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

FORM 40-F

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

OR

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

For the fiscal year ended: **December 31, 2013** Commission File Number: **1-8481**

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

Canada
(Province or other jurisdiction of incorporation or organization)

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

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

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

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

Copies of all correspondence should be sent to:

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

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

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

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

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

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

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

☒ Annual Information Form ☒ Audited Annual Financial Statements

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

Common Shares	775,892,556
First Preferred Shares	
Series R	8,000,000
Series S	3,606,225
Series T	4,393,775
Series Y	8,772,468
Series Z	1,227,532
Series AA	10,144,302
Series AB	9,855,698
Series AC	5,069,935
Series AD	14,930,065
Series AE	1,422,900
Series AF	14,577,100
Series AG	10,841,056
Series AH	3,158,944
Series AI	10,754,990
Series AJ	3,245,010
Series AK	25,000,000
Total First Preferred Shares	135,000,000

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

YES: ☒ NO: ☐

PRIOR FILINGS MODIFIED AND SUPERSEDED

The annual report on Form 40-F of BCE Inc. ("BCE") for the year ended December 31, 2013, at the time of filing with the U.S. Securities and Exchange Commission (the "SEC" or "Commission"), modifies and supersedes all prior documents filed pursuant to Sections 13, 14 and 15(d) of the *Exchange Act* for purposes of any offers or sales of any securities after the date of such filing pursuant to any registration statement or prospectus filed pursuant to the *Securities Act of 1933* which incorporates by reference such annual report on Form 40-F.

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

A. Annual Audited Consolidated Financial Statements

For the BCE annual audited consolidated financial statements for the year ended December 31, 2013 (the "BCE 2013 Financial Statements"), see pages 108 to 150 of the BCE 2013 Annual Report to Shareholders (the "BCE 2013 Annual Report"), which BCE 2013 Financial Statements are contained in Exhibit 99.2 and are incorporated herein by reference.

B. Management's Discussion and Analysis

For the BCE management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2013 (the "BCE 2013 MD&A"), see pages 24 to 105 and page 151 of the BCE 2013 Annual Report, which BCE 2013 MD&A is contained in Exhibit 99.2 and is incorporated herein by reference.

DISCLOSURE CONTROLS AND PROCEDURES

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

As at December 31, 2013, management evaluated, under the supervision of and with the participation of the CEO and the CFO, the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the U.S. *Securities Exchange Act of 1934* and under National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*. The CEO and CFO have limited the scope of their design and evaluation of our disclosure controls and procedures to exclude the disclosure controls and procedures of Astral Media Inc. (Astral), which we acquired on July 5, 2013. Astral's contribution to our consolidated financial statements for the year ended December 31, 2013 was approximately 2% of consolidated revenues and 3% of consolidated net earnings. Additionally, at December 31, 2013, Astral's current assets and current liabilities were approximately 18% and 3% of consolidated current assets and current liabilities, respectively, and its non-current assets and non-current liabilities were approximately 7% and 1% of consolidated non-current assets and non-current liabilities, respectively. The design and evaluation of Astral's disclosure controls and procedures will be completed for the third quarter of 2014.

Further details related to the acquisition of Astral are disclosed in Note *4 – Acquisition of Astral* of the BCE 2013 Financial Statements.

Based on that evaluation, which excluded Astral's disclosure controls and procedures, the CEO and CFO concluded that our disclosure controls and procedures were effective as at December 31, 2013.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

The report of BCE's management entitled "Management's Report On Internal Control Over Financial Reporting" appearing at page 106 of the BCE 2013 Annual Report, which report is contained in Exhibit 99.3, is incorporated herein by reference.

B. Auditors' report on internal control over financial reporting

The report of BCE's external auditors concerning BCE's internal control over financial reporting appearing at page 107 of the BCE 2013 Annual Report, which report is contained in Exhibit 99.3, is incorporated herein by reference.

C. Changes in internal control over financial reporting

There have been no changes during the year ended December 31, 2013 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

STATEMENT REGARDING CONTROLS AND PROCEDURES

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

AUDIT COMMITTEE FINANCIAL EXPERT

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

CODE OF ETHICS

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

Effective August 7, 2013, amendments were adopted to the Code of Conduct in order to:

- update the section entitled *Information Classification and Records Management* to *(i)* add examples of information which must be safeguarded from disclosure; *(ii)* add procedures to be followed by employees to protect confidential information; and *(iii)* clarify and reorganize some of its content;
- add new provisions under the section entitled *Safeguarding Company Assets* concerning the prevention of fraud;
- update the section on ownership of intellectual property developed while working for BCE or one of its subsidiaries to expand it to include an irrevocable waiver by employees of moral rights that they may have in such intellectual property under applicable copyright legislation;
- update the Code of Conduct and, in particular, the section entitled *A Work Environment Based on Trust and Mutual Respect* to *(i)* add provisions on BCE's commitments with respect to the mental health of its employees; *(ii)* update the sections on health and safety, and corporate security – emergency management; *(iii)* add references to the need for business continuity and disaster recovery plans;
- add references to employees' obligations to follow training courses on the Code of Conduct and violence prevention;
- update the references to related policies, key personnel information and contacts; and – clarify and reorganize some of its content.
- clarify and reorganize some of its content.

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

A copy of the Code of Conduct, as amended, is included as Exhibit 99.4 to this Annual Report on Form 40-F.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

External auditors' fees

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

	2013 (in $ millions)	2012 (in $ millions)
Audit fees(1)	9.9	7.9
Audit-related fees(2)	1.7	2.0
Tax fees(3)	0.6	0.6
All other fees(4)	1.0	0.1
Total(5)	13.2	10.6

(1) These fees include professional services provided by the external auditors for statutory audits of the annual financial statements, the audit of the effectiveness of internal control over financial reporting, the review of interim financial reports, the review of financial accounting and reporting matters, the review of securities offering documents, other regulatory audits and filings and translation services.
(2) These fees relate to non-statutory audits and due diligence procedures.
(3) These fees include professional services for tax compliance, tax advice and assistance with tax audits and appeals.

(4) These fees include any other fees for permitted services not included in any of the above-stated categories. In 2013 and 2012, the fees are for services related to compliance with the Payment Card Industry Data Security Standard.
(5) The amounts of $13.2 million for 2013 and $10.6 million for 2012 reflect fees billed in those fiscal years without taking into account the year to which those services relate. Total fees for services provided for each fiscal year amounted to $10.5 million in 2013 and $9.5 million in 2012.

Auditor Independence Policy

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

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

In particular, the policy specifies that:

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

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

In 2013 and 2012, BCE's Audit Committee did not approve any audit-related, tax or other services pursuant to paragraph (c)(7) (i) (C) of Rule 2-01 of Regulation S-X.

OFF-BALANCE SHEET ARRANGEMENTS

Please see the sections entitled "Contractual Obligations" and "Indemnifications and Guarantees" at pages 81 and 82 of the BCE 2013 MD&A contained in Exhibit 99.2 (which sections are incorporated by reference in this annual report on Form 40-F) for a discussion of certain off-balance sheet arrangements.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

Please see the section entitled "Contractual Obligations" at page 81 of the BCE 2013 MD&A contained in Exhibit 99.2 (which section is incorporated by reference in this annual report on Form 40-F), for a tabular disclosure and discussion of contractual obligations.

IDENTIFICATION OF THE AUDIT COMMITTEE

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

UNDERTAKING

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

WEBSITE INFORMATION

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

STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

BCE has made in the documents filed as part of this annual report on Form 40-F, and from time to time may otherwise make, forward-looking statements and related assumptions concerning its operations and financial performance. Except as may be required by Canadian securities laws, BCE does not undertake any obligation to update or revise any of these forward-looking statements or related assumptions whether as a result of new information, future events or otherwise. Actual results or events could differ materially from those set forth in, or implied by, the forward-looking statements and the related assumptions due to a variety of risk factors. Reference is made to the various risk factors discussed throughout the BCE 2013 MD&A, contained in Exhibit 99.2, including, in particular, to the risk factors discussed in the sections of the BCE 2013 MD&A entitled "Caution Regarding Forward-Looking Statements" and "9, Business Risks". Reference is also hereby made to the various assumptions discussed throughout the BCE 2013 MD&A, including, in particular, to the assumptions discussed in the sections of the BCE 2013 MD&A entitled "Business Outlook and Assumptions".

SUMMARY OF SIGNIFICANT DIFFERENCES FROM NYSE CORPORATE GOVERNANCE RULES

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

SIGNATURES

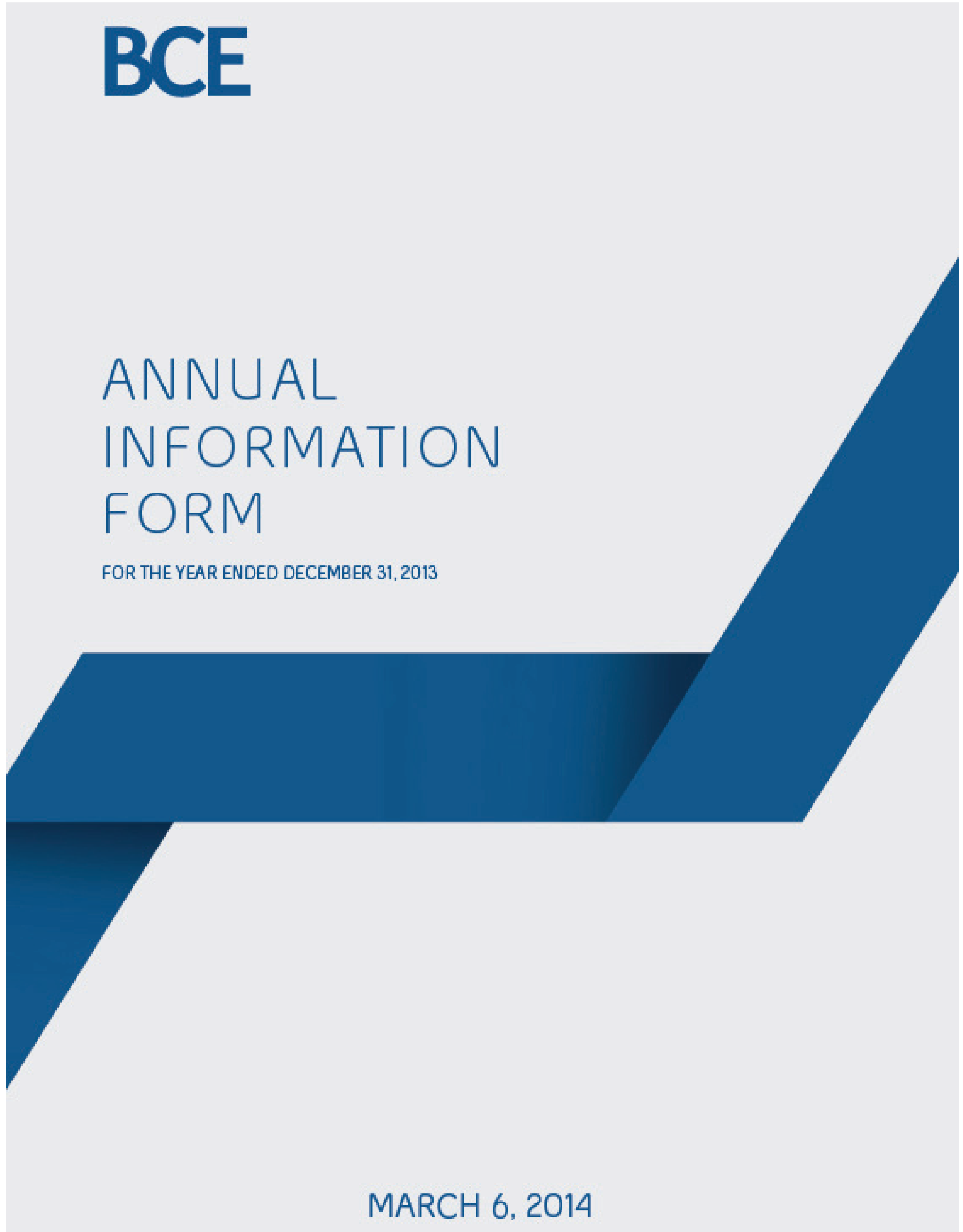
Pursuant to the requirements of the Exchange Act, the registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

BCE Inc.

By:	(signed) Siim A. Vanaselja Siim A. Vanaselja Executive Vice-President and Chief Financial Officer
Date:	March 12, 2014

	LIST OF EXHIBITS TO FORM 40-F
Annual Information Form of BCE Inc. for the year ended December 31, 2013	Exhibit 99.1
Annual audited consolidated financial statements of BCE Inc. for the year ended December 31, 2013 and the related management's discussion and analysis of financial condition and results of operations	Exhibit 99.2
Reports of BCE Inc.'s management and of BCE Inc.'s external auditors concerning internal control over financial reporting	Exhibit 99.3
Amended Code of Business Conduct	Exhibit 99.4
Consent of Independent Registered Public Accounting Firm	Exhibit 99.5
Certifications of the Chief Executive Officer and the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Exhibit 99.31
Certification of the Chief Executive Officer and the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Exhibit 99.32

Exhibit 99.1



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

Each section of BCE's 2011, 2012 and 2013 management's discussion and analysis of financial condition and results of operations (BCE 2011 MD&A, BCE 2012 MD&A and BCE 2013 MD&A, respectively) that is referred to in this Annual Information Form is incorporated by reference herein. The BCE 2011 MD&A, BCE 2012 MD&A and BCE 2013 MD&A have been filed with the Canadian provincial securities regulatory authorities (available at sedar.com) and with the U.S. Securities and Exchange Commission (available at sec.gov). They are also available on BCE's website at BCE.ca.

All dollar figures are in Canadian dollars, unless stated otherwise. The information in this Annual Information Form is as of March 6, 2014, unless stated otherwise, and except for information in documents incorporated by reference that have a different date.

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(1) *This section of the Annual Information Form also incorporates by reference BCE's material change reports dated September 20, 2010 and April 1, 2011 with respect to the acquisition by BCE of the remaining 85% interest in CTV Inc. (formerly CTVglobemedia Inc. and now named Bell Media Inc.) it did not already own filed by BCE with the Canadian provincial securities regulatory authorities (available at sedar.com) and with the U.S. Securities and Exchange Commission (available at sec.gov).*
(2) *References to parts of the BCE 2012 MD&A contained in BCE's annual report for the year ended December 31, 2012.*
(3) *References to parts of the BCE 2011 MD&A contained in BCE's annual report for the year ended December 31, 2011.*

1 CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements made in this Annual Information Form including, but not limited to, our networks deployment plans, BCE's 2014 annualized common share dividend and common share dividend policy, the divestiture of certain of Astral Media Inc.'s (Astral) television (TV) assets and certain of Astral's and Bell Media Inc.'s (Bell Media) radio stations, anticipated market shares, our business outlook, objectives, plans and strategic priorities, and other statements that are not historical facts, are forward-looking statements. A statement we make is forward-looking when it uses what we know and expect today to make a statement about the future. Forward-looking statements are typically identified by the words *assumption, goal, guidance, objective, outlook, project, strategy, target* and other similar expressions or future or conditional verbs such as *aim, anticipate, believe, could, expect, intend, may, plan, seek, should, strive* and *will*. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws and of the United States *Private Securities Litigation Reform Act* of 1995.

Unless otherwise indicated by us, forward-looking statements in this Annual Information Form describe our expectations as at March 6, 2014 and, accordingly, are subject to change after such date. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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

Forward-looking statements made in this Annual Information Form are based on a number of assumptions that we believed were reasonable on March 6, 2014. Refer in particular to the sections of the BCE 2013 MD&A entitled *Business Outlook and Assumptions* at pages 41 and 42, page 57, pages 63 and 64, page 69 and pages 74 and 75 of the BCE 2013 annual report (BCE 2013 Annual Report), for a discussion of certain key economic, market and operational assumptions we have made in preparing forward-looking statements. If our assumptions turn out to be inaccurate, our actual results could be materially different from what we expect.

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

- the intensity of competitive activity, and the resulting impact on our ability to retain existing customers and attract new ones, as well as on our pricing strategies, financial results and operating metrics such as average revenue per unit
- the level of technological substitution and the presence of alternative service providers, contributing to reduced utilization of traditional wireline voice services
- the adverse effect of new technology and increasing fragmentation in Bell TV's TV distribution market and Bell Media's TV and radio markets
- variability in subscriber acquisition and retention costs based on subscriber acquisitions, retention volumes, smartphone sales and handset discount levels
- regulatory initiatives and proceedings, government consultations and government positions that affect us and influence our business
- economic and financial market conditions, the level of consumer confidence and spending, and the demand for, and prices of, our products and services
- Bell Media's significant dependence on continued demand for advertising, and the potential adverse effect thereon from economic conditions, cyclical and seasonal variations and ratings/audience levels
- the complexity of our product offerings, pricing plans, promotions, technology platforms and billing systems
- our failure to satisfy customer expectations and build a low cost operational delivery model
- our failure to carry out wireline network evolution activities, and to meet network upgrade or deployment timelines within our capital intensity target
- our failure to maintain network operating performance in the context of significant increases in broadband demand and in the volume of wireless data-driven traffic
- our failure to anticipate and respond to technological change, upgrade our networks and rapidly offer new products and services
- our failure to implement or maintain, on a timely basis, effective information technology (IT) systems, and the complexity and costs of our IT environment
- our inability to protect our data centres, electronic and physical records and the information stored therein

- employee retention and performance, and labour disruptions
- our failure to execute our strategic imperatives and business development plans in order to produce the expected benefits, including to continue to implement our targeted cost reduction initiatives
- ineffective change management resulting from restructurings and other corporate initiatives, and the failure to successfully integrate business acquisitions and existing business units
- pension obligation volatility and increased contributions to post-employment benefit plans
- events affecting the ability of third-party suppliers to provide to us, and our ability to purchase, critical products and services
- the quality of our network and customer equipment and the extent to which they may be subject to manufacturing defects
- events affecting the functionality of, and our ability to protect, test, maintain and replace, our networks, equipment and other facilities
- in-orbit risks of satellites used by Bell TV
- unfavourable resolution of legal proceedings and, in particular, class actions
- unfavourable changes in applicable laws
- our capital and other expenditure levels, financing and debt requirements and inability to access adequate sources of capital and generate sufficient cash flows from operations to meet our cash requirements and implement our business plan, as well as our inability to manage various credit, liquidity and market risks
- our inability to discontinue certain services as necessary to improve capital and operating efficiencies
- our failure to evolve practices and effectively monitor and control fraudulent activities
- the theft of our direct-to-home (DTH) satellite TV services
- copyright theft and other unauthorized use of our content
- higher taxes due to new taxes, higher tax rates or changes to tax laws, and our inability to predict the outcome of government audits
- health concerns about radio frequency emissions from wireless devices and equipment
- our inability to maintain customer service and our networks operational in the event of the occurrence of epidemics, pandemics and other health risks
- BCE's dependence on the ability of its subsidiaries, joint arrangements and other entities in which it has an interest to pay dividends or otherwise make distributions to it
- uncertainty as to whether dividends will be declared by BCE's board of directors or BCE's dividend policy will be maintained
- stock market volatility

These and other risk factors that could cause actual results or events to differ materially from our expectations expressed in, or implied by, our forward-looking statements are discussed throughout this Annual Information Form and the BCE 2013 MD&A and, in particular, in section *9, Business Risks* of the BCE 2013 MD&A, at pages 92 to 98 of the BCE 2013 Annual Report.

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

Except as otherwise indicated by us, forward-looking statements do not reflect the potential impact of any special items or of any dispositions, monetizations, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after March 6, 2014. The financial impact of these transactions and special items can be complex and depends on the facts particular to each of them. We therefore cannot describe the expected impact in a meaningful way or in the same way we present known risks affecting our business.

2 CORPORATE STRUCTURE

2.1 INCORPORATION AND REGISTERED OFFICE

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

2.2 SUBSIDIARIES

The table below shows BCE Inc.'s main subsidiaries, where they are incorporated, and the percentage of voting securities that BCE Inc. beneficially owns or directly or indirectly exercises control or direction over. BCE Inc. has other subsidiaries, but they have not been included in the table because each represents 10% or less of our total consolidated assets and 10% or less of our total consolidated operating revenues. These other subsidiaries together represented 20% or less of our total consolidated assets and 20% or less of our total consolidated operating revenues at December 31, 2013.

SUBSIDIARY	WHERE IT IS INCORPORATED	PERCENTAGE OF VOTING SECURITIES THAT BCE INC. BENEFICIALLY HELD AT DECEMBER 31, 2013 (1)
Bell Canada	Canada	100%
Bell Mobility	Canada	100%
Bell Media	Canada	100%

(1) *BCE Inc. beneficially owns all the voting securities of Bell Mobility Inc. (Bell Mobility) and Bell Media through Bell Canada, which directly or indirectly owns all the voting securities of each such subsidiary.*

As at December 31, 2013, BCE Inc. and its subsidiaries also owned 44.1% of the issued and outstanding voting securities of Bell Aliant Inc. with the remaining interest publicly held.

Pursuant to an Amended and Restated Securityholder's Agreement dated January 1, 2011, entered into between Bell Aliant Inc., Bell Aliant Regional Communications, Limited Partnership (Bell Aliant LP), Bell Aliant Regional Communications Inc., 6583458 Canada Inc., BCE Inc. and Bell Canada, BCE Inc. has the following rights with respect to Bell Aliant Inc. or Bell Aliant Regional Communications Inc.:

- For so long as BCE Inc. and its subsidiaries own a 30% or greater interest in Bell Aliant Inc., and provided that certain major commercial agreements are in place, BCE Inc. has the right to direct Bell Aliant Inc. with respect to the nomination of up to a majority of the directors of Bell Aliant Inc. and has the right to appoint a majority of the directors of Bell Aliant Regional Communications Inc.
- For so long as BCE Inc. and its subsidiaries own a 20% or greater interest in Bell Aliant Inc., BCE Inc. also has the ability to veto certain actions of Bell Aliant Inc. (such as the approval of business plans and material corporate transactions, material changes in business, leverage in excess of 2.5 times debt to earnings before interest, taxes, depreciation and amortization, the appointment and change of the chief executive officer and entering into material commercial agreements with our competitors)

3 DESCRIPTION OF OUR BUSINESS

3.1 GENERAL SUMMARY

BCE is Canada's largest communications company, providing residential, business and wholesale customers with a wide range of solutions to all their communications needs, including the following: wireless, high-speed Internet, Internet protocol television (IPTV) and satellite TV, local and long distance, business Internet protocol (IP)-broadband and information and communications technology (ICT) services. In 2013, we reported the results of our operations in four segments: Bell Wireline, Bell Wireless, Bell Media and Bell Aliant. Bell, which encompasses our core operations, is the largest local exchange carrier in Ontario and Québec, and is comprised of our Bell Wireline, Bell Wireless and Bell Media segments. Bell Media is a diversified Canadian multimedia company that, as described in more detail below, holds assets in TV, radio, digital media and out-of-home advertising. We also own a 44.1% interest in Bell Aliant, the subsidiaries of which include the incumbent carrier in Canada's Atlantic provinces and in rural areas of Ontario and Québec.

In addition to our operating segments, we also hold a 35.3% indirect equity interest in Q9 Networks Inc. (Q9), a 28% indirect equity interest in Maple Leaf Sports & Entertainment Ltd. (MLSE), an 18.4% indirect equity interest in entities that operate the Montréal Canadiens Hockey Club and the Bell Centre in Montréal, and a 15% equity interest in the Globe & Mail.

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

For the year ended December 31, 2013, we generated consolidated operating revenues of $20,400 million and consolidated net earnings of $2,388 million. Bell Wireline's operating revenues totalled $10,097 million, Bell Wireless' operating revenues totalled $5,849 million, Bell Media's operating revenues totalled $2,557 million and Bell Aliant's operating revenues totalled $2,759 million. A table showing the operating revenues that each segment contributed to total operating revenues for the years ended December 31, 2013 and 2012 can be found in section *4.3, Operating Revenues* of the BCE 2013 MD&A, at page 45 of the BCE 2013 Annual Report.

Some of our segments' revenues vary slightly by season. For more information, refer to section *7.2, Quarterly Financial Information – Seasonality Considerations* of the BCE 2013 MD&A, at page 86 of the BCE 2013 Annual Report.

Additional information regarding our business operations and the products and services we provide can be found in section *1, Overview* of the BCE 2013 MD&A, at pages 25 to 30 of the BCE 2013 Annual Report.

Finally, additional information regarding the business outlook of our Bell Wireline, Bell Wireless, Bell Media and Bell Aliant segments can be found in the sections entitled *Business Outlook and Assumptions* in the BCE 2013 MD&A, at pages 41 and 42, page 57, pages 63 and 64, page 69 and pages 74 and 75 of the BCE 2013 Annual Report.

3.2 STRATEGIC IMPERATIVES

Our goal is to be recognized by customers as Canada's leading communications company. Our primary business objectives are to maximize subscribers, revenues, operating profit, free cash flow and return on invested capital by further enhancing our position as the foremost provider in Canada of comprehensive communications services to residential and business customers.

Our strategy is centred on our disciplined focus and execution of the six strategic imperatives that support our goal to be recognized by customers as Canada's leading communications company, namely:

1. Accelerate Wireless

2. Leverage Wireline Momentum

3. Expand Media Leadership

4. Invest in Broadband Networks and Services

5. Achieve a Competitive Cost Structure

6. Improve Customer Service

Additional information regarding our strategic imperatives can be found in section *2, Bell's Strategic Imperatives* of the BCE 2013 MD&A, at pages 37 to 40 of the BCE 2013 Annual Report.

3.3 COMPETITIVE STRENGTHS

CANADA'S LARGEST COMMUNICATIONS COMPANY

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

- We are the largest local exchange carrier in Canada. Bell operates an extensive local access network in the urban areas of Ontario and Québec, including in the greater metropolitan areas of Toronto and Montréal, the two most populous cities in the country. We offer a complete suite of wireline voice, wireless communication, Internet access, data and video product and service offerings to residential, business and wholesale customers
- Bell operated approximately 5.2 million network access service lines, primarily in the urban areas of Ontario and Québec, and continued to hold approximately 56% of the market share on a combined basis in those provinces at December 31, 2013
- At December 31, 2013, Bell was one of the largest wireless operators in Canada based on the number of subscribers, providing approximately 7.8 million subscribers with nationwide wireless service
- Bell is the largest digital TV provider in Canada, nationally broadcasting more than 600 all-digital TV and audio channels and a wide range of domestic and international programming to approximately 2.3 million subscribers at December 31, 2013 through its DTH satellite TV service and Fibe TV, its IPTV service
- Bell is the largest Internet service provider in Canada, providing approximately 2.2 million customers at December 31, 2013 with high-speed Internet access through fibre-optic, digital subscriber line (DSL) or wireless broadband technology
- Bell Aliant, the incumbent local exchange carrier in Atlantic Canada and rural areas of Ontario and Québec, operated approximately 2.4 million network access lines at December 31, 2013. It further provided high-speed Internet access to approximately one million customers and TV services to approximately 180,000 customers at December 31, 2013, in addition to providing wireless and other services to customers

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

WIRELESS MOMENTUM

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

Wireless is a key growth segment for Bell and we have established strategic priorities seeking to further enhance our offerings. Bell is focused on maintaining its market share of incumbent wireless postpaid customer activations through growing its presence in higher average revenue per unit geographies and customer segments, increasing points of retail distribution, improving sales execution and customer retention, and increasing data service offerings. We also believe our priorities for improved customer experience at all touch points, enhanced network quality and performance, and a broad handset offering should continue to improve our ability to attract and retain wireless customers. With the launch of a national high-speed packet access plus network (HSPA+ network) in November 2009 and the launch, beginning in the second half of 2011, of fourth generation (4G) long-term evolution (LTE) wireless service in most urban centres across Canada (our 4G LTE wireless network reaching approximately 80% of the Canadian population as at December 31, 2013), we are able to offer one of the broadest ranges of choice in wireless smartphones in Canada, along with extensive North American and international coverage. The approximate 700 retail stores of our national electronics retailer subsidiary, The Source (Bell) Electronics Inc. (The Source), gives us an increased presence in Canada's highest-traffic mall locations and effectively increases the number of places where customers can buy Bell products and services. In addition, our products and services offered under the Virgin Mobile brand enhance our competitive market position by allowing us to compete more effectively with the Canadian industry's other flanker brands as well as the newer wireless entrants.

TECHNOLOGICALLY SUPERIOR TV SERVICE

In 2010, Bell unveiled its next generation IPTV service, Fibe TV, targeting urban areas in Ontario and Québec where cable providers had long been dominant, providing us with the opportunity to gain significant market share through offering a comprehensive triple-play bundle of communications services to customers. Delivered over our advanced high-speed fibre-optic network, Fibe TV expands TV choice and competition in major urban markets and offers a superior viewing and interactive online experience to that of cable.

Bell Fibe TV offers a wide range of flexible programming options and innovative features, including a whole-home personal video recorder (PVR), the ability to record multiple programs simultaneously, a picture-in-picture program guide, advanced search capabilities and the fastest channel change capability on the market today. In May 2013, Bell launched the new Fibe TV Wireless Receiver which enables customers to enjoy the Fibe experience on up to five additional TVs anywhere in the house without the hassle of running cable through the house. Now available to more than 4.3 million households in Québec and Ontario, Bell Fibe TV has quickly become a preferred TV option as we grew our Fibe TV subscriber base by 93% in 2013 to approximately 479,430 customers.

INCUMBENT WIRELINE SERVICE PROVIDER WITH MARKET LEADERSHIP POSITION

Our market leadership position and our broad suite of product offerings act as a foundation for the other products and services we offer, providing us with a significant number of established customer connections to drive uptake of new products and services, either through bundled offerings or on a stand-alone basis, and allowing us to improve customer retention. Bell Fibe TV is driving strong multi-product bundle sales as we continue to expand our service footprint in communities across Ontario and Québec. The number of triple-play households – those that buy Home Phone, TV and Internet services – increased 18% in 2013 due to the positive impact of Fibe TV.

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

OUR SIGNIFICANT MEDIA ASSETS

Our acquisition on April 1, 2011 of the remaining 85% interest in CTV Inc. (now Bell Media) that we did not already own provided us with significant media assets. In addition, our acquisition on July 5, 2013 of Astral provided our Bell Media segment with further media assets, namely eight pay and specialty TV channels, 77 radio stations, as well as digital media properties and Astral's out-of-home advertising business. Bell Media's range of video content enhances the execution of our strategic imperatives by leveraging our significant broadband network investments, accelerating Bell's video growth across all four screens, and achieving a competitive cost structure. Ownership of Bell Media enables Bell to maximize strategic and operating synergies with Bell Media, including the efficiency of our content and advertising spend.

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

- We own and operate 30 conventional TV stations, including CTV, Canada's leading TV network based on viewership
- We own and operate 40 specialty, pay and pay-per-view TV channels, including TSN, Canada's most watched specialty sports channel and RDS, Canada's #1 French-language specialty sports channel also based on viewership
- Led by programs like The Big Bang Theory and The Amazing Race Canada, CTV has consistently held the majority of Canada's Top 20 most-watched programs nationally in all key demographics
- At December 31, 2013, our 107 radio stations in 55 markets across Canada reached on average per week 17.5 million listeners from coast to coast
- We own and operate the most successful Canadian-owned online business in the Canadian digital landscape.
  At December 31, 2013, we ranked third to Google (which includes YouTube) and Facebook for video views, third in time spent viewing video, and eighth in unique visitors among all online properties in Canada, ahead of any Canadian-owned competitor
- We provide live and on-demand access to content from Bell Media's conventional TV networks, CTV and CTV Two, as well as real-time access to BNN, TSN, RDS, MTV and other top brands in news, sports and entertainment on Bell's Mobile TV service. This mobile content is offered on commercial terms to all Canadian wireless providers. Bell Media's TV Everywhere services, including TMN GO and CTV GO, provide live and on-demand content delivered over mobile and Wi-Fi networks to smartphones, tablets and computers
- Bell Media owns Astral Out-of-Home, an out-of-home advertising business with a network of more than 9,500 advertising faces strategically located in the key markets of Québec, Ontario and British Columbia. It offers a portfolio of four innovative product lines: outdoor advertising, street furniture, transportation and digital

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

3.4 MARKETING AND DISTRIBUTION CHANNELS

BELL WIRELINE AND WIRELESS

The guiding principle driving our marketing strategy is to offer our clients the ultimate in reliable, simple and accessible telecommunications services. In doing so, our objective is to increase customer acquisition, retention and loyalty through multiple service offerings.

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

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

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

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

Bell delivers its products and services to residential customers through:

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

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

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

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

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

BELL MEDIA

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

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

BELL ALIANT

Bell Aliant sells its products and services through call centre representatives, independent dealer stores (certain of which are full service and certain of which sell small and mid-sized business products), value-added resellers, door-to-door sales representatives and its family of websites. In addition to these channels, Bell Aliant sells products and services to larger business customers through dedicated sales representatives and competitive bids. As well, Bell Aliant facilitates customer payments at numerous payment locations across its operating territories. During 2013, Bell Aliant continued to implement measures to simplify and improve various types of customer interactions, including self-serve mechanisms.

3.5 NETWORKS

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

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

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

WIRELINE

VOICE AND DATA NETWORK

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

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

To improve reliability and to increase network capacity to support rapidly growing volumes of wireless and Internet usage carried on our networks, in 2012, we began the upgrade of our fibre-based national backbone network with the deployment of 100 gigabit technologies. As of December 31, 2013, key traffic routes spanning more than 7,800 kilometers across Canada had been upgraded. Bell was the first Canadian carrier to deploy 100 gigabit IP Wide Area Network technologies.

HIGH-SPEED FIBRE DEPLOYMENT

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

First, Bell has been upgrading its access infrastructure by deploying fibre closer to its residential customers using fibre-to-the-node (FTTN) along with pair bonding technology. Second, Bell has been deploying high-speed fibre access directly to multiple-dwelling units (MDUs) and key business locations and data centres, throughout the Québec-Windsor corridor, under a fibre-to-the-building (FTTB) initiative. Third, Bell has started and plans to continue deploying high-speed fibre-to-the-home (FTTH) technology in Ontario and Québec as follows.

One of the first FTTH deployments in Canada, Bell's Québec City region initiative is the largest city-wide FTTH roll-out in the country to-date. In our view, FTTH, in which optical fibre cables are used to connect each and every home, is an ideal network architecture to support future bandwidth-demanding IP services and applications. Since the Québec City region is served largely by "aerial" infrastructure, above-ground wiring on utility poles,

these extensive fibre deployments can be accomplished much faster and more economically than in centres with underground infrastructure. With an investment of more than $225 million to deploy fibre optic technology directly to homes and businesses, we launched our next-generation Fibe service in Québec City on March 12, 2012, supporting enhanced competition and choice in the Québec market with the latest broadband TV, Internet and Home Phone services.

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

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

Additionally, Bell launched in September 2010 its Bell Fibe TV service in several Toronto and Montréal neighbourhoods. Since that time, Bell has significantly expanded its Fibe TV service footprint, which, at December 31, 2013, encompassed more than 4.3 million households across the Greater Montréal Region, the Greater Toronto Area, Québec City, Sherbrooke, Ottawa, Laval, Kitchener-Waterloo, London, St. Catharines, Barrie and Hamilton. Delivered over our advanced high-speed fibre-optic network, Fibe TV complements our national TV satellite service and expands TV choice and competition in major urban markets where cable has dominated. Bell Fibe TV offers a wide range of flexible programming options and innovative features, including a whole-home PVR, the ability to record multiple programs simultaneously, a picture-in-picture program guide, advanced search capabilities, and the fastest channel change capability on the market today. In May 2013, Bell launched the new Fibe TV Wireless Receiver, which enables customers to enjoy the Fibe experience on up to five additional TVs anywhere in the house without the hassle of running cable through the house.

Since 2010, Bell Aliant has been deploying FTTH and FTTB technology in various locations in Atlantic Canada and several communities in northern Ontario. FTTH has brought an advanced broadband network using 100% fibre-optic technology directly to homes and businesses in those locations and has allowed Bell Aliant to deliver its new "FibreOP" branded Internet and TV service. The largely aerial nature of Bell Aliant's network infrastructure and the relatively low population densities in Atlantic Canada and rural Ontario and Québec makes the cost of FTTN and FTTH/FTTB very similar in those markets.

In 2011, Bell Aliant launched its next generation of Internet and TV service with FibreOP 2.0. FibreOP 2.0 introduces more speed and functionality to customers for the same price. FibreOP 2.0 TV also provides enhanced functions and features for TV. Bell Aliant also launched FibreOp Home Phone in 2011, enabling it to deliver an entirely IP-enabled bundle of service (voice, Internet, TV) over its FTTH network.

In 2012, Bell Aliant launched FibreOp Business 50/30 service, providing small and medium business customers with up to 50 Mbps download and 30 Mbps upload Internet speeds over its FTTB technology, representing double the upload speed of its previous fastest Internet service offering. In addition, Bell Aliant upgraded its residential FibreOP Internet to reach 250 Mbps download Internet speed, to maintain the speed advantage it has over its competitors.

In 2013, Bell Aliant provided its existing residential customers a boost in the available speed of its FibreOP Internet tiers, which now ranges from 50 Mbps to 250 Mbps for download Internet speeds, with 30 Mbps upload Internet speeds.

As of the end of 2013, Bell Aliant's FibreOP services were available to 806,000 homes and businesses in Atlantic Canada and Ontario, while Bell Aliant's high-speed Internet service was available to over 85% of homes in Bell Aliant's operating territory.

Our plans to upgrade and/or deploy optical fibre networks assume, in particular, that consents required by us in order to install network equipment on municipal and private property will be issued on a timely basis. The failure by municipalities or private land owners to issue such consents, or to issue such consents in accordance with our schedules, could result in our inability to upgrade and/or deploy optical fibre networks in certain areas or in significant delays in our pace of upgrade and/or deployment.

BELL DTH SATELLITE TV SERVICE

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

WIRELESS

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

HSPA+ NETWORK

Our wireless HSPA+ network, launched in November 2009, offered high-speed mobile access to 98% of the Canadian population at December 31, 2013, and covered thousands of cities and towns in both urban and rural locations. The HSPA+ network supports global roaming, as well as a wide range of smartphones, data cards, universal serial bus (USB) sticks, tablets and other leading-edge mobile devices. Our HSPA+ network also supports international roaming in more than 200 countries. The vast majority of the site connectivity for the new HSPA+ network was built with high-speed fibre and an all-IP architecture for enhanced reliability. In November 2010, Bell became the first wireless company in North America to deploy leading-edge dual carrier (DC) technology, which doubles the speed of HSPA+ mobile data service from up to 21 Mbps to as high as 42 Mbps when using DC capable modem devices or smartphones (typical speeds of 7 to 14 Mbps).

4G LTE NETWORK

Bell launched a 4G LTE network in September 2011. With Bell's LTE wireless network coverage, customers have data access speeds similar to broadband connections and significantly faster than our HSPA+ network, making it easier for users to download applications, stream high-definition videos and music, play on-line games or video conference and chat with virtually no delays or buffering. Our LTE wireless network reached over 28 million Canadians, or approximately 80% of the Canadian population, coast-to-coast in 9 provinces and 2 territories at December 31, 2013. We focused on an urban roll-out first, given that the timing of broader rural and remote coverage deployments was contingent on the outcome of Industry Canada's 700 MHz spectrum auction. The auction began on January 14, 2014 and provisional spectrum licence winners were announced on February 19, 2014. As a result of successfully securing the right to acquire significant 700 MHz spectrum assets in every provincial and territorial market, Bell plans to expand its LTE network to rural communities, small towns and Canada's North, as well as enhance its urban and suburban LTE coverage. LTE currently accounts for approximately one-quarter of Bell's total wireless data traffic.

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

3G/CDMA NETWORK

In addition to our LTE and HSPA+ networks, we operate a national 3G code division multiple access (CDMA) evolution, data optimized (EVDO) network that covered 99% of Ontario's and Québec's populations and approximately 97% of Atlantic Canada's population at December 31, 2013. Our CDMA network also covers major cities in the provinces of Alberta and British Columbia. Bell plans to continue operating its CDMA network for the foreseeable future.

The CDMA network shares sites, towers and antennae with the HSPA+ and LTE networks. As most of our development and network enhancement focus has been on the HSPA+/LTE networks, traffic is migrating off our CDMA network. Although some of our network partners plan to turn down EVDO service over the course of 2014, all devices will operate nationally on the remaining CDMA network. CDMA terminals operate independently from the HSPA+/LTE networks.

WI-FI LOCATIONS

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

3.6 EMPLOYEES

The table below shows the number of BCE employees as at December 31, 2013 and 2012.

