



Prospectus

Shareholder  
Dividend  
Reinvestment  
and Stock  
Purchase Plan

September 1999



Prospectus

## Common Shares

### Shareholder Dividend Reinvestment and Stock Purchase Plan

This Prospectus covers common shares of BCE Inc. ("BCE") which, at the option of BCE, may be purchased on the open market through the facilities of a stock exchange or purchased from BCE, under the Shareholder Dividend Reinvestment and Stock Purchase Plan ("DRP" or the "Plan").

DRP provides a means for eligible holders of BCE common shares to invest in common shares of BCE without payment of brokerage commissions, fees or service charges of any kind.

Participants in DRP may:

- invest cash dividends on all of the common shares held by them; and/or
- invest by making Optional Cash Payments (as defined in DRP) in the form of cheques, money orders or other similar financial instruments at any time in any amount up to an aggregate of Can. \$20,000 in each twelve month period ending on the last Business Day (as defined in DRP) preceding the Investment Period (as defined in DRP) in October of each year, whether or not dividends on common shares are being invested. Furthermore, Optional Cash Payments in the form of dividends on BCE preferred shares and interest on Bell Canada debentures shall be subject, in the aggregate, to a separate limit of Can. \$20,000 in each twelve month period ending on the last Business Day preceding the Investment Period in October of each year.

The average market price at which BCE common shares will be purchased with cash dividends on common shares and Optional Cash Payments will be:

- (a) when common shares are to be purchased on the open market** through the facilities of a stock exchange, the average of the actual cost (excluding brokerage commissions, fees and all service charges) incurred by the Agent (as defined in DRP) to purchase such shares during the Investment Period; or
- (b) when common shares are to be purchased directly from BCE**, the weighted average price of all board lot trades of common shares of BCE on the Designated Stock Exchange (as defined in DRP) during the three trading days immediately preceding the Investment Period on which at least a board lot of common shares of BCE was traded.

The common shares of BCE are listed on the Montreal, Toronto and Vancouver stock exchanges in Canada, on the New York Stock Exchange in the United States and on certain stock exchanges in Europe.

**Unless otherwise indicated, dollar amounts are expressed in Canadian dollars.**

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is September 23, 1999.

**BCE Inc.**

BCE is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "Commission"). Reports and other information filed by BCE can be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. More information regarding the operation of the public reference facilities may be obtained from the Commission at 1-800-SEC-0330. Such material can also be inspected and copied at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, N.Y.

BCE is a Canadian corporation. Most of BCE's directors and officers and the experts named herein are residents of Canada, and substantially all of BCE's assets are located outside the United States. As a result it may be difficult for investors to effect service within the United States upon BCE or upon such directors, officers and experts, or to realize against them or the assets of BCE upon any judgments of courts of the United States predicated upon civil liabilities under the Securities Act of 1933, as amended (the "Securities Act"). There is doubt as to the enforceability in Canada of liabilities predicated solely upon the Securities Act.

#### **INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

The following documents or portions thereof filed with or furnished to the Commission are incorporated herein by reference and made a part hereof:

1. BCE's Annual Report on Form 40-F for the year ended December 31, 1998;
2. BCE's unaudited consolidated financial statements for the quarter ended March 31, 1999 and the related Management's Discussion and Analysis dated May 10, 1999 included in BCE's Form 6-K dated May 20, 1999;
3. BCE's unaudited consolidated financial statements for the quarter ended June 30, 1999 and the related Management's Discussion and Analysis dated August 12, 1999 included in BCE's Form 6-K dated August 27, 1999.

All documents filed by BCE pursuant to Sections 13(a), 13(c) or 15(d) of the Exchange Act and, to the extent designated therein, certain Reports on Form 6-K furnished by BCE after the date of this Prospectus and prior to the termination of this offering of common shares, shall be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the date of filing or furnishing such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed or furnished document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

**BCE hereby undertakes to provide without charge to each person to whom a copy of this Prospectus has been delivered, on the written or oral request of any such person, a copy of any or all of the documents referred to above which have been or may be incorporated in this Prospectus by reference, excluding certain Exhibits thereto. Requests for such copies should be directed to: Montreal Trust Company, P.O. Box 310, Station B, Montreal, Quebec, Canada, H3B 3J7, tel. (514) 982-7666 or 1-800-561-0934.**

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# Questions and Answers

## 1 What is the Shareholder Dividend Reinvestment and Stock Purchase Plan?

The Shareholder Dividend Reinvestment and Stock Purchase Plan (“DRP” or the “Plan”) provides a means for eligible holders of BCE Inc. (“BCE”) common shares to acquire additional common shares by the reinvestment of their dividends on all of their common shares and the investment of optional cash payments (including dividends paid on BCE preferred shares and interest paid on Bell Canada debentures). Montreal Trust Company (the “Agent”) acts as the agent for participants under DRP.

## 2 What are the advantages of DRP?

Common shares are purchased quarterly with reinvested dividends. Full investment of dividends is possible because DRP permits fractions of shares, as well as whole shares, to be purchased and held for participants. In addition, dividends on such fractions, as well as on whole shares, will be reinvested.

Common shares may also be purchased monthly with optional cash payments which consist of: i) cash payments (in the form of cheques, money orders or other similar financial instruments); ii) all cash dividends on BCE preferred shares; and/or iii) all interest on Bell Canada debentures (“Optional Cash Payments”). Optional Cash Payments in the form of cheques, money orders or other similar financial instruments shall be limited to Can. \$20,000 in each twelve month period ending on the last Business Day (as defined in DRP) preceding the Investment Period (see Question 9 for a description of the term “Investment Period”) in October of each year. Optional Cash Payments in the form of dividends on BCE preferred shares and interest on Bell Canada debentures shall be subject, in the aggregate, to a separate limit of Can. \$20,000 in each twelve month period ending on the last Business Day preceding the Investment Period in October of each year.

