objectives, are set above financial guidance provided by the Corporation to the investment community. The remaining 25% weighting is used to recognize the achievements related to the Corporation's 5 Strategic Imperatives. Each target has a threshold and maximum value. Payout varies between zero and 150% with 100% being paid for target performance.

The following components and weightings of Bell Canada's corporate performance were used for setting short-term incentive awards for 2009:

- EBITDA — 40%
- Revenue — 20%
- Free Cash Flow — 15%
- 5 Strategic Imperatives — 25%

Following the end of each year, the MRCC and the Board evaluate the performance of the company against the corporate objectives established for the year to determine the corporate performance index.

The financial results for 2009, along with the progress made against the 5 Strategic Imperatives, were reviewed by the MRCC against this set of financial and strategic objectives and, based upon their assessment, they recommended, and the Board approved, a corporate payout index of 90%. In assessing financial performance, the Board and the MRCC consider reported results and impact of items that are non-recurring in nature such as acquisitions, special payments and extraordinary measures.

COMPONENT	WEIGHTING	FINAL PAYOUT	2009 TARGET	2009 RESULTS	COMMENTS
EBITDA before pension [1]	40% Min: 0% Max: 60%	Payout: 43%	$5,976 million	$5,994 million	• For purposes of establishing the short-term incentive target for 2009, pension expense is not included in the calculation of EBITDA. • Our EBITDA (before pension expense) objective was exceeded owing to our strong operational execution in slowing the pace of residential local line losses, disciplined execution of our wireless strategy, continued strong results at Bell TV, and cost savings achieved from labour force reductions, productivity improvements and other efficiency initiatives. • Bell delivered the highest EBITDA growth of any major North American telecommunications carrier in 2009.
Revenue	20% Min: 0% Max: 30%	Payout: 5%	$15,015 million	$15,020 million	• Bell reported revenue growth of 1% for 2009, which was in line with financial guidance. • This was driven, in part, by the inclusion of revenues from the acquisitions of The Source and remaining 50% of the equity of Virgin Mobile Canada. Neither of these sources of revenue were anticipated when the revenue target was set for 2009. As such, the MRCC and the Board used their discretion in not reflecting all of these unanticipated revenues in the 2009 results, thereby lowering the payout to 5%.
Free Cash Flow [1]	15% Min: 0% Max: 22.5%	Payout: 19%	$1,890 million	$2,083 million	• The company exceeded its Free Cash Flow targets due to strong EBITDA performance and tight management of capital expenditures and working capital. • The Free Cash Flow target excluded the special $500 million voluntary pension contribution.
Strategic Imperatives Progress	25% Min: 0% Max: 30%	Payout: 23%	n/a	n/a	• The objectives in this area were largely met. Targets set by the Board to evaluate achievements of our 5 Strategic Imperatives are not disclosed as this could seriously prejudice the company's interests.
Total	100%	90%			

(1) Targets and results adjusted to reflect certain items unrelated to operational performance.

The term EBITDA (earnings before interest, taxes, depreciation and amortization of intangible assets) does not have any standardized meaning according to Canadian generally accepted accounting principles (GAAP). Please refer to our MD&A for our definition of EBITDA, the reasons why we use it and a reconciliation to our operating income, the most comparable GAAP financial measure.

The term free cash flow does not have any standardized meaning according to GAAP. Please refer to our MD&A for our definition of free cash flow, the reasons why we use it and a reconciliation to our cash from operating activities, the most comparable GAAP financial measure.

Individual Performance Objectives

The individual performance component is based on an assessment of overall performance of an executive's business unit and the demonstration by the executive of the leadership required to drive corporate success.

At the beginning of the year, the MRCC reviews the CEO's individual performance goals for that year and recommends them to the Board for approval. Our CEO's goals, as well as those of our other executive officers, are designed to support the execution of the corporate strategy and thereby create value for shareholders.

At the conclusion of the year, the MRCC and the independent directors of the Board assess the CEO's performance and the demonstration of his leadership behaviour in driving corporate success. The CEO provides the MRCC with his assessment of the leadership behaviours demonstrated by the other executive officers. Taking into account all information provided, including the recommendations of the CEO, the MRCC exercises its discretion and recommends for Board approval the individual performance index for each of the executive officers. Such index may vary between 0% and 300%, depending on the individual performance achieved, with target performance assigned a 100% index. In 2009, the average index for the named executive officers was 160%.

MID-TERM AND LONG-TERM INCENTIVE AWARDS

Restricted share units

Our mid-term incentive is comprised of restricted share units which are granted to both align the interests of executives and shareholders and to retain executives. The value of one restricted share unit is equal to the value of one BCE common share.

Dividend equivalents in the form of additional restricted share units are credited to the participant's account on each dividend payment date and are equal in value to the dividend paid on BCE common shares.