NUMBER OF EMPLOYEES AT DECEMBER 31	**2013**	2012
Bell Wireline segment	**35,313**	35,940
Bell Wireless segment	**7,052**	7,210
Bell Media segment	**7,180**	5,650
Bell Aliant segment	**6,285**	6,700
Total (1)	**55,830**	55,500

(1) *The total number of BCE employees at the end of 2013 was 55,830, up from 55,500 at December 31, 2012, due primarily to the integration of 2,100 Astral employees. This increase was partly offset by a decreased workforce across our Bell Wireline, Bell Wireless and Bell Aliant segments attributable mainly to normal attrition, retirements and productivity improvements.*

Approximately 44% of BCE employees are represented by unions and are covered by collective agreements.

The following collective agreements covering 100 or more employees were ratified in 2013:

- the collective agreement between the Communications, Energy and Paperworkers Union of Canada (CEP) and Bell Aliant covering approximately 135 clerical employees in Ontario and Québec expired on May 31, 2012. A new collective agreement between CEP (now Unifor resulting from the merger between CEP and the Canadian Auto Workers union on August 31, 2013) and Bell Aliant was ratified on March 29, 2013
- the collective agreement between CEP and Bell Canada covering approximately 5,130 clerical employees expired on May 31, 2013. A new collective agreement between Unifor and Bell Canada was ratified on June 28, 2013

- the collective agreement between Unifor and CFPL-TV, a division of CTV Limited (now Bell Media), covering approximately 100 employees expired on August 31, 2013. A new collective agreement between Unifor and Bell Media was ratified on November 4, 2013
- the collective agreement between the Teamsters and Télébec, Limited Partnership covering approximately 180 technicians in Québec expired on July 22, 2013. A new collective agreement was ratified on November 6, 2013
- the collective agreement between the Confédération des Syndicats Nationaux and Le Réseau des sports (RDS) Inc. covering approximately 180 employees expired on April 10, 2013. A new collective agreement was ratified on November 28, 2013
- the collective agreement between the International Brotherhood of Electrical Workers and Northwestel Inc. covering approximately 385 clerical and craft employees expired on December 31, 2013. A new collective agreement was ratified on December 11, 2013
- the collective agreement between the CEP and BCE covering approximately 335 clerical employees in Québec and Ontario expired in May 2013. In each province, a collective agreement covering the clerical employees was ratified between Unifor and BCE on December 13, 2013
- the collective agreement between Unifor and Bell Canada covering approximately 750 sales employees expired on December 31, 2013. A new collective agreement was ratified on December 20, 2013

The following collective agreements covering 100 or more employees will expire in 2014:

- the collective agreement between Unifor and CTV Specialty Television Inc. covering approximately 650 sales employees will expire on May 31, 2014
- the collective agreement between Unifor and Bell Canada (ICT) covering approximately 115 clerical employees will expire on May 31, 2014
- the collective agreement between Unifor and Télébec, Limited Partnership covering approximately 235 clerical employees in Québec will expire on November 1, 2014
- the collective agreement between Unifor and Bell Aliant covering approximately 610 technicians in Ontario and Québec will expire on November 30, 2014
- the collective agreement between Unifor and Expertech Network Installation Inc. covering approximately 175 clerical employees will expire on November 30, 2014
- the collective agreement between Unifor and Bell Aliant covering approximately 2,800 technicians, operators and clerical employees in Atlantic Canada will expire on December 31, 2014
- the collective agreement between Unifor and CFCN-TV (Calgary) and CFRN-TV (Edmonton), divisions of Bell Media, covering approximately 330 employees will expire on December 31, 2014

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

- the collective agreement between Unifor and CFCF Television, a division of Bell Media, covering approximately 125 employees expired on December 31, 2013. Bargaining began on March 5, 2014
- the collective agreement between Unifor and NorthernTel, Limited Partnership covering approximately 135 NorthernTel technicians and clerical employees in Ontario expired on February 28, 2014. Bargaining is scheduled to begin in April 2014

3.7 CORPORATE RESPONSIBILITY

GENERAL

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

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

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

The policies include among others:

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

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

For 2013, BCE was listed on the *50 Most Socially Responsible Corporations* by Maclean's, and on the *Best 50 Corporate Citizens in Canada* and the *Global 100 Most Sustainable Corporations In the World* by Corporate Knights. BCE is part of socially responsible investment indices such as the FTSE4Good Index, the Jantzi Social Index, and the STOXX Global ESG Leaders Index, and was selected for inclusion in the United Nations Global Compact 100 (GC 100), a new global stock index that combines corporate sustainability and financial performance. BCE was also identified as a Prime Responsible Social and Environmental investment by oekom research, has been selected for inclusion in the Ethibel EXCELLENCE Investment Register, and has also been included in the Storebrand Trippel Smart/SPP Global Top 100 sustainable global equity fund.

Bell Canada recognizes that risks and opportunities exist related to climate change. Our membership in the Global e-Sustainability Initiative (gesi.org), an international organization that promotes sustainable development in the ICT industry, helps us to gain a deeper understanding of these risks and opportunities. Part of our involvement includes promoting ICT as a solution to mitigate and adapt to climate change, for example, by enabling travel substitution, virtualization, dematerialization, and cloud computing. Monitoring and reducing energy consumption and greenhouse gas emissions are also key priorities at Bell Canada because of their impacts on the environment, society, and the economy. We also recognize that being a responsible service provider means having best practices in business continuity and being prepared to face extreme weather events that could be exacerbated by climate change. We report on our carbon footprint and carbon reduction initiatives through the CDP. The CDP represents 767 institutional investors holding US$ 92 trillion in assets. The CDP gathers data from organizations globally to help reveal the risk in the investment portfolios of these institutional investors. BCE was listed on the CDP's Canada 200 Climate Disclosure Leadership Index for 2013.

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

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

COMMUNITY

Bell Canada is committed to advancing mental health across Canada through the Bell Let's Talk mental health initiative. Mental illness affects millions of Canadians yet this major health issue remains significantly underfunded, misunderstood and stigmatized. With 1 in 5 Canadians expected to suffer from mental illness during their lifetimes, everyone has a family member, friend or colleague who has struggled with mental illness. The impact on the Canadian economy is staggering with an estimated $51 billion each year in lost productivity and approximately 500,000 Canadians absent from work each day due to mental health issues.

On September 21, 2010, Bell Canada announced its five-year, $50 million initiative supporting an extensive range of programs to enhance mental health in every aspect of Canadian life. The Bell Let's Talk mental health initiative has 4 action pillars: anti-stigma, enhanced care and access, new research and workplace leadership. This initiative is the largest-ever corporate effort to promote mental health in Canada.

During 2013, Bell made new commitments within the program to several initiatives, including to the Jewish General Hospital Foundation and True Patriot Love Foundation. Bell's Let's Talk partners also include the Royal Ottawa Hospital, l'Institut universitaire en santé mentale de Montréal, Hôpital Charles-LeMoyne, the Centre for Addiction and Mental Health, the University of British Columbia, the Douglas Mental Health University Institute, Queen's University, La Fondation du Centre hospitalier universitaire de Québec, Concordia University, and Brain Canada. In 2013, the Bell Let's Talk Community Fund gave $1 million in grants to 53 community-based organizations, charities and hospitals across the country. Through the Bell Let's Talk Community Fund, organizations, social services, agencies and hospitals across the country can apply for grants of up to $50,000 for community-based mental health initiatives.

In April 2013, Bell announced Clara's Big Ride for Bell Let's Talk, a 110-day national bicycle tour by Clara Hughes to help raise awareness and action in mental health and reduce stigma around mental illness. Clara's Big Ride will span more than 12,000 kilometers, and will begin on March 14, 2014, visiting 95 communities in every province and territory of Canada.

In October 2013, Bell was honoured with a Canada Award of Excellence in recognition of Bell's workplace mental health program. The Silver Award for Mental Health at Work – the highest ever awarded by Excellence Canada – recognizes Bell's exemplary commitment to workplace mental health as part of the Bell Let's Talk initiative.

Because the challenge of stigma remains the primary reason an estimated two-thirds of people with mental health problems do not receive the help they need, Bell continues to invite Canadians to talk about the issue. The fourth annual Bell Let's Talk Day on January 28, 2014, led by national spokesperson Clara Hughes, worked to promote discussion and understanding of mental illness while raising new funds for Canadian mental health. With 109,451,718 text messages, mobile calls and long distance calls by Bell Canada and Bell Aliant customers, tweets and Facebook shares made that day, Bell's 5-cent donation per text, call, tweet and Facebook share meant that it committed another $5,472,585 to support mental health programs across the country. Bell has now committed $67,515,875.20 to Canadian mental health based on its original $50-million initiative plus the result of the last four Bell Let's Talk Days.

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

Between mental health and their other initiatives, Bell Canada and Bell Aliant contributed over $17 million in community investment in 2013. Bell Canada and Bell Aliant employees and pensioners also donated over $2.6 million in charitable gifts and logged over 324,700 hours in volunteer time.

ENVIRONMENT

BCE's environmental policy affirms:

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

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

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

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

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

In 2009, Bell Canada obtained the ISO 14001 certification for its environmental management system (Registration number: EMS 545955). Bell Canada is the only telecommunications company in Canada to have obtained this certification. The certification covers Bell Canada's landline, wireless, TV and Internet business sectors in addition to related administrative functions. Bell Canada has maintained the certification for the first three-year cycle and was recertified in 2012 for another three-year cycle. Since 2010, 41 buildings leased or owned by Bell Canada across the country have been certified BOMA BESt. In addition, our Montréal campus is certified LEED NC, our Mississauga campus expansion is certified LEED NC Silver, our newly constructed data center in the Gatineau area is certified LEED NC Gold and the Bell Trinity Square Building in Toronto is certified LEED EB Gold.

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

For the year ended December 31, 2013, Bell Canada spent $26 million on environmental activities, 55% of which was expensed and 45% of which was for capital expenditures. For 2014, Bell Canada has budgeted $22.7 million (61% for expenses and 39% for capital expenditures) to seek to ensure that its environmental policy is applied properly and its environmental risks are minimized.

Bell Aliant also has a comprehensive environmental policy that affirms its goal to work to create a sustainable future by integrating long-term economic, environmental and social considerations into the way the business is operated. The policy provides for the identification of activities and situations which may have potential to harm the environment, and the implementation of environmentally positive practices and preventive measures. Bell Aliant's program seeks to ensure that it complies with all environmental regulatory requirements and that its activities are carried out in a manner that minimizes risk to the environment through a continuous improvement process.

Bell Aliant manages its environmental program through processes similar to those employed by Bell Canada, and collaborates on many levels to seek harmonization with Bell Canada's environmental program.

3.8 COMPETITIVE ENVIRONMENT

A discussion of our competitive environment can be found in section *3.3, Principal Business Risks* and the various sections entitled *Competitive Landscape and Industry Trends* and *Principal Business Risks* in the BCE 2013 MD&A, at page 42, pages 55 to 57, pages 62 to 64, pages 67 to 70 and pages 74 and 75 of the BCE 2013 Annual Report.

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

3.9 REGULATORY ENVIRONMENT

A discussion of the legislation that governs our businesses as well as government consultations and recent regulatory initiatives and proceedings affecting us can be found in section *8, Regulatory Environment* in the BCE 2013 MD&A, at pages 87 to 91 of the BCE 2013 Annual Report.

More information with respect to the Canadian ownership restrictions on BCE's common shares can be found under section *5.1, BCE Securities – BCE Preferred Shares, Common Shares and Class B Shares* in this Annual Information Form.

3.10 INTANGIBLE PROPERTIES

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

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

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

4 GENERAL DEVELOPMENT OF OUR BUSINESS – THREE-YEAR HISTORY

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

4.1 TRANSACTIONS

ACQUISITION OF ASTRAL

On July 5, 2013, BCE acquired 100% of the issued and outstanding shares of Astral for a cash consideration of $2,876 million and the repayment of $397 million of debt. Astral was a media company that operated specialty and pay TV channels, radio stations and digital media properties across Canada, and provided out-of-home advertising services. We acquired Astral to enhance our competitive position in French-language broadcasting in Québec, control content costs, and increase opportunities for cross-platform innovation and advertising packages spanning digital, TV, radio and out-of-home advertising.

In order to approve the transaction, the Competition Bureau and the Canadian Radio-television Telecommunications Commission (CRTC) required the divestiture by BCE of eleven Astral TV assets and ten Astral and Bell Media English-language radio stations. BCE retained eight Astral TV services: the French-language SuperÉcran, CinéPop, Canal Vie, Canal D, VRAK TV and Z Télé, and English-language services The Movie Network, which includes HBO Canada, and TMN Encore. BCE also retained 77 Astral radio stations and Astral's national out-of-home advertising business. As a result of the transaction, Bell Media now owns 30 local TV stations, 39 specialty and pay channels, and 107 radio stations, excluding the TV assets and radio stations to be divested.

In January 2014, Bell completed the sale of Astral's share of six TV services (the bilingual Teletoon/Télétoon service, English-language Teletoon Retro and Cartoon Network (Canada) and French-language Télétoon Rétro, Historia and Séries+) and two radio stations in Ottawa (CKQB-FM and CJOT-FM) to Corus Entertainment Inc. as part of the divestiture process required by the CRTC and the Competition Bureau. Bell also completed the sale of two Winnipeg radio stations (CHIQ-FM and CFQX-FM) and one Calgary radio station (CKCE-FM) to Jim Pattison Broadcast Group. In addition, as a result of distinct auction processes, Bell has announced the following proposed transactions to sell each of the remaining five Astral TV assets and five radio stations required to be divested by the CRTC and, as applicable, the Competition Bureau:

- on August 26, 2013, Bell reached an agreement with Newcap Inc. for the sale of two Toronto radio stations (CHBM-FM and CFXJ-FM) and three Vancouver radio stations (CKZZ-FM, CHHR-FM and CISL-AM)
- on November 28, 2013, Bell reached an agreement with DHX Media Ltd. for the sale of the following television services: Family (including Disney Junior English), Disney XD and Disney Junior French services
- on December 3, 2013, Bell reached an agreement with V Media Group for the sale of the two remaining TV services, MusiquePlus and MusiMax

Completion of these divestitures is subject to closing conditions, termination rights and other risks and uncertainties including, without limitation, approval by the CRTC. Accordingly, there can be no assurance that the proposed sale transactions will occur, or that they will occur on the terms and conditions currently contemplated, and such proposed sale transactions could be modified, restructured or terminated. As required by the CRTC and the Competition Bureau, the management and control of the assets to be sold were transferred to an independent trustee until completion of their respective divestiture processes.

KEY COMPLETED TRANSACTIONS

In addition to the aforementioned acquisition of Astral and divestitures of certain TV assets and radio stations, in line with our strategic imperatives, we have concluded certain transactions from 2011 to 2013 that have influenced the general development of our business. More information with respect to these transactions is provided in the table below.

TRANSACTION	KEY CHARACTERISTICS
Acquisition of an ownership interest in Q9 (2012)	• On October 16, 2012, an investor group comprising BCE, Ontario Teachers' Pension Plan Board (Teachers'), Providence Equity Partners LLC (Providence) and Madison Dearborn Partners LLC (Madison Dearborn) acquired Canadian data centre operator Q9 • Of the $1.1 billion purchase price, Teachers', Providence and Madison Dearborn together contributed $430 million and BCE provided $185 million of the equity funding. New debt financing by Q9 also funded a portion of the acquisition price • Our Business Markets unit further concluded a commercial arrangement with Q9 seeking the continued growth of their respective businesses • Concurrent with the acquisition closing and entering into the commercial arrangement, BCE and its partners settled the reverse break-fee proceedings initiated in 2008 after the termination of the proposed privatization of BCE. Under the settlement, BCE received certain non-cash consideration, including increased equity ownership in Q9, and an option at a favourable valuation to acquire the partners' entire equity interest in Q9 in the future • As a result of this transaction, BCE holds an indirect 35.3% equity interest in Q9 • Q9 is Canada's leading provider of outsourced data centre solutions such as hosting, co-location and cloud computing services
Acquisition of an ownership interest in MLSE (2012)	• On August 22, 2012, BCE, together with the BCE Master Trust Fund (Master Trust), an independent trust that holds pension fund investments serving the pension obligations of BCE Group pension plans, jointly with Rogers Communications Inc. (Rogers), acquired a net 75% equity interest in MLSE. Kilmer Sports Inc. concurrently increased its 20.5% ownership stake in MLSE to 25% • BCE's cash contribution totalled $398 million, representing a 28% indirect equity interest in MLSE, while the Master Trust contributed $135 million. BCE and the Master Trust own an aggregate 37.5% interest in MLSE, equal to Rogers' interest • Pursuant to its arrangements with the Master Trust, BCE has an obligation to repurchase the Master Trust's interest at a price not less than an agreed minimum price should the Master Trust exercise its put option • MLSE is a sports and entertainment company that owns the Toronto Maple Leafs, the Toronto Raptors, the Toronto Marlies and the Toronto FC. MLSE also holds real estate and entertainment assets in Toronto, including the Air Canada Centre and the Maple Leaf Square condominium and commercial complex, operates three sports specialty TV channels, and is the exclusive partner of the National Basketball Association (NBA) in Canada
Acquisition of the remaining 85% interest in CTV Inc. (CTV) (formerly CTVglobemedia Inc. and now named Bell Media Inc.) (2011) (1)	• On April 1, 2011, BCE acquired the remaining 85% interest in CTV that it did not already own in accordance with a transaction agreement (the Transaction Agreement) made as of September 10, 2010 between CTV, BCE, The Woodbridge Company Limited, 1565117 Ontario Limited (Woodbridge Holdco), Woodbridge Investments Inc. (Woodbridge Investments), Teachers' and Torstar Corporation (Torstar) • BCE acquired all of the Class A common shares of CTV held by each of Woodbridge Holdco, Teachers' and Torstar for an aggregate share purchase price of approximately $1.3 billion. Including the value of our 15% interest, the transaction had an equity value of approximately $1.5 billion. Together with approximately $1.7 billion in proportionate debt, the total transaction value was approximately $3.2 billion • BCE also acquired certain debt from Woodbridge Investments and repaid in full CTV's senior indebtedness, both of which constituted part of the approximately $1.7 billion in proportionate debt included in the transaction • As a component of the consideration paid, BCE issued 21,729,239 common shares to Woodbridge Holdco • Upon completion of the transaction, BCE unveiled Bell Media, a new business segment that includes all CTV properties and other Bell content assets
Acquisition of xWave, a division of Bell Aliant LP (xWave) (2011)	• On January 1, 2011, Bell Canada acquired xWave from Bell Aliant for an acquisition price of $40 million, a transaction that enhances Bell Business Markets' portfolio of IT product and professional solutions for corporate, government and health-care clients across Canada • xWave is focused on developing advanced technology solutions and IT professional services, including e-health solutions.

(1) *More information with respect to this transaction and the Transaction Agreement may be found in the material change reports dated September 20, 2010 and April 1, 2011 filed by BCE with the Canadian provincial securities regulatory authorities (available at sedar.com) and with the U.S. Securities and Exchange Commission (available at sec.gov).*

4.2 CORPORATE INITIATIVES

UPGRADE AND EXPANSION OF OUR BROADBAND NETWORKS

One of our key objectives in the last three financial years has been investing in our broadband networks and services to enhance our competitive position and promote future growth opportunities. During this period, we have upgraded our access infrastructure by deploying fibre optic technology closer to our customers which led to the launch and subsequent expansion of our Bell Fibe Internet and Bell Fibe TV services. During this period, we have also made substantial investments in our wireless networks which led to the launch and subsequent expansion of our 4G LTE wireless network. Refer to section *3.5, Networks* in this Annual Information Form for a detailed description of developments relating to our wireline and wireless networks during the three-year period ending on December 31, 2013.

EXPANDING MEDIA LEADERSHIP

Upon the acquisition of CTV on April 1, 2011, BCE launched Bell Media, a new business segment encompassing all CTV properties, namely conventional TV, specialty TV, radio broadcasting and digital media, as well as other Bell content assets. The formation of Bell Media resulted in the creation of a new Bell strategic imperative, namely to *expand media leadership*. In furtherance of this imperative, we seek to continue to deliver leading sports, news, entertainment and business content across multiple broadband platforms, namely TV, Internet, smartphones and tablets. Our objective is to grow audiences, introduce new services and create new revenue streams for our media assets, and to create more of our own content. Since April 2011, we continued to make progress in expanding media leadership, including, as previously discussed, by acquiring Astral which provided us with further media assets. Refer to section *2.3, Expand Media Leadership* set out in the BCE 2013 MD&A contained in the BCE 2013 Annual Report for a discussion of media initiatives that we have implemented in the financial year ended December 31, 2013. Refer to the section entitled *Strategic Imperatives – Expand Media Leadership* set out in the BCE 2011 MD&A and the BCE 2012 MD&A contained in BCE's annual reports for the years ended December 31, 2011 and 2012, respectively, for more details concerning the media initiatives that we have implemented during the two-year period ending on December 31, 2012.

ENHANCING CUSTOMER SERVICE

Our strategic priorities require that we constantly focus on delivering an improved customer experience while at the same time seek to increase efficiency and reduce costs. During the last three financial years, we continued to make progress in enhancing the customer experience through ongoing investments in new service systems and improved processes. Refer to section *2.6, Improve Customer Service* set out in the BCE 2013 MD&A contained in the BCE 2013 Annual Report for a discussion of customer service improvement initiatives that we have implemented in the financial year ended December 31, 2013. Refer to the section entitled *Strategic Imperatives – Improve Customer Service* set out in the BCE 2011 MD&A and the BCE 2012 MD&A contained in BCE's annual reports for the years ended December 31, 2011 and 2012, respectively, for more details concerning customer service improvement initiatives that we have implemented during the two-year period ending on December 31, 2012.

4.3 REGULATORY ENVIRONMENT

During the last three financial years, the general development of our business has been affected by decisions made by the Government of Canada and its relevant departments and agencies, including the CRTC, Industry Canada and the Competition Bureau. Although most of our wireline and wireless services are forborne from price regulation under the *Telecommunications Act*, the federal government and the above departments and agencies continue to play a significant role in telecommunications policy and regulatory matters such as spectrum auctions, approval of acquisitions, foreign ownership and broadcasting. The federal government has recently significantly increased its focus on consumer protection, especially in the wireless sector, and has adopted more stringent regulations. This increased focus on consumer protection is evidenced by the adoption by the CRTC, in 2013, of a new mandatory wireless code of conduct, for providers of retail mobile wireless voice and data services, which could decrease our flexibility in the marketplace. The federal government may take positions against the telecommunications and media industries, in general, or specifically against Bell Canada or certain of its subsidiaries. Refer to section *8, Regulatory Environment* set out in the BCE 2013 MD&A contained in the BCE 2013 Annual Report for a discussion of the regulatory initiatives and proceedings that have influenced the general development of our business in the financial year ending on December 31, 2013. Refer to the section entitled *Our Regulatory Environment* set out in the BCE 2011 MD&A and the BCE 2012 MD&A contained in BCE's annual reports for the years ended December 31, 2011 and 2012, respectively, for a discussion of the regulatory initiatives and proceedings that have influenced the general development of our business in the two-year period ending on December 31, 2012.

5 OUR CAPITAL STRUCTURE

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

5.1 BCE SECURITIES

BCE PREFERRED SHARES, COMMON SHARES AND CLASS B SHARES

BCE's articles of amalgamation, as amended, provide for an unlimited number of common shares, an unlimited number of first preferred shares issuable in series, an unlimited number of second preferred shares also issuable in series and an unlimited number of Class B shares.

Each common share entitles its holder to one vote at any meeting of shareholders. Additional information about the terms and conditions of the BCE preferred shares, common shares and Class B shares can be found under note *24 – Share Capital* of the BCE 2013 financial statements on pages 145 and 146 of the BCE 2013 Annual Report, which note is incorporated by reference herein.

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

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

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

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

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

The powers under the Telecom Regulations include the right to:

- suspend the voting rights attached to shares considered to be owned or controlled by non-Canadians
- refuse to register a transfer of voting shares to a non-Canadian
- force a non-Canadian to sell his or her voting shares
- suspend the voting rights attached to that person's shares, if that person's holdings would affect our status as "Canadian" under the *Telecommunications Act*

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

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

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

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

BCE DEBT SECURITIES

As of March 6, 2014, BCE had no debt securities outstanding.

5.2 BELL CANADA DEBT SECURITIES

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

	WEIGHTED AVERAGE INTEREST RATE	MATURITY	AT DECEMBER 31, 2013 (IN $ MILLIONS)
Debentures			
1997 trust indenture	4.39%	2015-2035	9,350
1976 trust indenture	9.54%	2021-2054	1,100
Subordinated debentures	8.21%	2026-2031	275
Total	5.01%		10,725

On February 11, 2013, Bell Canada redeemed, prior to maturity, all of its outstanding $149,641,000 principal amount of 10% Debentures, Series EA, due June 15, 2014 at a price equal to $1,113.389 per $1,000 of principal amount of debenture plus $15.890 of accrued and unpaid interest. On August 9, 2013, Bell Canada redeemed, prior to maturity, all of its outstanding $1 billion principal amount of 4.85% Debentures, Series M-20, due June 30, 2014 at a price equal to $1,027.874 per $1,000 of principal amount of debenture plus $5.315 of accrued and unpaid interest.

The Bell Canada debentures are unsecured and have been guaranteed by BCE. Additional information about the terms and conditions of the Bell Canada debentures can be found under note *20 – Long-Term Debt* of the BCE 2013 financial statements on pages 136 and 137 of the BCE 2013 Annual Report, which note is incorporated by reference herein.

Under its shelf prospectus (2011 Shelf Prospectus) and prospectus supplement (2012 Prospectus Supplement) dated August 15, 2011 and June 13, 2012, respectively, Bell Canada could issue until September 15, 2013, up to $3 billion of unsecured medium-term debentures (MTN Debentures). On March 22, 2013, Bell Canada issued, under the 2011 Shelf Prospectus and 2012 Prospectus Supplement, $1 billion of 3.35% MTN Debentures, Series M-26, due March 22, 2023 (Series M-26 MTN Debentures), at a price of $99.831 per $100 principal amount. Having already issued $1 billion of MTN Debentures in 2012, only $1 billion of capacity remained under Bell Canada's 2011 Shelf Prospectus and 2012 Prospectus Supplement subsequent to the issue of the Series M-26 MTN Debentures.

To provide Bell Canada with financial flexibility and efficient access to the Canadian and U.S. capital markets, on May 17, 2013, Bell Canada filed with the Canadian provincial securities regulatory authorities and with the U.S. Securities and Exchange Commission a new shelf prospectus (New Shelf Prospectus) under which Bell Canada may issue, over a 25-month period, up to $4 billion of unsecured debt securities. On June 12, 2013, Bell Canada filed a new prospectus supplement (New Prospectus Supplement) for the issue of up to $4 billion of MTN Debentures under the New Shelf Prospectus. The New Shelf Prospectus and New Prospectus Supplement effectively replaced the 2011 Shelf Prospectus and 2012 Prospectus Supplement. On June 17, 2013, Bell Canada issued, under the New Shelf Prospectus and New Prospectus Supplement, $1 billion of 3.25% MTN Debentures, Series M-27, due June 17, 2020, at a price of $99.925 per $100 principal amount. On September 10, 2013, Bell Canada issued, under the New Shelf Prospectus and New Prospectus Supplement, $1 billion of MTN Debentures, Series M-28 and Series M-29. The $400 million 3.50% MTN Debentures, Series M-28, due September 10, 2018 were issued at a price of $99.941 per $100 principal amount, and the $600 million 4.70% MTN Debentures, Series M-29, due September 11, 2023 were issued at a price of $99.897 per $100 principal amount.

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

Bell Canada may issue short-term notes under its commercial paper program up to the amount of $2 billion provided that such amount at any time may not exceed the amount available under its supporting committed lines of credit. The total amount of its supporting committed lines of credit available at March 6, 2014 was $2,500 million. Bell Canada had $1,262 million of commercial paper outstanding at March 6, 2014.

5.3 RATINGS

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

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

As of March 6, 2014, BCE's preferred shares and Bell Canada's debt securities are rated by the following rating agencies:

- DBRS Limited (DBRS)
- Moody's Investors Service, Inc. (Moody's)
- Standard & Poor's Ratings Services (S&P)

This section describes the credit ratings, as of March 6, 2014, for certain of the issued and outstanding securities of BCE and Bell Canada. These ratings provide investors with an independent measure of credit quality of an issue of securities. However, they are not recommendations to buy, sell or hold any of the securities referred to below, and they may be revised or withdrawn at any time by the assigning rating agency. Each credit rating should be evaluated independently of any other credit rating.

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

RATINGS FOR BCE AND BELL CANADA SECURITIES

RATINGS FOR BELL CANADA SHORT-TERM DEBT SECURITIES

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

RATINGS FOR BELL CANADA LONG-TERM DEBT SECURITIES

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

RATINGS FOR BCE PREFERRED SHARES

PREFERRED SHARES	RATING AGENCY	RATING	RANK
BCE preferred shares	DBRS	Pfd-3 (high)	7 out of 16
	S&P	P-2 (low)	6 out of 18

As of March 6, 2014, BCE and Bell Canada have stable outlooks from DBRS, Moody's and S&P.

GENERAL EXPLANATION

SHORT-TERM DEBT SECURITIES

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

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

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

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

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

LONG-TERM DEBT SECURITIES

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

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

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

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

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

PREFERRED SHARES

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

	HIGHEST QUALITY OF SECURITIES RATED	LOWEST QUALITY OF SECURITIES RATED
DBRS	Pfd-1 (high)	D
S&P	P-1 (high)	D

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

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

EXPLANATION OF RATING CATEGORIES RECEIVED FOR OUR SECURITIES

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

Long-term debt	BBB	adequate protection parameters
		adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the company to meet its financial commitments
Preferred Shares	P-2	adequate protection parameters
		adverse economic conditions or changing circumstances are more likely to weaken the company's ability to meet its financial commitment on the obligation

5.4 TRADING OF OUR SECURITIES

The common and preferred shares of BCE are listed on the Toronto Stock Exchange. BCE's common shares are also listed on the New York Stock Exchange.

The tables below and on the next page show the range in share price per month and volume traded on the Toronto Stock Exchange in 2013 for each class of BCE shares.

		PREFERRED SHARES						
	COMMON SHARES	SERIES R	SERIES S	SERIES T	SERIES Y	SERIES Z	SERIES AA	SERIES AB
January 2013								
High	$45.10	$24.10	$22.85	$22.00	$23.00	$24.35	$22.10	$23.24
Low	$41.75	$23.72	$22.15	$21.11	$21.95	$23.07	$21.27	$22.04
Volume	28,417,460	171,348	131,165	806,210	281,805	34,533	460,135	1,032,466
February 2013								
High	$46.53	$24.47	$23.68	$23.31	$23.66	$23.55	$23.26	$23.19
Low	$43.90	$23.89	$22.80	$21.92	$22.86	$22.20	$21.95	$22.75
Volume	26,565,964	271,578	102,046	316,185	398,093	23,711	295,868	290,525
March 2013								
High	$47.48	$24.87	$23.71	$23.50	$23.85	$24.90	$23.56	$23.60
Low	$46.25	$24.22	$22.95	$22.92	$22.80	$22.39	$22.90	$22.85
Volume	27,753,103	269,092	59,038	169,190	180,438	59,071	255,310	211,754
April 2013								
High	$47.48	$24.95	$24.00	$24.08	$24.03	$25.00	$24.16	$24.06
Low	$46.02	$24.58	$23.47	$23.39	$23.22	$22.77	$23.38	$23.50
Volume	28,467,139	174,486	116,874	277,099	173,036	38,730	250,223	181,657
May 2013								
High	$48.90	$24.85	$24.00	$24.28	$23.98	$24.45	$24.00	$23.95
Low	$46.05	$24.51	$23.62	$23.54	$23.55	$23.01	$23.24	$23.40
Volume	30,171,139	155,307	124,687	117,574	237,382	26,185	209,986	261,402
June 2013								
High	$46.76	$24.60	$24.25	$23.68	$24.27	$23.98	$23.56	$24.48
Low	$40.58	$23.17	$23.50	$21.50	$23.46	$21.55	$21.01	$23.30
Volume	54,236,264	81,552	116,448	139,433	150,790	19,723	118,332	261,793
July 2013								
High	$44.35	$24.00	$24.10	$23.23	$24.43	$23.34	$22.99	$24.10
Low	$41.55	$23.27	$23.55	$22.50	$23.62	$21.65	$22.01	$23.75
Volume	36,482,306	103,733	49,997	46,559	154,374	17,569	100,463	361,811
August 2013								
High	$43.67	$23.26	$23.86	$22.86	$24.19	$22.81	$21.98	$24.08
Low	$41.28	$21.62	$22.56	$21.01	$22.46	$21.96	$20.21	$22.56
Volume	25,303,484	116,881	43,982	82,052	114,110	16,912	130,281	142,587
September 2013								
High	$45.81	$22.54	$23.40	$22.20	$23.39	$23.98	$21.38	$23.20
Low	$43.34	$20.91	$22.66	$21.03	$22.70	$21.96	$20.56	$22.83
Volume	27,094,773	87,976	65,661	47,065	99,362	17,340	101,708	180,232
October 2013								
High	$45.71	$22.82	$23.00	$21.63	$23.11	$23.69	$21.25	$23.00
Low	$43.18	$22.09	$22.22	$20.81	$22.43	$21.05	$20.16	$22.49
Volume	26,769,503	167,538	56,156	76,221	103,088	22,604	251,145	389,657
November 2013								
High	$47.25	$23.00	$22.95	$21.98	$22.99	$22.90	$21.91	$23.00
Low	$45.15	$22.02	$22.55	$21.08	$22.51	$21.45	$20.78	$22.50
Volume	25,523,872	108,984	33,666	50,129	80,545	22,331	159,325	318,312
December 2013								
High	$46.98	$22.81	$22.80	$21.37	$22.76	$21.50	$21,22	$22.89
Low	$44.75	$21.20	$20.34	$19.76	$20.71	$19.20	$19.56	$20.47
Volume	23,092,618	193,900	73,137	119,017	105,713	42,212	193,735	272,352

	PREFERRED SHARES								
	SERIES AC	SERIES AD	SERIES AE	SERIES AF	SERIES AG	SERIES AH	SERIES AI	SERIES AJ	SERIES AK
January 2013									
High	$22.85	$22.99	$22.74	$23.89	$24.04	$23.00	$23.95	$23.55	$25.69
Low	$22.15	$22.20	$21.91	$23.45	$23.74	$22.02	$23.63	$22.35	$25.35
Volume	451,241	160,114	111,624	615,996	437,483	119,659	195,503	30,036	491,830
February 2013									
High	$23.62	$23.45	$23.24	$24.44	$24.50	$23.35	$24.69	$23.50	$25.93
Low	$22.45	$22.80	$22.52	$23.81	$23.76	$22.72	$23.79	$23.01	$25.42
Volume	637,927	210,461	51,557	372,844	418,772	143,871	243,946	33,344	368,819
March 2013									
High	$23.65	$23.74	$23.40	$24.69	$24.93	$23.39	$24.67	$23.40	$26.24
Low	$23.02	$22.70	$22.55	$23.96	$24.14	$22.50	$24.06	$22.66	$25.51
Volume	125,740	1,002,879	75,938	358,959	349,889	222,510	184,282	57,182	469,736
April 2013									
High	$24.37	$23.90	$23.59	$24.74	$24.95	$24.99	$24.75	$23.69	$26.13
Low	$23.60	$23.20	$23.02	$24.28	$24.46	$23.20	$24.20	$23.18	$25.46
Volume	334,168	1,055,834	101,602	276,180	188,141	32,056	235,983	134,561	402,130
May 2013									
High	$24.00	$23.95	$23.70	$24.68	$25.34	$23.64	$24.92	$23.77	$25.85
Low	$23.12	$23.50	$23.31	$24.21	$24.60	$23.10	$24.11	$23.31	$24.90
Volume	157,653	373,700	65,714	409,087	198,095	149,077	675,065	39,020	362,954
June 2013									
High	$23.53	$24.15	$23.99	$24.56	$24.68	$24.20	$24.83	$24.09	$25.38

Low	$20.89	$22.16	$23.05	$23.00	$23.80	$22.60	$23.72	$23.29	$23.62
Volume	125,566	326,342	71,070	232,314	127,141	104,501	299,636	150,087	459,215
July 2013									
High	$22.85	$24.20	$23.75	$23.93	$24.22	$23.85	$24.65	$23.71	$24.57
Low	$21.76	$23.69	$23.32	$23.01	$23.50	$23.05	$23.45	$23.51	$23.36
Volume	68,868	227,712	108,426	254,519	358,801	56,625	141,141	101,367	415,184
August 2013									
High	$21.82	$23.92	$23.56	$23.59	$23.75	$23.55	$23.85	$23.66	$23.65
Low	$20.24	$22.42	$22.07	$21.02	$21.75	$22.10	$22.36	$22.35	$21.52
Volume	136,577	289,689	139,848	323,812	234,127	60,456	147,799	35,663	536,226
September 2013									
High	$20.98	$23.35	$22.58	$23.40	$22.51	$22.88	$22.98	$23.42	$22.97
Low	$20.22	$22.82	$22.22	$21.86	$21.80	$22.05	$22.38	$22.18	$21.82
Volume	121,655	238,508	29,485	155,789	338,848	37,999	132,045	22,701	475,869
October 2013									
High	$20.63	$23.12	$22.74	$22.63	$22.76	$22.74	$22.74	$22.74	$22.70
Low	$20.00	$22.42	$22.20	$21.86	$21.98	$22.15	$22.01	$22.26	$21.90
Volume	141,989	297,559	72,225	601,695	178,969	83,035	181,664	341,218	620,955
November 2013									
High	$21.35	$23.14	$22.74	$22.96	$23.44	$22.60	$23.44	$22.68	$22.40
Low	$20.42	$22.56	$22.25	$22.18	$22.43	$22.20	$22.21	$22.26	$21.90
Volume	142,486	174,208	29,324	207,403	248,647	156,360	157,061	159,584	1,100,680
December 2013									
High	$20.98	$22.84	$22.55	$22.56	$22.82	$22.71	$22.86	$22.57	$22.16
Low	$19.70	$20.46	$20.46	$20.81	$21.08	$20.30	$20.28	$20.61	$20.64
Volume	230,273	232,922	81,115	318,693	279,816	105,414	228,735	44,795	1,166,862

6 OUR DIVIDEND POLICY

The board of directors of BCE reviews from time to time the adequacy of BCE's common share dividend policy. On February 6, 2013, the board of directors modified BCE's common share dividend policy from a policy with a target dividend payout ratio of 65% to 75% of earnings per share (EPS) before restructuring and other items and net (gains) losses on investments (Adjusted EPS) to a policy with a target dividend payout ratio of 65% to 75% of free cash flow [(1)]. This modification to BCE's dividend policy was adopted as a result of the new International Financial Reporting Standards (IFRS) accounting standard for defined benefit pension plan expense which has a significant non-cash impact on Adjusted EPS. BCE now reports its dividend payout ratio on the basis of free cash flow as it is better aligned with the payment of cash dividends.

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

The table below describes the increases in BCE's common share dividend starting with the quarterly dividend payable on April 15, 2011.

DATE OF ANNOUNCEMENT	AMOUNT OF INCREASE	EFFECTIVE TIME
December 10, 2010	7.7% (from $1.83 per share to $1.97 per share)	Quarterly dividend payable on April 15, 2011
May 12, 2011	5.1% (from $1.97 per share to $2.07 per share)	Quarterly dividend payable on July 15, 2011
December 8, 2011	4.8% (from $2.07 per share to $2.17 per share)	Quarterly dividend payable on April 15, 2012
August 8, 2012	4.6% (from $2.17 per share to $2.27 per share)	Quarterly dividend payable on October 15, 2012
February 7, 2013	2.6% (from $2.27 per share to $2.33 per share)	Quarterly dividend payable on April 15, 2013
February 6, 2014	6.0% (from $2.33 per share to $2.47 per share)	Quarterly dividend payable on April 15, 2014

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

The table below shows the amount of cash dividends declared per BCE common share and per Series R, Series S, Series T, Series Y, Series Z, Series AA, Series AB, Series AC, Series AD, Series AE, Series AF, Series AG, Series AH, Series AI, Series AJ and Series AK preferred share for 2013, 2012, and 2011.

	2013	2012	2011
Common	**$2.33**	$2.22	$2.045
Preferred Shares			
Series R	**$1.1225**	$1.1225	$1.1225
Series S	**$0.75**	$0.75	$0.75
Series T	**$0.84825**	$0.84825	$1.056188
Series Y	**$0.75**	$0.75	$0.75
Series Z	**$0.788**	$1.009063	$1.08275
Series AA	**$0.8625**	$1.03125	$1.20
Series AB	**$0.75**	$0.75	$0.75
Series AC	**$0.88752**	$1.15	$1.15
Series AD	**$0.75**	$0.75	$0.75
Series AE	**$0.75**	$0.75	$0.75
Series AF	**$1.13525**	$1.13525	$1.13525
Series AG	**$1.125**	$1.125	$1.115625
Series AH	**$0.75**	$0.75	$0.75
Series AI	**$1.0375**	$1.0375	$1.1
Series AJ	**$0.75**	$0.75	$0.3375
Series AK	**$1.03752**	$1.03752	$0.50667

(1) *We define "free cash flow" as cash flows from operating activities, excluding acquisition costs paid and voluntary pension funding, plus dividends received from Bell Aliant, less capital expenditures, preferred share dividends, dividends paid by subsidiaries to non-controlling interest and Bell Aliant free cash flow.*

7 OUR DIRECTORS AND EXECUTIVE OFFICERS

7.1 DIRECTORS

The table below lists BCE's directors, where they lived, the date they have been elected or appointed and their principal occupation on March 6, 2014.