There are no brokerage commissions, fees or service charges in connection with common shares acquired under DRP.

Regular quarterly statements of account are provided for participants’ record-keeping.

A participant may withdraw and/or sell any number of whole common shares held in DRP at any time without terminating participation in DRP by giving written notice to the Agent.

A participant may terminate participation in DRP at any time without penalty by giving written notice to the Agent.

All administrative costs of DRP are borne by BCE.

### 3 Who is eligible to participate?

Generally, only holders of record of BCE common shares may join DRP at any time. Beneficial owners of common shares of BCE whose shares are registered in nominee accounts must become shareholders of record by having their shares transferred into their own names to become eligible to participate in DRP. However, an owner whose shares are held in a specific segregated registered account, such as a numbered account with a financial intermediary, may instruct that financial intermediary to enroll such shares in DRP.

A shareholder with BCE common shares registered in the name of an investment dealer registered with a securities commission may make an initial Optional Cash Payment without first becoming a registered shareholder of BCE. To do so, the investment dealer must provide the Agent with a duly completed Authorization Form and a certification indicating that the initial Optional Cash Payment is being made on behalf of a person who holds at least one common share of BCE in an account with that investment dealer. Upon receipt, that person will become a participant in DRP.

A shareholder with BCE common shares registered in the name of a financial institution or investment dealer may have Optional Cash Payments made on that shareholder's behalf without enrolling in DRP (see Question 5).

### 4 How does an eligible shareholder become a participant in DRP?

By completing the Authorization Form and returning it to the Agent. Please do not send stock certificates or dividend cheques. **Once you have enrolled, your participation in DRP continues until terminated by you, by BCE or by death, or until DRP is terminated by BCE. See "Termination of Participation" and "Amendment, Suspension or Termination of DRP". No further action is required unless you wish to change the terms of your current participation in DRP.**

### 5 How are Optional Cash Payments made?

An Optional Cash Payment may be made when enrolling in DRP by enclosing a cheque, money order or other similar financial instrument payable to **Montreal Trust Company** with the completed Authorization Form. Thereafter, Optional Cash Payments should be made by using the Cash Payment Form enclosed with each quarterly statement of account sent to participants; additional Cash Payment Forms may be obtained at any time from the Agent. The same amount of money need not be sent each time and there is no continuing obligation to make Optional Cash Payments.

Optional Cash Payments in the form of cheques, money orders or other similar financial instruments may not exceed a total of Can. \$20,000 in each twelve month period ending on the last Business Day preceding the Investment Period in October of each year. However, a financial institution or investment dealer, or its nominee, that is a registered holder of BCE common shares and is enrolled in DRP is allowed to make Optional Cash Payments in the form of cheques, money orders or other similar financial instruments in excess of Can. \$20,000 provided that: i) they are made on behalf of two or more of its clients all of whom are beneficial owners of BCE common shares registered in its name; and ii) the institution, dealer or nominee provides the Agent

with a signed declaration satisfactory to the Agent to the effect that each of these clients has complied with the Can. \$20,000 limit.

When authorized by a participant, dividends on BCE preferred shares and interest on Bell Canada debentures will be withheld and forwarded to the Agent for investment as Optional Cash Payments. Such Optional Cash Payments are subject, in the aggregate, to a separate limit of Can. \$20,000 in each twelve month period ending on the last Business Day preceding the Investment Period in October of each year.

## **6 Is it necessary to reinvest dividends on common shares in order to make Optional Cash Payments?**

No. An eligible shareholder may participate in DRP by making Optional Cash Payments without reinvesting dividends on common shares. However, dividends on common shares purchased with Optional Cash Payments will be reinvested in accordance with the terms and conditions of DRP.

## **7 Where will the common shares purchased under DRP be acquired?**

The common shares purchased by the Agent will either be existing shares purchased through a stock broker on the open market through the facilities of a stock exchange or new shares purchased directly from BCE. Under DRP, BCE determines, by written notice to the Agent, which of these two sources the Agent will use. The Agent will advise participants of the method of purchase of common shares by notification with the quarterly statements of account.

## **8 How will common shares be purchased for participants?**

BCE will remit to the Agent all cash dividends payable on common shares of BCE held of record by participants which the participants direct to be invested in DRP, and all cash dividends on common shares held of record by the Agent for participants under DRP. During the Investment Period, the Agent will apply such funds as well as any Optional Cash Payments received from participants to the purchase of common shares of BCE which the Agent will hold for participants in its name or the name of its nominee. Any applicable withholding taxes on dividends payable to shareholders who are not residents of Canada will be deducted prior to the purchase of common shares.

Optional Cash Payments, net of any applicable withholding taxes on dividends and/or interest payable to shareholders who are not residents of Canada, received by the Agent as described below, will be used by the Agent to purchase BCE common shares during the first Investment Period following receipt of such payments provided that the total of the Optional Cash Payments received from a participant in each twelve month period ending on the last Business Day preceding the Investment Period in October of each year does not exceed Can. \$20,000 in the form of cheques, money orders or other similar financial instruments and a further Can. \$20,000 in the form of dividend and interest payments (as described in Question 2). Optional Cash Payments in the form of cheques, money orders or other similar financial instruments received by the Agent on or after the start of an Investment Period will be held by the Agent for investment during the next Investment Period, unless participants request that such

Optional Cash Payments be returned. Optional Cash Payments in the form of cash dividends on BCE preferred shares and interest on Bell Canada debentures paid in an Investment Period will be accepted for investment by the Agent during that Investment Period. **No interest will be paid to participants on any funds held for investment under DRP.**

All common shares of BCE purchased for participants by the Agent with funds received **on or before** the 15th day of February, May, August or November will be entitled to receive the next quarterly common share dividend. Common shares purchased with funds received **after** the 15th day of February, May, August or November will **not** be entitled to receive the next quarterly common share dividend.