The 2009-2010 restricted share units granted on December 22, 2008 will vest on December 21, 2010 provided the participant is at the employ of the company or one of its subsidiaries at that time.

Participants are entitled to choose to receive their payment of restricted share units in cash, in BCE common shares, in deferred share units (as described under *Deferred compensation plan*) or in a combination of the three. The MRCC may however determine that all or a portion of a participant's restricted share units is to be paid out in BCE common shares or in deferred share units if the participant has not met the minimum share ownership requirements described under *Share ownership requirements*.

Payment in cash will be calculated based on the product of the number of vested restricted share units elected to be paid in cash and the weighted market value of a BCE common share at the time of vesting (less withholding taxes and any other deductions). The weighted market value at the time of vesting is calculated using the volume weighted average of the trading price per BCE common share of a board lot of common shares traded on the Toronto Stock Exchange for the last 5 consecutive trading days ending immediately on the trading day prior to vesting.

Where payment in shares is elected, BCE will buy, through the participant's broker, a number of BCE common shares on the open market equal to the number of vested restricted share units elected to be taken in shares (less withholding taxes and any other deductions).

Where payment in deferred share units is elected, the number of deferred share units to be allocated to a participant's account is equal to the number of vested restricted share units elected to be paid in deferred share units (without any deduction made for taxes and other withholdings). Payment, purchase of BCE shares or allocation of deferred share units from vested restricted share units is made within 45 days of vesting or as determined by the MRCC according to the provisions of the plan.

The provisions of the restricted share units regarding the payment in the event of a change in control include the acceleration of vesting of the restricted share units. These provisions can be found under *Compensation of our named executive officers — Termination and change in control benefits*.

Stock options

Our long-term incentive is comprised of options to buy BCE common shares under our stock option plans [1]. The MRCC is of the opinion that stock options align executives' interests with those of the shareholders by providing value only if the price of the shares increases over the term of the stock options.

The number of shares issuable to insiders, at any time, under the stock option plan and all equity-based compensation arrangements of BCE, cannot exceed 10% of issued and outstanding shares; and the number of shares issued to insiders, within any one year period, under all security based compensation arrangements of BCE, cannot exceed 10% of issued and outstanding shares. As of December 31, 2009, they represented 1.4% of issued and outstanding shares.

The MRCC may also recommend special grants of stock options to recognize specific achievements or, in some cases, to retain or motivate executive officers and key employees.

The exercise price is the price at which a common share may be purchased when an option is exercised and is the higher of the volume weighted average of the trading price per BCE common share of a board lot of BCE common shares traded on the Toronto Stock Exchange: (i) on the trading day prior to the day the grant becomes effective or, if at least one board lot of BCE common shares has not been traded on such day, then the volume weighted average for the next preceding day for which at least one board lot was so traded; and (ii) for the five consecutive trading days ending on the trading day prior to the day the grant becomes effective.

Under the terms of our stock option plans, the right to exercise an option accrues or "vests" 25% per year for four years from the effective date of the grant, unless the MRCC determines otherwise.

To align the vesting schedule of Mr. Cope's stock options with the vesting schedule for his restricted share units awarded in December 2008, his stock options granted in December 2008 will vest at the end of the two-year period (December 21, 2010) provided he is still at the employ of the company at that time. The term of Mr. Cope's stock options is 6 years, consistent with our general practice since 2004.

The stock option plans provide that the term of any option may not exceed 10 years from the effective date of grant. If the option holder retires, leaves our company, dies, or the company he works for is no longer part of BCE, the term may be reduced pursuant to the stock option plan under which it was granted.

[1] Two stock option plans are in place: the BCE Inc. Long-Term Incentive (Stock Option) Program (1999) and the BCE Inc. Replacement Stock Option Plan (Plan of Arrangement 2000). Both plans are substantially similar in their terms and, unless specifically noted where material differences exist, this section refers to the terms of the BCE Inc. Long-Term Incentive (Stock Option) Program (1999).

Options are not assignable by the optionee, except to the optionee's estate upon the optionee's death.

Option holders will lose all of their unexercised options granted after 2001 if they engage in prohibited behavior after they leave our company. This includes using our confidential information for the benefit of another employer. In addition, the option holder must reimburse the after-tax profit realized on exercising any options during the twelve-month period preceding the date on which the prohibited behaviour began.

Information on change in control and termination provisions applicable to stock options can be found under *Compensation of our named executive officers — Termination and change in control benefits*.

The company uses the fair value method of accounting for stock option compensation.

Under the terms of the relevant stock options plans, the MRCC has the authority to depart from standard vesting provisions, exercise schedules or termination provisions at the time of grant of new options or later on with respect to any outstanding option, without shareholder approval. The MRCC may not, without shareholder approval, extend the term of any option beyond 10 years from the original date of grant or modify the pricing of stock options.