DIRECTORS

NAME AND PROVINCE/STATE AND COUNTRY OF RESIDENCE	DATE ELECTED OR APPOINTED TO THE BCE BOARD	PRINCIPAL OCCUPATION ON MARCH 6, 2014
Barry K. Allen, Florida, United States	May 2009	Operating Partner, Providence (a private equity firm focused on media, entertainment, communications and information investments), since September 2007
André Bérard, O.C., Québec, Canada	January 2003	Corporate director, since March 2004
Ronald A. Brenneman, Alberta, Canada	November 2003	Corporate director, since March 2010
Sophie Brochu, Québec, Canada	May 2010	President and Chief Executive Officer, Gaz Métro Inc. (a distributor of natural gas), since February 2007
Robert E. Brown,(1)(2) Québec, Canada	May 2009	Corporate director, since October 2009
George A. Cope, Ontario, Canada	July 2008	President and Chief Executive Officer, BCE and Bell Canada, since July 2008
David F. Denison, FCPA, FCA, Ontario, Canada	October 2012	Corporate director, since June 2012, and Chartered Professional Accountant
Anthony S. Fell, O.C., Ontario, Canada	January 2002	Corporate director, since January 2008
Ian Greenberg, Québec, Canada	July 2013	Corporate director, since July 2013
The Honourable Edward C. Lumley, P.C.,(3) Ontario, Canada	January 2003	Vice-Chairman, BMO Capital Markets (an investment bank), since December 1991
Thomas C. O'Neill, FCPA, FCA, Ontario, Canada	January 2003	Chair of the Board of Directors, BCE and Bell Canada, since February 2009, and Chartered Professional Accountant
The Honourable James Prentice, P.C., Q.C., Alberta, Canada	July 2011	Senior Executive Vice-President and Vice-Chairman, Canadian Imperial Bank of Commerce (CIBC) (a chartered bank), since January 2011
Robert C. Simmonds, Ontario, Canada	May 2011	Chair, Lenbrook Corporation (a national distributor of electronics components and radio products), since April 2002
Carole Taylor, British Columbia, Canada	August 2010	Corporate director, since September 2010
Paul R. Weiss, FCPA, FCA, Ontario, Canada	May 2009	Corporate director, since April 2008, and Chartered Professional Accountant

(1) *Mr. Brown was a director of Air Canada from March 2003 until October 2004. Air Canada filed for court protection under insolvency statutes on April 1, 2003.*
(2) *Mr. Brown was also a director of Nortel Networks Corp. when, on or about May 31, 2004, cease trade orders were issued against directors, officers and certain other current and former employees of Nortel Networks Corp. and Nortel Networks Ltd. (collectively, Nortel Networks). The management cease trade orders were imposed in response to the failure by Nortel Networks to file certain financial statements with the Canadian securities regulators.*
(3) *Mr. Lumley was a director of Air Canada until October 2004. Air Canada filed for court protection under insolvency statutes on April 1, 2003.*

PAST OCCUPATION

Under BCE's by-laws, each director holds office until the next annual shareholder meeting or until their earlier resignation. All of BCE's directors have held the positions listed in the previous table or other executive positions with the same or associated firms or organizations during the past five years or more, except for the people listed in the table below.

DIRECTOR	PAST OCCUPATION
Mr. Brenneman	Executive Vice-Chairman of Suncor Energy Inc. (an integrated energy company) from August 2009 until February 2010 and President and Chief Executive Officer of Petro-Canada (a petroleum company) from 2000 until August 2009
Mr. Brown	President and Chief Executive Officer of CAE Inc. (a provider of simulation and modeling technologies as well as integrated training service for both civil aviation and defence customers) from August 2004 to September 2009
Mr. Denison	President and Chief Executive Officer of Canada Pension Plan Investment Board (an investment management organization) from January 2005 to June 2012
Mr. Greenberg	President and Chief Executive Officer of Astral (a diversified media company) from 1995 until July 2013
Mr. Prentice	Held various functions in the Canadian Government from January 2006 to November 2010, notably as the Minister of Industry, the Minister of Environment and the Minister of Indian Affairs and Northern Development
Ms. Taylor	Senior Advisor, Borden Ladner Gervais LLP (a law firm) from 2009 to September 2010 Chair of the Federal Finance Minister's Economic Advisory Council from December 2008 to January 2010

COMMITTEES OF THE BOARD

The table below lists the committees of BCE's board of directors and their members on March 6, 2014.

COMMITTEES	MEMBERS
Audit	Paul R. Weiss (Chair) Sophie Brochu David F. Denison Ian Greenberg Robert C. Simmonds
Corporate Governance	Robert E. Brown (Chair) Barry K. Allen Sophie Brochu Robert C. Simmonds Carole Taylor
Management Resources and Compensation	Ronald A. Brenneman (Chair) Barry K. Allen André Bérard Robert E. Brown Anthony S. Fell
Pension Fund	David F. Denison (Chair) Edward C. Lumley James Prentice Carole Taylor Paul R. Weiss

7.2 EXECUTIVE OFFICERS

The table below lists BCE's and Bell Canada's executive officers, where they lived and the office that they held at BCE and/or Bell Canada on March 6, 2014.

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

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

PAST OCCUPATION

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

OFFICER	PAST OCCUPATION
Mr. Little	President and Chief Executive Officer, Visual Sonics Inc. from June 2002 to May 2009
Mr. Watson	Executive Vice-President and President, Telus Consumer Solutions, TELUS Communications Inc. from April 2005 to June 2009

7.3 DIRECTORS' AND EXECUTIVE OFFICERS' SHARE OWNERSHIP

As at December 31, 2013, BCE's directors and executive officers as a group beneficially owned, or exercised control or direction over, directly or indirectly, 760,233 common shares (or 0.1%) of BCE.

8 LEGAL PROCEEDINGS

We become involved in various legal proceedings as a part of our business. This section describes important legal proceedings. While we cannot predict the final outcome or timing of the legal proceedings described below or of any other legal proceedings pending at March 6, 2014, based on the information currently available and management's assessment of the merits of such legal proceedings, management believes that the resolution of these legal proceedings will not have a material and negative effect on our financial statements. We believe that we have strong defences and we intend to vigorously defend our positions.

PURPORTED CLASS ACTION CONCERNING CELLULAR USAGE AND BRAIN TUMOURS

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

MEDIATUBE LAWSUIT

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

CLASS ACTION CONCERNING INCREASE TO LATE PAYMENT CHARGES

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

On December 16, 2011, the court authorized the action but limited the class members to residents of the province of Québec with respect to home phone, wireless and Internet services.

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

PURPORTED CLASS ACTION CONCERNING DIVIDENDS

On June 30, 2007, BCE Inc. announced that it had entered into a definitive agreement (the Definitive Agreement) providing for the proposed acquisition of all of the outstanding common and preferred equity of BCE Inc. (the Privatization) by a corporation owned by an investor group led by Teachers' Private Capital, the private investment arm of Teachers', and affiliates of Providence Equity Partners Inc., Madison Dearborn and Merrill Lynch Global Private Equity (the Purchaser). On July 4, 2008, the Definitive Agreement was amended to, amongst other things, extend the outside date of the transaction and provide that BCE Inc. would not pay dividends on its common shares until completion of the Privatization. On December 11, 2008, BCE Inc. announced that the proposed Privatization would not proceed.

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

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

PURPORTED CLASS ACTIONS CONCERNING ROUNDING UP OF MINUTES

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

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

On January 15, 2014, the Second Rounding Up Action was amended to include an allegation of breach of contract and increase claimed general damages to $500 million and claimed punitive damages to $20 million, without setting out the basis for the increases. The lawsuits have not yet been certified as class actions.

PURPORTED CLASS ACTION CONCERNING 911 FEES

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

VIDÉOTRON LAWSUIT

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

The plaintiffs are appealing to the Québec Court of Appeal the quantum of damages awarded by the trial judge and are now seeking damages in the amount of $164.5 million, plus costs, interest and an additional indemnity. Bell ExpressVu has also filed with the Québec Court of Appeal an appeal of the lower court decision on its finding of liability. The appeals will be heard in May 2014.

CLASS ACTION CONCERNING WIRELESS SYSTEM ACCESS FEES

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

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

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

On December 16, 2011, a new proceeding was filed in the Supreme Court of British Columbia against several telecommunication service providers, including BCE Inc. and Bell Mobility. The claim is similar to the Initial Action. The relief sought includes an injunction restraining the alleged misrepresentation, an order for restoration or disgorgement of the system access fee's revenue and punitive damages. On August 27, 2013, the plaintiff discontinued the proceeding against BCE Inc. only. The certification motion is scheduled to be heard in April 2014.

OTHER

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

9 INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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

10 EXPERTS

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

11 TRANSFER AGENT AND REGISTRAR

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

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

12 FOR MORE INFORMATION

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

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

Additional information relating to BCE is available on SEDAR at sedar.com and on EDGAR at sec.gov. Additional financial information is provided in BCE's audited consolidated financial statements and related management's discussion and analysis for BCE's most recently completed financial year contained in the BCE 2013 Annual Report. You may ask us for a copy of the annual and quarterly management's discussion and analysis of BCE by contacting the Investor Relations group of BCE, at 1 Carrefour Alexander-Graham-Bell, Building A, 8th Floor, Verdun, Québec H3E 3B3 or by sending an e-mail to investor.relations@bce.ca.

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

13 SCHEDULE 1 – AUDIT COMMITTEE INFORMATION

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

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

MEMBERS' FINANCIAL LITERACY, EXPERTISE AND SIMULTANEOUS SERVICE

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

The board of directors has determined that all the members of the Audit Committee during 2013 were, and all current members of the Audit Committee are, financially literate and independent. In respect of the current Audit Committee members, as well as members during 2013, the board of directors determined that at least one of the members of the Audit Committee, being the current Chair of the Audit Committee, Mr. P.R. Weiss, is qualified as an "audit committee financial expert". The table below indicates the relevant education and experience of all the Audit Committee members during 2013 and the current members.

RELEVANT EDUCATION AND EXPERIENCE

P.R. Weiss, FCPA, FCA *(Chair)*	Mr. Weiss has been a director of BCE since May 2009 and became Chair of the Audit Committee on May 7, 2009. Mr. Weiss is a director and audit committee Chair at Torstar, a director and audit committee member of The Empire Life Insurance Company, a member of the board of trustees and audit committee Chair of Choice Properties REIT, and was a director and audit committee member of ING Bank of Canada until November 2012. He is a director and past Chair of Soulpepper Theatre Company and past Chair of Toronto Rehab Foundation. For over 40 years, until his retirement in 2008, he was with KPMG LLP. He served as Managing Partner of the Canadian Audit Practice (KPMG Canada), a member of KPMG Canada's Management Committee, and a member of the International Global Audit Steering Group. Mr. Weiss holds a Bachelor of Commerce degree from Carleton University. He is a Chartered Professional Accountant and a Fellow of CPA Ontario.
A. Bérard, O.C. (until August 8, 2013)	Mr. Bérard has been a director of BCE since January 2003. He is a director of Bombardier Inc., Groupe BMTC Inc., and TransForce Inc. Mr. Bérard was Chair of the Board of National Bank of Canada (a chartered bank) from 2002 to 2004, and Chair of the Board and Chief Executive Officer of National Bank of Canada from 1990 to 2002. He holds a Fellows Diploma from the Institute of Canadian Bankers and was Chair of the Executive Council of the Canadian Bankers' Association from 1986 to 1988. He was appointed an Officer of the Order of Canada in 1995.
S. Brochu	Ms. Brochu has been a director of BCE since May 2010. She is a director and member of the audit committee of Bank of Montréal. Ms. Brochu has been active in the energy industry for more than 25 years. She began her career in 1987 as a financial analyst for SOQUIP (*Société québécoise d'initiatives pétrolières*). In 1997, she joined Gaz Métro Inc., as Vice-President, Business Development. In 2005, Ms. Brochu was appointed Executive Vice-President. Since 2007, she has held the position of President and Chief Executive Officer of Gaz Métro Inc. and is a member of the Board of Directors. Ms. Brochu graduated in Economics from Université Laval, in Québec City, where she specialized in the energy sector. She is the Chair of Forces Avenir, which promotes students' involvement in their communities. Ms. Brochu is actively involved with Centraide of Greater Montreal. She is also a director of Fondation Chagnon. She co-founded "80, ruelle de l'Avenir", a project aimed at encouraging students in the Centre-Sud and Hochelaga neighbourhoods of Montréal to stay in school.

D.F. Denison, FCPA, FCA	Mr. Denison has been a director of BCE since October 2012. Mr. Denison has extensive experience in the financial services industry, most recently serving as President and Chief Executive Officer of the Canada Pension Plan Investment Board from 2005 to 2012. He is a director of Royal Bank of Canada since 2012, and director of Allison Transmission Holdings, Inc. since 2013. He serves as Chair of the boards of Bentall Kennedy Limited Partnership (a real estate investment advisor) and Bridgepoint Health (a provider of healthcare services). Prior to his appointment to the Canada Pension Plan Investment Board, Mr. Denison was President of Fidelity Investments Canada Limited (a financial services provider). He has also held a number of senior positions in the investment banking, asset management and consulting sectors in Canada, the Unites States and Europe. Mr. Denison is a member of the Investment Board and International Advisory Committee of the Government of Singapore Investment Corporation, the World Bank Treasury Expert Advisory Committee and the University of Toronto Investment Advisory Committee. Mr. Denison earned bachelor degrees in Mathematics and Education from the University of Toronto and is a Chartered Professional Accountant and a Fellow of CPA Ontario.

A.S. Fell, O.C. (until August 8, 2013)	Mr. Fell has been a director of BCE since January 2002. Mr. Fell is a former Deputy Chairman of Royal Bank of Canada. He was with RBC Dominion Securities Inc. (an investment bank) and predecessor companies for 48 years including 18 years as Chief Executive Officer and a further 8 years as Chairman until his retirement in 2007. He is a director of Loblaw Companies Limited. Mr. Fell is a past Chairman of Munich Reinsurance Company of Canada, a past Chairman of the Investment Dealers Association of Canada and a past Governor of the Toronto Stock Exchange. Mr. Fell is also a past Chairman of the University Health Network, the United Way Campaign for Metropolitan Toronto, the Princess Margaret Hospital Capital Campaign and is a past Governor of the Duke of Edinburgh's Award Program in Canada, St. Andrew's College and the Ontario Division of the Canadian Arthritis Society. Mr. Fell was appointed an Officer of the Order of Canada in 2001 and received an Honorary Doctor of Laws Degree from McMaster University in 2001 and from the University of Toronto in 2006. Mr. Fell was inducted into the Canadian Business Hall of Fame in May 2010.
I. Greenberg (since August 8, 2013)	Mr. Greenberg has been a director of BCE since July 2013. From 1995 until July 2013, Mr. Greenberg was President and Chief Executive Officer of Astral. He is a member of the Broadcasting Hall of Fame and the recipient of the prestigious Ted Rogers and Velma Rogers Graham Award for his unique contribution to the Canadian broadcasting system. With his brothers, he also received the Eleanor Roosevelt Humanities Award for their active support of numerous industry and charitable organizations. Mr. Greenberg is a member of the Canadian Council of Chief Executives and a governor of Montréal's Jewish General Hospital. He is also a director of Cineplex Inc.
The Honourable J. Prentice, P.C., Q.C. (until August 8, 2013)	Mr. Prentice has been a director of BCE since July 2011. He is also a director of Canadian Pacific Railway Company. Mr. Prentice is a Senior Executive Vice-President and Vice-Chairman of CIBC since January 2011 As such, he is responsible for expanding CIBC's relationships with corporate clients across Canada and abroad, and for providing leadership on strategic initiatives to enhance CIBC's position in the market. Mr. Prentice is well known for his contribution to public life in Canada. He was first elected as the Member of Parliament for Calgary Centre North in 2004 and re-elected in 2006 and 2008. From January 2006 until November 2010 he was one of the most senior Ministers in the Canadian Government, serving as the Minister of Industry, the Minister of the Environment and the Minister of Indian Affairs and Northern Development. In addition, Mr. Prentice chaired the Operations Committee of Cabinet and sat on the Priorities and Planning Committee from 2006 through November 2010. Prior to entering public office, Mr. Prentice practiced law in Calgary, specializing in commercial law and property rights. He served as the Co-Chair of the Indian Claims Commission of Canada from 1993 until 2000. He graduated from the University of Alberta with a Bachelor of Commerce in 1977 and then entered Dalhousie Law School as a Dunn Scholar, graduating with his Bachelor of Laws in 1980. Mr. Prentice was designated a Queen's Counsel in 1992.
R.C. Simmonds	Mr. Simmonds has been a director of BCE since May 2011. Mr. Simmonds is a seasoned Canadian telecommunications executive who has served in public company roles from 1994 to 2006. From 1985 until 2000, he served as Chairman of Clearnet Communications Inc., a Canadian wireless competitor that launched two all-new digital mobile networks. He became Chair of Lenbrook Corporation in 2002, having been a founder and director of the company since 1977. Internationally regarded as a leading wireless communications engineer and mobile spectrum authority, Mr. Simmonds has played a key role in the development of Canada's mobile spectrum policies for more than 30 years. He is chair of the Mobile and Personal Communications Committee of the RABC, the body that provides unbiased and technically expert advice to the federal Department of Industry, and is a past Chair of the Canadian Wireless Telecommunications Association (CWTA). A laureate and member of Canada's Telecommunications Hall of Fame and recipient of the Engineering Medal for Entrepreneurship from Professional Engineers Ontario, Mr. Simmonds earned his B.A. Sc. in Electrical Engineering at the University of Toronto. In October 2013, Mr. Simmonds became a Fellow of the Wireless World Research Forum (an organization dedicated to long-term research in the wireless industry) in recognition of his contribution to the industry.

13 SCHEDULE 1 – AUDIT COMMITTEE INFORMATION

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

Mr. Bérard was a member of BCE's Audit Committee until August 8, 2013. During the time he served on BCE's Audit Committee in 2013, he also served on the audit committees of the following public companies: Bombardier Inc., Groupe BMTC Inc. and TransForce Inc. The board of directors carefully reviewed the audit committee service of Mr. Bérard and concluded that these other activities did not, during his tenure on BCE's Audit Committee in 2013, impair his ability to effectively serve on BCE's Audit Committee. This conclusion was based on the following:

- he is retired and is not involved in professional activities other than serving on various public corporations' boards of directors and audit committees
- he has extensive accounting and financial knowledge and experience, which served the best interests of BCE
- he made valuable contributions to BCE's Audit Committee

PRE-APPROVAL POLICIES AND PROCEDURES

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

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

In particular, the policy specifies that:

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

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

EXTERNAL AUDITORS' FEES

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

	2013 (IN $ MILLIONS)	2012 (IN $ MILLIONS)
Audit fees (1)	**9.9**	7.9
Audit-related fees (2)	**1.7**	2.0
Tax fees (3)	**0.6**	0.6
All other fees (4)	**1.0**	0.1
Total (5)	**13.2**	10.6

(1) *These fees include professional services provided by the external auditors for statutory audits of the annual financial statements, the audit of the effectiveness of internal control over financial reporting, the review of interim financial reports, the review of financial accounting and reporting matters, the review of securities offering documents, other regulatory audits and filings and translation services.*
(2) *These fees relate to non-statutory audits and due diligence procedures.*
(3) *These fees include professional services for tax compliance, tax advice and assistance with tax audits and appeals.*
(4) *These fees include any other fees for permitted services not included in any of the above-stated categories. In 2013 and 2012, the fees are for services related to compliance with the Payment Card Industry Data Security Standard.*
(5) *The amounts of $13.2 million for 2013 and $10.6 million for 2012 reflect fees billed in those fiscal years without taking into account the year to which those services relate. Total fees for services provided for each fiscal year amounted to $10.5 million in 2013 and $9.5 million in 2012.*

14 SCHEDULE 2 – AUDIT COMMITTEE CHARTER

I. PURPOSE

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

A. the integrity of the Corporation's financial statements and related information;
B. the Corporation's compliance with applicable legal and regulatory requirements;
C. the independence, qualifications and appointment of the shareholders' auditor;
D. the performance of the Corporation's shareholders' auditor and internal audit;
E. management responsibility for assessing and reporting on the effectiveness of internal controls; and
F. the Corporation's enterprise risk management processes.

II. DUTIES AND RESPONSIBILITIES

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

A. Financial Reporting and Control

1. On a periodic basis, review and discuss with management and the shareholders' auditor the following:
   a. major issues regarding accounting principles and financial statement presentation, including any significant changes in the Corporation's selection or application of accounting principles, and issues as to the adequacy of the Corporation's internal controls and any special audit steps adopted in light of material control deficiencies;
   b. analyses prepared by management and/or the shareholders' auditor setting forth significant financial reporting issues and judgements made in connection with the preparation of the financial statements, including the impact of selecting one of several generally accepted accounting principles (GAAP) on the financial statements when such a selection has been made in the current reporting period;
   c. the effect of regulatory and accounting developments, as well as off-balance sheet arrangements, on the financial statements of the Corporation;
   d. the type and presentation of information to be included in earnings press releases (including any use of pro-forma or non-GAAP information).

2. Meet to review and discuss with management and the shareholders' auditor, report and, where appropriate, provide recommendations to the Board of Directors on the following prior to its public disclosure:
   a. the Corporation's annual and interim consolidated financial statements and the related "Management's Discussion and Analysis", Annual Information Forms, earnings press releases and earnings guidance provided to analysts and rating agencies and the integrity of the financial reporting of the Corporation;
      – In addition to the role of the Audit Committee to make recommendations to the Board of Directors, where the members of the Audit Committee consider that it is appropriate and in the best interest of the Corporation, the Corporation's interim consolidated financial statements and the related "Management's Discussion and Analysis", the interim earnings press releases and the earnings guidance, may also be approved on behalf of the Board of Directors by the Audit Committee, provided that such approval is subsequently reported to the Board of Directors at its next meeting;
   b. any audit issues raised by the shareholders' auditor and management's response thereto, including any restrictions on the scope of the activities of the shareholders' auditor or access to requested information and any significant disagreements with management.

3. Review and discuss reports from the shareholders' auditor on:
   a. all critical accounting policies and practices used by the Corporation;
   b. all material selections of accounting policies when there is a choice of policies available under GAAP that have been discussed with management, including the ramifications of the use of such alternative treatment and the alternative preferred by the shareholders' auditor; and
   c. other material written communications between the shareholders' auditor and management, and discuss such communication with the shareholders' auditor.

B. Oversight of the Shareholders' Auditor

1. Be directly responsible for the appointment, compensation, retention and oversight of the work of the shareholders' auditor and any other auditor preparing or issuing an audit report or performing other audit services or attest services for the Corporation or any consolidated subsidiary of the Corporation, where required, and review, report and, where appropriate, provide recommendations to the Board of Directors on the appointment, terms and review of engagement, removal, independence and proposed fees of the shareholders' auditor.

2. Approve in advance all audit, review or attest engagement fees and terms for all audit, review or attest services to be provided by the shareholders' auditor to the Corporation and any consolidated subsidiary and any other auditor preparing or issuing an audit report or performing other audit services or attest services for the Corporation or any consolidated subsidiary of the Corporation, where required.

3. Pre-approve all engagements for permitted non-audit services provided by the shareholders' auditor to the Corporation and any consolidated subsidiary and to this effect may establish policies and procedures for the engagement of the shareholders' auditor to provide to the Corporation and any consolidated subsidiary permitted non-audit services, which shall include approval in advance by the Audit Committee of all audit/review and permitted non-audit services to be provided by the shareholders' auditor to the Corporation and any consolidated subsidiary.

4. Delegate, if deemed appropriate, authority to one or more members of the Audit Committee to grant pre-approvals of audit, review and permitted non-audit services, provided that any such approvals shall be presented to the Audit Committee at its next scheduled meeting.

5. Establish policies for the hiring of partners, employees and former partners and employees of the shareholders' auditor.

6. At least annually, consider, assess, and report to the Board of Directors on:
   a. the independence of the shareholders' auditor, including that the shareholders' auditor's performance of permitted non-audit services does not impair the shareholders' auditor's independence;
   b. obtaining from the shareholders' auditor a written statement (i) delineating all relationships between the shareholders' auditor and the Corporation; (ii) assuring that lead audit partner rotation is carried out, as required by law; and (iii) delineating any other relationships that may adversely affect the independence of the shareholders' auditor; and
   c. the evaluation of the lead audit partner, taking into account the opinions of management and internal audit.

7. At least annually, obtain and review a report by the shareholders' auditor describing:
   a. the shareholders' auditor's internal quality-control procedures;
   b. any material issues raised by the most recent internal quality-control review, or peer review of the shareholders' auditor firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the shareholders' auditor firm, and any steps taken to deal with any such issues.

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

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

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

C. Oversight of Internal Audit

1. Review and discuss with the head of internal audit, report and, where appropriate, provide recommendations to the Board of Directors on the following:
   a. the appointment and mandate of internal audit, including the responsibilities, budget and staffing of internal audit;
   b. discuss with the head of internal audit the scope and performance of internal audit, including a review of the annual internal audit plan, and whether there are any restrictions or limitations on internal audit;

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

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

D. Oversight of the Corporation's Internal Control System

1. Review and discuss with management, the shareholders' auditor and internal audit, monitor, report and, where appropriate, provide recommendations to the Board of Directors on the following:
   a. the Corporation's systems of internal controls over financial reporting;
   b. compliance with the policies and practices of the Corporation relating to business ethics;
   c. compliance by Directors, Officers and other management personnel with the Corporation's Disclosure Policy; and
   d. the relationship of the Audit Committee with other committees of the Board of Directors, management and the Corporation's consolidated subsidiaries' audit committees.

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

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

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

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

E. Oversight of the Corporation's Risk Management

1. Review, monitor, report and, where appropriate, provide recommendations to the Board of Directors on the following:
   a. the Corporation's processes for identifying, assessing, mitigating and, where required, reporting strategic, operational, regulatory and general risks, including:
      – the Corporation's major financial and operational risk exposures and the steps the Corporation has taken to monitor and control such exposures;
      – the Corporation's major security risks, including the physical security and performance of critical infrastructure and fraud prevention, and security trends that may impact the Corporation's operations and business;
      – the Corporation's major risks related to information security, privacy and records management;
      – the Corporation's business continuity plans, including work stoppage and disaster recovery plans;
      – the Corporation's environmental risks, and environment trends that may impact the Corporation's operations and business.

2. Review, monitor, report and, where appropriate, provide recommendations to the Board of Directors on the Corporation's compliance with internal policies and the Corporation's progress in remedying any material deficiencies related to:
   i. security policies, including the physical safeguarding of corporate assets and security of networks and information systems;
   ii. environmental policy and environmental management systems.

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

F. Compliance with Legal Requirements

1. Review and discuss with management, the shareholders' auditor and internal audit, monitor, report and, when appropriate, provide recommendation to the Board of Directors on the adequacy of the Corporation's process for complying with laws and regulations.

2. Receive, on a periodic basis, reports from the Corporation's Chief Legal Officer, with respect to the Corporation's pending or threatened material litigation.

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

A. The Audit Committee shall evaluate and review with the Corporate Governance Committee of the Board of Directors, on an annual basis, the performance of the Audit Committee.
B. The Audit Committee shall review and discuss with the Corporate Governance Committee of the Board of Directors, on an annual basis, the adequacy of the Audit Committee charter.
C. The Audit Committee shall report to the Board of Directors periodically on the Audit Committee's activities.

IV. OUTSIDE ADVISORS

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

V. MEMBERSHIP

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

VI. AUDIT COMMITTEE CHAIR

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

A. Provide leadership to enable the Audit Committee to act effectively in carrying out its duties and responsibilities as described elsewhere in this charter and as otherwise may be appropriate;
B. In consultation with the Board Chair and the Chief Executive Officer, ensure that there is an effective relationship between management and the members of the Audit Committee;
C. Chair meetings of the Audit Committee;
D. In consultation with the Chief Executive Officer, the Corporate Secretary's Office and the Board Chair, determine the frequency, dates and locations of meetings of the Audit Committee;
E. In consultation with the Chief Executive Officer, the Chief Financial Officer, the Corporate Secretary's Office and, as required, other Officers, review the annual work plan and the meeting agendas to ensure all required business is brought before the Audit Committee to enable it to efficiently carry out its duties and responsibilities;

F. Ensure, in consultation with the Board Chair, that all items requiring the Audit Committee's approval are appropriately tabled;
G. Ensure the proper flow of information to the Audit Committee and review, with the Chief Executive Officer, the Chief Financial Officer, the Corporate Secretary's Office and, as required, other Officers, the adequacy and timing of materials in support of management's proposals;
H. Report to the Board of Directors on the matters reviewed by, and on any decisions or recommendations of, the Audit Committee at the next meeting of the Board of Directors following any meeting of the Audit Committee; and
I. Carry out any special assignments or any functions as requested by the Board of Directors.

VII. TERM

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

VIII. PROCEDURES FOR MEETINGS

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

IX. QUORUM AND VOTING

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

X. SECRETARY

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

XI. VACANCIES

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

XII. RECORDS

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

Trade-marks: The following are trade-marks referred to and used as such in this annual information form that BCE Inc., its subsidiaries, joint arrangements, associates or other entities in which we hold an equity interest own or use under licence. Aliant and FibreOP are trade-marks of Bell Aliant Regional Communications, Limited Partnership; BCE is a trade-mark of BCE Inc.; Bell, Bell Canada, Bell Centre, Bell Media, Bell Mobility, Bell TV, Fibe, Let's Talk, TV Everywhere and xWave are trade-marks of Bell Canada; Astral, Astral Media, Astral Out-of-Home, BNN, Canal D, Canal Vie, CFCF, CFCN, CinéPop, CTV, CTVGlobeMedia, CTV Specialty, Super Écran, The Movie Network, TMN, TMN Encore, TMN GO, VRAK.TV, and Ztélé are trade-marks of Bell Media Inc.; Amazing Race is a trade-mark of Canadian Outback Adventure Company Limited; ExpressVu is a trade-mark of Bell ExpressVu Limited Partnership; HBO Canada is a trade-mark of Home Box Office Inc.; MLSE, Toronto Raptors, Toronto Maple Leafs, and Toronto Marlies are trade-marks of Maple Leaf Sports & Entertainment Ltd.; MTV is a trade-mark of Viacom International Inc.; Q9 is a trade-mark of Q9 Networks Inc.; The Big Bang Theory is a trade-mark of Warner Bros. Entertainment Inc.; The Globe and Mail is a trade-mark of The Globe and Mail Inc.; The Source is a trade-mark of The Source (Bell) Electronics Inc.; TSN and RDS are trade-marks of The Sports Network Inc.; Virgin Mobile and Virgin Mobile Canada are trade-marks of Virgin Enterprises Limited.

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

BCE.ca

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

All amounts in this MD&A are in millions of Canadian dollars, except where noted. Please refer to *Measures Used to Manage our Business* on page 151 for a list of defined measures.

Please refer to BCE's audited consolidated financial statements for the year ended December 31, 2013 when reading this MD&A.

In preparing this MD&A, we have taken into account information available to us up to March 6, 2014, the date of this MD&A, unless otherwise stated.

You will find BCE's audited consolidated financial statements for the year ended December 31, 2013, BCE's annual information form for the year ended December 31, 2013 dated March 6, 2014 (BCE 2013 AIF) and recent financial reports on BCE's website at BCE.ca, on SEDAR at sedar.com and on EDGAR at sec.gov.

This MD&A comments on our business operations, performance, financial position and other matters for the two years ended December 31, 2013 and 2012.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

BCE's 2013 annual report including this MD&A and, in particular, but without limitation, section *1.4, Capital Markets Strategy*, section *2, Bell's Strategic Imperatives*, section *3.2, Business Outlook and Assumptions,* section *5, Business Segment Analysis* and section *6.6, Liquidity of this MD&A* contain forward-looking statements. These forward-looking statements include, but are not limited to, BCE's 2014 annualized common share dividend and common share dividend policy, Bell Canada's credit policies, BCE's business outlook, objectives, plans and strategic priorities, the sources of liquidity we expect to use to meet our anticipated 2014 cash requirements, our 2014 expected post-employment benefit plan funding, and our networks deployment plans. Forward-looking statements also include any other statements that do not refer to historical facts. A statement we make is forward-looking when it uses what we know and expect today to make a statement about the future. Forward-looking statements are typically identified by the words *assumption*, *goal*, *guidance*, *objective*, *outlook*, *project*, *strategy*, *target* and other similar expressions or future or conditional verbs such as *aim*, *anticipate*, *believe*, *could*, *expect*, *intend*, *may*, *plan*, *seek*, *should*, *strive* and *will*. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws and of the United States *Private Securities Litigation Reform Act* of 1995. Unless otherwise indicated by us, forward-looking statements in BCE's 2013 annual report, including in this MD&A, describe our expectations as at March 6, 2014 and, accordingly, are subject to change after this date. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties and are based on several assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in, or implied by, such forward-looking statements and that our business outlook, objectives, plans and strategic priorities may not be achieved. As a result, we cannot guarantee that any forward-looking statement will materialize and we caution you against relying on any of these forward-looking statements. Forward-looking statements are presented in BCE's 2013 annual report, including in this MD&A, for the purpose of assisting investors and others in understanding our objectives, strategic priorities and business outlook as well as our anticipated operating environment. Readers are cautioned, however, that such information may not be appropriate for other purposes.

We have made certain economic, market and operational assumptions in preparing forward-looking statements contained in BCE's 2013 annual report and, in particular, but without limitation, the forward-looking statements contained in the above-mentioned sections of this MD&A. These assumptions include, without limitation, the assumptions described in the various sections of this MD&A entitled *Business Outlook and Assumptions*, which sections are incorporated by reference in this cautionary statement. We believe that these assumptions were reasonable at March 6, 2014. If our assumptions turn out to be inaccurate, our actual results could be materially different from what we expect.

Important risk factors including, without limitation, competitive, regulatory, economic, financial, operational and technological risks that could cause actual results or events to differ materially from those expressed in, or implied by, the above-mentioned forward-looking statements and other forward-looking statements in BCE's 2013 annual report, as well as in this MD&A, include, but are not limited to, the risks described in section *9, Business Risks*, which section is incorporated by reference in this cautionary statement.

We caution readers that the risks described in the above-mentioned section and in other sections of this MD&A are not the only ones that could affect us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also have a material adverse effect on our financial position, financial performance, cash flows, business or reputation. Except as otherwise indicated by us, forward-looking statements do not reflect the potential impact of any special items or of any dispositions, monetizations, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after March 6, 2014. The financial impact of these transactions and special items can be complex and depends on the facts particular to each of them. We therefore cannot describe the expected impact in a meaningful way or in the same way we present known risks affecting our business.

1 OVERVIEW

1.1 INTRODUCTION

AT A GLANCE

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

In 2013 and 2012, we reported the results of our operations in four segments: Bell Wireline, Bell Wireless, Bell Media and Bell Aliant.

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

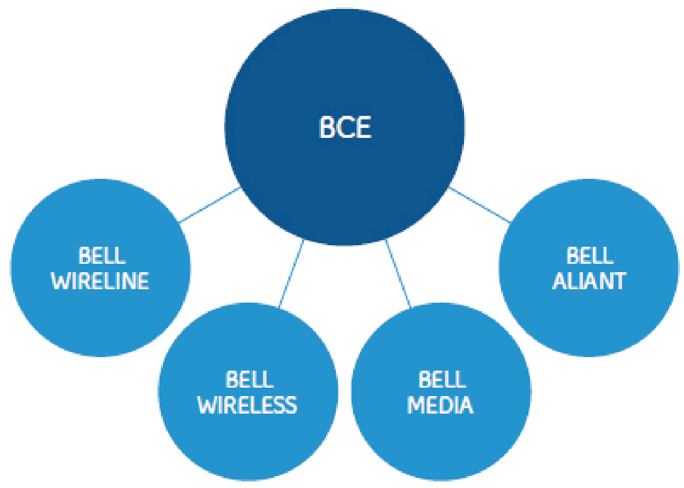
Our Bell Wireless segment provides wireless voice and data communication products and services to Bell's residential, small and medium-sized business and large enterprise customers across Canada.

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

Our Bell Aliant segment provides local telephone, long distance, Internet, data, TV, wireless, home security and value-added business solutions to residential and business customers in the Atlantic provinces and in rural and regional areas of Ontario and Québec. Bell Aliant is a public company in which we own a 44.1% interest, with the remaining 55.9% publicly held. BCE controls Bell Aliant through its right to appoint a majority of the board of directors of Bell Aliant.