## 9 When will the common shares be purchased under DRP?

Common shares will be purchased during the Investment Period which:

- (a) when common shares are to be purchased on the open market through the facilities of a stock exchange:
  - (i) in the case of a month where there is a common dividend payment date, to the extent deemed practicable by the Agent, will be a maximum period of five Business Days commencing on the trade date for transactions which settle on the common dividend payment date (according to the practices of the stock exchange); and
  - (ii) in the case of any other month, to the extent deemed practicable by the Agent, will be the first Business Day following the 15th day of such month; or
- (b) when common shares are to be purchased directly from BCE, will be the first Business Day following the 15th day of each month.

## 10 What will be the price of common shares purchased under DRP?

The price of the common shares purchased with reinvested common share dividends and Optional Cash Payments will be the applicable average market price of the common shares which, for open market purchases, will be the average of the actual cost (excluding brokerage commissions, fees and service charges) incurred by the Agent to purchase such shares during an Investment Period, and for direct purchases from BCE, will be the weighted average price of all board lot trades of BCE common shares on the Designated Stock Exchange (as defined in DRP) during the three trading days immediately preceding an Investment Period on which at least a board lot of common shares of BCE was traded.

The Agent is responsible for determining the applicable average market price.

## 11 Will certificates be issued for common shares purchased?

Normally, certificates for common shares purchased under DRP will not be issued to participants. The number of shares held for an account under DRP will be shown on the participant's quarterly statement of account. This convenience protects against loss, theft or destruction of share certificates. Dividends paid on common shares held for a participant will be reinvested under DRP unless such shares are withdrawn from DRP.

A participant may request a certificate for any number of whole shares held by the Agent for the participant's account by completing the "Request to Withdraw or Sell Shares" section (Part 'A') on the reverse of the Cash Payment Form which is enclosed with each quarterly statement of account, or by writing to the Agent. Certificates will normally be forwarded within three weeks of receipt of the request by the Agent.

## **12 Can a participant sell shares held in DRP?**

A participant who is not terminating participation in DRP may request that any number of whole shares held by the Agent for the participant's account be sold by completing the "Request to Withdraw or Sell Shares" section (Part 'A') on the reverse of the Cash Payment Form which is enclosed with each quarterly statement of account, or by writing to the Agent. A request to sell shares will generally be acted upon by the Agent within one Business Day of receipt, and the proceeds of such sale, less brokerage commissions and transfer taxes, if any, will be forwarded to the participant by the Agent, normally within three Business Days following completion of the sale.

## **13 How does a participant terminate participation in DRP?**

Participation in DRP may be terminated by a participant by completing the "Termination Request" section (Part 'B') on the reverse of the Cash Payment Form which is enclosed with each quarterly statement of account, or by writing to the Agent. When a participant terminates participation in DRP, or upon termination of DRP by BCE, certificates for whole shares held for participants under DRP will be issued and a cash payment will be made for any fraction of a share and any uninvested Optional Cash Payments. When terminating participation in DRP, a participant may, if desired, request that all of the shares held for the participant's account in DRP be sold. If sale of all shares is specified in the Termination Request, such sale will be made by the Agent as soon as practicable following receipt of instructions to do so. In all cases, no sale will be made before participation has been terminated in DRP and the participant's account has been closed. The proceeds of such sale, less brokerage commissions and transfer taxes, if any, will be forwarded to the terminating participant by the Agent.

## **14 When may a participant terminate participation in DRP?**

A participant may terminate participation in DRP at any time. Normally, certificates and cheques will be forwarded to terminating participants within three weeks of receipt by the Agent of the request. However, if the Termination Request is received by the Agent after the fifth day of March, June, September or December, settlement of the participant's account will not be made until after reinvestment of the next quarterly common share dividend during the subsequent Investment Period in April, July, October or January – a delay of up to six weeks. Certificates and cheques will subsequently be forwarded, normally within three weeks of such Investment Period. A participant who wishes to stop all investment with respect to any Investment Period may do so if written notice is received by the Agent no later than the last Business Day

preceding the Investment Period (see the second paragraph under “Termination of Participation” and the last paragraph under “Participation” in the section entitled “Shareholder Dividend Reinvestment and Stock Purchase Plan” in this Prospectus).

**15 What kind of statements will be sent to participants in DRP?**

A quarterly statement of account will be mailed to each participant approximately three weeks after the Investment Period in January, April, July and October. The statement of account is a participant’s continuing record of purchases made and should be retained for tax purposes. In addition, each participant will receive tax information annually for reporting dividends paid on DRP shares.

**16 What are the tax consequences of participation in DRP?**

It should be understood that the fact that dividends and/or interest are invested does not relieve participants of any liability for taxes that may be payable on such amounts (see the section entitled “Taxes – United States Shareholders” in this Prospectus).

Any further questions regarding DRP should be addressed to the Agent at:

**Mailing Address**  
Montreal Trust Company  
P.O. Box 310, Station B  
Montreal, Quebec, Canada  
H3B 3J7

**Telephone**  
(514) 982-7666 or  
1-800-561-0934

The text of DRP may also be found in the Prospectus appearing on BCE’s Web site ([www.bce.ca](http://www.bce.ca)).