Deferred compensation plan

The deferred share unit plan is designed to align the interests of the executive officers to those of the shareholders by providing a mechanism for executives to receive incentive compensation earned in equity. Executive officers and other key employees of the company and those of certain subsidiaries may elect to participate in the deferred share unit plan.

Holders of deferred share units may not redeem their deferred share units while they are employed by a company within the BCE group of companies. Once they leave the BCE group, BCE will buy, through the participant's broker, a number of BCE common shares on the open market equal to the number of deferred share units a participant holds in the plan, after withholding taxes and any other deductions. These shares are then delivered to the former employee or to the estate in case of death. All administration costs as well as brokerage fees associated with the purchase and registration of common shares are paid by BCE.

Executive officers can choose to have up to 100% of their annual short-term incentive award paid in deferred share units instead of cash. The award is converted into deferred share units based on the market value of a BCE common share on the day before the award becomes effective. Executive officers may also elect to receive all or part of their 2009-2010 restricted share unit award granted in December 2008 for the period ending on December 21, 2010 in deferred share units. Deferred share units count towards the minimum share ownership requirements, which are described under *Share ownership requirements*.

Deferred share units have the same value as BCE common shares. The number and terms of outstanding deferred share units are not taken into account when determining if deferred share units will be awarded and how many deferred share units will be awarded under the plan. No vesting conditions are attached to deferred share units and they therefore vest at time of grant.

Dividend equivalents in the form of additional deferred share units are credited to the participant's account on each dividend payment date and are equal in value to dividends paid on BCE common shares.

The MRCC may also recommend for Board approval special awards of deferred share units to recognize outstanding achievements or for reaching certain corporate objectives.

PENSION, BENEFITS AND PERQUISITES

No changes were made to pension, benefits and perquisites in 2009 as they were generally considered to be well positioned relative to market.

Pension

With the exception of Mr. Vanaselja, all named executive officers participate in the Defined Contribution (DC) pension plan which has been the only pension plan available to employees hired since 2004. Mr. Vanaselja, who was hired prior to 2004, participates in Bell Canada's Defined Benefit (DB) pension plan.

Our named executive officers have also entered into supplementary retirement arrangements. The pension benefits provided to our named executive officers are described under *Compensation of our named executive officers — Pension arrangements*.

Benefits and Perquisites

We believe that offering competitive and flexible benefits is essential to attract and retain qualified employees. The Corporation provides the Omniflex benefit program which gives one the flexibility to choose health, life and accident insurance most suited to their individual needs. The named executive officers are provided with additional benefits, mainly relating to incremental life and accident insurance.

We also offer to all of our employees the possibility to participate in our Employees' Savings Plan. Under the Employees' Savings Plan, when employees elect to contribute up to 6% of their eligible earnings to buy BCE common shares, the company contributes $1 for every $3 that the employee contributes.

The named executive officers receive a competitive cash allowance for perquisites.

SHARE OWNERSHIP REQUIREMENTS

We believe in the importance of substantial share ownership and our compensation programs are designed to encourage share ownership by executive officers. A minimum share ownership level has been set for each position as a percentage of annual base salary. The ownership level for the position of President and CEO was increased from 500% to 750% of the base salary concurrent with the signature of Mr. Cope's employment agreement.

- President and CEO — 750%
- Executive Vice-Presidents — 300%
- Senior Vice-Presidents — 200%
- Vice-Presidents — 100%

Executives must meet their target within five years of their hire or promotion date with the objective that 50% of their target will be reached within three years of such date (3-year target). Direct and indirect holdings of BCE common shares and Bell Aliant Regional Communications Income Fund units including shares or deferred share units received under the following programs can be used to reach the minimum share ownership level:

- deferred share unit plan, described under *Deferred compensation plan*
- employees' savings plan, described under *Benefits and Perquisites*
- shares acquired and held by exercising stock options granted under our stock option plans, described under *Stock options*; and
- shares received upon payment of restricted share units, described under *Restricted share units*.

Share ownership status is calculated using the higher of acquisition cost and the current market value at time of review. The MRCC reviews at least annually the status of compliance with the share ownership requirements. Concrete measures may be taken if the 3-year target or the 5-year target is missed. These measures include, but are not limited to, the payment of a portion of the short-term annual incentive award in deferred share units, the payment of restricted share units in shares or in deferred share units and, when stock options are exercised, the requirement to hold BCE common shares having a market value equal to a portion of the after-tax financial gain resulting from the exercise. These measures remain in effect until the target is reached. As shown in the table below, none of our named executive officers is under measures imposed by the MRCC to build share ownership as their 3 or 5-year targets, as applicable, have been achieved.

Below is the share ownership status for our named executive officers as of March 11, 2010.