BCE is Canada's largest communications company

BCE'S BUSINESS SEGMENTS



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

- a 28% indirect equity interest in Maple Leaf Sports & Entertainment Ltd. (MLSE)
- a 35.3% indirect equity interest in Q9 Networks Inc. (Q9)
- a 18.4% indirect equity interest in entities that operate the Montréal Canadiens Hockey Club and the Bell Centre in Montréal
- a 15% equity interest in the Globe and Mail

BCE 2013 OPERATING REVENUES	BCE 2013 EBITDA [1]	BCE 2013 NET EARNINGS
$20,400 MILLION	$8,089 MILLION	$2,388 MILLION

BCE Customer Connections

BCE	2013	2012	CHANGE
Wireless Subscribers	**7,925,032**	7,824,890	1.3%
Postpaid	***6,798,093***	*6,541,827*	*3.9%*
Internet Subscribers	**3,136,636**	3,045,235	3.0%
TV (Satellite and Internet Protocol Television) (IPTV)) Subscribers	**2,489,248**	2,312,065	7.7%
Total Growth Services	**13,550,916**	13,182,190	2.8%
Wireline Network Access Service (NAS) lines	**7,595,569**	8,136,309	(6.6%)
Total Services	**21,146,485**	21,318,499	(0.8%)

OUR GOAL

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

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

1 Accelerate Wireless

2 Leverage Wireline Momentum

3 Expand Media Leadership

4 Invest in Broadband Networks and Services

5 Achieve a Competitive Cost Structure

6 Improve Customer Service

(1) *EBITDA and free cash flow are non-GAAP financial measures and do not have any standardized meaning under International Financial Reporting Standards (IFRS). Therefore, they are unlikely to be comparable to similar measures presented by other issuers. See section* 10.2 Non-GAAP Financial Measures – EBITDA *and* Free Cash Flow *in this MD&A for more details, including, for free cash flow, a reconciliation to the most comparable IFRS financial measure.*

1.2 ABOUT BCE

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

OUR PRODUCTS AND SERVICES

Bell Wireless

SEGMENT DESCRIPTION

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

OUR BRANDS INCLUDE

OUR NETWORKS AND REACH

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

Fourth Generation (4G) Long-term Evolution (LTE) network launched in September 2011

- Offers mobile Internet data access speeds as fast as 75 megabits per second (Mbps) in most areas (typical speeds of 12 to 25 Mbps) and up to 150 Mbps in others (typical speeds of 18 to 40 Mbps)
- Covers 80% of the Canadian population coast-to-coast at December 31, 2013
- Roams on the High-speed packet access plus (HSPA+) network outside LTE urban coverage area

HSPA+ network launched in November 2009

- Offers high-speed mobile access of up to 21 Mbps in most areas (typical speeds of 3.5-8 Mbps), and as high as 42 Mbps in areas with dual cell capability when using compatible devices (typical speeds of 7 to 14 Mbps)
- Covered over 98% of the Canadian population coast-to-coast at December 31, 2013
- Supports international roaming in more than 200 countries

National 3G code division multiple access (CDMA), evolution data optimized network, which we plan to continue operating for the foreseeable future

Largest wireless fidelity (Wi-Fi) network across Canada

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

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

OUR PRODUCTS AND SERVICES

- **Voice and data plans**, available on either postpaid or prepaid options
- **Extensive selection of 4G LTE-capable devices**, including leading smartphones as well as the iPad and iPad mini
- **Data:** E-mail, web browsing, social networking, text messaging, picture and video messaging and call features
- **Mobile TV:** over 40 live and on-demand channels on smartphones and tablets
- **Entertainment:** games, ringtones, wallpapers, ringback tones, music downloads and video streaming
- **Mobile Internet:** Turbo Stick, Turbo Hub and MiFi
- **Mobile commerce:** secure debit and credit purchases using Bell Mobility smartphones
- **Mobile business services:** sales force automation, push-to-talk, field service automation, resource and tracking tools
- **Roaming services** with other wireless service providers in more than 200 countries worldwide
- **Machine-to-machine (M2M) applications**, including connected car and usage-based insurance vehicle tracking

Bell Wireline

SEGMENT DESCRIPTION

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

OUR BRANDS INCLUDE

OUR NETWORKS AND REACH

- Extensive local access network primarily in the urban areas of Ontario and Québec, as well as in Canada's Northern Territories
- Broadband fibre network, consisting of fibre-to-the-node (FTTN), fibre-to-the-home (FTTH) and fibre-to-the-building (FTTB), covering 5.8 million locations in Ontario and Québec
- IPTV service footprint encompassing 4.3 million households across Ontario and Québec at December 31, 2013
- Largest Internet protocol (IP) multi-protocol label switching footprint of any Canadian provider, enabling us to offer business customers a virtual private network (VPN) service for IP traffic and to optimize bandwidth for real-time voice and TV
- Access to the largest data centre footprint in Canada with 21 locations in 4 provinces, enabling us to offer data centre co-location and hosted services to business customers across Canada
- Approximately 1,600 Bell-branded stores and The Source locations across Canada

OUR PRODUCTS AND SERVICES

RESIDENTIAL

- **Bell TV:** Fibe TV (our IPTV service) and direct-to-home (DTH) Satellite TV, providing extensive content options and innovative features such as wireless receiver, Whole Home personal video recorder (PVR), on-demand programming, and a remote control application (app)
- **Bell Internet:** High-speed Internet access offering speeds up to 50 Mbps with FTTN or 175 Mbps with FTTH, a wide range of usage options, a comprehensive suite of security solutions, e-mail, Wi-Fi home network, and mobile Internet

- **Bell Home Phone:** Local telephone service with long distance and advanced calling features
- **Bell Bundles:** three and four product bundles of services with monthly discounts

BUSINESS

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

Bell Media

SEGMENT DESCRIPTION

- Canada's premier multimedia company with leading assets in TV, radio and digital media
- On July 5, 2013, we completed the acquisition of Astral adding eight specialty and pay TV services, 77 radio stations and digital media properties across Canada, as well as OOH advertising platforms, to Bell Media's portfolio of assets
- Revenues are derived primarily from advertising and subscriber fees
  - Conventional TV revenue is derived from advertising
  - Specialty TV revenue is generated from subscription fees and advertising
  - Pay TV revenue is received from subscription fees
  - Radio revenue is generated from advertising aired over our stations
  - OOH revenues are generated from advertising

OUR BRANDS INCLUDE

OUR ASSETS AND REACH

TV

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

RADIO

- 107 licenced radio stations in 55 markets across Canada

OOH ADVERTISING

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

DIGITAL MEDIA

- More than 200 websites, including TheLoop.ca

SPORTS BROADCAST RIGHTS

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

OTHER ASSETS

- We also have a 50% interest in Dome Productions Partnership, one of North America's leading providers of sports and other event production and broadcast facilities

OUR PRODUCTS AND SERVICES

- Varied and extensive array of TV programming to broadcast distributors across Canada
- **Advertising** on our TV, radio, OOH, and digital media properties to both local and national advertisers across a wide range of industry sectors
- **Mobile TV service** with live and on-demand access to content from our conventional TV networks, CTV and CTV Two, as well as real-time access to BNN, TSN, RDS, MTV and other brands in news, sports and entertainment. This mobile content is offered on commercial terms to all Canadian wireless providers
- **TV Everywhere services**, including TMN GO and CTV GO, which provide live and on-demand content delivered over mobile and Wi-Fi networks to smartphones, tablets and computers

Bell Aliant

SEGMENT DESCRIPTION

- One of the largest regional telecommunications service providers in North America
- Provides a complete range of innovative communications, information and entertainment services, including voice, Internet, data, TV, wireless, home security, and value-added business solutions to residential and business customers in Canada's Atlantic Provinces, as well as in rural and regional areas of Ontario and Québec

OUR BRANDS INCLUDE

Bell Aliant, Bell Aliant FibreOP, Cablevision (a division of Bell Aliant), NorthernTel (a division of Bell Aliant), DMTS (a division of Bell Aliant), KMTS (a division of Bell Aliant), Télébec (a division of Bell Aliant)

OUR NETWORKS AND REACH

- Reaching over 5 million Canadians in six provinces (Nova Scotia, New Brunswick, Newfoundland and Labrador, Prince Edward Island, Ontario and Québec)
- Extensive local access network in Atlantic Canada, as well as in certain areas of Ontario and Québec not serviced by Bell
- Extensive broadband fibre infrastructure, consisting primarily of a FTTH network covering more than 806,000 locations

OUR PRODUCTS AND SERVICES

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

Other BCE Investments

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

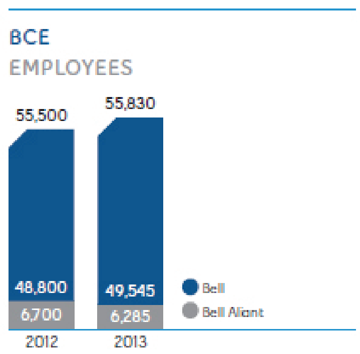
- MLSE: 28% indirect equity interest
- Q9: 35.3% indirect equity interest
- Montréal Canadiens Hockey Club: 18.4% indirect equity interest
- The Globe and Mail: 15% equity interest

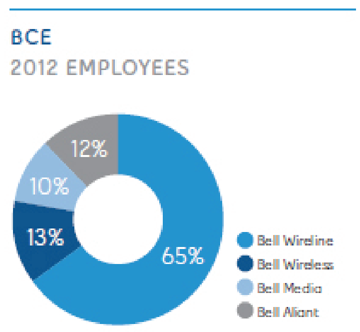
MAPLE LEAF SPORTS + ENTERTAINMENT

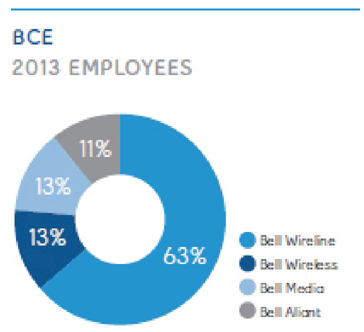
OUR PEOPLE

EMPLOYEES

We are a team of 55,830 employees, dedicated to driving shareholder return and improving customer service.







The total number of BCE employees at the end of 2013 increased by 330 employees compared to 2012, due primarily to the acquisition of Astral. This increase was offset partly by a decreased workforce across our Bell Wireline, Bell Wireless and Bell Aliant segments attributable to normal attrition, retirements and productivity improvements.

Approximately 44% of total BCE employees are represented by labour unions.

BELL CODE OF BUSINESS CONDUCT

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

1.3 KEY CORPORATE DEVELOPMENTS

ACQUISITION OF ASTRAL

On July 5, 2013, BCE acquired 100% of the issued and outstanding shares of Astral for a cash consideration of $2,876 million and the repayment of $397 million of debt. Astral is a media company that operates specialty and pay TV channels, radio stations and digital media properties across Canada, and provides OOH advertising services. BCE acquired Astral to enhance our competitive position in French-language broadcasting in Québec, control content costs, and increase opportunities for cross-platform innovation and advertising packages spanning digital, TV, radio and OOH advertising.

In order to approve the transaction, the Competition Bureau and the Canadian Radio-television and Telecommunications Commission (CRTC) required the divestiture by BCE of eleven Astral TV services and ten Astral and Bell Media English-language radio stations. BCE retained eight Astral TV services: the French-language SuperÉcran, CinéPop, Canal Vie, Canal D, VRAK TV and Z Télé, and English-language services The Movie Network, which includes HBO Canada, and TMN Encore. BCE also retained 77 Astral radio stations and Astral's national OOH advertising business. As a result of the transaction, Bell Media now owns 30 local TV stations, 39 specialty and pay channels, and 107 radio stations, excluding the TV assets and radio stations to be divested.

In January 2014, Bell completed the sale of Astral's share of six TV services (the bilingual Teletoon/Télétoon service, English-language Teletoon Retro and Cartoon Network (Canada) and French-language Télétoon Rétro, Historia and Séries+) and two radio stations in Ottawa (CKQB-FM and CJOT-FM) to Corus Entertainment Inc. (Corus) as part of the divestiture process required by the CRTC and the Competition Bureau. Bell also completed the sale of two Winnipeg radio stations (CHIQ-FM and CFQX-FM) and one Calgary radio station (CKCE-FM) to Jim Pattison Broadcast Group (Pattison). Together, these sales generated total proceeds of $427.2 million. In addition, as a result of distinct auction processes, Bell has announced the following proposed transactions to sell each of the remaining five Astral TV assets and five radio stations required to be divested by the CRTC and, as applicable, the Competition Bureau:

- On August 26, 2013, Bell reached an agreement with Newcap Inc. for the sale of two Toronto radio stations (CHBM-FM and CFXJ-FM) and three Vancouver radio stations (CKZZ-FM, CHHR-FM and CISL-AM)
- On November 28, 2013, Bell reached an agreement with DHX Media Ltd. for the sale of the following TV services: Family (including Disney Junior English), Disney XD and Disney Junior French services
- On December 3, 2013, Bell reached an agreement with V Media Group for the sale of the two remaining TV services, MusiquePlus and MusiMax

Completion of these divestitures is subject to closing conditions, termination rights and other risks and uncertainties including, without limitation, approval by the CRTC. Accordingly, there can be no assurance that the proposed sale transactions will occur, or that they will occur on the terms and conditions currently contemplated, and such proposed sale transactions could be modified, restructured or terminated. As required by the CRTC and the Competition Bureau, the management and control of the assets to be sold were transferred to an independent trustee until completion of their respective divestiture processes.

As part of its approval of the Astral acquisition, the CRTC ordered BCE to spend $246.9 million in new benefits for French- and English-language TV, radio and film content development, support for emerging Canadian musical talent, training and professional development for Canadian media, and new consumer participation initiatives.

Astral revenues of $412 million and net earnings of $77 million are included in BCE's 2013 income statement from the date of acquisition.

CRTC WIRELESS CODE OF CONDUCT

On June 3, 2013, the CRTC issued a decision establishing a mandatory code of conduct for all providers of retail mobile wireless voice and data services in Canada (the Wireless Code). The Wireless Code applies to all wireless services provided to individual and small business consumers (e.g. businesses that on average spend less than $2,500 per month on telecom services) in all provinces and territories. Among other things, the Wireless Code stipulates that wireless service providers may not charge an early cancellation fee once a customer has been under contract for 24 months. The Wireless Code establishes regulations related to unlocking mobile phones and setting default caps for data roaming charges and data overage charges. For more details on the Wireless Code, refer to section *8.2, Telecommunications Act-Adoption of a National Wireless Services Consumer Code.*

ACQUISITION OF 700 MEGAHERTZ (MHz) WIRELESS SPECTRUM

The 700 MHz wireless spectrum auction began on January 14, 2014 and provisional spectrum licence winners were announced by Industry Canada on February 19, 2014. The highly competitive auction marked the first time 700 MHz spectrum had been made available to Canadian wireless carriers. This band of spectrum is highly desirable due to its ability to penetrate into buildings and propagate over long distances. Bell secured the right to acquire significant 700 MHz spectrum assets in every provincial and territorial market. Bell will acquire 31 licences for $566 million for 480M Megahertz Population (MHz-POP) of nationwide 700 MHz spectrum, bringing Bell's total holdings across various spectrum bands to more than 4,200M MHz-POP nationally. Bell expects to fund its spectrum licensing payments to the federal government from available sources of cash. These licences are expected to enable rapid expansion of advanced 4G LTE broadband mobile services to rural communities, small towns and Canada's North, while also enhancing coverage in urban and suburban areas. Our 4G LTE buildout plan is expected to bring advanced mobile broadband services to more than 98% of Canada's population. We plan to begin operationalizing the spectrum for the benefit of our customers as soon as it is made available to us later this year.

1.4 CAPITAL MARKETS STRATEGY

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

DIVIDEND GROWTH AND PAYOUT POLICY

DIVIDEND GROWTH	2014 DIVIDEND INCREASE	DIVIDEND PAYOUT POLICY
+69%	+6.0%	65%-75%
SINCE 2008	TO $2.47 PER COMMON SHARE	OF FREE CASH FLOW

On February 6, 2014, we announced a 6.0%, or 14 cent, increase in the annualized dividend payable on BCE's common shares for 2014 to $2.47 per share from $2.33 per share in 2013, starting with the quarterly dividend payable on April 15, 2014. With this increase for 2014, BCE's annual common share dividend has increased 69% since the fourth quarter of 2008.

The dividend increase for 2014 is consistent with BCE's common share dividend policy of a target payout between 65% and 75% of free cash flow. We intend to grow BCE's common share dividend if we achieve free cash flow growth. BCE's dividend policy and the declaration of dividends are subject to the discretion of BCE's board of directors (Board).

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

BEST PRACTICES ADOPTED BY BCE

- STRINGENT SHARE OWNERSHIP REQUIREMENTS
- EMPHASIS ON PAY-AT-RISK FOR EXECUTIVE COMPENSATION
- DOUBLE TRIGGER CHANGE IN CONTROL POLICY
- ANTI-HEDGING POLICY ON SHARE OWNERSHIP AND INCENTIVE COMPENSATION
- CLAWBACK PROVISION FOR CEO AND EVP (AS OF 2014) COMPENSATION AND STOCK OPTION PLAN
- CAPS ON ANNUAL BONUS PAYOUTS, PERFORMANCE SHARE UNIT PAYOUTS AND SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN PAYMENTS
- VESTING CRITERIA FOR PERFORMANCE SHARE UNITS FULLY ALIGNED TO SHAREHOLDERS INTERESTS
- ANNUAL "SAY ON PAY" VOTE

USE OF EXCESS CASH

Our dividend payout policy allows BCE to retain a high level of excess cash, providing considerable overall financial flexibility.

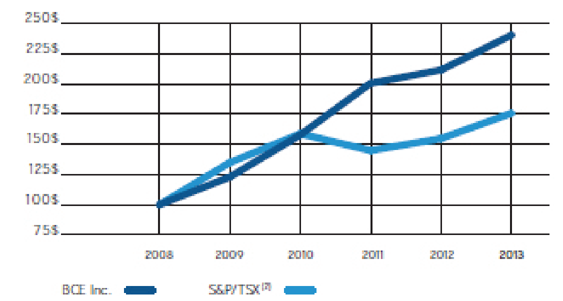
Bell has deployed excess cash in a balanced manner in the last five years:

- $2.75 billion of voluntary contributions to Bell's defined benefit (DB) pension plan, which contributed to an improvement in the funded position of the plan and helps to minimize the volatility of future funding requirements
- $1.7 billion in share buybacks completed through normal course issuer bid (NCIB) programs
- Over $6 billion to partially finance strategic acquisitions and investments that support the growth of our business, including Astral, CTV, MLSE, the Montréal Canadiens, Q9, The Source and Virgin Mobile Canada (Virgin Mobile)

TOTAL SHAREHOLDER RETURN PERFORMANCE

5-YEAR TOTAL SHAREHOLDER RETURN	1-YEAR TOTAL SHAREHOLDER RETURN
+141%	+13.6%
2008 – 2013	2013

FIVE-YEAR CUMULATIVE TOTAL VALUE OF A $100 INVESTMENT (1)
DECEMBER 31, 2008 – DECEMBER 31, 2013



This graph compares the yearly change in the cumulative annual total shareholder return of BCE common shares against the cumulative annual total return of the S&P/TSX Composite Index, for the five-year period ending December 31, 2013, assuming an initial investment of $100 on December 31, 2008 and that all subsequent quarterly dividends were reinvested.

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

STRONG CAPITAL STRUCTURE

Bell's capital structure and strong liquidity position provide us with a solid financial foundation and a high level of overall financial flexibility. Bell is well-positioned with an attractive long-term debt maturity profile and no near-term requirements to repay debt. We continue to monitor the capital markets for opportunities where we can further reduce our cost of debt and our cost of capital. We proactively manage financial risk in terms of currency exposure of our more than $1 billion annual U.S. dollar-denominated purchases, as well as equity risk exposure under BCE's long-term, equity-based incentive plans and interest rate exposure under our various debt instruments and preferred shares. We also seek to maintain investment grade credit ratings with stable outlooks.

ATTRACTIVE LONG-TERM DEBT MATURITY PROFILE

- Average term of Bell Canada's debt is 9.5 years
- No debenture maturities before December 2015
- Average after-tax cost of debt of 3.5%

STRONG LIQUIDITY POSITION

- $2.5 billion credit facility
- $500 million accounts receivable securitization available capacity
- $319 million cash on hand at the end of 2013

SOLID INVESTMENT-GRADE CREDIT PROFILE

- Long-term debt credit rating of A(low) by DBRS, Baa1 by Moody's and BBB+ by S&P, all with stable outlooks
- Maintain ratings in the A- to BBB+ range or equivalent

We successfully accessed the capital markets on three different occasions during 2013 (March, June and September), raising a total of $3 billion in gross proceeds from the issuance of Bell Canada five, seven and ten-year medium-term note (MTN) debentures on attractive terms. With these new issuances, Bell Canada's average annual pre-tax cost of debenture debt declined to 4.8% (3.5% on an after-tax basis), compared to 5.3% (3.9% on an after-tax basis) in 2012, with an average term to maturity of 9.5 years. The net proceeds of these offerings were used for general corporate purposes, including the repayment of outstanding commercial paper, funding a portion of the cost of our acquisition of Astral and to finance the redemption of Bell Canada's 4.85%, Series M-20 MTN debentures.

The financing structure for the acquisition of Astral has increased Bell Canada's net debt leverage above our internal policy range of 1.5 to 2.0 times Adjusted EBITDA. That ratio is expected to improve steadily over time with expected growth in EBITDA and free cash flow and cash generation from the proceeds of the Astral remedy divestitures.

BELL CANADA CREDIT POLICIES (1)	INTERNAL TARGET	DECEMBER 31, 2013
Net debt to Adjusted EBITDA	1.5-2.0	2.49
Adjusted EBITDA to Net Interest	>7.5	8.40

(1) *Net debt is debt due within one year plus long-term debt and 50% of preferred shares less cash and cash equivalents; Adjusted EBITDA is defined as twelve-month trailing Bell EBITDA including dividends from Bell Aliant to BCE; Net interest is Bell interest expense excluding interest on post-employment benefit obligations and including 50% of preferred share dividends.*

1.5 CORPORATE GOVERNANCE AND RISK MANAGEMENT

CORPORATE GOVERNANCE PHILOSOPHY

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

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

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

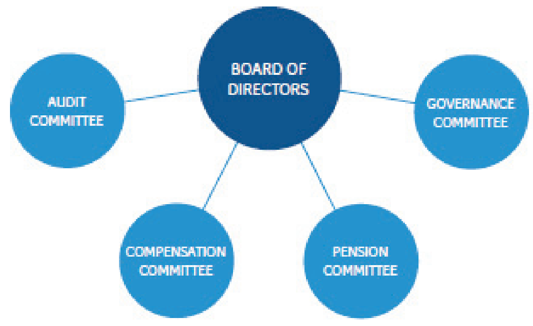
In 2013, the BCE Board was recognized by the Canadian Coalition for Good Governance, receiving the organization's Gavel Award for best corporate governance disclosure, which underscores the importance of effective communication between corporations and their shareholders. The Canadian Society of Corporate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

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

RISK GOVERNANCE FRAMEWORK

BOARD OVERSIGHT

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



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

The Audit Committee oversees financial reporting and disclosure as well as overseeing that appropriate risk management processes are in place across the organization. As part of its risk management oversight activities, the Audit Committee reviews the organization's risk reports and ensures that responsibility for each principal risk is formally assigned to a specific committee or the full Board, as appropriate. The Audit Committee also regularly considers risks relating to financial reporting, legal proceedings, physical security, performance of critical infrastructure, information security, privacy and records management, business continuity and the environment.

The Management Resources and Compensation Committee (Compensation Committee) oversees risks relating to compensation, succession planning and health and safety practices. The Pension Committee has oversight responsibility for risks associated with the pension fund. The Corporate Governance Committee assists the Board in developing and implementing BCE's corporate governance guidelines and determining the composition of the Board and its committees. In addition, the Corporate Governance Committee oversees matters such as the organization's policies concerning business conduct, ethics and public disclosure of material information.

RISK MANAGEMENT CULTURE

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

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

RISK MANAGEMENT FRAMEWORK

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

FIRST LINE OF DEFENCE – OPERATIONAL MANAGEMENT

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

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

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

SECOND LINE OF DEFENCE – CORPORATE SUPPORT FUNCTIONS

Bell is a large enterprise with approximately 50,000 employees, multiple business units and a diverse portfolio of risks which can change as a result of internal and external factors. In a large organization, it is common to manage certain functions centrally for efficiency, scale and consistency. While the first line of defence is often central to identification and management of business risks, in many instances operational management works both collaboratively with, and also relies on, the corporate functions which make up the second line of defence for support in these areas. These corporate functions include Finance, Corporate Security and Corporate Risk Management, as well as others such as Legal and Regulatory, Corporate Responsibility, Real Estate and Procurement.

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

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

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

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

THIRD LINE OF DEFENCE – INTERNAL AUDIT FUNCTION

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

2 BELL'S STRATEGIC IMPERATIVES

OUR SUCCESS IS BUILT ON THE BELL TEAM'S DEDICATED EXECUTION OF THE 6 STRATEGIC IMPERATIVES THAT SUPPORT OUR GOAL TO BE RECOGNIZED BY CUSTOMERS AS CANADA'S LEADING COMMUNICATIONS COMPANY.

2.1 ACCELERATE WIRELESS

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

2013 PROGRESS

- Acquired 35% and 38% of total new postpaid gross and net activations, respectively, among the three major wireless carriers, while achieving leading ARPU growth of 2.6% and EBITDA growth of 10.6%, as well as service margin expansion of 2.0 percentage points over 2012
- Expanded the number of smartphone users at the end of 2013 to 73% of our total postpaid subscribers, up from 62% at the end of 2012
- Grew Bell Mobile TV subscribers to more than 1.2 million at the end of 2013, up 66% over 2012. Mobile TV offers on-the-go access to over 40 sports, news, entertainment, and children's TV channels. Additionally, the Bell TV app enables customers to access more than 70 other live and on-demand channels via Wi-Fi on their smartphones and tablets
- Expanded our leading smartphone line-up with 26 new devices, including the Apple iPhone 5s and iPhone 5c, Samsung Galaxy S4, Samsung Galaxy Note 3, Google Nexus 5, HTC One, LG G2 and Sony Xperia Z1, adding to our extensive selection of 4G LTE-capable devices. In addition, the Apple iPad and iPad mini are also now available directly from Bell
- Partnered with the Royal Bank of Canada (RBC) to develop a secure mobile payment solution, RBC Wallet (officially launched in January 2014), which allows RBC customers to use their compatible Bell Mobility smartphones to make secure debit and credit purchases at locations that accept contactless payments
- Reduced the cost of mobile roaming in the countries Canadians travel to the most, including the United States, most European nations, Mexico, China, Turkey, Australia and New Zealand, as well as many Caribbean sun destinations
- Expanded the number of retail distribution points of sale with the addition of 43 new Bell stores and 40 new The Source locations across Canada
- Renewed our partnership with GLENTEL Inc., Canada's largest independent multi-carrier mobile phone retailer
- Launched the new Bell M2M Management Centre, a secure online portal offering Canadian businesses a comprehensive suite of tools to manage connected devices across their operations that enables customers to remotely view, administer and control network-connected devices such as parking and hydro meters, vending machines, and billboards through a cloud-based, self-serve platform

2014 FOCUS

- Profitably maintain market share of incumbent wireless postpaid gross and net activations
- Further narrow the ARPU gap versus incumbent competitors
- Continue to reduce customer churn and build incremental points of distribution across Canada
- Continue to offer the latest handsets and devices in a timely manner to enable customers to benefit from ongoing technological improvements by manufacturers and from faster data speeds to optimize the use of our services
- Drive revenues from commercializing new mobile commerce and M2M services and applications

2.2 LEVERAGE WIRELINE MOMENTUM

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

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

2013 PROGRESS

- Nearly doubled our total number of Fibe TV subscribers to 479,430
- Increased the number of three-product households – those that buy TV, Internet and Home Phone – by 18% over 2012, fuelled by our Fibe TV service, which drove higher pull-through attach rates for Home Phone and Internet services with 80% of all Bell Fibe TV customers taking three products
- Launched the Fibe TV wireless receiver, the first of its kind in Canada, enabling customers to connect up to 5 additional TVs anywhere in the home without the need for cable wiring
- Launched the new Bell TV app, which lets customers watch programming included in their TV service packages at home on tablets or smartphones at no extra charge
- Introduced the Fibe Remote app, which allows Fibe TV subscribers to use their tablets and smartphones as a remote control in their homes and to browse the programming guide and set recordings from anywhere
- Expanded our library of on-demand content with the addition of programming from nine of Canada's most popular French-language specialty channels, giving Fibe TV customers on-demand access to popular French-language shows
- Launched unlimited Internet usage options for as low as $10 per month for customers who choose a triple bundle with Bell TV, Bell Internet and either Bell Home Phone or Bell Mobility wireless service
- Launched Business Fibe TV and enhanced our Internet product line-up for small business customer
- Designed and delivered a full communications network for Desjardins Group, deploying fibre to 1,500 branches and service centres
- Won the tendering process to deliver a new e-mail system for the federal government. Based on the latest e-mail technology, the streamlined system will enhance security and increase efficiency, resulting in improved access to information and services for Canadians
- Extended our Bell Business Advantage program to all small and medium business customers. The Bell Business Advantage program rewards Bell business customers with savings and exclusive offers on products and services they purchase every day, such as office products and supplies, car rentals, gasoline and courier services

2014 FOCUS

- Expand our total base and market share of TV and Internet subscribers profitably
- Continue to reduce total wireline residential net losses
- Increase residential household ARPU
- Increase the share of wallet of large enterprise customers, expand and improve the sales coverage and performance in our mid-sized business segment, increase the number of net new customer relationships in both large and mid-sized business and reduce small business customer losses

2.3 EXPAND MEDIA LEADERSHIP

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

2013 PROGRESS

- Completed the acquisition of Astral on July 5, 2013, which enhances Bell Media's competitive position, especially in the Québec marketplace
- Achieved the highest TV ratings in all seasons for CTV, Bell Media's conventional TV property, which was the most-watched Canadian TV network for the 12th year in a row with a majority of the Top 20 programs nationally in all key demographics
- Broadcasted 6 of the top 10 new shows for the first 12 weeks of the 2013 Fall season
- Ranked eighth among all online properties in Canada, with monthly averages of more than 11.5 million unique visitors, serving over 1.35 billion videos, more than all broadcast competitors combined
- Launched the CTV GO app, enabling customers to access more than 3,000 hours of programming from CTV and CTV Two on their smartphones, tablets and computers at no additional charge. We also launched TMN GO, the first ever Canadian TV Everywhere product from a broadcaster to offer premium on-demand programming, as well as Bravo GO

- Created and produced new Canadian shows, including The Amazing Race Canada, which debuted with record results. The program averaged 3.5 million viewers as the summer's overall #1 program and was the highest-rated Canadian series on record, highest-rated series premiere ever, and the highest-rated debut season for any Canadian- or U.S.-produced show televised in Canada
- Concluded long-term broadcasting deals with two Canadian NHL teams that take effect with the 2014-2015 NHL season:
  - RDS and the Montréal Canadiens reached a new 12-year regional broadcast rights agreement that provides RDS with exclusive regional French-language broadcast rights for the Canadiens through the 2025/2026 season
  - In January 2014, TSN and RDS announced a new 12-year regional broadcast rights and corporate sponsorship agreement with the Ottawa Senators through the 2025/2026 season
- Concluded a multi-year extension of our broadcast partnership with the NFL that will bring all Sunday games to CTV and TSN, along with all digital media rights for the first time, enabling viewers to watch NFL games and content on Bell's and other broadcast distribution undertakings (BDUs)' TV Everywhere platforms
- Concluded a new multi-platform broadcast agreement with the CFL that extends our partnership through 2018, with media rights to all CFL pre-season and regular season games, playoffs and the Grey Cup
- Secured a multi-year extension of our partnership with Vancouver Whitecaps FC that includes TSN becoming the official Whitecaps FC broadcaster beginning in 2014 and branding rights
- Extended our partnership with Hockey Canada in respect of the World Juniors through to 2021
- Launched the French-language Specialty channel Canal D Investigation

2014 FOCUS

- Maintain strong audience levels and ratings across all TV and radio properties
- Reinforce industry leadership in conventional TV, pay TV, sports media and radio
- Develop in-house production and content creation for distribution and utilization across all platforms and screens
- Expand live and on-demand content through TV Everywhere services
- Grow French media properties
- Leverage cross-platform and integrated sales and sponsorship

2.4 INVEST IN BROADBAND NETWORKS AND SERVICES

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

2013 PROGRESS

- Invested over $3 billion in new capital to support the continued deployment of next-generation wireline and wireless broadband platforms
- Expanded our next-generation 4G LTE wireless network to reach 80% of the Canadian population coast-to-coast
- Extended our Fibe TV service coverage by 1 million homes to reach more than 4.3 million households across Ontario and Québec, which included new market launches in Ottawa, Hamilton, Laval and Barrie as well as additional locations across the Montréal, Toronto and Québec City regions
- Began the implementation of pair bonding, which extended the Fibe TV footprint by approximately 130,000 households
- Grew our wireline broadband fibre footprint to approximately 5.8 million locations passed with the continued deployment of FTTN to more neighbourhoods throughout Québec and Ontario, FTTH to all new urban and suburban housing developments, and FTTB to multiple-dwelling units (MDUs) and key large business customer locations
- Became the first network operator in Canada to offer 100 Gigabits per second (100Gbps) super-core network capability to meet the fast-growing demand for mobile data, Internet performance and cloud computing applications for business customers

2014 FOCUS

- Extend Bell Fibe TV service coverage to approximately 5 million households as we grow our FTTN, FTTH and FTTB footprint to more than 6 million locations passed
- Acquire 700 MHz wireless spectrum to extend 4G LTE network to rural markets
- Manage wireless network capacity

2.5 ACHIEVE A COMPETITIVE COST STRUCTURE

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

2013 PROGRESS

- Maintained a relatively stable Wireline EBITDA margin compared to 2012
- Achieved operating cost savings from further reductions in supplier contract rates, call centre efficiencies driven by lower customer call volumes and field service workforce productivity gains realized through improved install times and deployment of new dispatch tools
- Lowered print and mailing costs as more customers took advantage of our online self-serve options
- Tightly managed travel and other discretionary spending
- Raised $3 billion in gross proceeds from public debt offerings that lowered Bell Canada's average after-tax rate of borrowing to 3.5%

2014 FOCUS

- Realize fully the cost synergies from the integration of Astral into Bell Media
- Execute on cost reductions and labour efficiencies across Bell to support maintenance of stable consolidated EBITDA margin

2.6 IMPROVE CUSTOMER SERVICE

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

2013 PROGRESS

- Enhanced online customer support on our Bell.ca website with better design and navigation, improved search capabilities, and an expanded selection of step-by-step tutorials
- Updated the Mobile Self Serve app to let customers check wireless handset upgrade eligibility and better manage their Bell Mobility account. Mobile self-serve usage jumped to 31 million visits in 2013 from 7 million in 2010
- Reduced customer calls to our service centres by 25% since 2011 through growing use of self-serve and improved first call resolution
- Reduced Fibe TV installation time by 10% in 2013 and 22% since beginning of 2012
- Reduced Fibe TV provisioning from 5 days in 2012 to approximately 2 days at the end of 2013
- Reduced wireless churn, the percentage of mobile customers leaving each month, for postpaid services to 1.25% in 2013 from 1.30% in 2012
- Maintained Same Day Next Day service completion rates for repairing service issues with Bell Home Phone, TV and Internet above 91% and arrived on time for customer appointments more than 98% of the time for installations and repairs
- Maintained customer satisfaction with technicians above 92% for installations and repairs
- Improved appointment notification process by including the customer's preferred method of contact as well as Automated Dialing and Automated Device, text message and e-mail
- Opened three new Canadian call centres in Orillia, Ontario, and Jonquière (Saguenay) and Rouyn-Noranda, Québec to serve Bell customers

2014 FOCUS

- Invest over $150 million in customer service initiatives, including reducing complexity for call agents, through streamlined support tools
- Reduce further the total volume of wireline and wireless customer calls to our residential and wireless services call centres
- Improve customer satisfaction scores
- Achieve better consistency in customer experience
- Improve customer personalization

3 PERFORMANCE TARGETS, OUTLOOK, ASSUMPTIONS AND RISKS

This section provides information pertaining to our performance against 2013 targets, our consolidated business outlook and operating assumptions for 2014 and our principal business risks.

3.1 2013 PERFORMANCE VS. GUIDANCE TARGETS

	FINANCIAL GUIDANCE	2013 TARGET	2013 PERFORMANCE AND RESULTS		MET
BELL	Revenue growth	2%–4%	2.6%	Growth reflected a revenue increase of 4.7% at Bell Wireless and 17.1% at Bell Media, driven by the acquisition of Astral, moderated by a 1.2% decrease at Bell Wireline.	✓
BELL	EBITDA growth	3%–5%	3.4%	Growth was driven by higher year-over-year Bell Wireless revenue and positive Bell Wireline residential services revenue growth, as strong TV and Internet expansion outpaced declines in traditional voice services, and Astral's contribution to Bell Media results. Realized our cost savings objective to deliver a higher year-over-year consolidated Bell EBITDA margin of 37.6%.	✓
BELL	Capital intensity	16%–17%	16.6%	Bell invested $3,001 million in new capital in 2013, an increase of 2.7% over 2012, while maintaining Bell's capital intensity at 16.6%. Investment was focused on Bell's strategic priorities, including the deployment of broadband fibre to homes, neighbourhoods and businesses in Québec and Ontario; the expansion of our Fibe TV footprint, the ongoing roll-out of 4G LTE mobile service in markets across Canada; and higher spending on network capacity to support increasing data usage and customer growth.	✓
BCE	Adjusted Net Earnings Per Share (Adjusted EPS)(1)	$2.97–$3.03	$2.99	The increase in Adjusted net earnings was attributable to strong Bell Wireless and Bell Media EBITDA growth of 10.6% and 21.7%, respectively, partly offset by a 3.2% year-over-year decrease in Bell Wireline EBITDA.	✓
BCE	Free cash flow growth	5%–9%	5.9%	Growth was driven by higher EBITDA that more than fully funded both increased capital expenditures and a higher common share dividend paid in 2013.	✓

3.2 BUSINESS OUTLOOK AND ASSUMPTIONS

OUTLOOK

Our 2014 outlook is supported by expected progress in the execution of Bell's 6 Strategic Imperatives, while maintaining a sharp focus on our dividend growth strategy. Bell continues to invest significantly in next-generation TV, wireless, Internet and media growth services, and pursues superior operational execution in the highly competitive Canadian communications marketplace, to deliver continued projected growth in revenue, EBITDA, earnings and free cash flow.

The key 2014 operational priorities for Bell are:

- Maintain wireless market share momentum of incumbent postpaid customer activations
- Reduce wireless customer churn and increase the number of points of retail distribution to match competitors in key markets across Canada
- Acquire 700 MHz wireless spectrum
- Deploy 4G LTE wireless network in rural areas and manage wireless network capacity
- Increase household revenue and total net residential subscriber activations through targeted bundle offers led by Fibe TV
- Grow IPTV footprint further to drive greater three-product household penetration and higher TV and Internet subscriber market share

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

- Increase the share of wallet of large enterprise customers, expand and improve the sales coverage and performance in our mid-sized business segment, increase the number of net new customer relationships in both large and mid-sized business and reduce small business customer losses
- Continue to invest in customer service initiatives, including reducing complexity for call agents through streamlined support tools
- Maintain strong Bell Media TV ratings and expand live and on-demand content through TV Everywhere services
- Control escalating media content costs
- Execute on cost reductions across the Bell organization to support healthy EBITDA margins across all our businesses

Our planned financial performance for 2014 enabled the company to increase the annualized BCE common dividend by 14 cents, or 6%, to $2.47 per share, maintaining our payout ratio at the mid-point of our policy range of 65% to 75% of free cash flow.

ASSUMPTIONS

ASSUMPTIONS ABOUT THE CANADIAN ECONOMY

- Growth in the Canadian GDP of 2.5% in 2014, compared to estimated growth of 1.8% in 2013, based on the Bank of Canada's most recent estimate
- A faster pace of employment growth compared to 2013

MARKET ASSUMPTIONS

- A sustained level of wireline and wireless competition in both consumer and business markets
- Higher, but slowing, wireless industry penetration driven by the increasing adoption of smartphones, tablets and other 4G devices, the expansion of LTE service in non-urban markets, the availability of new data applications and services, as well as population growth
- A relatively stable advertising market for Bell Media

3.3 PRINCIPAL BUSINESS RISKS

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

COMPETITIVE ENVIRONMENT

We face intense competition across all business segments and key product lines that could adversely affect our market shares, service volumes and pricing strategies and, consequently, our financial results. The rapid development of new technologies, services and products has altered the traditional lines between telecommunications, Internet and broadcasting services and brought new competitors to our markets. Technology substitution and IP networks, in particular, continue to reduce barriers to entry in our industry. This has allowed competitors to launch new products and services and gain market share with far less investment in financial, marketing, personnel and technological resources than has historically been required. The lower necessary investment has enabled some competitors to be very disruptive in their pricing. We expect these trends to continue in the future, which could adversely affect our growth and our financial performance.

The nature and degree of competition in all of BCE's markets are constantly evolving with changing market and economic conditions as well as expansion into new business areas, such as media, that can be more volatile. Competition can intensify as markets mature, market structure changes through vertical integration, the state of the economy impacts advertising and new competitors bring aggressive promotional offers and adjusted strategic brand positioning. BCE's telecommunications and media network assets are challenged by changes such as the proliferation of cheaper IP-based communication, over-the-top (OTT) delivery mechanisms and the introduction of cloud services and new PVR technologies. Such a competitive environment could negatively impact our business including, without limitation, in the following ways:

- Wireline pricing pressures and product substitutions could result in an acceleration of NAS line erosion beyond our current expectations
- As wireless penetration in Canada reaches higher levels, acquiring new customers could become more difficult
- Competitors' continuing aggressive offers could result in increased costs of acquisition and retention
- The expansion and market penetration of low cost OTT TV providers, while programming costs continue to rise for traditional TV providers, could affect our business negatively

For a discussion of our competitive environment and competition risk, as well as a list of our main competitors on a segmented basis, refer to the sections entitled *Competitive Landscape and Industry Trends* and *Principal Business Risks* in section *5, Business Segment Analysis*.

REGULATORY ENVIRONMENT

Although most of BCE's wireline and wireless services are forborne from price regulation under the *Telecommunications Act*, the Government of Canada and its relevant departments and agencies, including the CRTC, Industry Canada and the Competition Bureau, continue to play a significant role in telecommunications policy and regulatory matters, such as spectrum auctions, approval of

acquisitions, foreign ownership and broadcasting, and this may affect our competitive position adversely. The federal government may take positions against the telecommunications and media industries, in general, or specifically against Bell Canada or certain of its subsidiaries. More precisely, the following are examples of regulatory matters that could have negative financial, operational, competitive and reputational consequences for our business:

- Increasing regulatory and government intervention
- Changes in consumer wireless market dynamics resulting from the implementation of the Wireless Code
- Government initiatives promoting at least four wireless competitors in each region of the country, such as the Industry Canada policy regarding spectrum licence transfers
- Our ability to positively influence changes in the Canadian regulatory framework or to meet regulatory standards or adverse decisions

ECONOMIC AND FINANCIAL MARKET CONDITIONS

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

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

COMPLEXITY AND SERVICE AND OPERATIONAL EFFECTIVENESS

Business performance can be difficult in a multi-product environment with multiple technology platforms, billing systems, marketing databases and a myriad of rate plans, promotions and product offerings. Our product offerings and related pricing plans may be too complex for customers to fully evaluate. Providing service that is consistently recognized by customers as superior is a differentiator. As the foundation of effective customer service stems from our ability to deliver simple solutions to customers, complexity in our operations may limit BCE's ability to respond quickly to market changes and reduce costs. Complexity in our operations may also lead to billing errors which could adversely affect customer satisfaction, acquisition and retention. Complexity and service and operational effectiveness challenges that could adversely affect BCE's business, including our ability to efficiently manage networks, deliver services and control costs, include:

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

STRATEGIC NETWORK EVOLUTION

Ongoing technological advances, in conjunction with changing market demand and competition, continue to put significant pressure on bandwidth and speed. Bell Fibe and Bell Aliant FibreOP Internet and TV services are competitive differentiators but they require rapid fibre deployment involving significant capital and time investment. At the same time, a significant number of our existing wireline voice and data networks have been in operation for many years and continue to be used to deliver our services. As time passes, maintenance spares for certain critical network elements may cease to exist due to manufacturers' discontinuation of support and the unavailability of compatible spares from third parties. In addition, substantial capital and time investments are required to perform life-cycle management and upgrades to maintain operational status of these legacy networks. Strategic evolution of our wireline networks is a critical element in a competitive environment and all the network deployment, upgrading, maintenance and migration activities compete for capital, development and engineering resources. Our inability to carry out our wireline network evolution activities successfully, including the following, could have an adverse effect on our business and financial results:

- Executing on our strategic network evolution plans that support new IP-based competitive service offerings while maintaining network availability and performance on all deployed networks and delivery of service offerings
- Upgrading and deploying networks on a timely basis, and within our capital intensity target, to expand our footprint in desired areas and to support growing data demand
- Migrating legacy customers to new platforms while ensuring interoperability of systems

4 CONSOLIDATED FINANCIAL ANALYSIS

This section provides detailed information and analysis about BCE's performance in 2013 compared with 2012. It focuses on BCE's consolidated operating results and provides financial information for each of our businesses. For further discussion and analysis of our Bell Wireline, Bell Wireless, Bell Media and Bell Aliant business segments, refer to section *5, Business Segment Analysis*.