# Shareholder Dividend Reinvestment and Stock Purchase Plan

## **Purpose**

This Shareholder Dividend Reinvestment and Stock Purchase Plan (“DRP” or the “Plan”) of BCE Inc. (“BCE”) provides a means for eligible holders of BCE common shares to invest common share cash dividends and Optional Cash Payments (as hereinafter defined) to purchase additional common shares of BCE. Common shares are purchased by the Agent (as hereinafter defined) on behalf of the participants under DRP. The Agent purchases such shares, as determined from time to time by BCE by written notice to the Agent, either on the open market through the facilities of a stock exchange or directly from BCE. Therefore DRP also provides a means by which BCE may acquire additional equity capital.

## **Definitions**

**Agent** means: Montreal Trust Company, or such other firm as may be designated by BCE from time to time to act as Agent under DRP.

**Average Market Price** means: the price at which BCE common shares will be acquired during an Investment Period (as hereinafter defined) by the Agent on behalf of participants with cash dividends and Optional Cash Payments. More particularly, Average Market Price means:

- (a) when common shares are purchased on the open market through the facilities of a stock exchange, the average of the actual cost (excluding brokerage commissions, fees and service charges) incurred by the Agent to purchase such shares in such Investment Period; or
- (b) when common shares are purchased directly from BCE, the weighted average price of all board lot trades of BCE common shares on the Designated Stock Exchange (as hereinafter defined) during the three trading days immediately preceding the Investment Period on which at least a board lot of BCE common shares was traded.

**Business Day** means: any day, except Saturdays, Sundays and other days which in Montreal or Toronto are holidays or a day upon which the Agent is authorized by law to remain closed.

**Designated Stock Exchange** means: one or more Canadian stock exchanges on which BCE common shares are traded and which shall have been designated by BCE by written notice to the Agent. If more than one stock exchange is so designated by BCE, all such designated stock exchanges will collectively be referred to herein as the Designated Stock Exchange. BCE may, by written notice to the Agent, add or delete a stock exchange as deemed necessary. The stock exchanges initially designated by BCE as the Designated Stock Exchange are the Toronto Stock Exchange and the Montreal Exchange. The Agent will, following a change made by BCE to the Designated Stock Exchange, advise all participants of such change with the mailing of the next quarterly statement of account. In the event that common shares of BCE are, in the future, traded on only one Canadian stock exchange, then such exchange will, under DRP, constitute the Designated Stock Exchange.

**Investment Period** means:

- (a) when common shares are to be purchased on the open market through the facilities of a stock exchange:
  - (i) in the case of a month where there is a common dividend payment date, to the extent deemed practicable by the Agent, a maximum period of five Business Days commencing on the trade date for transactions which settle on the common dividend payment date (according to the practices of the stock exchange); and
  - (ii) in the case of any other month, to the extent deemed practicable by the Agent, the first Business Day following the 15th day of such month; or
- (b) when common shares are to be purchased directly from BCE, the first Business Day following the 15th day of each month.

**Optional Cash Payment** means: a payment made by a participant in the form of:

- (a) cash (in the form of cheques, money orders or other similar financial instruments); and/or
- (b) all cash dividends on any series of BCE preferred shares held of record by the participants; and/or
- (c) all interest on any series of Bell Canada debentures registered in the name of the participant.

### **Advantages**

The advantages of participating in DRP include:

- A participant may purchase common shares of BCE quarterly with the cash dividends paid on all of the common shares of BCE which are registered in the name of the participant.
- A participant may also purchase common shares monthly with Optional Cash Payments.
- The price of common shares purchased with cash dividends and Optional Cash Payments will be the applicable Average Market Price. No brokerage commissions, fees or service charges are payable by participants in connection with purchases of common shares made under DRP.

- Full investment of funds is possible under DRP because the Plan permits fractions of shares as well as whole shares to be purchased for participants and held by the Agent for the participants' accounts under DRP. Also dividends in respect of whole shares and fractions of shares purchased under DRP will be held by the Agent for the participants' accounts until invested under DRP.
- All dividends paid by BCE on the common shares held for a participant's account under DRP will be automatically invested in common shares.
- Purchases of common shares under DRP will be made on a monthly basis by the Agent.

### **Administration**

Montreal Trust Company acts as the Agent for the participants under DRP pursuant to an agreement which may be terminated by BCE or the Agent at any time. BCE will remit to the Agent all cash dividends payable on common shares of BCE held of record by participants that the participants direct to be invested under DRP, and all cash dividends on common shares held of record by the Agent for participants under DRP. The Agent will apply such funds together with all Optional Cash Payments received to the purchase of common shares for the participants. Common shares purchased under DRP will be registered in the name of the Agent, as Agent for participants in DRP. Should Montreal Trust Company cease to act as Agent under DRP, another agent will be designated by BCE.

BCE may adopt rules and regulations to facilitate the administration of DRP and reserves the right to regulate and interpret the DRP text as it deems necessary or desirable in connection with its operation.

BCE may adopt rules and regulations concerning the establishment of Internet-based or other electronic mechanisms with respect to the enrollment of participants in DRP, the communication of information concerning DRP between BCE and participants, and any other aspects of DRP.

References in the Plan to the delivery of instructions, notices or other documents in writing or by mail shall be deemed to include, subject to the adoption of rules or regulations by BCE, delivery by electronic means, including the Internet.

### **Participation**

Generally, only holders of record of common shares of BCE are eligible to enroll in DRP at any time by signing an Authorization Form either manually or, in accordance with any rules or regulations adopted by BCE in this regard, electronically and returning it to the Agent. A person who is a beneficial and not a record owner of common shares (e.g. whose shares are held and registered in a nominee account) will be required to transfer such shares into that person's own name or into a specific segregated registered account such as a numbered account with a financial intermediary with the intermediary's concurrence, in order for that person to become eligible to enroll in DRP.