NAMED OFFICER	BASE SALARY ($)	OWNERSHIP REQUIREMENT	TOTAL BCE EQUITY OWNERSHIP VALUE [1] ($)	PERCENTAGE OF OWNERSHIP IN DSUs	PERCENTAGE OF 5-YEAR TARGET ACHIEVED	DATE 5-YEAR TARGET MUST BE REACHED
George A. Cope	1,250,000	750%	6,479,376	30% or 62,462 DSUs	69% [2]	July 2013
Siim A. Vanaselja	575,000	300%	3,003,705	84% or 82,766 DSUs	174%	Reached
Kevin W. Crull	700,000	300%	2,195,616	88% or 63,192 DSUs	105%	Reached
Stéphane Boisvert	700,000	300%	2,721,161	32% or 28,285 DSUs	130%	Reached
Wade Oosterman	700,000	300%	4,392,296	27% or 39,189 DSUs	209%	Reached

[1] Estimated using a BCE share price of $30.57 and a Bell Aliant unit price of $25.90 as of March 11, 2010

[2] Mr. Cope's ownership requirement had been set at 500%, which he had virtually met, and was increased to 750% concurrent with the signature of his employment agreement in early 2010

Trading restrictions

To help minimize the risk of an unintentional violation of insider trading prohibitions, we recommend that our executives, provided they are not otherwise aware of undisclosed material information, trade BCE securities (including the exercise of stock options) only during company-set permissible trading window periods.

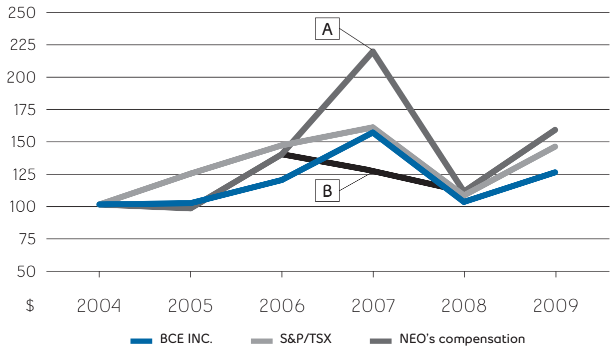
TERMS OF EMPLOYMENT

Employment terms are agreed upon with executive officers at time of hire. Such terms include the initial base salary, short-term incentive target, mid-term and long-term incentive grants and any other negotiated contractual arrangements. The employment terms of the executive officers are reviewed by the MRCC and approved by the Board. With respect to Mr. Cope, an employment agreement was signed in early 2010. It was agreed between Mr. Cope and the Corporation that the agreement would be made effective as of the date of his appointment to the President and CEO position as key terms were designed to secure and safeguard the business interests of the Corporation. Mr. Cope's 2009 compensation was not modified as a result of the signature of this agreement. Information regarding contractual arrangements for our named executive officers can be found under *Compensation of our named executive officers — Termination and change in control benefits.*

SHAREHOLDER RETURN PERFORMANCE GRAPH

The graph to the right compares the cumulative annual total return of BCE Inc.'s common shares against the cumulative annual total return of the S&P/TSX Composite Index assuming an initial investment of $100 and that all subsequent dividends were reinvested. Also shown is the growth rate of the named executive officers' compensation (NEO's compensation) over the same 5-year period. The MRCC is satisfied that the compensation has followed the evolution of the Corporation's share performance with the exception of year 2007. The BCE share price as of year-end 2007 reflected the potential closing of the privatization transaction resulting in a significant increase in the potential value of share-based and equity-based awards of current and previous years, including options granted since 2000 (refer to "A" on the graph to the right). Executives were however restrained from exercising options during that period thus the equity gain reflected in the compensation value as of year-end 2007 was not realizable. Removing this theoretical option gain in recognition of this exceptional situation would significantly decrease the value of compensation (refer to "B" on the graph to the right).

FIVE-YEAR-CUMULATIVE TOTAL RETURN ON $100 INVESTMENT
DECEMBER 31, 2004—DECEMBER 31, 2009



	2004	2005	2006	2007	2008	2009
BCE common shares	100	101	119	156	102	125
S&P/TSX Composite Index	100	124	146	160	107	145
NEO's compensation [1]	100	97	139	219	110	158

[1] Compensation is defined as salary, short-term incentive awards, year-end annualized value of awards under our restricted share unit plan and option value under our stock option plans.

BCE Inc.

BCE Inc.'s total return is based on BCE Inc.'s common share price on the Toronto Stock Exchange and assumes the reinvestment of dividends.

S&P/TSX Composite Index

With approximately 95% coverage of the Canadian equities market, the S&P/TSX Composite Index is the primary gauge for Canadian-based, Toronto Stock Exchange-listed companies. Such companies include amongst others: BCE Inc., Royal Bank of Canada, Manulife Financial Corporation, EnCana Corporation, and Research In Motion Limited.