4.1 INTRODUCTION

BCE CONSOLIDATED INCOME STATEMENTS

	2013	2012	$ CHANGE	% CHANGE
Operating revenues	**20,400**	19,978	422	2.1%
Operating costs	**(12,311)**	(12,090)	(221)	(1.8%)
EBITDA (1)	**8,089**	7,888	201	2.5%
Severance, acquisition and other costs	**(406)**	(133)	(273)	n.m.
Depreciation	**(2,734)**	(2,678)	(56)	(2.1%)
Amortization	**(646)**	(714)	68	9.5%
Finance costs				
Interest expense	**(931)**	(865)	(66)	(7.6%)
Interest on post-employment benefit obligations	**(150)**	(131)	(19)	(14.5%)
Other (expense) income	**(6)**	269	(275)	n.m.
Income taxes	**(828)**	(760)	(68)	(8.9%)
Net earnings	**2,388**	2,876	(488)	(17.0%)
Net earnings attributable to:				
Common shareholders	**1,975**	2,456	(481)	(19.6%)
Preferred shareholders	**131**	139	(8)	(5.8%)
Non-controlling interest	**282**	281	1	0.4%
Net earnings	**2,388**	2,876	(488)	(17.0%)
Adjusted net earnings attributable to common shareholders (1)	**2,317**	2,294	23	1.0%
Net earnings per common share	**2.55**	3.17	(0.62)	(19.6%)
Adjusted EPS (1)	**2.99**	2.96	0.03	1.0%

(1) *The terms EBITDA, Adjusted net earnings and Adjusted EPS are non-GAAP financial measures and do not have any standardized meaning under IFRS. Therefore, they are unlikely to be comparable to similar measures presented by other issuers. See section* 10.2, Non-GAAP Financial Measures – EBITDA *and* Adjusted Net Earnings and Adjusted EPS *in this MD&A for more details, including, for Adjusted net earnings and Adjusted EPS, a reconciliation to the most comparable IFRS financial measures.*
n.m.: not meaningful

BCE executed well across the business in 2013, posting revenue and EBITDA growth of 2.1% and 2.5%, respectively, with a steady year-over-year EBITDA margin of 39.7% in 2013 compared to 39.5% in 2012, 1.0% higher Adjusted net earnings, 5.9% growth in free cash flow and a 16.5% increase in cash flows from operating activities. This growth reflected the acquisition of Astral on July 5, 2013, now part of Bell Media, and strong wireless EBITDA growth of 10.6%.

Net earnings in 2013 decreased 17.0% compared to 2012 reflecting acquisition costs incurred to purchase Astral and a non-cash gain recognized in 2012 on the sale of assets by Inukshuk Limited Partnership (Inukshuk) to its owners.

Our earnings and free cash flow generation supported significant capital investment in our broadband wireline and wireless networks and services, which provides the foundation for sustained financial performance going forward and enables the return of value to BCE shareholders through a higher 2014 dividend.

4.2 CUSTOMER CONNECTIONS

Operationally, we continued to successfully leverage our advanced broadband networks and service features to deliver a considerable number of new postpaid wireless customers, a record number of new IPTV subscribers and significantly more Internet customers. At the end of 2013, BCE (including Bell and Bell Aliant) served a total of:

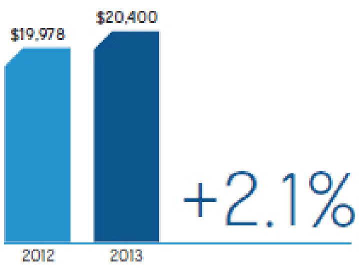
- 7,925,032 wireless subscribers, up 1.3% from 2012
- 2,489,248 TV subscribers, including 657,513 IPTV customers of which 75,120 were net new IPTV customers, a 7.7% increase
- 3,136,636 high-speed Internet subscribers, up 3.0%

- 7,595,569 total NAS lines, a decrease of 6.6%

WIRELESS	TV	INTERNET	NAS
+1.3%	+7.7%	+3.0%	-6.6%
7,925,032 SUBSCRIBERS AT THE END OF 2013	2,489,248 SUBSCRIBERS AT THE END OF 2013	3,136,636 SUBSCRIBERS AT THE END OF 2013	7,595,569 SUBSCRIBERS AT THE END OF 2013

4.3 OPERATING REVENUES

BCE
REVENUE
(IN $ MILLIONS)



	2013	2012	$ CHANGE	% CHANGE
Bell Wireline	**10,097**	10,220	(123)	(1.2%)
Bell Wireless	**5,849**	5,586	263	4.7%
Bell Media	**2,557**	2,183	374	17.1%
Inter-segment eliminations	**(394)**	(344)	(50)	(14.5%)
Bell	**18,109**	17,645	464	2.6%
Bell Aliant	**2,759**	2,761	(2)	(0.1%)
Inter-segment eliminations	**(468)**	(428)	(40)	(9.3%)
Total BCE operating revenues	**20,400**	19,978	422	2.1%

BCE

- Total operating revenues for BCE were up 2.1% in 2013, due to higher revenues at Bell and the acquisition of Astral. Bell Aliant revenues were essentially unchanged compared to 2012

BELL

- Bell operating revenues increased 2.6% in 2013, due to higher revenue at both Bell Wireless and Bell Media, partly offset by lower revenues at Bell Wireline
- Operating revenues for Bell in 2013 were comprised of service revenues of $16,512 million, which were 3.1% higher than in 2012, and product revenues of $1,597 million, which decreased 2.4% over the previous year

BELL WIRELINE

Revenues decreased 1.2% in 2013, which reflected:

- Continued decline in legacy voice and data revenues, as well as upfront promotional discounts on residential service offers due to higher Fibe TV and Fibe Internet activations compared to 2012 and aggressive competitive pricing in the market
- Higher TV and Internet service revenues, as well as growth in IP connectivity and business service solutions revenues, moderated the rate of decline in Bell Wireline revenues in 2013

BELL WIRELESS

Revenue growth of 4.7% was driven by:

- A larger postpaid customer base and growth in blended ARPU attributable to higher access revenues from greater data usage consistent with an increased smartphone customer mix
- Wireless service revenues increased 5.4%, while product revenues decreased 1.4% compared to 2012

BELL MEDIA

Revenue growth of 17.1% in 2013 reflected:

- The acquisition of Astral on July 5, 2013
- Higher subscriber fee revenues as a result of higher market-based rates charged to BDUs for certain Bell Media specialty sports and non-sports services after agreements were renegotiated

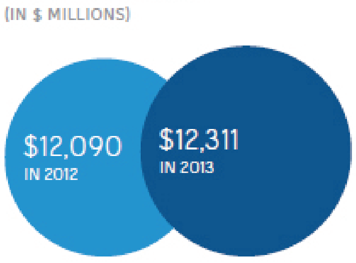
- Two factors in 2012 that did not recur in 2013: revenues generated from our broadcast of the London Summer Olympic Games; and the recognition of revenues from a CRTC decision in respect of a settlement between Bell Media and certain BDUs for fees to be paid for specialty TV services

BELL ALIANT

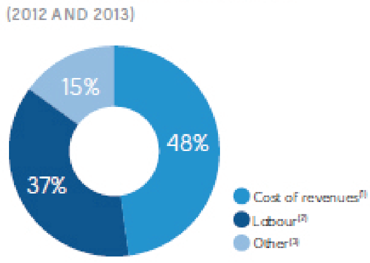
- Revenues were virtually unchanged compared to 2012, decreasing 0.1%, as growth in Internet and TV services were offset by the continued declines in local and access and long distance revenues

4.4 OPERATING COSTS

BCE
OPERATING COSTS
(IN $ MILLIONS)



BCE
OPERATING COST PROFILE
(2012 AND 2013)



	2013	2012	$ CHANGE	% CHANGE
Bell Wireline	**(6,303)**	(6,300)	3	0.0%
Bell Wireless	**(3,509)**	(3,471)	38	1.1%

Bell Media	**(1,874)**	(1,622)	252	15.5%
Inter-segment eliminations	**394**	344	(50)	(14.5%)
Bell	**(11,292)**	(11,049)	243	2.2%
Bell Aliant	**(1,487)**	(1,469)	18	1.2%
Inter-segment eliminations	**468**	428	(40)	(9.3%)
Total BCE operating costs	**(12,311)**	(12,090)	221	1.8%

BCE

- Total operating costs increased 1.8% in 2013, driven by higher operating costs at Bell compared to 2012, due mainly to the acquisition of Astral, and increased operating costs at Bell Aliant

BELL

- Total Bell operating costs increased 2.2% in 2013, reflecting higher operating costs in our Bell Wireless and Bell Media segments

BELL WIRELINE

Operating costs increased $3 million in 2013, which reflected:

- Higher customer acquisition and service costs consistent with increased Fibe TV and Fibe Internet sales and installations in 2013 compared to last year, increased Bell TV programming costs, higher costs to deliver and support business services solutions to our business customers and higher fleet costs
- A gain from the phase-out of post-employment benefits for certain employees recognized in 2012 that did not recur this year
- Higher post-employment benefit plans service cost resulting from a lower discount rate used in 2013 compared to 2012 to value post-employment benefit obligations
- Decreased labour costs, reduced print and mail costs resulting from increased customer use of online bill presentment, lower advertising costs, as well as cost savings from field service productivity improvements, largely offset the year-over-year increase in Bell Wireline operating costs

BELL WIRELESS

The 1.1% increase in operating costs over the previous year was driven by:

- Higher payments to other carriers due to greater data roaming volumes, higher customer retention spending, and higher real estate costs associated with network and retail store expansion

This was moderated by:

- Lower subscriber acquisition costs, reflecting fewer gross activations combined with reduced handset discounts as a result of higher average smartphone prices on new two-year rate plans

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

- Lower wireless content costs, decreased bad debt expense and lower marketing and advertising costs

BELL MEDIA

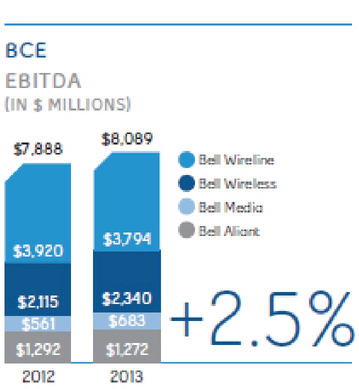
Operating costs increased 15.5% in 2013, as a result of:

- The acquisition of Astral and higher amortization of the fair value of certain programming rights in 2013, resulting from a $22 million net non-cash credit recorded in 2012
- TV programming and production costs incurred in 2012 for our broadcast of the London Summer Olympic Games that did not recur this year, partly offset the increase in Bell Media operating costs in 2013

BELL ALIANT

- Operating costs increased 1.2% in 2013 due to higher costs related to growing and supporting customers on Bell Aliant's FibreOP services. This was offset partly by lower general and administrative expenses driven by procurement savings and productivity initiatives

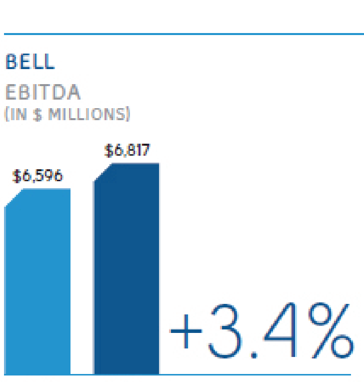
4.5 EBITDA

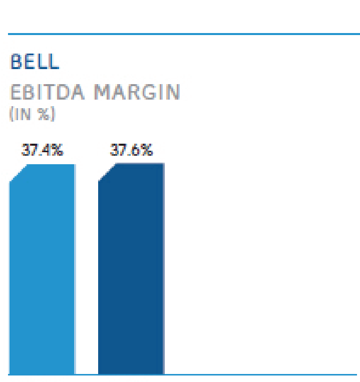


	2013	2012	$ CHANGE	% CHANGE
Bell Wireline	**3,794**	3,920	(126)	(3.2%)
Bell Wireless	**2,340**	2,115	225	10.6%
Bell Media	**683**	561	122	21.7%
Bell	**6,817**	6,596	221	3.4%
Bell Aliant	**1,272**	1,292	(20)	(1.5%)
Total BCE EBITDA	**8,089**	7,888	201	2.5%

BCE

- EBITDA increased 2.5% in 2013, corresponding to an EBITDA margin of 39.7% compared to 39.5% in 2012. The year-over-year increase in EBITDA was due to improved performance at Bell, offset partly by decreased EBITDA at Bell Aliant





BELL

Bell's EBITDA increased 3.4% in 2013, driven by:

- Our acquisition of Astral, which contributed to significantly higher Bell Media EBITDA
- Strong Bell Wireless EBITDA growth that was offset partly by lower Bell Wireline EBITDA compared to 2012

Bell's consolidated EBITDA margin in 2013 remained relatively stable at 37.6%, compared to 37.4% in 2012, which reflected:

- The flow-through of higher year-over-year wireless ARPU and disciplined spending on wireless subscriber acquisition and customer retention
- Diminishing wireline voice erosion and stabilizing year-over-year business markets performance
- Higher upfront customer acquisition and service support costs from stronger Bell Fibe TV and Fibe Internet subscriber activations
- Lower-margin Media revenues from Astral in our operating results beginning in the third quarter of 2013

BELL WIRELINE

Bell Wireline EBITDA decline was 3.2% in 2013, due to:

- The ongoing loss of high margin voice and data revenues and the impact of aggressive price competition
- Increased subscriber acquisition costs due to higher Fibe TV and Internet sales and home installations in 2013 compared to the previous year
- The recognition of a $24 million gain in 2012 on the phase-out of post-employment benefits for certain employees. The discount rate used to value post-employment benefit obligations, which was lower at the beginning of 2013, compared to 2012, also contributed to higher year-over-year operating costs at Bell Wireline.

BELL WIRELESS

Bell Wireless EBITDA grew 10.6% in 2013, as a result of:

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

BELL MEDIA

Bell Media EBITDA growth of 21.7% in 2013 reflected:

- The incremental financial contribution from the acquisition of Astral on July 5, 2013
- The flow-through of higher specialty TV rates charged to other BDUs
- Lower operating costs from expenses incurred to broadcast the London Summer Olympic Games in 2012

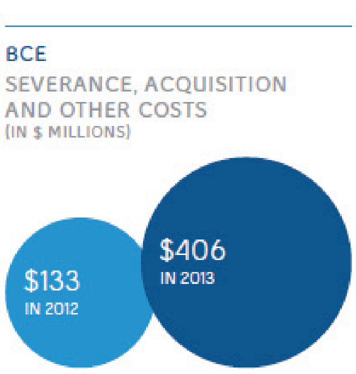
BELL ALIANT

Bell Aliant's EBITDA declined 1.5% in 2013 as a result of:

- Increased operating costs, reflecting higher expenses related to growing its FibreOP services in a highly competitive market
- Higher TV content costs from IPTV customer growth

4.6 SEVERANCE, ACQUISITION AND OTHER COSTS

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



2013

Severance, acquisition and other costs included:

- Severance costs related to voluntary and involuntary workforce reduction initiatives of $116 million
- Acquisition costs of $266 million, primarily related to the acquisition of Astral, including $230 million relating to the CRTC tangible benefit obligation that we were ordered to pay over seven years to benefit the Canadian broadcasting system
- Other charges of $24 million, which include real estate costs incurred due to the restructuring of our workforce

2012

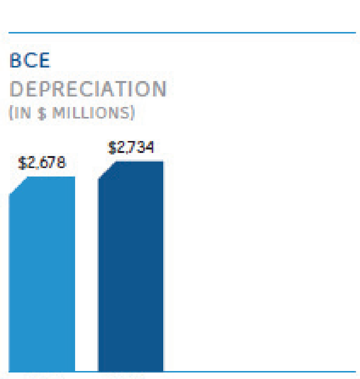
Severance, acquisition and other costs included:

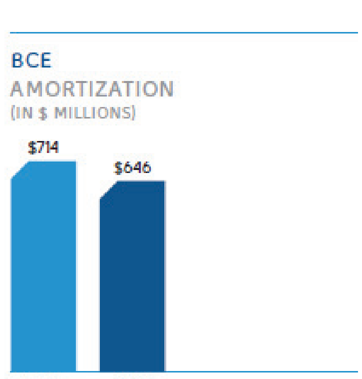
- Severance costs related to voluntary and involuntary workforce reduction initiatives of $107 million, including a post-employment benefit plan expense of $50 million for a retirement incentive program
- Acquisition costs and other charges of $26 million, including costs related to our acquisition of Astral and real estate costs incurred due to the restructuring of our workforce

4.7 DEPRECIATION AND AMORTIZATION

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

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





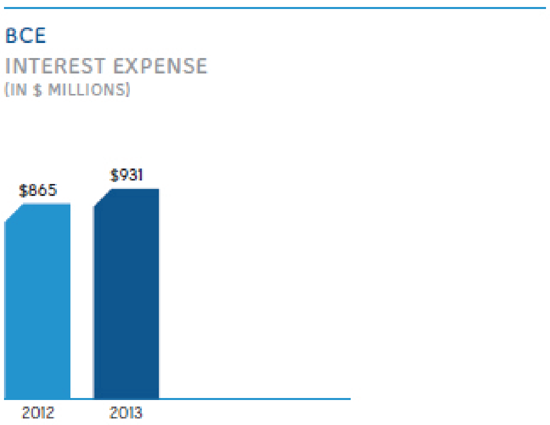
As part of our annual review of the useful lives of property, plant and equipment and finite-life intangible assets, we changed the useful lives of fibre optic cable (excluding submarine cable) from 20 to 25 years, certain customer premise equipment from 3 and 8 years to 5 years, certain IT and network software from a range of 3 to 5 years to a range of 3 to 12 years, and certain broadcasting equipment from 15 to 20 years to better reflect their useful lives. The changes include increases and decreases to useful lives and have been applied prospectively effective January 1, 2013. On a net basis, depreciation and amortization expense for these assets decreased by $139 million as a result of the changes.

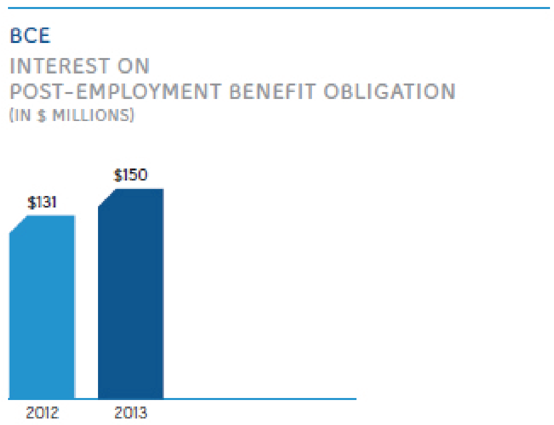
Depreciation in 2013 increased $56 million compared to 2012 due to a higher depreciable asset base as we continued to invest in our broadband and wireless networks, as well as our IPTV service, and incremental depreciation due to our acquisition of Astral on July 5, 2013. This increase was offset partly by a net decrease in depreciation expense due to changes to the useful lives of certain assets, as described above.

Amortization in 2013 decreased $68 million compared to 2012 as certain intangible assets became fully amortized, resulting in a lower asset base in 2013. In addition, amortization decreased due to an increase in the estimate of useful lives of certain assets, as described above.

Amortization expense relating to the fair value of certain programming rights, resulting from the allocation of the purchase price for Bell Media, was $55 million in 2013 compared to $49 million in 2012, and has been included in operating costs.

4.8 FINANCE COSTS





INTEREST EXPENSE

Interest expense in 2013 increased $66 million compared to 2012 as a result of higher average debt levels, primarily related to our acquisition of Astral, partly offset by lower average interest rates.

INTEREST ON POST-EMPLOYMENT BENEFIT OBLIGATIONS

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

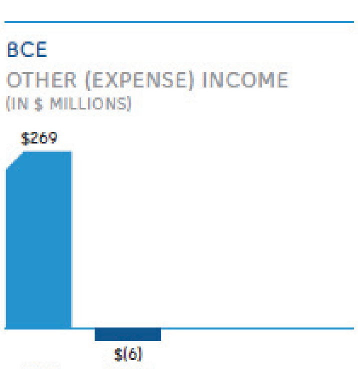
The impacts of changes in market conditions during the year are recognized in other comprehensive income (OCI).

In 2013, interest expense increased $19 million compared to last year due to a larger benefit obligation, partly offset by a decrease in the discount rate used to value our post-employment benefit obligations because of a reduction in market interest rates from January 1, 2012 to January 1, 2013.

4.9 OTHER (EXPENSE) INCOME

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

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



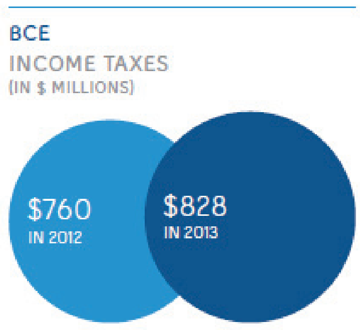
2013

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

2012

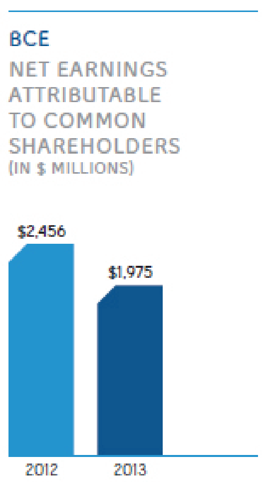
Other income was due to a non-cash gain of $233 million representing our interest in a gain realized by Inukshuk on assets sold to its owners, and a $22 million net mark-to-market gain on economic hedges. These were offset partly by losses on disposal and retirement of capital assets of $36 million.

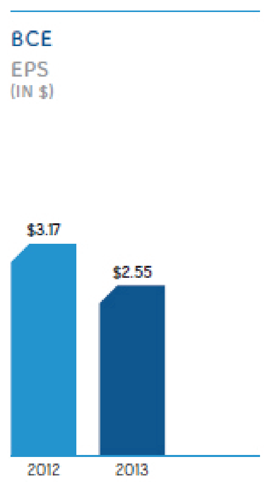
4.10 INCOME TAXES

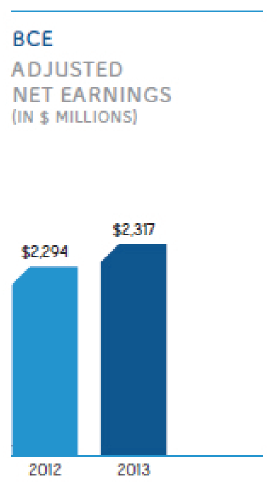


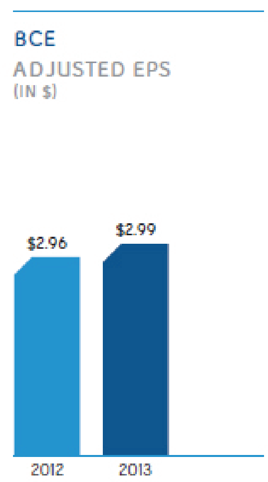
Income taxes in 2013 increased $68 million compared to 2012 due to the higher value of uncertain tax positions favourably resolved in 2012 compared to 2013, partly offset by lower taxable income in 2013. As a result, the effective tax rate increased to 25.7% in 2013, compared to 20.9% in 2012.

4.11 NET EARNINGS AND EPS





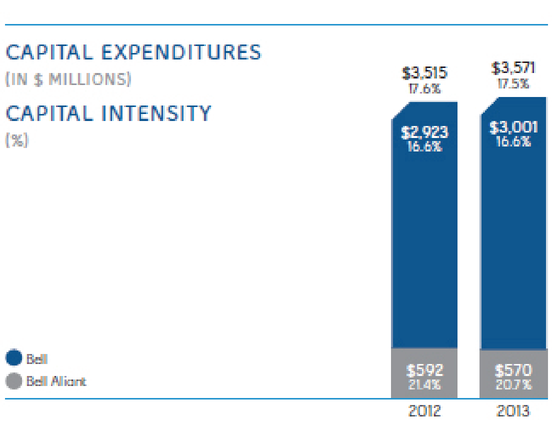




Net earnings attributable to common shareholders in 2013 decreased $481 million, or $0.62 per common share, compared to 2012. The decrease in 2013 was a result of acquisition costs incurred to purchase Astral, a non-cash gain recognized in 2012 on the sale of assets by Inukshuk to its owners, the favourable resolution of uncertain tax positions in 2012, premiums on early redemption of debt and higher interest expense, partly offset by higher EBITDA.

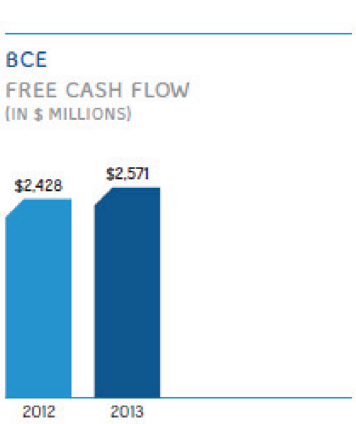
Excluding the impact of severance, acquisition and other costs, net gains (losses) on investments, and premiums on early redemption of debt, Adjusted net earnings increased $23 million, or $0.03 per common share, compared to 2012, mainly due to higher EBITDA, partly offset by the favourable resolution of uncertain tax positions in 2012 and higher interest expense.

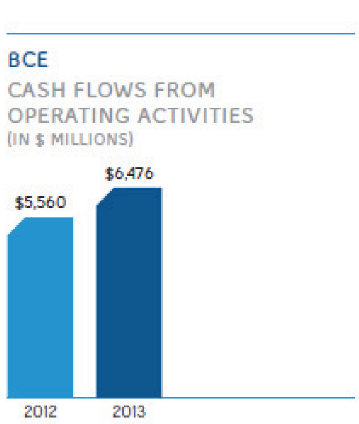
4.12 CAPITAL EXPENDITURES



BCE capital expenditures were up $56 million, or 1.6%, in 2013 reflecting higher spending at Bell, partly offset by slightly lower spending at Bell Aliant. As a percentage of revenue, capital expenditures for BCE were 17.5% compared to 17.6% in 2012. These investments reflect the continued deployment of broadband fibre to homes, neighbourhoods and businesses in Québec, Ontario and Atlantic Canada that is fuelling the rapid expansion of Fibe TV, Fibe Internet, FibreOP Internet and FibreOP TV, the ongoing roll-out of 4G LTE mobile service in markets across Canada, higher spending on network capacity to support increasing Internet and mobile data consumption, enhancements to customer service systems, and the addition of new Bell and The Source stores across Canada.

4.13 CASH FLOWS





In 2013, BCE's cash flows from operating activities were up $916 million over 2012, due mainly to lower contributions to post-employment benefit plans attributable to the $750 million voluntary DB pension plan contribution made in 2012 at Bell and $100 million at Bell Aliant. Free cash flow available to BCE's common shareholders increased $143 million in 2013, driven mainly by higher EBITDA, offset partly by higher capital expenditures, increased interest payments from a higher average level of outstanding debt, and higher taxes paid.

5 BUSINESS SEGMENT ANALYSIS

5.1 BELL WIRELESS

IN 2013, WE PROFITABLY GREW OUR WIRELESS BUSINESS BY FOCUSING ON POSTPAID SUBSCRIBER ACQUISITION, INCREASING ARPU BY TARGETING HIGH-VALUE SMARTPHONE SUBSCRIBERS IN ALL GEOGRAPHIC MARKETS IN WHICH WE OPERATE AND REDUCING CUSTOMER CHURN.

KEY ELEMENTS OF RELEVANT STRATEGIC IMPERATIVES

ACCELERATE WIRELESS

2013 PROGRESS

- Acquired 35% and 38% of total new postpaid gross and net activations, respectively, among the three major wireless carriers, while achieving leading ARPU growth of 2.6% and EBITDA growth of 10.6%, as well as service margin expansion of 2.0 percentage points over 2012
- Expanded number of smartphone users at the end of 2013 to 73% of our total postpaid subscribers, up from 62% at the end of 2012
- Grew Bell Mobile TV subscribers, which exceeded 1.2 million at the end of 2013, up 66% over 2012
- Expanded our leading smartphone line-up with 26 new devices adding to our extensive selection of 4G LTE-capable devices
- Partnered with RBC to develop a secure mobile payment solution, RBC Wallet (officially launched January 2014)
- Reduced the cost of mobile roaming in many countries Canadians travel to the most

2014 FOCUS

- Maintain market share of incumbent wireless postpaid gross and net activations without sacrificing profits / margin
- Narrow further our ARPU gap versus incumbent competitors
- Continue to reduce customer churn and build incremental points of distribution across Canada
- Continue to offer the latest handsets and devices to enable customers to benefit from ongoing technological improvements by manufacturers and from faster data speeds that optimize the use of our services
- Drive revenues from commercializing new mobile commerce and M2M services and applications

INVEST IN BROADBAND NETWORKS AND SERVICES

2013 PROGRESS

- Expanded our next-generation 4G LTE wireless network to reach 80% of the Canadian population coast-to-coast

2014 FOCUS

- Acquire 700 MHz wireless spectrum to extend 4G wireless LTE network to rural markets
- Manage wireless network capacity

ACHIEVE A COMPETITIVE COST STRUCTURE

2013 PROGRESS

- Achieved operating cost savings from call centre efficiencies driven by lower customer call volumes

2014 FOCUS

- Execute on cost reductions and labour efficiencies to support maintenance of stable consolidated Bell EBITDA margin

IMPROVE CUSTOMER SERVICE

2013 PROGRESS

- Updated the Mobile Self Serve app to let customers check wireless handset upgrade eligibility and better manage their Bell Mobility account. Mobile self-serve usage jumped to 31 million visits in 2013 from 7 million in 2010

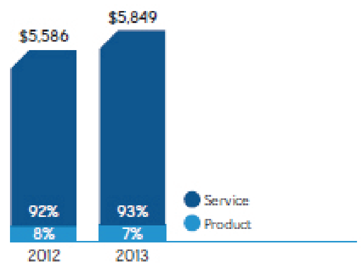
2014 FOCUS

- Invest in customer service initiatives, including simplifying complexity for call agents, through streamlined support tools
- Reduce further total volume of customer calls to our wireless services call centres

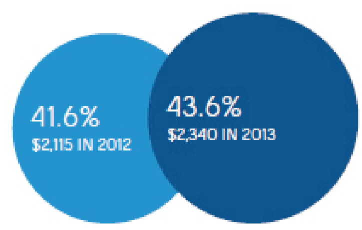
FINANCIAL PERFORMANCE ANALYSIS

2013 PERFORMANCE HIGHLIGHTS

BELL WIRELESS
REVENUE
(IN $ MILLIONS)



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



POSTPAID SUBSCRIBER GROWTH
+3.9%
IN 2013

POSTPAID NET ACTIVATIONS
378,121
IN 2013

POSTPAID CHURN IN 2013
1.25%
IMPROVED 0.05 PTS VS. 2012

BLENDED ARPU
PER MONTH
2013: $57.25
2012: $55.82
+2.6%

SMARTPHONE PENETRATION
OF POSTPAID SUBSCRIBERS
2013: 73%
2012: 62%
+11 pts

BELL WIRELESS RESULTS

REVENUE

	2013	2012	$ CHANGE	% CHANGE
Service	**5,362**	5,086	276	5.4%
Product	**432**	438	(6)	(1.4%)
Total external revenues	**5,794**	5,524	270	4.9%
Inter-segment revenues	**55**	62	(7)	(11.3%)
Total revenue	**5,849**	5,586	263	4.7%

Bell Wireless operating revenues increased 4.7% in 2013 as a result of higher service revenues, offset by minimally lower product revenues compared to 2012.

- **Service revenues** were up 5.4% in 2013, driven by postpaid subscriber growth and higher blended ARPU, reflecting continued strong adoption and usage of smartphones and data applications and higher roaming revenues. Wireless data revenues in 2013 were 19.4% higher compared to 2012, while wireless voice revenues decreased 2.1%
- **Product revenues** decreased 1.4% in 2013, reflecting fewer gross postpaid activations and customer upgrades, year over year, and waived connection fees as a result of competition

OPERATING COSTS AND EBITDA

	2013	2012	$ CHANGE	% CHANGE
Operating costs	**(3,509)**	(3,471)	38	1.1%
EBITDA	**2,340**	2,115	225	10.6%
Total EBITDA margin	**40.0%**	37.9%		2.1%
Service EBITDA margin	**43.6%**	41.6%		2.0%

Bell Wireless operating costs increased 1.1% in 2013 due to greater year-over-year customer retention spending, higher labour and general and administrative costs to support customer growth and retail store expansion, higher payments to other carriers due to greater data roaming volume, as well as higher real estate costs resulting from retail distribution and network expansion. These factors were offset partly by lower subscriber acquisition costs driven by fewer gross activations and reduced handset discounts as a result of higher average smartphone prices on new two-year rate plans, lower wireless content costs, reduced customer call volumes, decreased bad debt expense, as well as lower advertising and sales-related costs.

Bell Wireless EBITDA increased 10.6% in 2013, driven by higher operating revenues, as described above, and well-controlled operating costs. As a result of strong EBITDA growth in 2013, Bell Wireless EBITDA margin, based on wireless service revenues, expanded to 43.6% from 41.6% in 2012.

WIRELESS OPERATING METRICS

	2013	2012	CHANGE	% CHANGE
Blended ARPU ($/month)	**57.25**	55.82	1.43	2.6%
Gross activations	**1,694,055**	1,802,837	(108,782)	(6.0%)
Postpaid	***1,332,423***	*1,388,187*	*(55,764)*	*(4.0%)*
Prepaid	***361,632***	*414,650*	*(53,018)*	*(12.8%)*
Net activations	**217,768**	260,650	(42,882)	(16.5%)
Postpaid	***378,121***	*456,979*	*(78,858)*	*(17.3%)*
Prepaid	***(160,353)***	*(196,329)*	*35,976*	*18.3%*
Blended churn % (average per month)	**1.60%**	1.72%		0.12%
Postpaid	***1.25%***	*1.30%*		*0.05%*
Prepaid	***3.55%***	*3.62%*		*0.07%*
Subscribers (1)	**7,778,334**	7,681,032	97,302	1.3%
Postpaid	***6,677,692***	*6,425,045*	*252,647*	*3.9%*
Prepaid	***1,100,642***	*1,255,987*	*(155,345)*	*(12.4%)*
Cost of acquisition (COA) ($/subscriber)	**421**	416	(5)	(1.2%)

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

Blended ARPU increased 2.6% in 2013. The increase can be attributed to data usage growth driven by a higher proportion of postpaid customers using smartphones and increased roaming, the favourable impact of new two-year rate plan pricing that came into effect at the beginning of August 2013, and a higher percentage of postpaid customers in our total subscriber base. This was partly offset by lower voice ARPU, year over year.

- **Data ARPU** growth of 15.9% in 2013 reflects increased use of e-mail, wireless Internet, text messaging, mobile TV and streaming video/music services, as well as increased adoption of data plans driven by higher penetration of smartphones and other data devices such as tablets. Data ARPU growth is moderating as competitive pressures are driving richer rate plans with higher data usage thresholds, more included value-added services and lower roaming rates, and as customers off-load data traffic increasingly to Wi-Fi hotspots
- **Voice ARPU** declined 5.1% in 2013, mainly as a result of greater use of included-minute rate plans for both local and long distance calling, competitive pricing pressures and lower overall voice usage as customers increasingly substitute voice services for data features and services

Total gross wireless activations decreased 6.0% in 2013, due to lower postpaid and prepaid gross activations.

- **Postpaid gross activations** decreased 4.0% in 2013, reflecting lower handset discounts and increased rate plan pricing on new two-year contracts introduced following implementation of the Wireless Code, the launch of fewer new iconic smartphone models in 2013 and fewer promotional rate plan offers during the back-to-school period compared to 2012, as well as a maturing wireless market
- **Prepaid gross activations** decreased 12.8% in 2013. This was due to our focus on postpaid customer acquisitions, as well as to competitive acquisition offers targeted at lower-value customers from both the newer wireless entrants and incumbent wireless service providers' discount brands that we chose not to match

Smartphone adoption rates represented 74% of total postpaid gross activations in 2013, compared to 66% in 2012, increasing the percentage of postpaid subscribers with smartphones to 73% at December 31, 2013 compared to 62% at the end of 2012.

Blended wireless churn improved 0.12 percentage points in 2013 to 1.6%. Although postpaid and prepaid churn were relatively stable, year over year, the improvement in our blended churn rate can be attributed to a greater percentage of postpaid subscribers in our subscriber base in 2013 compared to the previous year as postpaid customers typically have a lower churn rate than prepaid customers.

- **Postpaid churn** improved 0.05 percentage points in 2013 to 1.25%, reflecting the positive impact of higher year-over-year retention spending and lower customer deactivation rates on smartphones compared to other devices
- **Prepaid churn** improved 0.07 percentage points in 2013 to 3.55% as a result of marketing initiatives that resulted in fewer customer deactivations compared to 2012

Postpaid net activations decreased 17.3% in 2013 as a result of lower gross activations and a higher number of customer deactivations reflecting the impact of a relatively stable churn rate on a larger postpaid customer base in 2013 compared to the previous year.

Prepaid net customer losses improved 18.3% in 2013, even with fewer gross activations compared to 2012, due to fewer customer deactivations and reduced customer migrations from prepaid service to postpaid service.

Wireless subscribers at December 31, 2013 totalled 7,778,334, representing an increase of 1.3% since the end of 2012. The proportion of Bell Wireless customers subscribing to postpaid service increased to 86% in 2013 from 84% in 2012.

Wireless COA per gross activation in 2013 increased $5 over 2012 to $421, as a result of higher sales commissions paid as per-unit handset discounts remained relatively unchanged, year over year, despite a higher postpaid smartphone mix and aggressive competitive handset pricing, particularly in the first half of the year.

Retention costs increased $22 million in 2013 to approximately $554 million, or 10.3% of Bell Wireless service revenues, due to a higher number of discounted handset customer upgrades compared to 2012.

COMPETITIVE LANDSCAPE AND INDUSTRY TRENDS

COMPETITIVE LANDSCAPE

The wireless market is the largest and fastest growing sector of the Canadian telecommunications industry, representing 46% of total revenues and growing at a mid-single digit rate annually.

There are more than 28 million wireless subscribers in Canada. The three large national incumbents, Bell, TELUS Corporation (TELUS) and Rogers Communications Inc. (Rogers), account for over 90% of industry subscribers and revenues. Rogers holds the largest share by virtue of its legacy Global System for Mobile (GSM) network. However, Bell has recaptured significant subscriber market share, as well as a significant proportion of industry revenue and EBITDA growth since 2009, with the launch of our HSPA+ and 4G LTE networks.

Canada's wireless penetration was approximately 80% at the end of 2013, compared to over 100% for the United States and up to 177% in Europe. Canada's wireless sector is expected to continue growing at a healthy pace for the foreseeable future.

COMPETITORS

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

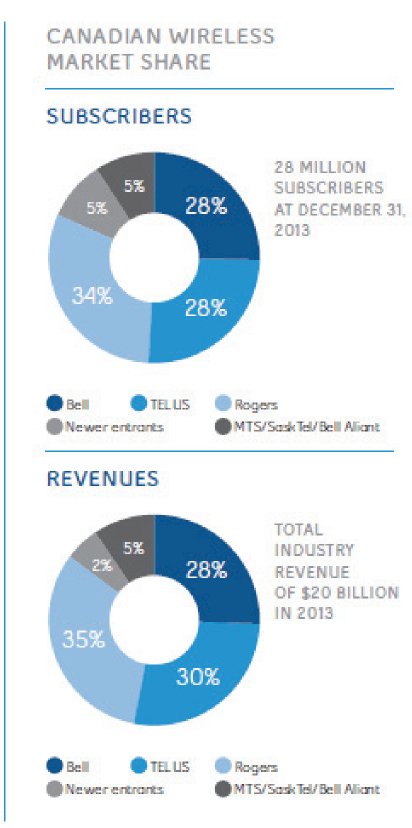
Smaller regional facilities-based wireless service providers SaskTel and MTS Mobility.