Shareholders with BCE common shares registered in the name of an investment dealer registered with a securities commission may make initial Optional Cash Payments without first becoming registered shareholders of BCE. To do so, the investment dealer must provide the Agent with a duly completed Authorization Form and a certification indicating that the initial Optional Cash Payment is being made on behalf of a person who holds at least one common share of BCE in an account with that investment dealer.

**Once a participant has enrolled in DRP, participation continues automatically unless terminated in accordance with the terms of DRP.**

An Authorization Form may be obtained upon written request addressed to Montreal Trust Company, P.O. Box 310, Station B, Montreal, Quebec, Canada H3B 3J7 or by calling (514) 982-7666 or 1-800-561-0934.

By duly completing the applicable section(s) of the Authorization Form the participant directs BCE to forward to the Agent cash dividends on all the common shares held of record by the participant and directs Montreal Trust Company, as Agent for such participant, to invest such dividends and/or Optional Cash Payments received to purchase common shares of BCE for the participant during Investment Periods in accordance with the terms of DRP. Participants in DRP may make Optional Cash Payments without reinvesting cash dividends on common shares.

**A participant may stop all investment with respect to any Investment Period if written notification addressed to Montreal Trust Company, P.O. Box 310, Station B, Montreal, Québec, Canada H3B 3J7 is received by the Agent no later than the last Business Day preceding such Investment Period.**

#### **Effective Date of Enrollment – Reinvestment of Dividends**

When enrolling in DRP or changing or adding an investment option under the terms of DRP, it should be noted that a completed Authorization Form must be received by the Agent on or before a common share dividend record date in order for that dividend to be invested under DRP in accordance with such authorization. For example, in the case of the common share dividend payable on April 15th, if the Authorization Form is received by the Agent on or before the record date for such dividend (on or before March 15th), the April 15th dividend will be invested under DRP during the Investment Period in April; however if the Authorization Form is received after March 15th, the first common share dividend invested under DRP will be the common share dividend payable on July 15th.

#### **Investment of Optional Cash Payments**

Optional Cash Payments in the form of cheques, money orders or other similar financial instruments shall be limited to the sum of Can. \$20,000 in each twelve month period ending on the last Business Day preceding the Investment Period in October of each year. Optional Cash Payments in the form of dividends on BCE preferred shares and interest on Bell Canada debentures may not exceed, in the aggregate, a separate limit of Can. \$20,000 in each twelve month period ending on the last Business Day preceding the Investment Period in October of each year.

A financial institution or investment dealer, or its nominee, that is a registered holder of BCE common shares and is enrolled in DRP is allowed to make Optional Cash Payments in the form of cheques, money orders or other similar financial instruments in excess of Can. \$20,000 provided that: a) they are made on behalf of two or more of its clients all of whom are beneficial owners of BCE common shares registered in its name; and b) the institution, dealer or nominee provides the Agent with a signed declaration satisfactory to the Agent stating: i) that each of these clients owns at least one common share of BCE registered in the name of the institution, dealer or nominee; ii) that each of these clients has complied with the Can. \$20,000 limit; and iii) such other information as shall be required by the Agent or BCE. Such clients will not be enrolled in DRP in their own right, and neither BCE nor the Agent assumes any liability to such persons for any act, or for any omission to act, with respect to any Optional Cash Payments made on their behalf.

When enrolling in DRP to invest cash dividends on any series of BCE preferred shares, and/or interest on any series of Bell Canada debentures, it should be noted that a completed Authorization Form must be received by the Agent **on or before** the applicable record date for the dividend and/or interest payment in order for such dividend and/or interest payment to be invested under DRP during the next applicable Investment Period in accordance with such authorization.

Optional Cash Payments may be made when enrolling in DRP by enclosing a cheque, money order or other similar financial instrument, made payable to **Montreal Trust Company**, with the Authorization Form. Thereafter, cash payments should be made by using the Cash Payment Form enclosed with each statement of account sent to participants by the Agent. Additional Cash Payment Forms may be obtained at any time from the Agent.

Optional Cash Payments in the form of cheques, money orders or other similar financial instruments must be dated and received by the Agent **on or before** the last Business Day preceding an Investment Period in order for such payments to be accepted for investment during that month's Investment Period. Any such payments dated and/or received on or after the start of an Investment Period will be held for investment in the Investment Period for the following month, unless participants request that such Optional Cash Payments be returned. Optional Cash Payments in the form of cash dividends on BCE preferred shares and interest on Bell Canada debentures paid in an Investment Period will be accepted for investment by the Agent during that Investment Period.

On the condition that Optional Cash Payments and, upon initial enrollment in the Plan, a completed Authorization Form, have been received on a timely basis by the Agent, Optional Cash Payments will be invested in common shares of BCE during the first Investment Period following receipt of such Optional Cash Payments, provided that the total of the Optional Cash Payments received from a participant in each twelve month period ending on the last Business Day preceding the Investment Period in October of each year does not exceed Can. \$20,000 in the form of cheques, money orders or other similar financial instruments and a further Can. \$20,000 in the form of cash dividends on BCE preferred shares and interest on Bell Canada debentures.

All common shares purchased with Optional Cash Payments received under DRP by the Agent **on or before** the 15th day of February, May, August and November, as the case may be, will be entitled to the next quarterly dividend on such shares, as and when declared. Common shares purchased with Optional Cash Payments received under DRP **after** the 15th day of February, May, August and November, as the case may be, will **not** be entitled to the next quarterly common share dividend as and when declared.