Newer entrants in their respective service areas:

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

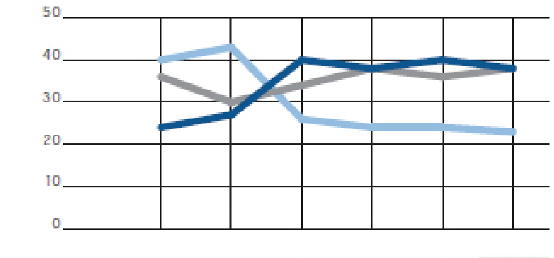
Mobile virtual network operators (MVNOs), who resell competitors' wireless networks such as PC Mobile and Primus Telecommunications Canada Inc. (Primus).

(1) *Data & Audio Visual Enterprises Wireless Inc. (DAVE), carrying on business under the Mobilicity brand, applied for and received Companies' Creditors Arrangement Act protection in September 2013 and is currently undergoing a court-sanctioned sale process.*



KEY WIRELESS METRICS – SHARE FOR NATIONAL CARRIERS

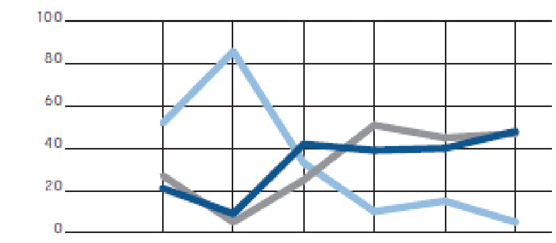
POSTPAID NET ADDITIONS (%)



	2008	2009	2010	2011	2012	2013 (1)
Bell	24%	27%	40%	38%	40%	38%
TELUS	36%	30%	34%	38%	36%	38%
Rogers	40%	43%	26%	24%	24%	23%

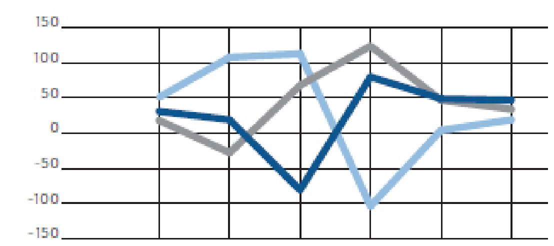
(1) *Percentages may not add to 100 due to rounding.*

SERVICE REVENUE GROWTH (%)



	2008	2009	2010	2011	2012	2013
Bell	21%	9%	42%	39%	40%	48%
TELUS	27%	5%	25%	51%	45%	47%
Rogers	52%	86%	33%	10%	15%	5%

EBITDA GROWTH (%)



	2008	2009	2010	2011	2012	2013
Bell	31%	19%	(81%)	80%	49%	47%
TELUS	18%	(28%)	68%	124%	47%	34%
Rogers	51%	108%	113%	(104%)	4%	19%

Source: Company reports

INDUSTRY TRENDS

MIGRATION FROM THREE-YEAR TO TWO-YEAR CONTRACTS

On June 3, 2013, the CRTC released the Wireless Code, which is a mandatory code for all providers of retail mobile wireless voice and data services in Canada. As part of the Wireless Code (which came into effect December 2, 2013), the CRTC instituted new regulations that enable any wireless customer to cancel a wireless service contract after two years, at no cost to the customer. In response to the Wireless Code, Canadian wireless operators implemented new two-year pricing plans during the third quarter of 2013. In general, the new two-year plans offer lower handset discounts and higher monthly rates, reflecting the shorter contract term and increased value of our plans that include items such as unlimited nationwide calling and shared data.

GROWING DATA CONSUMPTION

Wireless industry revenue growth continues to be driven by the increased adoption and usage of data services. In 2013, wireless data ARPU in Canada represented approximately 44% of industry blended ARPU, compared to 39% in 2012. Data growth is being driven by the ongoing adoption of smartphones and tablets, and associated data plans. The demand for wireless data services is expected to continue to grow, due to ongoing investment in faster network technologies such as 4G LTE that provide a richer user experience, the growing appetite for personal connectivity and social networking, greater affordability and selection of smartphones and tablets and more affordable data plans. Greater customer adoption of services, including mobile TV, mobile commerce, mobile banking, and other M2M applications in the areas of retail and transportation (connected car, asset tracking, remote monitoring) also should contribute to growth. In the consumer market, M2M is projected to be a future growth area for the industry as wireless connectivity on everyday devices from home automation to cameras becomes ubiquitous.

INCREASING FOCUS ON CUSTOMER RETENTION

Wireless penetration in Canada is expected to continue to grow from approximately 80% at the end of 2013 to above 100%, which is consistent with other developed markets such as the United States, Europe and Japan. As penetration deepens and competition intensifies, even greater focus will be required on improving customer service, enhancing existing service offerings and spending more to retain existing customers through discounted handset upgrades.

REDUCTION IN ROAMING RATES

Many wireless operators reduced roaming plan pricing and rates in 2013. Given the propensity for Canadians travelling abroad to turn off roaming functions to avoid expensive data charges, we expect lower roaming rates to have only a modest impact on industry ARPU in the short term. However, as subscribers become more comfortable with new roaming plans and notifications, we expect an increase in data roaming consumption over the long-term.

BUSINESS OUTLOOK AND ASSUMPTIONS

2014 OUTLOOK

Increased ARPU from greater data usage is expected to be driven by a higher mix of postpaid smartphone customers, accelerating data consumption, and higher rate plans for new two-year contracts. This is expected to be offset partly by declining voice ARPU from data substitution and pricing. We will seek to achieve our ARPU objectives through data growth enabled by our HSPA+ and 4G LTE networks, higher demand for data services and increasing usage of wireless services such as web browsing, music and video streaming, live TV, community portals such as Facebook and YouTube, as well as new services including mobile commerce and other M2M applications. We intend to introduce these new products and services to the market in a way that balances innovation with profitability.

As a high level of competitive intensity is expected to persist and as the industry adapts to the changes brought about by the new Wireless Code, we anticipate pressures on pricing and customer churn. This highlights the critical importance of developing and commercializing new data services, while continuing to improve customer satisfaction and increasing investment in customer retention.

The development of wireless data transmission technologies has led to the development of more sophisticated wireless devices with increasingly advanced capabilities. We believe that the introduction of these new devices will continue to drive growth for data services. As a result, we aim to introduce additional high-speed enabled data devices, applications and other services to our wireless customers in order to deliver increasing value to them. However, the demand for these relatively more expensive and sophisticated devices, in addition to ongoing price competition, is expected to exert pressure on EBITDA. Despite higher expected costs and sustained competitive intensity in both the consumer and business markets, we expect to generate higher wireless EBITDA in 2014, reflecting the revenue flow-through of postpaid subscriber growth in 2013 and disciplined management of subscriber acquisition and retention spending.

ASSUMPTIONS

- Higher, but slowing, wireless industry penetration in Canada
- Maintaining Bell's market share of incumbent wireless postpaid net activations
- Continued adoption of smartphone devices, tablets and data applications, as well as the introduction of more 4G LTE devices and new data services
- Our ability to monetize increasing data usage and customer subscription to new data services
- Further expansion of our 4G LTE wireless network in rural areas and in more urban markets across Canada
- Ongoing technological improvements by handset manufacturers and from faster data network speeds that allow customers to optimize the use of our services
- No material financial, operational and competitive consequences of adverse changes in regulations affecting our wireless business

KEY GROWTH DRIVERS

- Increasing Canadian wireless industry penetration
- Increasing adoption of smartphones, tablets and other 4G devices which increase mobile data usage
- Expansion of LTE in non-urban markets
- Customer adoption of new data applications and services such as M-commerce and M-banking

PRINCIPAL BUSINESS RISKS

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

AGGRESSIVE COMPETITION

RISK

- The intensity of competitive activity from incumbent wireless operators, newer wireless entrants and MVNOs

IMPACT

- Pressure on our EBITDA, ARPU and costs of acquisition and retention, and increased churn, would likely result if competitors increase discounts for handsets, reduce airtime and wireless data prices or offer other incentives (such as new data plans or multi-product bundles) to attract new customers

WIRELESS PENETRATION

RISK

- Higher wireless penetration could result in a slowdown in growth greater than our current expectations

IMPACT

- As penetration of the Canadian wireless market reaches higher levels, acquiring new customers could become more difficult and will increasingly depend on our ability to win customers away from our competitors
- As customers choose to bundle services, our ability to acquire customers from our competitors could be adversely affected

NEW WIRELESS CODE

RISK

- Implementation of the new Wireless Code could lead to significant changes in the dynamics of the consumer wireless market

IMPACT

- Higher industry churn could result from the replacement of three-year contracts with two-year contracts
- If lower handset discounts, due to a shorter contract term, cannot be maintained, this could lead to higher costs for Bell

5.2 BELL WIRELINE

BELL WIRELINE FINANCIAL PROFILE IMPROVED IN 2013 DRIVEN BY ACCELERATING FIBE TV AND INTERNET GROWTH AND FEWER NAS LINE LOSSES.

KEY ELEMENTS OF RELEVANT STRATEGIC IMPERATIVES

LEVERAGE WIRELINE MOMENTUM

2013 PROGRESS

- Nearly doubled our total number of Fibe TV subscribers to 479,430
- Increased the number of three-product households – those that buy TV, Internet and Home Phone – by 18% over 2012, fuelled by our Fibe TV service, which drove higher pull-through attach rates for Home Phone and Internet services with 80% of all Bell Fibe TV customers taking three products
- Launched Business Fibe TV and enhanced our Internet product line-up for small business customers

2014 FOCUS

- Expand our total base and market share of TV and Internet subscribers profitably
- Continue to reduce total wireline residential net losses
- Increase residential household ARPU
- Increase our share of wallet of large enterprise customers, expand and improve the sales coverage and performance in our mid-sized business segment, increase the number of net new customer relationships in both large and mid-sized business and reduce small business customer losses

INVEST IN BROADBAND NETWORKS AND SERVICES

2013 PROGRESS

- Extended our Fibe TV service coverage by 1 million homes to reach more than 4.3 million households across Ontario and Québec
- Grew our wireline broadband fibre footprint to approximately 5.8 million locations passed
- Became the first network operator in Canada to offer 100G super-core network capability to meet fast-growing demand for Internet performance and cloud computing applications for business customers

2014 FOCUS

- Extend Bell Fibe TV service coverage to approximately 5 million households as we grow our FTTN, FTTH and FTTB footprint to more than 6 million locations passed

ACHIEVE A COMPETITIVE COST STRUCTURE

2013 PROGRESS

- Maintained a relatively stable Bell Wireline margin compared to 2012

2014 FOCUS

- Execute on cost reductions and labour efficiencies to support maintenance of stable consolidated Bell EBITDA margin

IMPROVE CUSTOMER SERVICE

2013 PROGRESS

- Reduced Fibe TV installation time by 10% in 2013 and 22% since the beginning of 2012
- Reduced Fibe TV provisioning from 5 days in 2012 to approximately 2 days at the end of 2013
- Maintained Same Day Next Day service completion rates for repairing service issues with Bell Home Phone, TV and Internet above 91% and arrived on time for customer appointments more than 98% of the time for installations and repairs
- Maintained 92% customer satisfaction with technicians for installations and repairs

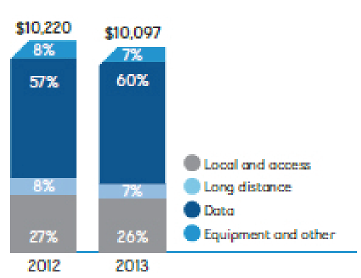
2014 FOCUS

- Invest in customer service initiatives, including reducing complexity for call agents, through streamlined support tools
- Reduce further the total volume of customer calls to our residential services call centres
- Improve customer satisfaction scores
- Achieve better consistency in customer experience
- Improve customer personalization

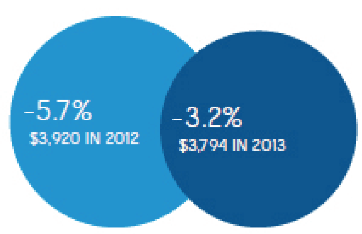
FINANCIAL PERFORMANCE ANALYSIS

2013 PERFORMANCE HIGHLIGHTS

BELL WIRELINE
REVENUE
(IN $ MILLIONS)



BELL WIRELINE
EBITDA
(% YEAR-OVER-YEAR CHANGE)
(IN $ MILLIONS)



TV
+5.7%
SUBSCRIBER GROWTH
2013

TV
122,450
TOTAL NET SUBSCRIBER ACTIVATIONS
2013

TV
FIBE TV RESIDENTIAL FOOTPRINT
4.3 million
HOUSEHOLDS

INTERNET
+2.7%
SUBSCRIBER GROWTH
2013

INTERNET
57,722
TOTAL NET SUBSCRIBER ACTIVATIONS
2013

NAS LINE LOSSES
11.8%
Y/Y IMPROVEMENT IN 2013

BELL WIRELINE RESULTS

REVENUE

	2013	2012	$ CHANGE	% CHANGE
Local and access (1)	**2,497**	2,688	(191)	(7.1%)
Long distance	**722**	801	(79)	(9.9%)
Data (1)	**5,828**	5,666	162	2.9%
Equipment and other (1)	**707**	750	(43)	(5.7%)
Total external revenues	**9,754**	9,905	(151)	(1.5%)
Inter-segment revenues	**343**	315	28	8.9%
Total revenue	**10,097**	10,220	(123)	(1.2%)

(1) *We have reclassified amounts for the prior period to make them consistent with the presentation for the current period.*

Bell Wireline operating revenues decreased 1.2% in 2013 as a result of lower local and access, long distance and equipment and other revenues, partly offset by higher data revenues. This represents a slower pace of decline compared to a 3.8% decline in 2012, reflecting accelerated Fibe TV and Fibe Internet customer growth, slowing voice revenue erosion, the subsiding year-over-year impact of accelerated upfront discounts and credits on residential bundle offers, price increases across all residential services, and improved business markets' performance as evidenced by higher IP connectivity revenues and professional services sales growth compared to 2012.

- **Local and access revenues** declined 7.1% in 2013. The decrease was due to the ongoing decline in local NAS lines driven by customer losses in the residential and small and mid-sized business markets attributable to aggressive competition, technological substitution to wireless and Internet-based services, as well as large business customer conversions to IP-based data services and networks from legacy voice services. Price matching of competitive residential service offers and repricing pressures in our business and wholesale markets also contributed to the year-over-year decrease in local and access revenues. These factors were offset partly by increases in monthly local rates implemented during 2013
- **Long distance revenues** decreased 9.9% in 2013, representing improved performance over the previous year's decline of 11.3%. The decrease in 2013 reflected fewer minutes of use by residential and business customers as a result of NAS line losses, technology substitution to wireless and OTT Internet-based services, and ongoing rate pressures in our business and wholesale markets. Residential price increases and increased year-over-year sales of global long distance minutes moderated the overall rate of long distance revenue erosion in 2013
- **Data revenues** increased 2.9% in 2013, as a result of higher TV and Internet service revenues driven by stronger Fibe customer growth and residential price increases for these services, higher IP connectivity revenues, and increased spending on professional business services by our large business customers. These factors were offset partly by a continued decline in basic

legacy data revenue from ongoing business customer migration to IP-based systems, competitive losses, pricing pressures in our business and wholesale markets, and lower data product sales compared to the previous year

- **Equipment and other revenues** decreased 5.7% in 2013, due to the loss of revenues earned from a subsidiary that provided electrical and network cabling installation services for business customers in Ontario that ceased operations at the end of 2012, as well as lower consumer electronics equipment sales at The Source

OPERATING COSTS AND EBITDA

	2013	2012	$ CHANGE	% CHANGE
Operating costs	**(6,303)**	(6,300)	3	0.0%
EBITDA	**3,794**	3,920	(126)	(3.2%)
EBITDA margin	**37.6%**	38.4%		(0.8%)

Bell Wireline operating costs were relatively stable in 2013, increasing $3 million over 2012. The year-over-year results reflect higher customer acquisition and service costs consistent with increased Fibe TV and Fibe Internet sales and installations in 2013 compared to the previous year, increased Bell TV programming costs, higher costs to support and deliver business services solutions to our business customers, and higher regulatory-related costs. A $24 million gain recognized in 2012 from the phase-out of post-employment benefits for certain employees also contributed to the increase in Bell Wireline operating costs. These wireline cost increases were offset by decreased labour costs, lower network repairs and maintenance costs, decreased payments to other carriers, reduced print and mail costs resulting from increased customer use of online bill presentment, lower advertising costs, as well as cost savings from reduced sponsorships and field service productivity improvements.

Bell Wireline EBITDA was 3.2% lower in 2013 with a corresponding margin decline to 37.6% from 38.4% in 2012. The year-over-year decrease in Bell Wireline EBITDA and margin was due to the ongoing loss of higher-margin legacy voice and data service revenues, as well as the impact of upfront costs and promotional discounts resulting from a significantly higher number of Fibe subscriber activations in 2013 compared to the previous year. These decreases were not offset fully by EBITDA growth in TV, residential Internet, IP broadband connectivity and professional business services.

This result for 2013 represents an improvement over the 5.7% EBITDA decline reported for Bell Wireline in 2012 as a result of:

- Stronger data revenue growth
- Slowing voice revenue decline
- Disciplined cost management

WIRELINE OPERATING METRICS

LOCAL AND ACCESS

	2013	2012	CHANGE	% CHANGE
NAS LINES				
Residential	**2,652,429**	2,940,314	(287,885)	(9.8%)
Business	**2,589,820**	2,704,625	(114,805)	(4.2%)
Total	**5,242,249**	5,644,939	(402,690)	(7.1%)
NAS NET LOSSES				
Residential	**(287,885)**	(335,807)	47,922	14.3%
Business	**(114,805)**	(120,910)	6,105	5.0%
Total	**(402,690)**	(456,717)	54,027	11.8%

NAS net losses improved 11.8%, or by 54,027 lines, in 2013, reflecting both a lower number of residential and business access line losses.

Residential NAS net losses were 14.3%, or 47,922 lines, fewer in 2013, compared to 2012. This result was achieved despite ongoing aggressive competition from the cable TV operators and steadily increasing wireless and Internet-based technology substitution for local services. This resulted from reduced rates of residential NAS turnover in our Fibe TV service areas compared to our non-Fibe TV service areas, reflecting the operational benefit of continued IPTV footprint expansion in helping to drive NAS customer retention through greater acquisition of three-product households. Fewer wholesale customer losses to competitors, year over year, also contributed to the improvement in residential NAS net losses in 2013.

Business NAS net losses in 2013 improved 5.0%, or by 6,105 lines, due to fewer customer losses in our wholesale and mass and mid-sized business markets compared to 2012. This was offset partly by a greater number of deactivations in our large business market, resulting mainly from ongoing customer conversion of voice lines to IP-based services and competitive losses. Additionally, the relatively low level of new business formation and employment growth in the economy contributed to continued soft demand for new access line installations in 2013.

The annualized rate of NAS erosion in our NAS customer base decreased to 7.1% in 2013 from 7.5% in 2012, as a result of fewer NAS line losses. At December 31, 2013, we had 5,242,249 NAS lines, compared to 5,644,939 at the end of 2012.

DATA

High-Speed Internet

	2013	2012	CHANGE	% CHANGE
High-Speed Internet net activations (1)	**57,722**	37,188	20,534	55.2%
High-Speed Internet subscribers (1)	**2,184,543**	2,126,821	57,722	2.7%

(1) *Following a reconciliation of business Internet customer account records, we increased our 2012 beginning of period Internet subscriber base by 6,678 customers, with related adjustments to previously reported net activations in 2012 and 2013.*

High-Speed Internet subscriber net activations in 2013 increased 55.2%, or 20,534, to 57,722. This represents our highest number of net activations since 2007. The increase in high-speed Internet net activations in 2013 was driven by the pull-through of Bell Fibe TV customer activations even with higher residential customer churn, particularly outside our IPTV service footprint, attributable to aggressive service bundle offers from cable competitors.

High-Speed Internet subscribers at December 31, 2013 totalled 2,184,543, up 2.7% from the end of 2012.

TV

	2013	2012	CHANGE	% CHANGE
Net subscriber activations	122,450	69,445	53,005	76.3%
Fibe TV	231,132	163,127	68,005	41.7%
Total subscribers	2,278,433	2,155,983	122,450	5.7%
Fibe TV	479,430	248,298	231,132	93.1%

Fibe TV net subscriber activations totalled 231,132 in 2013, up 41.7% from 2012. The year-over-year growth in Fibe TV subscribers was driven by a broader IPTV service footprint, compared to 2012, allowing for more effective marketing of our residential service offers and promotions, satellite TV migrations to Fibe TV, as well as by the introduction, in May 2013, of wireless receivers.

Satellite TV net customer losses increased 16.0% in 2013 to 108,682, reflecting a higher number of retail customer deactivations attributable to aggressive customer conversion offers from cable TV competitors and fewer wholesale net activations due to the roll-out of IPTV service by other competing service providers in Western and Atlantic Canada.

Total TV net subscriber activations (Fibe TV and Satellite TV combined) increased 76.3%, or 53,005, to 122,450 as a result of a higher number of Fibe TV subscriber activations in 2013 compared to 2012.

Fibe TV subscribers at December 31, 2013 totalled 479,430, nearly double the 248,298 subscribers reported at the end of 2012.

Satellite TV subscribers at December 31, 2013 totalled 1,799,003, down 5.7% from 1,907,685 subscribers at the end of 2012.

Total TV subscribers (Fibe TV and Satellite TV combined) at December 31, 2013 equalled 2,278,433, representing a 5.7% increase since the end of 2012.

COMPETITIVE LANDSCAPE AND INDUSTRY TRENDS

COMPETITIVE LANDSCAPE

The wireline telecommunications market, in aggregate, has experienced flat to relatively modest revenue growth and flat to declining EBITDA in recent years, as legacy voice service revenues continue to decline, due to technological substitution to wireless and OTT services in residential and small business markets, as well as to ongoing conversion to IP-based data services and networks by large business customers. Aggressive competition from cable companies also continues to erode traditional telephone providers' market share of residential local telephony. In 2013, Canada's four largest cable companies had nearly 4.3 million local residential telephony subscribers, representing a 41% market share, up two percentage points from 2012.

Competition comes from substitution of wireless services, including our own Bell Mobility and Virgin Mobile offerings, for residential local and long distance services. Approximately 21% of households in Ontario and Québec are estimated to be wireless-only.

In 2013, cable companies continued to increase the speeds of their Internet offerings, while promoting aggressive customer acquisition offers. At the end of the year, the four largest cable companies had 5.9 million Internet subscribers, representing 56% of the total Internet market, while incumbent local exchange carriers (ILECs) held the remaining 44% or 4.7 million subscribers.

ILECs offering IPTV service grew their subscriber base by 37% in 2013 to reach nearly 1.6 million customers, primarily driven by strong subscriber acquisition at Bell and TELUS. This growth came at the expense of Canada's four largest cable companies, who saw their TV market share in 2013 decline 3 percentage points to 61%.

COMPETITORS

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

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

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

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

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

Digital media streaming devices such as Apple TV and Roku.

Business voice and data services:

- Other Canadian ILECs and cable TV operators

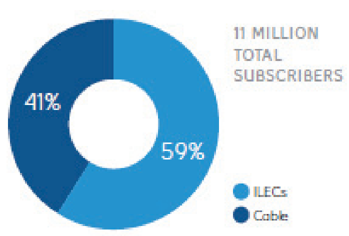
Substitution to wireless services, including those offered by Bell ICT solutions:

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

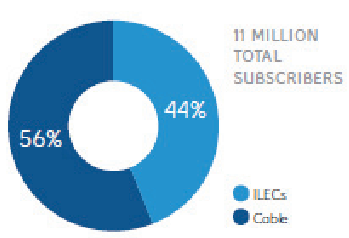
Wholesale competitors include cable operators, domestic CLECs, U.S. or other international carriers for certain services, and electrical utility-based telecommunications providers.

CANADIAN MARKET SHARE

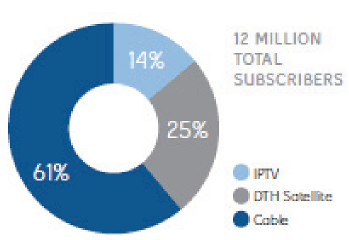
RESIDENTIAL TELEPHONY



INTERNET



TV



INDUSTRY TRENDS

INVESTMENT IN BROADBAND FIBRE DEPLOYMENT

In recent years, ILECs have made substantial investments in deploying FTTN and FTTH within their territories. These investments have enabled the delivery of IPTV service in order to better compete with cable TV offerings in urban areas. IPTV is considered a superior video product to traditional cable TV given innovative features such as a next-generation user interface, Whole Home PVRs and wireless receivers. FTTN enables speeds of up to 25 Mbps, which can be doubled to 50

WIRELESS SUBSTITUTION

Wireless substitution has become the most significant driver of residential NAS losses and voice revenue declines for telecommunication companies. Wireless-only households were estimated to represent approximately 21% of households in Canada at the end of 2013, compared to approximately 40% in the United States. Wireless substitution has been increasing at a faster rate in the U.S. than in Canada, due to structural differences as well as economic disparities. To mitigate the impact of wireless substitution, wireline service providers have been packaging voice

TV EVERYWHERE

The growing popularity of watching TV anywhere is expected to continue as customers adopt services that enable them to view content on multiple screens, including computers, smartphones and tablets, as well as on their TVs. OTT content providers are competing for share of viewership. To date, these OTT services have largely complemented existing TV services. However, to mitigate the threat of video substitution, TV and Internet service providers (ISPs) have begun to create and launch TV Everywhere solutions that provide authentication features controlling and

BUSINESS CUSTOMER ADOPTION OF IP-BASED SERVICES

The convergence of IT and telecommunications, facilitated by the ubiquity of IP, continues to shape competitive investments for business customers. Telecommunications companies are providing professional and managed services, as well as other IT services and support, while IT service providers are bundling network connectivity with their software as service offerings. In addition, manufacturers continue to bring all-IP and converged (IP plus legacy) equipment to market, enabling ongoing migration to

Mbps with pair bonding, while FTTH delivers broadband speeds of up to 175 Mbps, higher than any other technology.

services with Internet and TV and offering discounted triple-play bundles. Wireless substitution is expected to continue to steadily increase in 2014.

limiting access to specific content subscribed to at the user's residence. The launch and development of these solutions is still in the early stages and subject to ongoing discussions between content providers and broadcast distributors.

IP-based solutions. The development of IP-based platforms, which provide combined IP voice, data and video solutions, creates potential cost efficiencies that compensate, in part, for reduced margins resulting from the continuing shift from legacy to IP-based services. The evolution of IT has created significant opportunities for Bell Business Markets, such as cloud services and data hosting, that can have greater business impact than traditional telecommunications services.

BUSINESS OUTLOOK AND ASSUMPTIONS

2014 OUTLOOK

TV and Internet customer expansion, higher penetration of three-product households and gradually improving business markets performance, consistent with stronger economic growth and employment rates, is expected to drive improved year-over-year wireline revenue results in 2014.

We also expect Bell Wireline's EBITDA trajectory to improve in 2014, driven by the increasing scale of Fibe TV, fewer residential net subscriber losses as our IPTV footprint further expands to cover approximately 5 million households, the positive impact of product enhancements and flow-through of residential service price increases, as well as further cost savings. These operating cost savings are expected to offset costs related to growth in Fibe TV subscriber activations, ongoing erosion of high-margin wireline voice revenues and any revenue shortfalls in our Business Markets unit, supporting our objective of maintaining Bell's consolidated EBITDA margin relatively stable.

Targeted retention and service bundle offers, customer winbacks and better service execution are expected to contribute to an improvement in residential NAS line losses year over year.

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

Internet subscriber acquisition is expected to improve in 2014 through increased fibre coverage and speeds as we leverage the speed and reliability of our broadband Internet network to drive greater Fibe TV expansion and Internet attach rates. This is expected to have an associated positive impact on ARPU growth and customer churn.

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

ASSUMPTIONS

- Increasing wireless and Internet-based technological substitution
- Aggressive residential service bundle offers from cable TV competitors in our local wireline areas
- Stabilizing residential NAS line erosion rate as we leverage our broadband investment in Fibe TV to drive three-product household penetration, increase our MDU market share, and generate higher pull-through attach rates for our residential Internet and Home Phone services
- Higher revenue per household and flow-through of price increases across residential products from increasing penetration of three-product households
- Faster pace of employment growth and stronger economic outlook compared to 2013
- Continued business customer migration to IP-based systems
- Ongoing competitive reprice pressures in our business and wholesale markets
- Ability to realize cost savings from management workforce attrition and retirements, call centre efficiencies, field service productivity improvements, reduction in supplier contract rates, lower print and mail costs, content cost management and reducing traffic that is not on our own network
- Growing consumption of OTT TV services and streaming video, projected growth in TV Everywhere as well as the proliferation of devices, such as tablets, that consume vast quantities of bandwidth, will require considerable ongoing capital investment

KEY GROWTH DRIVERS

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

PRINCIPAL BUSINESS RISKS

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

AGGRESSIVE COMPETITION

RISK

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

IMPACT

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

PRODUCT SUBSTITUTION DRIVING NAS EROSION

RISK

- Increasing wireless and Internet-based technological substitution

IMPACT

- Technological substitution could accelerate year-over-year residential NAS line losses
- Integration of long distance services into base wireless plans may accelerate wireless substitution

TV SUBSCRIBERS PENETRATION

RISK

- Traditional TV viewing model (subscription for bundled programs) challenged by increasing number of viewing options available in the market

IMPACT

- Declining TV subscribers and penetration as a result of BDUs' offerings and increasing number of OTT providers
- BDUs may offer smaller and/or less expensive packaging options to attract subscribers
- Proliferation of IP-based products, including OTT content offerings, may accelerate disconnecting of TV services or reduction of TV spending

5.3 BELL MEDIA

BELL MEDIA MADE A SIGNIFICANT CONTRIBUTION IN 2013 TO CONSOLIDATED REVENUES, EBITDA AND CASH FLOW GROWTH, SUPPORTED BY OUR ACQUISITION OF ASTRAL. ASTRAL ENHANCES BELL'S GROWTH MIX PROFILE, WHILE STRENGTHENING OUR COMPETITIVE POSITION IN ENGLISH AND FRENCH MEDIA MARKETS ACROSS CANADA.

KEY ELEMENTS OF RELEVANT STRATEGIC IMPERATIVES

EXPAND MEDIA LEADERSHIP

2013 PROGRESS

- Completed the acquisition of Astral on July 5, 2013, which enhances Bell Media's competitive position, especially in the Québec marketplace
- Achieved the highest TV ratings in all seasons for CTV, Bell Media's conventional TV property, which was the most-watched Canadian TV network for the 12th year in a row, with a majority of the Top 20 programs nationally in all key demographics
- Broadcasted 6 of the top 10 new shows for the first 12 weeks of the 2013 Fall season
- Launched the CTV GO app, enabling customers to access more than 3,000 hours of programming from CTV and CTV Two on their smartphones, tablets and computers at no additional charge. We also launched TMN GO, the first ever Canadian TV Everywhere product from a broadcaster to offer premium, on-demand programming, as well as Bravo GO
- Created and produced new Canadian shows, including The Amazing Race Canada
- Concluded agreements for long-term sports broadcasting rights, including with two Canadian NHL teams (Montréal Canadiens and Ottawa Senators), NFL, CFL, and Vancouver Whitecaps FC

2014 FOCUS

- Maintain strong audience levels and ratings across all TV and radio properties
- Reinforce industry leadership in conventional TV, pay TV, sports media and radio
- Develop in-house production and content creation for distribution and utilization across all platforms and screens
- Expand live and on-demand content through TV Everywhere services
- Grow French media properties
- Leverage cross-platform sales and sponsorship

ACHIEVE A COMPETITIVE COST STRUCTURE

2013 PROGRESS

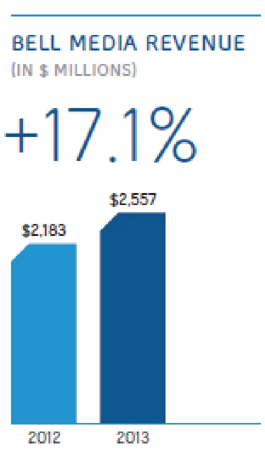
- Achieved operating cost savings from tightly managed labour, general and administrative, and marketing and sales expenses (excluding Astral)

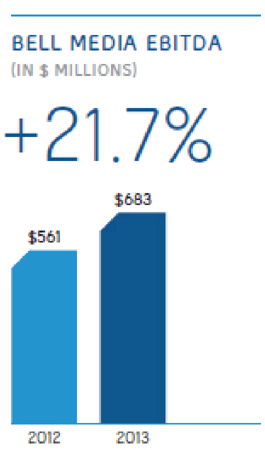
2014 FOCUS

- Realize fully the cost synergies from the integration of Astral

FINANCIAL PERFORMANCE ANALYSIS

2013 PERFORMANCE HIGHLIGHTS

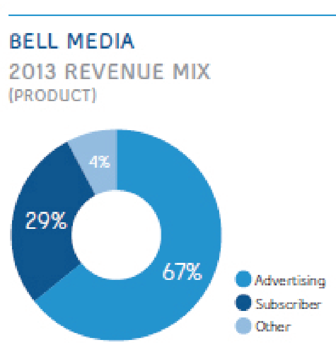


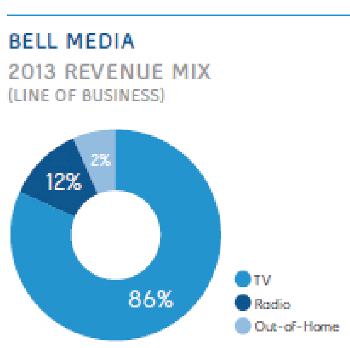


CTV IS THE MOST-WATCHED CANADIAN TV NETWORK

12 of top 20 programs

NATIONALLY AMONG ALL VIEWERS
2012/13 BROADCAST YEAR





BELL MEDIA RESULTS

REVENUE

	2013	2012	$ CHANGE	% CHANGE
Total external revenues	**2,342**	2,022	320	15.8%
Inter-segment revenues	**215**	161	54	33.5%
Total revenue	**2,557**	2,183	374	17.1%

Bell Media revenues increased 17.1% in 2013, due primarily to the acquisition of Astral, which contributed significantly to overall advertising and subscriber fee revenues in the second half of the year. This was partly offset by revenues generated from Bell Media's broadcast of the London Summer Olympic Games in 2012 that did not recur in 2013.

Advertising revenues in 2013, excluding Astral and the favourable impact of the Olympics in 2012, modestly decreased year over year:

- Relatively stable conventional TV revenues year over year, even as advertising demand for the conventional TV industry as a whole continued to be adversely affected by declining audience levels
- Higher viewership levels for non-sports specialty TV, driven by increases at Comedy and Bravo
- Sports specialty TV advertising revenues increased modestly, year over year, supported by greater viewer interest in the NHL and other sports content broadcast by TSN and RDS
- Radio advertising sales declined due to increased competition in many key markets, reduced advertising spending across certain industry sectors, and the impact of radio asset divestitures in Toronto, Calgary and Winnipeg mandated by the CRTC

Subscriber fee revenues in 2013, excluding Astral, increased compared to 2012, due to the favourable impact of rate increases charged to BDUs through renegotiated agreements for certain non-Astral Bell Media specialty TV services and higher revenues from new mobile content deals.

OPERATING COSTS AND EBITDA

	2013	2012	$ CHANGE	% CHANGE
Operating costs	**(1,874)**	(1,622)	252	15.5%
EBITDA	**683**	561	122	21.7%
EBITDA margin	**26.7%**	25.7%		1.0%

Bell Media operating costs increased 15.5%, or $252 million, in 2013, mainly as a result of the acquisition of Astral and higher amortization of the fair value of certain programming rights in 2013, resulting from a $22 million net non-cash reduction recorded in 2012. Higher TV programming costs, and the return of pre season and regular season hockey to the TSN and RDS programming schedules following the NHL lockout in 2012, also contributed to higher Media operating costs in 2013. TV programming and production costs incurred in 2012 for our broadcast of the London 2012 Olympic Games partly mitigated the year-over-year increase in Bell Media operating costs in 2013.

Bell Media EBITDA increased 21.7% in 2013, due to higher year-over-year operating revenues as described above, partly offset by higher operating costs and the acquisition of Astral.

BELL MEDIA OPERATING METRICS

- CTV ended the 2012/13 broadcast year with more top 10, top 20 and top 30 shows than any other Canadian conventional TV network, according to BBM Canada data, making it the most-watched Canadian TV network for the 12th year in a row
- CTV consistently reported the strongest ratings in all seasons in 2013, holding a majority of the top 20 programs nationally among all viewers
- In the key primetime hours, CTV's average audience was 56% higher than its closest conventional TV competitor in the 2012/2013 broadcast year
- Bell Media's specialty TV properties, led by TSN, RDS, Comedy, E!, MTV and Discovery, reached 85% of all English specialty and pay TV viewers in the average week during 2013
- Bell Media ranked third behind Google (which includes YouTube) and Facebook for video views, third in time spent viewing video, and eighth in unique visitors among all online properties in Canada, ahead of any Canadian-owned competitor

COMPETITIVE LANDSCAPE AND INDUSTRY TRENDS

COMPETITIVE LANDSCAPE

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

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

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

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

COMPETITORS

TV

- Conventional Canadian TV stations (local and distant signals) and specialty and pay channels, such as those owned by Shaw, Corus, Rogers, TVA Group Inc., Canadian Broadcasting Corporation (CBC)/Société Radio-Canada (SRC) and Remstar Corp (V)
- U.S. conventional TV stations and specialty channels
- OTT providers such as Netflix and Apple

Radio

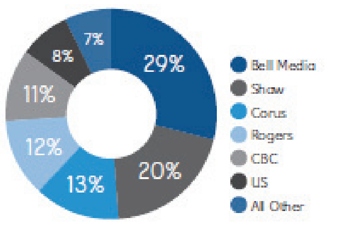
- Large radio operators, such as Rogers, Corus, Cogeco and Newcap that also own and operate radio station clusters in various local markets
- Radio stations in specific local markets
- Satellite radio provider SiriusXM
- Newer technologies such as online music information services, music downloading, portable devices that store and play digital music and online music streaming services
- Other media such as newspapers, magazines, TV, outdoor advertising and the Internet

OOH Advertising

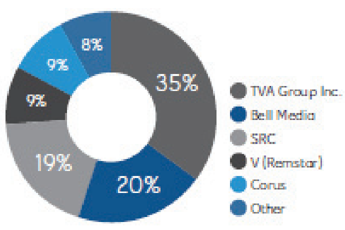
- Large outdoor advertisers, such as Pattison and CBS Television Network (CBS)
- Numerous smaller and local companies operating a limited number of display faces in a few local markets
- Other media such as TV, radio, print media and the Internet

CANADIAN MARKET SHARE

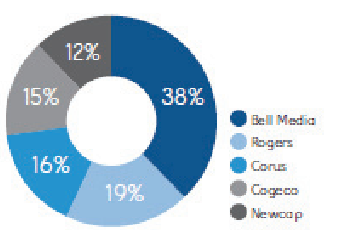
TV VIEWERSHIP [1]
ENGLISH LANGUAGE TV



TV VIEWERSHIP [1]
FRENCH LANGUAGE TV



RADIO [1]
BROADCASTER HOURS TUNED



INDUSTRY TRENDS

RAPID CHANGES IN CONNECTIVITY AND CONSUMER BEHAVIOUR

Technology used in the media industry continues to evolve rapidly, which has led to alternative methods for the distribution, storage and consumption of content. These technological developments have driven and reinforced changes in consumer behaviour as consumers seek more control over when, where and how they consume content. For example, consumer electronics innovations have enabled consumers to view Internet-delivered content on TVs, computers, tablets, smartphones and other mobile electronic devices. The number of Canadian users that are connected to the Internet through their TVs is growing as connection becomes easier and more affordable. These changes in technology and consumer behaviour have resulted in a number of challenges for content aggregators and distributors. For example, technological developments may disrupt traditional distribution platforms by enabling content owners to provide content directly to distributors and consumers, thus bypassing traditional content aggregators such as Bell Media and distributors such as Bell TV.

(1) *Broadcast year-end at August 31, 2013.*

GROWTH OF ONLINE ALTERNATIVES TO TRADITIONAL TV

Consumers now have improved access to online entertainment and information alternatives that did not exist a few years ago. While linear TV was the only way to access consumer prime time programming in the past, many people today watch TV in non-traditional ways for at least a portion of their viewing. In particular, today's viewers are consuming more content online, watching less scheduled programming live, time-shifting original broadcasts through PVRs, viewing more TV on mobile devices, and catching up on past programming on demand. In addition, many consumers are spending considerable time with online alternatives to traditional TV. This is evident in the growing popularity of OTT video services like Netflix. To date, these OTT services have largely complemented existing TV services. Media companies are evolving their content and launching their own solutions to better compete with these non-traditional offerings through services such as Bell Media's new service TV Everywhere. Changing content consumption patterns and growth of alternative providers could exert downward pressure on rates and advertising revenues for traditional media broadcasters and distributors such as Bell Media. However, live sports and special events should continue to draw audiences and advertisers, which is expected to result in pricing pressure on future broadcasting rights on all platforms, including digital, for such programming.

BUSINESS OUTLOOK AND ASSUMPTIONS

2014 OUTLOOK

Bell Media revenue, EBITDA and cash flow are projected to increase in 2014. The inclusion of a full year of operating results from Astral, combined with the realization of operational and cost synergies associated with that acquisition, is expected to contribute significantly to this year-over-year growth. We will continue to carefully manage costs by leveraging assets, achieving productivity gains and pursuing operational efficiencies across all of our properties. The anticipated increase in overall revenues and EBITDA will also be tempered by retroactive rate increases recognized in 2013, consisting of specialty TV rate increases and retransmission royalties. We also plan to continue to invest in premium content for all four screens.

Advertising markets are expected to remain relatively stable throughout 2014; however, we expect softness in the first quarter as advertising demand shifts to the main broadcaster of the Sochi 2014 Olympic Games. Growth in subscriber revenue is expected to be generated from the flow-through of 2013 rate increases for certain specialty TV services.

In conventional TV, we intend to leverage the strength of our market position to continue offering advertisers, both nationally and locally, premium opportunities to reach their target audiences. Success in this area requires that we focus on a number of factors, including:

- Successfully acquiring high-rated programming and differentiated content
- Building and maintaining strategic supply arrangements for content on four screens
- Producing and commissioning high quality Canadian content, including market-leading news, enhancements through investments in HD broadcasting and improvements to our news programming

In sports specialty TV, we will aim to continue delivering premium content and exceptional viewing experiences to our viewers. Investment in the integration of our digital platforms will be an integral part of our strategy to further engage viewers. We anticipate costs to secure content will increase as we face greater competition from both new and established entrants and as market rates for live sports content generally increase. While we were unsuccessful in our bid to extend our NHL Hockey national broadcasting rights, which expire at the end of the 2013/2014 NHL season, we have secured key hockey and other sports content that is important to Canadians. We intend to continue creating innovative high-quality productions in the areas of sports news and editorial coverage.

In non-sports specialty TV, audiences and advertising revenues are expected to be driven by investment in quality programming and production, as well as ongoing development of key brand partnership initiatives on our existing services. We also intend to strengthen our pay TV offerings.

- Our English-language specialty services will attempt to capitalize on Space, Bravo and Discovery's leading position in the market, and we will focus on rebuilding audiences and revitalizing the brands and content of our TV services that appeal to younger viewers
- In our French-language specialty services, we will leverage our newly-launched Canal D Investigation channel that features reality documentaries and crime dramas.

In radio, we will seek to grow our TSN Sports radio brand further through our partnerships with several NHL franchises, including the Toronto Maple Leafs, the Montréal Canadiens, the Ottawa Senators, and the Winnipeg Jets. We will also pursue the expansion of our TSN footprint in other markets. Additionally, in conjunction with local TV assets, we will pursue opportunities that can leverage our promotional capabilities, provide an expanded platform for content sharing, and offer synergistic colocation opportunities where practical.

In our OOH operations, we plan to leverage the strength of our products to provide advertisers premium opportunities in Toronto, Vancouver and Montréal. We will also continue to seek new opportunities in digital markets.

ASSUMPTIONS

- Relatively stable advertising market
- Escalating costs to secure TV programming and sports content
- Ability to successfully acquire highly rated programming and differentiated content
- Market rates for specialty content generally increasing
- Building and maintaining strategic supply arrangements for content on all four screens
- Full realization of cost synergies from the integration of Astral into Bell Media
- No material financial, operational and competitive consequences of adverse changes in media regulation

KEY GROWTH DRIVERS

- Stronger economic growth that drives increased advertiser demand and spending, particularly in the key automotive, entertainment equipment, telecommunications and consumer goods sectors
- Higher audience levels from strong ratings maintained across all TV and radio properties, as well as from securing multi-platform rights
- Investing in the best content, including more in-house productions
- Completion of Astral integration to fully realize synergies

PRINCIPAL BUSINESS RISKS

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

AGGRESSIVE COMPETITION

RISK

- The intensity of competitive activity from traditional TV services, as well as from new technologies and alternative distribution platforms such as OTT content offerings, video on demand, personal video platforms and video services over mobile devices and the Internet

IMPACT

- The level of competitive activity could have an adverse impact on the level of audience acceptance for Bell Media's TV services
- Our inability to acquire popular programming content could adversely affect Bell Media's viewership and subscription levels and, consequently, advertising and subscription revenues

ADVERTISING REVENUE UNCERTAINTY

RISK

- Advertising is heavily dependent on economic conditions and viewership

IMPACT

- Economic uncertainty reduces advertisers' spending
- Increased fragmentation of the advertising market given the increasing adoption of new technologies and alternative distribution platforms increases Bell Media's risk of losing advertising revenue

RISING CONTENT COSTS

RISK

- Ability to secure key content to drive revenues and subscriber growth going forward

IMPACT

- Rising programming costs could require us to incur unplanned expenses and put negative pressure on EBITDA

5.4 BELL ALIANT

BELL ALIANT IS INVESTING IN THE BEST BROADBAND FIBRE TECHNOLOGY AVAILABLE TO OFFER THE MOST VALUE TO TV AND INTERNET CUSTOMERS, TO HELP OFFSET THE EFFECTS OF CONTINUED DECLINES IN THE TRADITIONAL VOICE BUSINESS AND INTENSIFIED COMPETITION.

KEY ELEMENTS OF BELL ALIANT'S STRATEGIC IMPERATIVES

Bell Aliant's vision is to be the leading communications provider in the markets it serves by pursuing its five key strategic imperatives. Bell Aliant believes these strategies will continue to support its financial performance as it manages the critical balance between improving services, offering enhanced solutions to its customers and increasing productivity and profitability.

GROW BROADBAND

2013 PROGRESS

- Expanded FTTH network footprint to an additional 150,000 homes and businesses, bringing total coverage to 806,000 customer premises
- Completed a three-year program to build a 2,040 kilometre fibre network that will service more than 20 First Nations communities in the remote regions of northwestern Ontario

2014 FOCUS

- Continue to expand FTTH network to pass more than 1 million homes and businesses

IMPROVE THE CUSTOMER EXPERIENCE

2013 PROGRESS

- Improved online self-serve capabilities
- Enhanced the FibreOP TV experience with the launch of wireless receivers, allowing customers to move their TV and set-top box throughout the home

2014 FOCUS

- Improve further processes, tools and training to enhance overall service to make every customer interaction consistent and exceptional

RETAIN CUSTOMERS

2013 PROGRESS

- Launched Bell Aliant UC, a unified communications solution that enables customers to seamlessly connect their desktop and mobile devices
- Launched a new home security and monitoring service, Bell Aliant NextGen Home Security, providing remote management via web portal and mobile devices, appliance controls and secure video monitoring
- Enhanced TV offerings by adding 40 new HD channels, bringing total number of HD channels to 137
- Achieved highest level of high-speed Internet customer net activations since 2010 and highest IPTV customer net additions to date

2014 FOCUS

- Increase penetration of FibreOP services, provide competitive bundle offers, and provide new and enhanced products and services

RESET THE COST STRUCTURE

2013 PROGRESS

- Introduced a voluntary retirement offer for eligible employees
- Achieved procurement savings and productivity initiatives that mitigated additional costs associated with growing and supporting the FibreOP customer base

2014 FOCUS

- Continue to pursue cost reductions through productivity initiatives, procurement improvements and cost controls to meet financial targets

ENGAGE EMPLOYEES

2013 PROGRESS

- Received three employer awards in 2013: Bell Aliant was named as one of Atlantic Canada's Top Employers, one of Canada's Top Employers for Young People, and one of the Best Employers for New Canadians

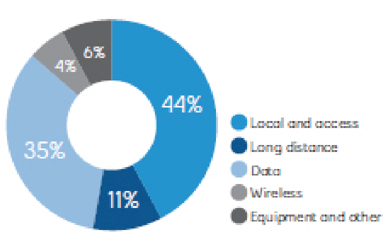
2014 FOCUS

- Continue to promote a high performance culture by recognizing top talent and further developing leadership skills at all levels, while ensuring succession plans are in place

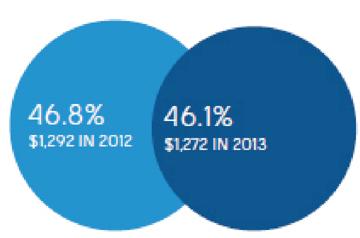
FINANCIAL PERFORMANCE ANALYSIS

2013 PERFORMANCE HIGHLIGHTS

BELL ALIANT
REVENUE MIX



BELL ALIANT
EBITDA
(% EBITDA MARGIN)
(IN $ MILLIONS)



TOTAL REVENUE

$2,759

IN 2013 (IN $ MILLIONS)

TOTAL REVENUE

-0.1%

COMPARED TO 2012

Best year-over-year revenue performance since 2008

Data, which includes Internet and IPTV, is Bell Aliant's fastest-growing business and now represents more than 1/3 of its total revenue

FTTH NETWORK

806,000

HOMES AND BUSINESSES

FIBREOP TV CUSTOMERS

158,044

+63% COMPARED TO 2012

FIBREOP INTERNET CUSTOMERS

183,971

+64% COMPARED TO 2012

BELL ALIANT RESULTS

REVENUE

	2013	2012	$ CHANGE	% CHANGE
Local and access	**1,109**	1,168	(59)	(5.1%)
Long distance	**286**	322	(36)	(11.2%)
Data	**887**	809	78	9.6%
Wireless	**97**	94	3	3.2%
Equipment and other	**131**	134	(3)	(2.2%)
Total external revenues	**2,510**	2,527	(17)	(0.7%)
Inter-segment revenues	**249**	234	15	6.4%
Total revenue	**2,759**	2,761	(2)	(0.1%)

Bell Aliant operating revenues remained relatively stable in 2013, decreasing 0.1%, as growth in data revenues was offset by lower local and access and long distance revenues.

- **Local and access revenues** decreased 5.1% in 2013, as a result of the ongoing reduction in Bell Aliant's NAS customer base and the effect of competition and bundling services
- **Long distance revenues** were down 11.2% in 2013. The decline was the result of lower NAS and lower overall conversation minutes, due to substitution of traditional wireline service with e-mail, wireless calling and VoIP services, as well as customer migration from per-minute plans to flat rate plans
- **Data revenues** increased 9.6% in 2013, due to strong growth in Internet and IPTV revenues, as well as to higher IP connectivity revenues. Higher Internet revenues were driven by customer growth, reflecting continued steady demand for FibreOP services, as well as growth in residential Internet ARPU resulting from increased customer adoption of higher bandwidth plans and price increases. Higher IPTV service revenues were driven by growth in Bell Aliant's FibreOP TV customer base and the expiry of promotional pricing offers
- **Wireless revenues** were 3.2% higher in 2013 as a result of wireless customer growth over the past year, partly offset by a modest decrease in ARPU reflecting aggressive competitive pricing
- **Equipment and other revenues** decreased 2.2% in 2013, as a result of lower telecommunications equipment sales and rentals

OPERATING COSTS AND EBITDA

	2013	2012	$ CHANGE	% CHANGE
Operating costs	**(1,487)**	(1,469)	18	1.2%
EBITDA	**1,272**	1,292	(20)	(1.5%)
EBITDA margin	**46.1%**	46.8%		(0.7%)

Bell Aliant operating costs increased 1.2% in 2013, reflecting increased marketing and sales expenses attributable to growth in FibreOP customers and higher TV content costs resulting from IPTV customer growth. Lower general and administrative expenses, driven by procurement savings and productivity initiatives, partly offset the increase in operating costs compared to 2012.

Bell Aliant EBITDA decreased 1.5% in 2013, mainly as a result of higher operating costs. EBITDA margin declined by 7 basis points in 2013 to 46.1% as continued declines in higher-margin voice revenues and higher operating costs were not offset fully by growth in lower-margin data service revenues.

BELL ALIANT OPERATING METRICS

	2013	2012	CHANGE	% CHANGE
NAS LINES				
Residential	**1,462,462**	1,571,199	(108,737)	(6.9%)
Business	**890,858**	920,171	(29,313)	(3.2%)
Total	**2,353,320**	2,491,370	(138,050)	(5.5%)
NAS NET LOSSES				
Residential	**(108,737)**	(107,671)	(1,066)	(1.0%)
Business	**(29,313)**	(29,734)	421	1.4%
Total	**(138,050)**	(137,405)	(645)	(0.5%)
HIGH-SPEED INTERNET				
High-speed Internet net activations	**33,679**	22,894	10,785	47.1%
High-speed Internet subscribers	**952,093**	918,414	33,679	3.7%
FibreOP Internet customers included in High-Speed Internet customers	**183,971**	112,203	71,768	64.0%
TV				
Net subscriber activations	**55,063**	45,960	9,103	19.8%
Total Subscribers	**178,083**	123,020	55,063	44.8%
FibreOP TV	**158,044**	96,831	61,213	63.2%
WIRELESS				
Subscribers	**146,698**	143,858	2,840	2.0%

NAS net losses were a result of competitive losses driven by aggressive pricing by competitors and continued customer substitution to wireless and IP-based solutions. Despite intense competitive activity, NAS net losses were consistent with 2012 as there was improved retention in Bell Aliant's residential FibreOP markets, as well as expansion into new markets, which moderated the decline in the residential customer NAS base. At December 31, 2013, Bell Aliant had 2,353,320 NAS lines, compared to 2,491,370 NAS lines at the end of 2012.

High-speed Internet subscriber net activations increased 47.1%, or 10,785 subscribers, in 2013 to 33,679, reflecting continued steady demand for FibreOP service bundles and wholesale customer gains. At December 31, 2013, Bell Aliant had 952,093 high-speed Internet subscribers, which included 183,971 FibreOP customers, compared to 918,414 subscribers at the end of 2012, which included 112,203 FibreOP customers.

IPTV net activations increased 19.8%, or 9,103 subscribers in 2013, to 55,063, as a result of increased customer demand for FibreOP TV service. At December 31, 2013, Bell Aliant had 178,083 IPTV customers, which included 158,044 FibreOP TV customers, compared to 123,020 IPTV customers at the end of 2012, which included 96,831 FibreOP TV customers.

Wireless customers totalled 146,698 at December 31, 2013, representing a 2.0% increase since the end of 2012.

COMPETITIVE LANDSCAPE AND INDUSTRY TRENDS

COMPETITIVE LANDSCAPE

Cable companies are the most significant competitive threat to Bell Aliant. At the end of 2013, its competitive footprint overlap with cable companies was approximately 75.8% of residential households in Bell Aliant's markets, representing a 1.6 percentage point increase from 2012. In addition, the rapid development of new technologies, services and products has facilitated the entry of other competitors into Bell Aliant's markets, enabling these competitors to offer their customers an alternative to traditional voice services through wireless and IP-based technologies. Bell Aliant actively employs marketing strategies to remain competitive in all of its operating markets and continues to innovate and develop new and enhanced services to meet the communications needs of its customers. Bell Aliant also continues to invest in its FTTH network and extend its FibreOP TV and Internet service to more communities across its operating markets.

Competition comes from substitution of wireless services, including Bell Aliant, Bell Mobility and Virgin Mobile wireless offerings, for residential local and long distance services.

COMPETITORS

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

- EastLink in Atlantic Canada and rural Ontario
- Rogers in Newfoundland and Labrador, New Brunswick and Ontario
- Vidéotron in rural Québec
- Cogeco in rural Québec
- Shaw in rural Ontario
- Shaw Direct, providing DTH satellite TV service nationwide
- Some smaller private cable companies in rural communities

Various other companies, such as Vonage and Primus, that offer resale or VoIP-based local, long distance and Internet services.

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

Digital media streaming devices such as Apple TV and Roku.

MARKET FACTS

- There are 2.5 million households in Bell Aliant's territory, which includes Atlantic Canada and rural Ontario and Québec
- Approximately 76% of the households in its territory have a cable telephony alternative
- Over 85% of the households in its territory have access to Bell Aliant's high-speed Internet services; Internet penetration is estimated to be between 70% to 75% across its territories

INDUSTRY TRENDS

Bell Aliant's operations include both wireline and wireless services. Therefore, the industry trends applicable to Bell Aliant are similar to those described under sections *5.1 Bell Wireless* and *5.2 Bell Wireline* in this MD&A.

BUSINESS OUTLOOK AND ASSUMPTIONS

2014 OUTLOOK

Growing broadband, specifically FTTH, is the cornerstone of Bell Aliant's strategy. Bell Aliant's subscriber results in markets where fibre has been deployed greatly exceed performance in markets where it does not have fibre. This reinforces Bell Aliant's objective to expand its FTTH footprint to reach 1 million locations in 2014.

Since the middle of 2012, Bell Aliant has added a substantial number of FibreOp customers to its FTTH network. As expected, this success has led to some strong competitive reactions, specifically in New Brunswick and Newfoundland and Labrador, with extreme price discounts being offered by competitors. Bell Aliant plans to compete aggressively, where necessary, to maintain and grow customers, but this competitive activity is anticipated to pressure revenue and EBITDA growth in 2014, as it did in 2013.

Bell Aliant believes that FTTH is the best technology to meet customer requirements for the future. Although competitive pressures experienced in 2013 may delay a return to positive revenue and EBITDA growth, Bell Aliant believes that by providing the best technology available, it has the ability to become the provider of choice in its FTTH markets and that growth in FibreOP services will more than offset declines in legacy services over time. In 2014, growth in Internet and IPTV revenues is expected to continue, but likely will be offset by ongoing declines in traditional voice revenues due to intense competition and technology substitution. Bell Aliant anticipates that net NAS declines, high-speed Internet customer net additions and IPTV customer net additions will be similar to those experienced in 2013. Other revenues also will decline in 2014 as several large projects in 2013 are not expected to recur and a contact centre subsidiary ceased operations in late 2013.

Operating expenses in 2014 are expected to remain consistent with 2013 levels, as savings from productivity initiatives and lower current service pension costs are expected to offset higher spending on TV content costs resulting from a growing TV customer base and normal inflationary pressures. As a result, EBITDA is expected to decrease in 2014.

Capital expenditures in 2014 are expected to remain at elevated levels. Higher spending on FTTH footprint expansion in 2014, compared to 2013, and new FibreOP customer connections in 2014 are expected to be offset by lower spending on copper network replacement and large customer network projects that were completed in 2013. Bell Aliant intends to pass 190,000 to 200,000 incremental homes and businesses with FTTH.

As a result, free cash flow in 2014 is expected to be impacted by lower EBITDA, higher cash income taxes paid, lower cash from changes in working capital and continued elevated capital expenditures.

ASSUMPTIONS

- Economy continues to rebound
- Competitive activity in both consumer and business will continue to be intense
- Wireless substitution for wireline services will increase in Bell Aliant markets, but is expected to lag other regions of Canada
- NAS net decline stabilizing
- Steady demand for FibreOP service driving Internet and IPTV customer acquisition at similar levels as 2013
- Cost reductions achieved through productivity initiatives will continue, largely offsetting cost increases associated with growth in IPTV customers and associated TV content costs and normal inflationary pressures

KEY GROWTH DRIVERS

- Continued expansion of the FTTH network
- Increasing customer adoption of FibreOP Internet and FibreOP TV services
- Lower residential customer churn
- Increased spending by business customers

PRINCIPAL BUSINESS RISKS

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

INCREASING COMPETITION

RISK

- The intensity of competitive activity from cable companies and other competitors

IMPACT

- Aggressive offers and technological substitution could lead to higher customer churn and increased retention costs through use of promotional offers to keep customers
- Inability to make continued investments in FTTH networks which enable the provision of new products and services to meet the advanced technological needs of customers

COST MANAGEMENT

RISK

- Cost structure does not support the shift in product mix towards growth services

IMPACT

- It may be difficult to improve customer service while reducing costs through productivity initiatives
- Capital investments may not be effective in delivering the planned operational efficiencies

FINANCING AND FREE CASH FLOW

RISK

- Unable to balance cash allocation decisions

IMPACT

- Reduced flexibility in accessing the capital and/or commercial credit markets
- The level of dividends, capital expenditures or other strategic uses of cash may vary

6 FINANCIAL AND CAPITAL MANAGEMENT

This section tells you how we manage our cash and capital resources to carry out our strategy and deliver financial results. It provides an analysis of our financial condition, cash flows and liquidity on a consolidated basis.

6.1 NET DEBT(1)

	2013	2012	$ CHANGE	% CHANGE
Debt due within one year (2)	**2,571**	2,136	435	20.4%
Long-term debt	**16,341**	13,886	2,455	17.7%
Preferred shares (3)	**1,698**	1,698	–	0.0%
Cash and cash equivalents	**(335)**	(129)	(206)	n.m.
Net debt	**20,275**	17,591	2,684	15.3%

(1) *Net debt is a non-GAAP financial measure and does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers. See section* 10.2, Non-GAAP Financial measures – Net debt *in this MD&A for more details.*
(2) *Includes bank advances, notes payable and loans secured by trade receivables.*
(3) *50% of outstanding preferred shares of $3,395 million in 2013 and 2012, respectively, are classified as debt consistent with the treatment by some credit rating agencies. n.m.: not meaningful*

The increase of $2,890 million in debt due within one year and long-term debt was due to:

- The issuance of Series M-26, M-27, M-28 and M-29 MTN debentures at Bell Canada with a total principal amount of $3 billion
- $1 billion drawn under Bell Canada's unsecured committed term acquisition credit facility to fund a portion of the purchase price of Astral
- The issuance of MTNs at Bell Aliant with a total principal amount of $400 million
- The assumption of $397 million of debt as part of the acquisition of Astral
- An increase in our finance lease obligations of $322 million
- An increase in our notes payable and bank advances (net of repayments) of $274 million

partly offset by:

- Early redemption of Series M-20 MTN debentures at Bell Canada amounting to $1 billion
- $432 million of payments under finance leases
- $400 million early redemption of Series 3 MTNs at Bell Aliant
- $397 million repayment of debt assumed on the acquisition of Astral
- $150 million early redemption of Series EA debentures at Bell Canada
- $70 million repayment of Series AA debentures at Bell Aliant

The increase in cash and cash equivalents of $206 million was due to free cash flow of $2,571 million, a net increase in debt of $2,215 million and the issuance of preferred shares by Bell Aliant to non-controlling interest (NCI) of $230 million, partly offset by the purchase cost of Astral of $2,844 million and dividends paid on common shares of $1,795 million.

6.2 OUTSTANDING SHARE DATA

COMMON SHARES OUTSTANDING	NUMBER OF SHARES
Outstanding, January 1, 2013	**775,381,645**
Shares issued under employee stock option plan	**420,822**
Shares issued under employee savings plan	**90,089**
Outstanding, December 31, 2013	**775,892,556**

STOCK OPTIONS OUTSTANDING	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE ($)
Outstanding, January 1, 2013	**5,310,356**	**37**
Granted	**2,993,902**	**44**
Exercised	**(420,822)**	**30**
Forfeited	**(13,205)**	**40**
Outstanding, December 31, 2013 (1)	**7,870,231**	**40**

(1) *None of the options were vested at December 31, 2013.*

At March 6, 2014, 777,093,077 common shares and 9,927,091 stock options were outstanding.

6.3 CASH FLOWS

	2013	2012	$ CHANGE	% CHANGE
Cash flows from operating activities	**6,476**	5,560	916	16.5%
Bell Aliant dividends paid to BCE	**191**	191	–	0.0%
Capital expenditures	**(3,571)**	(3,515)	(56)	(1.6%)
Cash dividends paid on preferred shares	**(127)**	(133)	6	4.5%
Cash dividends paid by subsidiaries to non-controlling interest	**(283)**	(340)	57	16.8%
Acquisition costs paid	**80**	101	(21)	(20.8%)
Voluntary defined benefit pension plan contributions	**–**	750	(750)	(100.0%)
Bell Aliant free cash flow	**(195)**	(186)	(9)	(4.8%)
Free cash flow (1)	**2,571**	2,428	143	5.9%
Bell Aliant free cash flow, excluding dividends paid	**4**	(5)	9	n.m.
Business acquisitions	**(2,850)**	(13)	(2,837)	n.m.
Acquisition costs paid	**(80)**	(101)	21	20.8%
Voluntary defined benefit pension plan contributions	**–**	(750)	750	100.0%
Increase in investments	**(3)**	(593)	590	99.5%
Other investing activities	**23**	20	3	15.0%
Net issuance (repayment) of debt instruments	**2,215**	486	1,729	n.m.
Reduction in securitized trade receivables	**(14)**	(15)	1	6.7%
Premiums on early redemption of debt	**(55)**	–	(55)	n.m.
Issue of common shares	**13**	39	(26)	(66.7%)
Issue of preferred shares	**–**	280	(280)	(100.0%)
Issue of equity securities by subsidiaries to non-controlling interest	**230**	11	219	n.m.
Repurchase of common shares	**–**	(107)	107	100.0%
Cash dividends paid on common shares	**(1,795)**	(1,683)	(112)	(6.7%)
Other financing activities	**(53)**	(45)	(8)	(17.8%)
Net increase (decrease) in cash and cash equivalents	**206**	(48)	254	n.m.

(1) *Free cash flow is a non-GAAP financial measure and does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers. See section* 10.2 Non-GAAP Financial Measures – Free Cash Flow *in this MD&A for more details, including a reconciliation to the most comparable IFRS financial measure.*
n.m.: not meaningful

CASH FLOWS FROM OPERATING ACTIVITIES

The increase in BCE's cash flows from operating activities was due to:

- A decrease of $851 million in contributions to DB pension plans due to voluntary contributions made in 2012 of $750 million and $100 million at Bell and Bell Aliant, respectively
- An increase of $268 million in EBITDA, exclusive of post-employment benefit plans service cost
- Partly offset by higher income taxes paid of $190 million

CAPITAL EXPENDITURES

	2013	2012	$ CHANGE	% CHANGE
Bell	**3,001**	2,923	78	2.7%
Capital intensity ratio	**16.6%**	16.6%		0.0%
Bell Aliant	**570**	592	(22)	(3.7%)
Capital intensity ratio	**20.7%**	21.4%		(0.7%)
BCE	**3,571**	3,515	56	1.6%
Capital intensity ratio	**17.5%**	17.6%		(0.1%)

BCE capital expenditures were up $56 million, or 1.6%, in 2013 reflecting higher spending at Bell, partly offset by slightly lower spending at Bell Aliant. As a percentage of revenue, capital expenditures for BCE were 17.5% compared to 17.6% in 2012.

Bell capital expenditures increased $78 million, or 2.7%, corresponding to a capital intensity ratio of 16.6% which was unchanged compared to 2012. The increase was due to:

- Higher spending to support expansion of our Fibe TV service footprint
- Deployment of broadband fibre to existing residential homes and neighbourhoods, new housing developments, condominiums and other MDUs, as well as targeted businesses in Ontario and Québec

- Ongoing roll-out of 4G LTE mobile service in markets across Canada
- Expansion of wireless network capacity to accommodate increasing data usage
- Spending to support the execution of customer contracts in our Business Markets unit
- Investment in customer service to improve client care support systems and self-serve tools
- Addition of new Bell and The Source stores across Canada.

Bell Aliant capital expenditures decreased $22 million, or 3.7%, corresponding to a capital intensity ratio of 20.7% compared to 21.4% in 2012. The decrease was due to fewer incremental homes passed with its FTTH network, a reduction in central Canada FibreOP start-up costs and lower capital expenditures for legacy services.

FREE CASH FLOW

Free cash flow increased $143 million, driven mainly by higher EBITDA, offset partly by higher capital expenditures, increased interest payments from a higher average level of outstanding debt and higher taxes paid.

BUSINESS ACQUISITIONS

Business acquisitions in 2013 reflect our acquisition of Astral of $2,844 million, net of $32 million of cash acquired. Refer to section *1.3, Key Corporate Developments – Acquisition of Astral*.

INCREASE IN INVESTMENTS

In 2012, BCE acquired a 28% indirect equity interest in MLSE for a net cash consideration of $398 million and a 35.3% indirect equity interest in Q9 for a net cash consideration of $185 million.

DEBT INSTRUMENTS

We use a combination of short-term and long-term debt to finance our operations. Our short-term debt consists mostly of bank facilities, notes payable under commercial paper programs and loans securitized by trade receivables. We usually pay fixed rates of interest on our long-term debt and floating rates on our short-term debt. As at December 31, 2013, all of our debt was denominated in Canadian dollars. The net issuance of debt instruments of $2,215 million, net of repayments was due to:

- The issuance of Series M-26, Series M-27, Series M-28 and Series M-29 MTN debentures at Bell Canada with a total principal amount of $3 billion
- $1 billion drawn under Bell Canada's unsecured committed term acquisition credit facility to fund a portion of the purchase price of Astral
- The issuance of MTNs at Bell Aliant with a total principal amount of $400 million
- An increase in our notes payable and bank advances, net of repayments, of $272 million

partly offset by:

- Early redemption of Series M-20 MTN debentures at Bell Canada amounting to $1 billion
- $432 million of payments under finance leases
- $400 million early redemption of Series 3 MTNs at Bell Aliant
- $397 million repayment of debt assumed on the acquisition of Astral
- $150 million early redemption of Series EA debentures at Bell Canada
- $70 million repayment of Series AA debentures at Bell Aliant

In 2012, we issued $486 million of debt, net of repayments. This included the issuance of MTN debentures at Bell Canada with a total principal amount of $1 billion and issuances of notes payable and bank advances of $377 million, offset partly by the repayment of another series of MTN debentures at Bell Canada with a total principal amount of $500 million and payments under finance leases of $391 million.

PREMIUMS ON EARLY REDEMPTION OF DEBT

In 2013, Bell Canada redeemed early its Series M-20 MTN debentures and Series EA debentures, incurring charges of $28 million and $17 million, respectively, and Bell Aliant redeemed early its Series 3 MTN debentures, incurring charges of $10 million.

ISSUE OF PREFERRED SHARES

In 2012, BCE issued 11,200,000 Series AK Preferred Shares for gross proceeds of $280 million.

ISSUE OF EQUITY SECURITIES BY SUBSIDIARIES TO NCI

In 2013, Bell Aliant Preferred Equity Inc., an indirect subsidiary of Bell Aliant, issued preferred shares for gross proceeds of $230 million.

REPURCHASE OF COMMON SHARES

In 2011, BCE announced its plan to repurchase up to $250 million of its outstanding common shares through a NCIB. BCE repurchased and cancelled 2,604,439 of its common shares for a total cash outlay of $107 million under the program in 2012. The program was completed in March 2012.

CASH DIVIDENDS PAID ON COMMON SHARES

The BCE board approved increases in the common share dividend in 2013 and 2012. Accordingly, in 2013, the cash dividend paid on a BCE common share increased to $2.315 per common share, compared to a cash dividend of $2.17 per common share in 2012.

6.4 POST-EMPLOYMENT BENEFIT PLANS

For the year ended December 31, 2013, we recorded a decrease in our post-employment benefit obligations and an actuarial gain, before taxes and NCI, in OCI of $1,416 million. The change was due to a higher actual discount rate and a higher-than-expected return on plan assets.

For the year ended December 31, 2012, we recorded an increase in our post-employment benefit obligations and an actuarial loss, before taxes and NCI, in other comprehensive loss of $1,449 million. This was due to a lower actual discount rate, offset partly by a higher-than-expected return on plan assets.

6.5 CREDIT RATINGS

Credit ratings generally address the ability of a company to repay principal and pay interest on debt or dividends on issued and outstanding preferred shares.

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

As of March 6, 2014, the BCE and Bell Canada ratings remained unchanged at investment-grade levels and were assigned stable outlooks from Standard & Poor's Rating Services, DBRS Limited and Moody's Investors Service, Inc.

KEY CREDIT RATINGS

MARCH 6, 2014	BCE (1) DBRS	MOODY'S	S&P
Long-term debt	BBB (high)	Baa2	BBB+
Preferred shares	Pfd-3 (high)	–	P-2 (low)
	BELL CANADA (1) DBRS	MOODY'S	S&P
Commercial paper	R-1 (low)	P-2	A-2
Long-term debt	A (low)	Baa1	BBB+
Subordinated long-term debt	BBB	Baa2	BBB

(1) *These credit ratings are not recommendations to buy, sell or hold any of the securities referred to above, and they may be revised or withdrawn at any time by the assigning rating organization. Each credit rating should be evaluated independently of any other credit rating.*

6.6 LIQUIDITY

SOURCES OF LIQUIDITY

Our cash and cash equivalents balance at the end of 2013 was $335 million. We expect that this balance, our 2014 estimated cash flows from operations, and possible capital markets financing, including commercial paper, will permit us to meet our cash requirements in 2014 for capital expenditures, post-employment benefit plans funding, dividend payments, the payment of contractual obligations, maturing debt, the purchase of spectrum licences, ongoing operations and other cash requirements.

Should our 2014 cash requirements exceed our cash and cash equivalents balance, cash generated from our operations, and capital markets financings, we would cover such a shortfall by drawing under committed revolving credit facilities that are currently in place or through new facilities, to the extent available.

Our cash flows from operations, cash and cash equivalents balance, capital markets financings and credit facilities should give us flexibility in carrying out our plans for future growth, including business acquisitions and contingencies.

AT DECEMBER 31, 2013	TOTAL AVAILABLE	DRAWN	LETTERS OF CREDIT	COMMERCIAL PAPER OUTSTANDING	NET AVAILABLE
Committed credit facilities					
Bell Canada					
Revolving facility (1)	2,500	–	–	837	1,663
Unsecured committed term acquisitioncredit facility (Astral)	1,000	1,000	–	–	–
Other	286	–	240	–	46
Bell Aliant					
Revolving facility (1)	750	55	193	–	502
Other	234	70	134	–	30
Total committed credit facilities	4,770	1,125	567	837	2,241
Non-committed credit facilities					
Bell Canada	817	4	640	–	173
Bell Aliant	3	–	–	–	3
Total non-committed credit facilities	820	4	640	–	176
Total committed and non-committed credit facilities	5,590	1,129	1,207	837	2,417

(1) *Bell Canada's $2,500 million revolving facility expires in November 2018 and Bell Aliant's $750 million revolving facility expires in June 2017.*

Bell Canada may issue up to $2 billion of notes under its commercial paper program, that is supported by a committed revolving bank credit facility. The total amount of this credit facility may be drawn at any time. Some of our credit agreements require us to meet specific financial ratios and to offer to repay and cancel the credit agreement upon a change of control of BCE or Bell Canada. We are in compliance with all conditions and restrictions.

CASH REQUIREMENTS

CAPITAL EXPENDITURES

In 2014, our capital spending is planned to focus on our strategic imperatives, reflecting an appropriate level of investment in our networks and services.

POST-EMPLOYMENT BENEFIT PLANS FUNDING

Our post-employment benefit plans include both DB pension and defined contribution (DC) pension plans, as well as OPEBs. The funding requirements of our post-employment benefit plans, resulting from valuations of our plan assets and liabilities, depend on a number of factors, including actual returns on post-employment benefit plan assets, long-term interest rates, plan demographics, and applicable regulations and actuarial standards. Our expected funding for 2014 is detailed in the following table and is subject to actuarial valuations that will be completed in mid-2014. An actuarial valuation was last performed for our significant post-employment benefit plans as at December 31, 2012.

2014 EXPECTED FUNDING	BELL	BELL ALIANT	TOTAL
DB pension plans – service cost	187	45	232
DB pension plans – deficit	3	5	8
DB pension plans	190	50	240
OPEBs	75	10	85
DC pension plans	85	10	95
Total net post-employment benefit plans	350	70	420

Bell Canada closed the membership of its DB pension plans to new employees in January 2005 to reduce the impact of pension volatility on earnings over time. Generally, new employees now enrol in the DC pension plans. In 2006, we announced the phase-out, over a ten-year period, of OPEBs for all employees, which will result in Bell's OPEBs funding being phased out gradually after 2016.

DIVIDEND PAYMENTS

In 2014, the cash dividends to be paid on BCE's common shares are expected to be higher than in 2013 as BCE's common share dividend increased by 6.0% to $2.47 per common share from $2.33 per common share at the end of 2013. These increases are consistent with BCE's common share dividend policy of a target payout between 65% and 75% of free cash flow. BCE's dividend policy and the declaration of dividends are subject to the discretion of the BCE Board.

CONTRACTUAL OBLIGATIONS

The following table is a summary of our contractual obligations at December 31, 2013 that are due in each of the next five years and thereafter.

	2014	2015	2016	2017	2018	THERE-AFTER	TOTAL
Recognized financial liabilities							

Long-term debt	349	1,379	2,220	1,183	1,670	7,980	14,781
Notes payable and bank advances	972	–	–	–	–	–	972
Minimum future lease payments under finance leases	489	418	288	260	237	1,618	3,310
Loan secured by trade receivables	921	–	–	–	–	–	921
Interest payable on long-term debt, notes payable, bank advances and loan secured by trade receivables	734	677	605	538	476	4,634	7,664
MLSE financial liability	–	–	–	135	–	–	135
Net interest receipts on derivatives	(23)	(22)	(19)	(7)	–	–	(71)
Commitments (Off-Balance Sheet)							
Operating leases	296	249	207	165	128	692	1,737
Commitments for property, plant and equipment and intangible assets	232	78	47	12	10	25	404
Purchase obligations	1,968	1,360	602	430	279	1,177	5,816
Total	5,938	4,139	3,950	2,716	2,800	16,126	35,669

BCE's significant finance leases are for satellites and office premises. The leases for satellites, used to provide programming to our Bell TV customers, have a term of 15 years. The satellite leases are non-cancellable. The office leases have a typical lease term of 15 years. Minimum future lease payments under finance leases include future finance costs of $1,062 million.

BCE's significant operating leases are for office premises, cellular tower sites and retail outlets with lease terms ranging from 1 to 33 years. These leases are non-cancellable and generally are renewable at the end of the lease period. Rental expense relating to operating leases was $300 million in 2013 and $269 million in 2012.

Purchase obligations consist of contractual obligations under service and product contracts, for both operating and capital expenditures. Our commitments for property, plant, and equipment and intangible assets include investments to expand and update our networks, and to meet customer demand.

INDEMNIFICATIONS AND GUARANTEES

As a regular part of our business, we enter into agreements that provide for indemnifications and guarantees to counterparties in transactions involving business dispositions, sales of assets, sales of services, purchases and development of assets, securitization agreements and operating leases.

We cannot reasonably estimate the maximum potential amount we could be required to pay counterparties because of the nature of almost all of these indemnifications and guarantees. As a result, we cannot determine how they could affect our future liquidity, capital resources or credit risk profile. We have not made any significant payments under indemnifications or guarantees in the past.

LITIGATION

We become involved in various legal proceedings as a part of our business. While we cannot predict the final outcome or timing of the legal proceedings that were pending at March 6, 2014, based on information currently available and management's assessment of the merits of such legal proceedings, management believes that the resolution of these legal proceedings will not have a material and negative effect on our financial statements. We believe that we have strong defences and we intend to vigorously defend our positions.

You will find a description of the principal legal proceedings pending at March 6, 2014 in the BCE 2013 AIF.

7 SELECTED ANNUAL AND QUARTERLY INFORMATION

7.1 ANNUAL FINANCIAL INFORMATION

The following table shows selected consolidated financial data of BCE for 2013, 2012 and 2011, prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB). We discuss the factors that caused our results to vary over the past two years throughout this MD&A.