Dividends paid on common shares held by the Agent for the account of a participant under DRP will be automatically reinvested in common shares during the next applicable Investment Period.

**No interest will be paid to participants on any funds held for investment under DRP.**

### **Source of Common Shares Purchased**

The common shares acquired by the Agent for participants will be either existing common shares purchased through a stock broker on the open market through the facilities of a stock exchange or newly issued common shares purchased directly from BCE, as determined from time to time by BCE by written notice to the Agent. Such determination by BCE shall be effective for the next Investment Period provided that BCE's written notice shall have been received by the Agent prior to such Investment Period. The Agent will subsequently advise all participants of any change in the method of purchase of common shares under DRP with the mailing of the next quarterly statement of account.

### **Price of Common Shares**

The price at which common shares will be acquired during an Investment Period by the Agent on behalf of participants with cash dividends and Optional Cash Payments will be the Average Market Price. The Agent is responsible for determining the Average Market Price.

Each participant's account will be credited with that number of BCE common shares purchased for the participant, including fractions computed to four decimal places, which is equal to the amounts to be invested for each participant divided by the applicable Average Market Price.

### **Costs**

Generally, all administrative costs of DRP, including any brokerage commissions, fees or other expenses of the Agent incurred for the purchase of common shares for participants under DRP, are borne by BCE. There are no charges payable by a participant upon termination of participation in DRP. However, if a participant requests the sale of any or all common shares held for the participant's account in DRP, whether or not terminating from DRP, the participant will pay applicable brokerage commissions and transfer taxes, if any, on all dispositions of common shares effected for his or her account by the Agent.

### **Reports to Participants**

The Agent will maintain an account for each participant in DRP. A statement of account will be mailed to each participant as soon as practicable following the Investment Period in January, April, July and October of each year. These statements are a participant's continuing record of the cost of purchases and should be retained for income tax purposes. In addition, each participant will receive annually from the Agent the appropriate tax information for reporting dividends paid on common shares held under DRP.

### **Certificates for Common Shares**

Common shares purchased under DRP will be registered in the name of the Agent, as Agent for participants in DRP, and certificates for such shares will not be issued to participants unless specifically requested. The number of common shares purchased under DRP will be credited to DRP accounts established for participants and shown on their statements of account.

Common shares held by the Agent for a participant under DRP may not be pledged, sold or otherwise disposed of by the participant. A participant who wishes to effect any such transaction must request that a certificate for such shares be issued in the participant's name.

### **Withdrawal or Sale of Common Shares**

A participant who is not terminating participation in DRP may, upon completing the "Request to Withdraw or Sell Shares" section (Part 'A') on the reverse of the "Cash Payment Form" which is enclosed with each quarterly statement of account, or by providing similar written notice to the Agent, have:

- (a) common share certificates issued and registered in the participant's name for any number of whole common shares held for the participant's account under DRP; or
- (b) any number of whole common shares held for the participant's account sold on the open market at the current market price through a stock broker designated by the Agent.

Such requests should be mailed to Montreal Trust Company, P.O. Box 310, Station B, Montreal, Quebec, Canada H3B 3J7. A common share certificate or a cheque representing the proceeds of sale, less brokerage commissions and transfer taxes, if any, will be issued to the participant by the Agent as soon as practicable following receipt by the Agent of a participant's written request. For withdrawal requests, certificates will normally be issued within three weeks following receipt of the request. For sales requests, pursuant to which sales will generally be effected within one Business Day of receipt of the request, cheques will normally be issued within three Business Days following completion of the sale. Any remaining whole common shares and fraction of a common share will continue to be held for the participant's account.

Whole common shares that are to be sold may be commingled with common shares being sold for other participants, in which case the proceeds to each such participant will be based on the average sales price of all common shares so commingled.

Accounts under DRP are maintained in the names in which certificates of the participants were registered at the time they enrolled in DRP. Certificates for whole common shares will be similarly registered when issued.

### **Termination of Participation**

#### ***a) By a Participant or as a result of the Death of a Participant***

Participation in DRP may be terminated by a participant at any time by completing the “Termination Request” section (Part ‘B’) on the reverse of the “Cash Payment Form” which is enclosed with each quarterly statement of account, or by providing similar written notice to Montreal Trust Company, P.O. Box 310, Station B, Montreal, Quebec, Canada H3B 3J7. Participation in DRP will be terminated automatically upon receipt by the Agent of a written notice, satisfactory to the Agent, of the death of a participant. In such case, a certificate for whole common shares will be issued in the name of the deceased participant, and the Agent will send such certificate and a cash payment for any uninvested common dividend or Optional Cash Payments and for any fraction of a common share to the representative of the deceased participant.

When a participant terminates participation in DRP, the participant will receive a certificate for the whole common shares held for such participant’s account and a cash payment for any fraction of a common share and for any uninvested Optional Cash Payments. **If a Termination Request is received by the Agent after the fifth day of a month in which there is a common share dividend record date (March, June, September and December of each year), the participant’s account will not be closed until after the Investment Period corresponding to the relevant common share dividend payment;** thereafter all cash dividends paid in respect of the former participant’s common shares registered in his or her name will be paid directly to such shareholder. (Note: A participant who wishes to stop all investment with respect to any Investment Period may do so if written notice is received by the Agent no later than the last Business Day **preceding** such Investment Period.)

Upon termination of participation, a participant may request that all common shares, both whole shares and any fraction of a share, held for the participant’s account under DRP be sold. If the sale of all shares is specified in the Termination Request, such sale will be made by the Agent, through a stock broker designated by the Agent, as soon as practicable following receipt by the Agent of instructions to do so. In such cases, no sale will be made before participation has been terminated in DRP, as indicated above, and the participant’s account has been closed which, depending on the date that the Termination Request was received by the Agent, may take as long as six weeks. Following such termination and sale, a cheque for the proceeds of such sale, less brokerage commissions and transfer taxes, if any, will be sent to the participant by the Agent, normally within three weeks. Shares that are to be sold may be commingled with shares of other terminating participants, in which case the proceeds to each

terminating participant will be based on the average sales price of all shares so commingled. With respect to any fraction of a share, the proceeds will be determined by the Agent in the same manner as determined for the sale of whole shares.

**b) By BCE**

A shareholder's participation in DRP may be terminated at the option of BCE if the number of BCE common shares purchased through DRP does not exceed one whole share over a period of twelve consecutive months. Prior to termination, a notice will be sent to the address of record of such participant by the Agent advising of the action to be taken within a specified period, and will provide that participation will not be terminated if the participant, within such period, takes certain action as specified in the notice. In the event that participation is terminated by BCE, all common shares, both whole shares and any fraction of a share, held in a participant's account will be sold. The proceeds of such sale, less brokerage commissions and transfer taxes, if any, will be forwarded to the participant by the Agent.

**Rights Offering**

In the event BCE makes available to holders of its common shares rights to subscribe to additional common shares or other securities, rights certificates will be issued by the Agent to each participant for the number of whole common shares held for a participant's account under DRP on the record date for such rights issue plus the number of common shares, if any, held of record by such participant. Rights based on a fraction of a common share held for a participant's account will be sold for such participant by the Agent and the net proceeds invested in the same manner as an Optional Cash Payment during the next Investment Period.

**Stock Dividends and Stock Splits**

Any common shares of BCE distributed pursuant to a stock dividend or a stock split on common shares held by the Agent for participants under DRP will be retained and credited by the Agent proportionately to the accounts of the participants in DRP. Certificates for any common shares resulting from a stock dividend or a stock split on common shares held of record by a participant will be mailed directly to the participant in the same manner as to shareholders who are not participating in DRP.

**Shareholder Voting**

Whole common shares held for a participant's account under DRP on the record date for a vote of shareholders will be voted in the same manner as the participant's common shares of record are voted, either by proxy or by the participant in person. If a participant is no longer a holder of record of common shares, the whole common shares held for such participant's account will be voted in accordance with the instructions of the participant. Shares for which instructions are not received will not be voted.

### **Responsibilities of BCE and the Agent**

Neither BCE nor the Agent shall be liable for any act, or for any omission to act, including, without limitation, any claims for liability:

- (a) arising out of failure to terminate a participant's account upon such participant's death prior to receipt of satisfactory notice in writing of such death;
- (b) with respect to the prices at which shares are purchased for the participant's account and the times such purchases are made; and
- (c) with respect to the prices at which shares are sold for the participant's account and the times such sales are made.

Participants should recognize that neither BCE nor the Agent can assure profit or protect against loss on the shares purchased or sold under DRP.

### **Amendment, Suspension or Termination of DRP**

BCE reserves the right to amend, suspend or terminate DRP at any time, but such action shall have no retroactive effect that would prejudice the interests of the participants. All participants will be sent written notice of any such amendment, suspension or termination. In the event of termination of DRP by BCE, a certificate for any whole common shares held for a participant's account under DRP and a cash payment for any fraction of a share and for any uninvested Optional Cash Payments will be remitted as soon as practicable by the Agent to the participant. In the event of suspension of DRP by BCE, no investment will be made by the Agent during the Investment Period immediately following the effective date of such suspension; Optional Cash Payments which are not invested as of the effective date of such suspension and common share dividends which are subject to DRP and which are paid after the effective date of such suspension will be remitted by the Agent to the participants.

### **Notices**

All notices required to be given to participants under DRP shall be mailed to participants at the addresses shown on the records of the Agent or at a more recent address as furnished to the Agent by the participant.

# Taxes – United States Shareholders

## General

It is the responsibility of the purchasers of BCE common shares to consult their tax advisors if they are in any doubt as to their tax position.

It should be understood that the fact that dividends and/or interest are invested under the terms of DRP does not relieve participants of any liability for taxes that may be payable on such amounts.

## Canadian Taxes

If dividends and interest which a non-resident participant designates for investment under DRP are subject to withholding of non-resident tax, the amount to be invested will be reduced by the amount of tax withheld. By virtue of the Canada-United States Income Tax Convention 1980, as amended (the “Convention”), the rate of withholding tax on BCE cash dividends and interest on Bell Canada debentures subject to withholding tax and paid or credited to individuals residing in, or corporations organized under the laws of, the United States, and not having a “permanent establishment” or a “fixed base” in Canada, is generally 15% on dividends and 10% on interest.

Gains on disposals of BCE common shares by a non-resident of Canada are generally not subject to Canadian income tax unless such disposition constitutes income from an “adventure in the nature of trade” or the carrying on of a business in Canada by the non-resident.

## United States Federal Taxes

- i) A United States holder will realize ordinary taxable income from cash dividends on BCE common shares. The gross amount of the dividends, including any amounts deducted for Canadian withholding taxes, will be subject to United States taxation. The United States holder will be entitled to a credit against his or her United States Federal income tax liability for the Canadian withholding tax imposed on those dividends. The amount of the credit will be subject to limitations contained in the foreign tax credit provisions of the United States Internal Revenue Code of 1986, as amended. A United States holder who finds that, because of such limitations, it is more advantageous in the United States holder’s particular case to claim Canadian withholding tax as a deduction than as a credit may do so, but only for a year for which the United States holder elects to do so with respect to all foreign taxes.

- ii)* A United States holder who becomes a participant in DRP will also realize ordinary taxable income from cash dividends on BCE common or preferred shares which are to be reinvested under DRP. The amount subject to United States taxation will be the gross amount of the reinvested cash dividends, including any amounts deducted for Canadian withholding taxes.
- iii)* A United States holder who participates in DRP will, to the same extent as a non-participating United States holder, be entitled to claim as a credit against the participant's United States Federal income tax liability (or to claim as a deduction, if so electing) any amount withheld from dividends on account of Canadian withholding taxes.
- iv)* Following are certain other United States Federal income tax consequences for participants in DRP who are United States holders:
  - The tax basis per share for shares purchased under DRP is equal to a participant's purchase price per share.
  - When the Agent purchases BCE common shares for a participant's account on the open market, the portion of any brokerage commissions paid by BCE that is attributable to the purchase of the participant's shares will be treated as a dividend to the participant. Any such dividend amount will, however, increase the tax basis of the participant's shares.
  - A participant's holding period for shares purchased by the Agent directly from BCE with reinvested common or preferred share dividends will begin on the day following the dividend payment date. The holding period for shares purchased with Optional Cash Payments (excluding dividends on BCE preferred shares), and for shares purchased by the Agent on the open market with reinvested common or preferred share dividends, will begin on the day following the purchase date.
  - A participant will not realize any taxable income when the participant receives certificates for whole shares credited to the participant's account, either upon the participant's request for certain of those shares or upon termination of participation in or termination of DRP.
  - A participant will realize a gain or loss when shares are sold or exchanged, either pursuant to the participant's request, whether or not terminating from DRP, by the participant after receipt of shares from DRP, and, in the case of any fraction of a share, when the participant receives a cash adjustment for a fraction of a share. The amount of such gain or loss will be the difference between the amount which the participant receives for the shares or fraction of a share and the tax basis therefor.

## The Corporation

BCE Inc. (“BCE”) was incorporated in 1970 and continued under the Canada Business Corporations Act in 1979. BCE has its principal and registered offices at 1000, rue de La Gauchetière Ouest, bureau 3700, Montréal (Québec) H3B 4Y7, telephone (514) 870-8777.

BCE is Canada’s largest communications company.

Through its operations in communications services, BCE provides residence and business customers in Canada with wireline and wireless communications products and applications, satellite communications and direct-to-home television services, systems integration expertise, electronic commerce solutions, Internet access and high-speed data services, and directories.

Abroad, through Bell Canada International Inc.’s investee companies, BCE provides communications services to more than 4.2 million customers in Asia and Latin America. BCE also has an extensive international presence through its ownership in Nortel Networks Corporation, a global leader in the design and building of communications networks, as well as through Teleglobe Inc., an international telecommunications carrier. BCE’s majority-owned companies employ some 58,000 people worldwide. BCE shares are listed in Canada, the United States and Europe.

## Description of Common Shares

The Articles of BCE provide that its equity capital shall be divided into an unlimited number of common shares, first preferred shares, and second preferred shares, all without nominal or par value. The Directors of BCE may issue one or more series of preferred shares, determine the number of shares to be issued and the issue price therefor and fix the designation, rights, privileges, restrictions and conditions attaching to each series of preferred shares.

Subject to the rights of the first and second preferred shares, the holders of common shares are entitled to receive pro rata such dividends payable in money, property, or by the issue of fully paid shares of BCE as may be declared by its Directors, and they are entitled to participate in the distribution of assets of BCE upon liquidation, dissolution or winding up. They are entitled to one vote per share and have no preemptive, redemption or conversion rights. There are no other provisions restricting the rights attaching to the common shares. Outstanding common shares are, and common shares to be issued will be, fully paid and non-assessable.

## Use of Proceeds

BCE will only receive proceeds under DRP if common shares are purchased directly from BCE rather than purchased in the open market through the facilities of a stock exchange. Such proceeds, as and when received, will be used for the general corporate purposes of BCE, which may include strengthening the equity base of certain of BCE's subsidiaries and associated companies or financing any new investments.

## Legal Opinions

The statements under "Taxes — United States Shareholders" with respect to "Canadian Taxes" are set forth herein in reliance upon the opinion of Martine Turcotte and Marc J. Ryan, Chief Legal Officer and Corporate Secretary, respectively of BCE, and with respect to items (i) through (iv) under "United States Federal Taxes" are set forth herein in reliance upon the opinion of Davis Polk & Wardwell of New York City.

Martine Turcotte and Marc J. Ryan are passing on the legality of the common shares of BCE offered hereby.

## Experts

The financial statements of BCE appearing in BCE's Annual Report on Form 40-F for the fiscal year ended December 31, 1998 have been incorporated by reference herein in reliance on the report, which is also incorporated by reference herein, of Deloitte & Touche LLP, independent chartered accountants, given on the authority of said firm as experts in auditing and accounting.

## Indemnification

Pursuant to a resolution of the directors of Bell Canada Enterprises Inc., now BCE, and subject to the limitations contained in the Canada Business Corporations Act (the “CBCA”) but without limit to the right of BCE to indemnify any person under the CBCA or otherwise, BCE shall indemnify a director or officer or a former director or officer of BCE against all costs, charges and expenses reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of BCE if (i) he acted honestly and in good faith with a view to the best interest of BCE and (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful. Under the CBCA, BCE may only indemnify directors and officers in an action by or on behalf of BCE with the approval of a court, and not for the amount of the judgment or settlement.

The directors and officers of BCE are also covered by an insurance policy indemnifying them against civil liabilities which might be incurred by them in such capacities.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or persons controlling BCE pursuant to the foregoing provisions, BCE has been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is therefore unenforceable under the laws of the United States.