	2013(1)	2012	2011(2)
CONSOLIDATED INCOME STATEMENTS			
Operating revenues	**20,400**	19,978	19,502
Operating costs	**(12,311)**	(12,090)	(11,864)
EBITDA	**8,089**	7,888	7,638
Severance, acquisition and other costs	**(406)**	(133)	(409)
Depreciation	**(2,734)**	(2,678)	(2,545)
Amortization	**(646)**	(714)	(723)
Finance costs			
Interest expense	**(931)**	(865)	(853)
Interest on post-employment benefit obligations	**(150)**	(131)	(149)
Other (expense) income	**(6)**	269	127
Income taxes	**(828)**	(760)	(662)
Net earnings	**2,388**	2,876	2,424
Net earnings attributable to:			
Common shareholders	**1,975**	2,456	2,081
Preferred shareholders	**131**	139	119
Non-controlling interest	**282**	281	224
Net earnings	**2,388**	2,876	2,424
Net earnings per common share			
Basic	**2.55**	3.17	2.70
Diluted	**2.54**	3.17	2.70
Included in net earnings:			
Severance, acquisition and other costs	**(299)**	(94)	(282)
Net (losses) gains on investments	**(7)**	256	89
Premiums on early redemption of debt	**(36)**	–	–
Adjusted net earnings	**2,317**	2,294	2,274
Adjusted EPS	**2.99**	2.96	2.95
RATIOS			
EBITDA margin (%)	**39.7%**	39.5%	39.2%
Return on equity (%)	**17.9%**	23.2%	19.7%

(1) *On July 5, 2013, BCE acquired 100% of the issued and outstanding shares of Astral. Refer to section* 1.3, Key Corporate Developments – Acquisition of Astral, *and Note 4 to BCE's 2013 consolidated financial statements, for further details on the transaction.*
(2) *On April 1, 2011, BCE acquired the remaining 85% of CTV common shares that we did not already own. As part of its approval of the acquisition, the CRTC ordered BCE to spend $239 million over seven years to benefit the Canadian broadcasting system. The present value of this tangible benefits obligation, amounting to $164 million, net of $57 million assumed by CTV's previous shareholders, was recorded as an acquisition cost in* Severance, acquisition and other costs *in 2011. A gain of $89 million was realized on our previously held 15% equity interest in CTV at the acquisition date, which was recorded in* Other income *in 2011.*

	2013	2012	2011
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION			
Total assets	**45,384**	40,969	39,461
Cash and cash equivalents	**335**	129	177
Debt due within one year (including bank advances, notes payable and loan secured by trade receivables)	**2,571**	2,136	2,132
Long-term debt	**16,341**	13,886	12,721
Total non-current liabilities	**21,244**	19,498	17,882
Equity attributable to BCE shareholders	**15,011**	13,875	13,777
Total equity	**16,250**	14,725	14,759
RATIOS			
Total debt to total assets (times)	**0.42**	0.39	0.38
Total debt to total equity (times)	**1.05**	0.98	0.92
CONSOLIDATED STATEMENTS OF CASH FLOWS			
Cash flows from operating activities	**6,476**	5,560	4,881
Cash flows used in investing activities	**(6,401)**	(4,101)	(3,894)
Capital expenditures	**(3,571)**	(3,515)	(3,256)
Business acquisitions	**(2,850)**	(13)	(680)
Increase in investments	**(3)**	(593)	(14)
Cash flows from (used in) financing activities	**131**	(1,507)	(1,581)
Repurchase of common shares	**–**	(107)	(143)
Issue of common shares	**13**	39	152
Issue of preferred shares	**–**	280	345
Net issuance (repayment) of debt instruments	**2,215**	486	(6)
Cash dividends paid on common shares	**(1,795)**	(1,683)	(1,520)
Cash dividends paid on preferred shares	**(127)**	(133)	(118)
Cash dividends paid by subsidiaries to non-controlling interest	**(283)**	(340)	(315)
Free cash flow	**2,571**	2,428	2,273
SHARE INFORMATION			
Average number of common shares (millions)	**775.8**	774.3	771.4
Common shares outstanding at end of year (millions)	**775.9**	775.4	775.4
Market capitalization	**35,691**	33,055	32,931
Dividends declared per common share (dollars)	**2.3300**	2.2200	2.0450
Book value per share (dollars)	**14.97**	13.52	13.75
Dividends declared on common shares	**(1,807)**	(1,720)	(1,579)
Dividends declared on preferred shares	**(131)**	(138)	(119)
Market price per common share (dollars)			
High (end of day)	**48.43**	45.06	42.47
Low (end of day)	**41.57**	39.37	34.31
Close	**46.00**	42.63	42.47
Total shareholder return	**13.6%**	5.9%	27.0%
RATIOS			
Capital intensity (%)	**17.5%**	17.6%	16.7%
Price to earnings ratio (times)	**18.04**	13.45	15.73
Price to book ratio (times)	**3.07**	3.15	3.09
Price to cash flow ratio (times)	**12.30**	16.15	20.13
OTHER DATA			
Number of employees (thousands)	**56**	56	55

7.2 QUARTERLY FINANCIAL INFORMATION

The following table shows selected BCE consolidated financial data by quarter for 2013 and 2012. This quarterly information is unaudited but has been prepared on the same basis as the annual consolidated financial statements. We discuss the factors that caused our results to vary over the past eight quarters throughout this MD&A.

	2013				2012			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Operating revenues	**5,382**	**5,099**	**5,000**	**4,919**	5,161	4,982	4,925	4,910
EBITDA	**1,998**	**2,063**	**2,066**	**1,962**	1,896	2,019	2,044	1,929
Severance, acquisition and other costs	**(48)**	**(297)**	**(28)**	**(33)**	(69)	(25)	(20)	(19)
Depreciation	**(695)**	**(683)**	**(681)**	**(675)**	(693)	(673)	(666)	(646)
Amortization	**(160)**	**(162)**	**(161)**	**(163)**	(175)	(180)	(178)	(181)
Net earnings	**593**	**452**	**671**	**672**	765	644	836	631
Net earnings attributable to common shareholders	**495**	**343**	**571**	**566**	666	527	732	531
Net earnings per common share								
Basic	**0.64**	**0.44**	**0.74**	**0.73**	0.86	0.68	0.94	0.69
Diluted	**0.63**	**0.44**	**0.74**	**0.73**	0.86	0.68	0.94	0.69
Included in net earnings:								
Severance, acquisition and other costs	**(33)**	**(222)**	**(21)**	**(23)**	(46)	(19)	(15)	(14)
Net (losses) gains on investments	**(12)**	**2**	**1**	**2**	248	–	–	8
Premiums on early redemption of debt	**–**	**(21)**	**(3)**	**(12)**	–	–	–	–
Adjusted net earnings	**540**	**584**	**594**	**599**	464	546	747	537
Adjusted EPS	**0.70**	**0.75**	**0.77**	**0.77**	0.60	0.70	0.97	0.69
Average number of common shares outstanding – basic (millions)	**775.9**	**775.9**	**775.9**	**775.7**	775.0	774.2	773.7	774.3

FOURTH QUARTER HIGHLIGHTS

OPERATING REVENUES	Q4 2013	Q4 2012	$ CHANGE	% CHANGE
Bell Wireline	**2,601**	2,608	(7)	(0.3%)
Bell Wireless	**1,505**	1,458	47	3.2%
Bell Media	**821**	591	230	38.9%
Inter-segment eliminations	**(114)**	(80)	(34)	(42.5%)
Bell	**4,813**	4,577	236	5.2%
Bell Aliant	**688**	694	(6)	(0.9%)
Inter-segment eliminations	**(119)**	(110)	(9)	(8.2%)
Total BCE operating revenues	**5,382**	5,161	221	4.3%

EBITDA	Q4 2013	Q4 2012	$ CHANGE	% CHANGE
Bell Wireline	**934**	931	3	0.3%
Bell Wireless	**529**	479	50	10.4%
Bell Media	**230**	172	58	33.7%

Bell	**1,693**	1,582	111	7.0%
Bell Aliant	**305**	314	(9)	(2.9%)
Total BCE EBITDA	**1,998**	1,896	102	5.4%

BCE operating revenues in Q4 2013 were 4.3% higher compared to Q4 2012, translating into BCE EBITDA growth of 5.4%.

BCE EBITDA increased year-over-year driven by higher EBITDA at Bell Wireless, Bell Media and Bell Wireline, partly offset by lower EBITDA at Bell Aliant.

Bell operating revenues in Q4 2013 were 5.2% higher compared to Q4 2012, driven by steady Bell Wireless revenue growth, positive Bell Wireline residential services revenue growth as strong TV and high-speed Internet expansion outpaced declines in traditional voice services, and Astral's contribution to Bell Media results.

Bell EBITDA increased 7.0%, year over year, reflecting strong EBITDA growth of 10.4% at Bell Wireless and 33.7% at Bell Media over the same period last year. Notably, we generated positive EBITDA growth of 0.3% at Bell Wireline in Q4 2013 with a 41,000 year-over-year improvement in total Bell Wireline residential customer net losses, higher household ARPU, and a reduction in operating costs. Higher EBITDA across all Bell segments contributed to a 0.6 percentage-point improvement in Bell's consolidated EBITDA margin to 35.2%.

Bell Wireline operating revenues were essentially unchanged year over year, decreasing 0.3%. Bell Residential Services delivered revenue growth of 3.1%, reflecting accelerated Fibe TV and related Fibe Internet customer growth, as well as slowing voice erosion, while the rate of revenue decline at Bell Business Markets improved year over year. Bell Wireline EBITDA was up 0.3% compared to Q4 2012 with margin improving 0.2 percentage points to 35.9%, supported by a $10 million year-over-year reduction in operating costs.

Bell Wireless operating revenues increased 3.2% in Q4 2013 with service revenues up 3.7%, reflecting the positive impact of postpaid smartphone subscribers acquired in 2013 combined with blended ARPU growth of 2.1% due to higher data revenues. Bell Wireless EBITDA grew 10.4%, delivering a 2.4 percentage-point expansion in EBITDA service margin to 38.9%, which also benefited from a 0.3% reduction in operating costs resulting from disciplined spending on postpaid subscriber acquisition and customer retention.

Bell Media operating revenues in Q4 2013 were 38.9% higher, year over year. The increase reflects higher advertising and subscriber fee revenues from the Astral acquisition, as well as planned, market-based step-ups in non-Astral specialty TV rates paid by broadcast distributors for Bell Media content and programming. Similarly, Bell Media's EBITDA increased 33.7%, year over year, reflecting the flow-through of higher advertising and subscriber fee revenues, partly offset by higher operating costs.

Bell Aliant operating revenues in Q4 2013 were 0.9% lower compared to Q4 2012, driven by growth in data and wireless revenues which was effectively offset by lower local and access and long distance revenues.

Bell Aliant EBITDA decreased 2.9%, year over year, reflecting increased marketing and sales expenses attributable to aggressive competitive activity and higher TV content costs resulting from IPTV customer growth, partially mitigated by savings from ongoing productivity initiatives and operating efficiencies.

Bell capital expenditures totalled $992 million in Q4 2013. Spending was focused on the ongoing roll-out of Bell's 4G LTE mobile network and the continued deployment of broadband infrastructure, including new fibre to residential homes, neighbourhoods and businesses in Ontario and Québec to support the expansion of Fibe TV.

BCE depreciation of $695 million increased $2 million, year over year, due to a higher depreciable asset base in 2013 as we continued to invest in our broadband wireline and wireless networks, and incremental depreciation expense attributable to our acquisition of Astral. This was partly offset by a net decrease in depreciation expense due to changes in the estimates of useful lives of certain assets.

BCE amortization was $160 million in Q4 2013, down from $175 million in Q4 2012 as certain intangible assets became fully amortized, resulting in a lower asset base in 2013. In addition, amortization expense decreased due to an increase in the estimates of useful lives of certain assets.

BCE cash flow from operating activities was $1,838 million in Q4 2013 compared to $863 million in the previous year, due to a decrease in contributions to post-employment benefit plans attributable to voluntary DB pension plan contributions in 2012 and higher EBITDA, partly offset by higher income taxes paid in 2013.

BCE free cash flow in Q4 2013 was $674 million, up 11.4% from $605 million in Q4 2012, driven by higher EBITDA and an increase in working capital, offset partly by higher capital expenditures.

BCE net earnings attributable to common shareholders were $495 million, or $0.64 per share, in Q4 2013 compared to $666 million, or $0.86 per share, in Q4 2012. The year-over-year decrease in earnings was due to a non-cash gain recognized in Q4 2012 on the sale of assets by Inukshuk to its owners. Adjusted net earnings attributable to common shareholders were $540 million, an increase of 16.4%, and Adjusted EPS increased 16.7% to $0.70 from $0.60, mainly as a result of higher EBITDA at Bell.

SEASONALITY CONSIDERATIONS

Some of our segments' revenues and expenses vary slightly by season, which may impact quarter-to-quarter operating results.

Wireline segment revenues tend to be higher in the fourth quarter because of higher data and equipment product sales to business customers and higher consumer electronics equipment sales during the holiday period in December. Home Phone, TV and Internet subscriber activity is subject to modest seasonal fluctuations, attributable largely to residential moves during the summer months and the back-to-school period in the third quarter. Targeted marketing efforts conducted during various times of the year to coincide with special events or broad-based marketing campaigns also may have an impact on overall wireline operating results.

Wireless operating results are influenced by the timing of our marketing and promotional expenditures and higher levels of subscriber additions and handset discounts, resulting in higher subscriber acquisition and activation-related expenses in certain quarters. In particular, Bell Wireless EBITDA tends to be lower in the fourth quarter due to higher subscriber acquisition costs associated with a higher number of new subscriber activations during the holiday season. Additionally, the third quarter has become more significant in terms of wireless subscriber additions in recent years as a result of back-to-school offers, while subscriber additions have typically been lowest in the first quarter.

Bell Media revenues and related expenses from TV and radio broadcasting are largely derived from the sale of advertising, the demand for which is affected by prevailing economic conditions, as well as cyclical and seasonal variations. Seasonal variations are driven by the strength of TV ratings particularly during the fall programming season, major sports league seasons and other special sporting events such as the Olympic Games, NHL playoffs and World Cup soccer, as well as fluctuations in consumer retail activity during the year.

8 REGULATORY ENVIRONMENT

8.1 INTRODUCTION

This section describes certain legislation that governs our businesses and provides highlights of recent regulatory initiatives and proceedings, government consultations and government positions that affect us and that influence our business and may continue to affect our flexibility to compete in the marketplace. Bell Canada and Bell Aliant Regional Communications Inc. (Bell Aliant Regional) and several of their direct and indirect subsidiaries, including Bell Mobility, Bell ExpressVu Limited Partnership, Bell Aliant Regional Communications, Limited Partnership (Bell Aliant LP), NorthernTel, Limited Partnership (NorthernTel), Télébec, Limited Partnership (Télébec) and NorthwesTel, are governed by the *Telecommunications Act*, the *Broadcasting Act*, the *Radiocommunication Act* and/or the *Bell Canada Act*. They are also subject to regulations and policies enforced by the CRTC. Our business is affected by decisions made by various regulatory agencies, including the CRTC, an independent agency of the Government of Canada responsible for regulating Canada's telecommunications and broadcasting industries. Other aspects of the businesses of these companies are regulated in various ways by federal government departments, in particular Industry Canada.

The CRTC regulates the prices we can charge for telecommunications services in areas where it determines there is not enough competition to protect the interests of consumers. The CRTC has determined that competition was sufficient to grant forbearance from retail price regulation under the *Telecommunications Act* for the vast majority of Bell Canada's residential and business local telephone service lines in Ontario and Québec, as well as for our wireless and Internet services. Under the *Broadcasting Act*, our TV distribution business is not subject to retail price regulation.

Although most of our wireline and wireless services are forborne from price regulation under the *Telecommunications Act*, the Government of Canada and its relevant departments and agencies, including the CRTC, Industry Canada and the Competition Bureau, continue to play a significant role in telecommunications policy and regulatory matters, such as spectrum auctions, approval of acquisitions, foreign ownership and broadcasting, and this may adversely affect our competitive position. The federal government recently significantly increased its focus on consumer protection, especially in the wireless sector, and adopted more stringent regulations. This increased focus on consumer protection is evidenced by the adoption in 2013 of a new mandatory code of conduct for providers of retail mobile wireless voice and data services (Wireless Code) by the CRTC, which, as discussed in more detail in section *8.2, Telecommunications Act – Adoption of a National Wireless Services Consumer Code*, could decrease our flexibility in the marketplace. The federal government may take positions against the telecommunications and media industries in general, or specifically against Bell Canada or certain of its subsidiaries. Failure to positively influence changes in any of these areas, or to meet the required regulatory standards, adverse decisions by regulatory agencies or increasing regulation, could have negative financial, operational, reputational or competitive consequences for our business.

8.2 TELECOMMUNICATIONS ACT

The *Telecommunications Act* governs telecommunications in Canada. It defines the broad objectives of Canada's telecommunications policy and provides the Government of Canada with the power to give general direction to the CRTC on any of its policy objectives. It applies to several of the BCE group companies and partnerships, including Bell Canada, Bell Mobility, Bell Aliant LP, NorthernTel, Télébec and Northwestel.

Under the *Telecommunications Act*, all facilities-based telecommunications service providers in Canada, known as telecommunications common carriers (TCCs), must seek regulatory approval for all proposed tariffs for telecommunications services, unless the services are exempt from regulation or forborne from regulation. The CRTC may exempt an entire class of carriers from regulation under the *Telecommunications Act* if the exemption meets the objectives of Canada's telecommunications policy. A few large TCCs, including the BCE group TCCs, must also meet certain Canadian ownership requirements. BCE monitors and periodically reports on the level of non-Canadian ownership of its common shares.

PROCEEDINGS REGARDING WHOLESALE DOMESTIC WIRELESS SERVICES

On December 18, 2013, the Minister of Industry announced the federal government's intention to amend the *Telecommunications Act* to place an interim cap on the rates charged by Canadian wireless carriers for wholesale domestic roaming. The interim rate cap would apply until such time as the CRTC determines what, if any, regulatory measures should apply to wholesale domestic roaming. The CRTC is currently running a proceeding with respect to wireless roaming and a decision is expected by June 2014.

On February 20, 2014, the CRTC initiated a regulatory proceeding to determine whether the wholesale mobile wireless services market is sufficiently competitive. This proceeding will specifically examine: the market conditions for wholesale roaming, wholesale tower and site sharing and other wholesale mobile wireless services; the impact that the wholesale mobile wireless services market has on the development of the retail services market and on sustainable competition in that market; and whether greater regulatory oversight, including mandating access to any existing or potential wholesale mobile wireless service, would be appropriate. Greater regulation of wholesale mobile wireless services could limit Bell's marketing flexibility, improve the business position of Bell's competitors and negatively impact the financial performance of Bell's mobile wireless business. This CRTC proceeding will conclude in the fourth quarter of 2014 and a CRTC decision is expected in early 2015. The financial impact of these initiatives is not possible to assess at this time.

CRTC AND INDUSTRY CANADA ADMINISTRATIVE MONETARY PENALTIES

On December 18, 2013, the Minister of Industry announced the federal government's intention to amend both the *Telecommunications Act* and the *Radiocommunication Act* to provide the CRTC and Industry Canada with the authority to impose administrative monetary penalties on companies that violate established rules. No further details have been announced. However, the amendments are expected to be implemented in early 2014. The financial impact associated with the amendments is unclear at this time.

WHOLESALE SERVICES FRAMEWORK REVIEW

On October 15, 2013, the CRTC initiated a review of wholesale telecommunications services and associated policies. This comprehensive review, which will run until the end of 2014, will notably examine whether currently mandated wholesale services should be forborne, whether currently forborne wholesale services should be re-regulated and whether additional wholesale high-speed access services should be mandated, including over fibre-to-the-premises facilities. The CRTC has specifically excluded from this review any consideration of wireless wholesale services. Modifications to the regulatory regime applicable to our wholesale telecommunications services could have significant impacts on our wholesale telecommunications business and potentially, by extension, in certain retail markets.

ADOPTION OF A NATIONAL WIRELESS SERVICES CONSUMER CODE

On June 3, 2013, the CRTC issued Telecom Regulatory Policy CRTC 2013-271, which established the Wireless Code. The Wireless Code applies to all wireless services provided to individual and small business consumers (e.g. businesses that on average spend less than $2,500 per month on telecom services) in all provinces and territories. Where the Wireless Code is in direct conflict with a valid provincial law, the Wireless Code takes precedence.

The Wireless Code establishes regulations related to unlocking mobile phones, calculating early cancellation fees, and setting default caps for data roaming charges and data overage charges, among other measures. The Wireless Code also stipulates that wireless service providers may not charge an early cancellation fee after a customer has been under contract for 24 months, which reduces the incentive for wireless service providers to offer contracts with longer terms. Implementation of the Wireless Code could lead to significant changes in consumer wireless market dynamics, including higher industry churn due to the discontinuance of three-year contracts and their replacement with two-year contracts. In addition, to the extent that higher costs due to a shorter contract term are not passed on to consumers, the Wireless Code could lead to higher costs for Bell. All of these factors could have an adverse impact on our financial results.

Where an obligation in the Wireless Code relates to a specific contractual relationship between a wireless service provider and a customer, the Wireless Code applies if the contract was entered into, amended, renewed or extended on or after December 2, 2013. The Wireless Code will apply to and modify all contracts, no matter when they were entered into, on June 3, 2015. As a result, all three-year contracts entered into on or after June 4, 2012, and before December 1, 2013, will retroactively become subject to the Wireless Code on June 3, 2015, despite having been entered into before the Wireless Code came into effect. On July 3, 2013, Bell Mobility, together with Rogers, TELUS, Saskatchewan Telecommunications Holding Corporation and MTS, filed an application with the Federal Court of Appeal seeking leave to appeal this retroactive application of the Wireless Code. The Federal Court of Appeal granted leave to appeal on September 24, 2013. If the appeal is successful, consumer contracts entered into before December 1, 2013 would remain exempt from the Wireless Code's application and would be permitted to run to their contracted 3-year end dates.

CANADA'S TELECOMMUNICATIONS FOREIGN OWNERSHIP RULES

Under the *Telecommunications Act*, there are no foreign investment restrictions applicable to TCCs that have less than a 10% share of the total Canadian telecommunications market as measured by annual revenues. However, foreign investment in telecommunications companies can still be refused by the government under the *Investment Canada Act*. The absence of foreign ownership restrictions on such TCCs could result in more foreign companies entering the Canadian market, including by acquiring spectrum licences or Canadian TCCs. Under the *Broadcasting Act*, foreign ownership restrictions are applicable to broadcasters, such as licensed cable and satellite TV service providers, or programming licensees, such as Bell Media.

8.3 BROADCASTING ACT

The *Broadcasting Act* defines the broad objectives of Canada's broadcasting policy and assigns the regulation and supervision of the broadcasting system to the CRTC. Key policy objectives of the *Broadcasting Act* are to protect and strengthen the cultural, political, social and economic fabric of Canada and to encourage the development of Canadian expression.

Most broadcasting activities require a broadcasting licence or broadcasting distribution licence from the CRTC. The CRTC may exempt broadcasting undertakings from complying with certain licensing and regulatory requirements if the CRTC is satisfied that not complying with those requirements will not materially affect the implementation of Canadian broadcasting policy. A corporation must also meet certain Canadian ownership requirements to obtain a broadcasting or broadcasting distribution licence and corporations must have the CRTC's approval before they can transfer effective control of a broadcasting licensee.

The TV distribution business of our Bell TV business unit (Bell TV) and Bell Media's TV and radio broadcasting operations are subject to the requirements of the *Broadcasting Act*, the policies and decisions of the CRTC and their respective broadcasting licences. Any changes in the *Broadcasting Act*, amendments to regulations or the adoption of new ones, or amendments to licences, could negatively affect Bell TV's or Bell Media's competitive positions or the cost of providing services.

CRTC CONSULTATION ON THE FUTURE OF CANADA'S TV SYSTEM

On October 16, 2013, the federal government announced its intention to require the unbundling of TV channels to allow Canadian families to be able to choose the combination of TV channels to which they want to subscribe, while protecting Canadian jobs. This announcement was followed by the launch, on October 24, 2013, of a CRTC consultation inviting Canadian consumers to provide their input on the future of Canada's TV system. As part of this consultation, the CRTC inquired whether consumers are satisfied with Canadian TV programming content, how their channels are packaged and other related matters. On February 18, 2014, the CRTC launched Phase 2 of this public consultation with the Choicebook, an interactive survey that poses a series of questions on topics such as basic service, local news, pick-and-pay, sports, U.S. programming, signal substitution and online programming. Comments are due March 14, 2014.

In conjunction with this consultation, the federal government, pursuant to section 15 of the *Broadcasting Act*, issued an order-in-council mandating the CRTC to report on how the ability of Canadian consumers to subscribe to pay and specialty TV services on a service-by-service basis can be maximized in a manner that most appropriately furthers the implementation of the broadcasting policy for Canada. The CRTC's report to this order-in-council is due no later than April 30, 2014.

Regulatory changes resulting from this consultation and order-in-council report could have an adverse impact on Bell TV's and Bell Media's businesses and financial results, the extent of which is unclear at this time. The CRTC has indicated that this consultation will lead to a public hearing in September 2014. It is unlikely that a decision on the new regulatory environment for TV will be released prior to the end of 2014.

8.4 RADIOCOMMUNICATION ACT

Industry Canada regulates the use of radio spectrum by Bell Canada, Bell Mobility and other wireless service providers under the *Radiocommunication Act*. Under the *Radiocommunication Act*, Industry Canada ensures that radiocommunication in Canada is developed and operated efficiently. Under the *Radiocommunication Regulations*, companies that are eligible for radio licences, such as Bell Canada and Bell Mobility, must meet the same ownership requirements that apply to companies under the *Telecommunications Act*.

Companies must have a spectrum licence to operate a wireless system in Canada. While we anticipate that the licences under which we provide wireless services will be renewed at term, there is no assurance that this will happen, or of the terms under which renewal will be granted. Industry Canada can revoke a company's licence at any time if the company does not comply with the licence's conditions. While we believe that we comply with the conditions of our licences, there is no assurance that Industry Canada will agree. Should there be a disagreement, this could have a negative effect on our business and financial performance.

700 MHz SPECTRUM AUCTION

The auction for licensing 700 MHz spectrum began on January 14, 2014. As part of this auction, Industry Canada implemented spectrum caps such that Bell Mobility, and the other large Canadian wireless incumbents, were individually limited to obtaining one paired spectrum block from the four most desirable 700 MHz blocks available (i.e. blocks B, C, C1 and C2). Bidders not classified as large wireless providers (such as small domestic wireless providers) were not limited to obtaining only one paired spectrum block, but rather were allowed to obtain two paired spectrum blocks from the four most desirable 700 MHz blocks available. On February 19, 2014, Industry Canada announced the provisional licence winners. Bell Mobility was one of 8 licence winners and was able to secure spectrum licences in every provincial and territorial market at a price in line with financial community expectations.

LICENSING FRAMEWORK FOR BROADBAND RADIO SERVICES (BRS) – 2500 MHz

On January 10, 2014, Industry Canada announced its framework for the licensing of 2500 MHz spectrum, which sets out the rules and procedures for participation in the 2500 MHz auction, scheduled to begin on April 14, 2015. The framework includes details related to the auction format and rules, the application process and timelines, and the conditions of licence that will apply to licences issued following the auction process, as well as to existing BRS spectrum licences. The auctioned licences will be issued for 20-year terms, with a 10-year build-out requirement. In aggregate, 61 service areas and 318 individual licences across the country will be auctioned. A spectrum aggregation limit of 40 MHz will apply in each individual service area, except for the Northwest Territories, Yukon and Nunavut, where no such limit will apply. A 5-year moratorium will further apply to sales of 2500 MHz spectrum to an entity that exceeds or would exceed the aggregation limit.

To the extent that Bell Mobility, or any other qualified bidder, wishes to acquire 2500 MHz spectrum in areas where it currently is at or over the aggregation limit, it would need to return sufficient spectrum to Industry Canada or apply to transfer it to a third party such that it is below the aggregation limit before the start of the auction. Our ability to acquire our preferred spectrum blocks in this auction may be affected by the auction strategies of other participants and the extent to which foreign entities participate in the auction process.

SPECTRUM LICENCE TRANSFERS

On June 28, 2013, Industry Canada released a decision revising its policy regarding spectrum licence transfers. This decision significantly increases the number of criteria, many of which are highly subjective, that Industry Canada may consider when determining whether to approve or deny such transfers. In addition to subjecting all licence transfers and licence subordination arrangements to these new rules, the decision also requires that “prospective” and “option” arrangements, (i.e. those designed to transfer spectrum at a future date), would also have to be submitted for review within 15 days of entering into such a business arrangement. Such arrangements would have to be withdrawn within 90 days if Industry Canada denies the proposed transfer. Industry Canada had previously noted that the new licence transfer framework is one of several initiatives the government is taking to promote at least four wireless competitors in each region of the country. In a related initiative, on June 4, 2013, the Minister of Industry announced that the government had blocked a proposal by TELUS to acquire all of the issued and outstanding shares of advanced wireless services (AWS) entrant DAVE (carrying on business under the Mobilicity brand). The Minister stated the government will not waive the condition of licence applicable to 2008 “set-aside” spectrum reserved solely for new entrants in the 2008 AWS spectrum auction restricting the transfer of such spectrum to incumbent carriers before the 5-year moratorium period has run its course.

MANDATORY ROAMING AND TOWER SHARING

On March 7, 2013, Industry Canada announced amendments to the conditions of licence governing mandatory roaming and tower sharing. These changes effectively expand the scope of mandated roaming and tower sharing rights and could increase the number of wireless operators seeking mandated roaming on our wireless networks. All of these changes are intended to facilitate the quicker execution of roaming and tower-sharing agreements and the resolution of disputes, to the extent they occur.

8.5 BELL CANADA ACT

Under the *Bell Canada Act*, the CRTC must approve any sale or other disposal of Bell Canada voting shares that are held by BCE, unless the sale or disposal would result in BCE retaining at least 80% of all of the issued and outstanding voting shares of Bell Canada. Except in the ordinary course of business, the sale or other disposal of facilities integral to Bell Canada's telecommunications activities must also receive CRTC approval.

8.6 OTHER KEY LEGISLATION

CANADA ANTI-SPAM LEGISLATION

Federal legislation referred to as the *Canada Anti-Spam Legislation* (CASL) received royal assent on December 15, 2010 and will come into force on July 1, 2014. The CASL requires that commercial electronic messages be sent only if the recipient has provided prior consent and the message complies with certain formalities, including the ability to unsubscribe easily from subsequent messages. The CASL also requires that an organization have prior informed consent before downloading software to an end-user's computer. Penalties for non-compliance include administrative monetary penalties of up to $10 million and a private right of action. Because the CASL creates deemed consent for commercial electronic messages where there is an existing business relationship, the effect of the CASL on the ability of the various BCE group companies to send messages to their existing customers is limited. However, the law in its current form may impose additional costs and processes with respect to communicating with existing and prospective customers and may limit cross-selling opportunities for affiliated companies, depending on whether the appropriate consents have been obtained. Further interpretive guidance is anticipated from the CRTC and Industry Canada, which will determine the full extent to which the CASL will impact our business.

9 BUSINESS RISKS

A risk is the possibility that an event might happen in the future that could have a negative effect on our financial position, financial performance, cash flows, business or reputation. The actual effect of any event could be materially different from what we currently anticipate. The risks described in this MD&A are not the only ones that could affect us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our financial position, financial performance, cash flows, business or reputation.

This section describes the principal business risks that could have a material adverse effect on our financial position, financial performance, cash flows, business or reputation, and cause actual results or events to differ materially from our expectations expressed in or implied by our forward-looking statements. As indicated in the table below, certain of such principal business risks have already been discussed in other sections of this MD&A and we refer the reader to those sections for a discussion of such risks. All of the risk discussions set out in the sections referred to in the table below are incorporated by reference in this section 9.

RISKS DISCUSSED IN OTHER SECTIONS OF THIS MD&A	SECTION REFERENCES
Competitive Environment	• Section 3.3, *Principal Business Risks* • Section 5, *Business Segment Analysis* (*Competitive Landscape and Industry Trends* section for each segment)
Regulatory Environment	• Section 3.3, *Principal Business Risks*
	• Section 8, *Regulatory Environment*
Economic and Financial Market Conditions	• Section 3.3, *Principal Business Risks*
Complexity and Service and Operational Effectiveness	• Section 3.3, *Principal Business Risks*
Strategic Network Evolution	• Section 3.3, *Principal Business Risks*
Risks Specifically Relating to our Bell Wireless, Bell Wireline, Bell Media and Bell Aliant segments	• Section 5, *Business Segment Analysis* (*Principal Business Risks* section for each segment)

The other principal business risks that also could have a material adverse effect on our financial position, financial performance, cash flows, business or reputation are discussed below.

NETWORK CAPACITY PRESSURES

If we fail to maintain network operating performance, in the context of increasing customer demand, this could have an adverse effect on our reputation, business and financial performance.

The demand for TV and other bandwidth-intensive applications on the Internet, as well as the volume of wireless data-driven traffic, have been growing at unprecedented rates. It is expected that growth in such demand and traffic will further accelerate, especially, in the case of wireless data-driven traffic, due to the increasing adoption of smartphones and other mobile devices such as tablets. Such rapid growth could drive capacity pressures on our Internet and wireless networks and result in network performance issues. Consequently, we may need to incur significant capital expenditures beyond those expenditures already anticipated by our subscriber and traffic planning forecasts in order to provide additional capacity and reduce network congestion on our Internet and wireless networks. In addition, we may not be able to scale our networks in a timely manner in order to handle growth in demand for TV and other bandwidth-intensive applications on the Internet or in the volume of wireless data-driven traffic. There is also a risk that our efforts to optimize network performance, in the face of increasing demand, through paced fibre and equipment deployment, traffic management and rate plan changes, could be unsuccessful or generate adverse publicity, potentially resulting in an increase in our subscriber churn rate beyond our current expectations, and thereby compromising our efforts to attract new customers. All of these risks could have an adverse effect on our reputation, business and financial performance.

TECHNOLOGICAL CHANGE

We need to anticipate technological change and invest in or develop new technologies, products and services that will gain market acceptance.

We operate in markets that are affected by constant technological change, evolving industry standards, changing customer needs, frequent introductions of new products and services, and short product life cycles. Rapidly evolving technology brings new competitive threats, as well as new service opportunities, on an almost continuous basis. Investment in our networks and in new technologies, products and services, as well as our ability to launch, on a timely basis, technologies, products and services that will gain market acceptance, are critical to increasing the number of our subscribers and achieving our financial objectives. Failure to understand new technologies, to evolve in the appropriate direction in an environment of changing business models, or to optimize network deployment timelines considering customer demand and competitor activities, could have an adverse impact on our business and financial results.

We may face additional risks as we develop new products, services and technologies, and update our networks to stay competitive. New technologies, for example, may quickly become obsolete or may require more capital than initially expected. Development could be delayed for reasons beyond our control, and substantial investments usually need to be made before new technologies prove to be commercially viable. There is also a risk that current regulations could be expanded to apply to new technologies, which could delay our launch of new services. New products or services that use new or evolving technologies could reduce demand for our existing offerings or cause prices for those services to decline, and could result in shorter estimated useful lives for existing technologies, which could increase depreciation and amortization expense.

We have incurred significant capital expenditures in order to deploy next-generation fibre networks and offer higher Internet speeds. If we fail to make continued investments in our Internet networks that enable us to offer Internet services at increasingly higher speeds, and to offer a different range of products and services than our competitors, this could adversely affect our ability to compete, the pricing of our products and services, and our financial results. In particular, the introduction of mandated wholesale services over FTTH or of a more burdensome wholesale regime on FTTN by the CRTC may undermine our incentives to invest in next-generation networks.

INFORMATION TECHNOLOGY

The failure to implement or maintain effective IT systems on a timely basis, and the complexity and costs of our IT environment, could have an adverse effect on our business and financial performance.

We currently use a very large number of interconnected operational and business support systems that are relevant to most aspects of our operations, including provisioning, networking, distribution, show production, billing and accounting. We also have various IT system and process change initiatives that are in progress or are proposed to be implemented. The development and launch of a new service typically requires significant systems development and integration. The associated developmental and ongoing operational costs are a significant factor in maintaining a competitive position and profit margins. As next-generation services are introduced, they should be designed to work with both legacy and next-generation support systems, which introduces uncertainty with respect to the cost and effectiveness of solutions and the evolution of systems.

There can be no assurance that any of our proposed IT systems or process change initiatives will be implemented successfully, that they will be implemented in accordance with anticipated timelines, or that sufficiently skilled personnel will be available to complete such initiatives. If we fail to implement and maintain effective IT systems on a timely basis, fail to create and maintain an effective governance and operating framework to support the management of a largely outsourced staff, or fail to understand and streamline our significant number of legacy systems and proactively meet constantly evolving business requirements, this could have an adverse effect on our business and financial performance.

In addition, any of the events referred to under *Performance of Critical Infrastructure* in this section 9, including, in particular, cyber attacks, sabotage, unauthorized access, fire and natural disasters, could cause damage to our IT systems and have an adverse effect on our business and financial performance.

INFORMATION SECURITY, PRIVACY AND RECORDS MANAGEMENT

Our operations and reputation depend on how well we protect business and personal data.

Our operations and reputation depend on how well we protect our data centres and electronic and physical records, and the business and personal information stored therein, against unauthorized access or entry, cyber attacks (such as, but not limited to, hacking, computer viruses, denial of service attacks, industrial espionage, unauthorized access to confidential, proprietary or sensitive information or other breaches of network or IT security), damage from fire, natural disaster and other events referred to under *Performance of Critical Infrastructure* in this section 9. The protection and the effective organization of our systems, applications and information repositories are central to the secure operation of our networks and business as electronic and physical records of proprietary business and personal data, such as confidential customer and employee information, are all sensitive from a market and privacy perspective. Any vulnerabilities could lead to system operating failure or information theft, loss or leakage that could result in financial loss and difficulty in accessing materials to defend legal cases. The theft or loss of confidential customer or employee information could harm our brand and reputation as well as our customer relationships, and lead to the loss of subscribers, impair our ability to attract new ones, or expose us to claims of damages by customers and employees.

HUMAN RESOURCES

Our business depends on the performance of, and our ability to retain, our employees.
Our business depends on the efforts, engagement and expertise of our employees and, in particular, of our senior executives and other key employees. Competition for highly skilled management and customer service employees is intense in our industry. In addition, the increasing technical complexity of our businesses creates a challenging environment for hiring, retaining and developing skilled technical resources. If we fail to appropriately train, motivate, remunerate and deploy employees on initiatives that further our strategic imperatives, and efficiently replace retiring employees, this could have an adverse impact on our ability to attract and retain talent and drive performance across the organization.

Our senior executives and other key employees are important to our success because they have been instrumental in setting our strategic direction, operating our business, identifying, recruiting and training key personnel, and identifying business opportunities. The loss of one or more of these key individuals could impair our business until qualified replacements are found. There can be no assurance that these individuals could be replaced quickly with persons of equal experience and capabilities. Although we have compensation programs in place designed to help retain and motivate these individuals, we cannot prevent them from terminating their employment with us.

Finally, deterioration in employee morale and engagement resulting from staff reductions, reorganizations and ongoing cost reductions could also adversely affect our business and financial results.

Renegotiating collective bargaining agreements could result in higher labour costs and work disruptions.
Approximately 44% of our employees are represented by unions and are covered by collective bargaining agreements. Renegotiating collective bargaining agreements could result in higher labour costs, project delays and work disruptions, including work stoppages or work slowdowns. There can be no assurance that should a strike or work disruption occur, it would not adversely affect service to our customers and, in turn, our customer relationships and financial performance. In addition, work disruptions, including work slowdowns or work stoppages due to strikes, experienced by our third-party suppliers and other telecommunications carriers to whose networks ours are connected, could harm our business, including our customer relationships and financial performance.

STRATEGY EXECUTION

Should we fail to achieve any of our strategic imperatives, this could have an adverse effect on our future growth, business and financial results.
We continue to pursue our goal to be recognized by customers as Canada's leading communications company through focused execution of our six strategic imperatives. Executing on our strategic imperatives requires shifts in employee skills and capital investments to implement our strategies and operating priorities. If our management, processes or employees are not able to adapt to these changes or if required capital is not available on favourable terms, we may fail to achieve certain or all of our strategic imperatives, which could have an adverse effect on our business, financial performance and growth prospects. In particular, our strategies require us to continue to transform our cost structure. Our objectives for targeted cost reductions continue to be aggressive but there is no assurance that we will be successful in reducing costs, especially since incremental cost savings are more difficult to achieve on an ongoing basis. Our cost reduction objectives require aggressive negotiations with our key suppliers and there can be no assurance that such negotiations will be successful or that replacement products or services provided will not lead to operational issues. The inability to continue to reduce costs could, in particular, have an adverse effect on our Wireline segment's profitability.

CHANGE MANAGEMENT AND INTEGRATION

Ineffective change management and the failure to successfully integrate assets could adversely affect our business and our ability to achieve our strategic imperatives.
Corporate restructurings, system replacements and upgrades, process redesigns and the integration of business acquisitions and existing business units must be managed carefully to ensure that we capture the intended benefits of such changes. Ineffective change management may adversely affect our business and negatively impact the achievement of our strategic imperatives. There can be no assurance that planned efficiency initiatives will be completed or that such initiatives, once implemented, will provide the expected benefits or will not have a negative impact on our operations, financial performance, employee engagement or customer service.

Achieving the anticipated benefits from the integration of business acquisitions and existing business units depends in part on successfully integrating operations, procedures and personnel in a timely and efficient manner, as well as on our ability to realize the anticipated growth opportunities and synergies from combining the businesses and operations. Integration requires the dedication of substantial management effort, time and resources which may divert management's focus from other strategic opportunities and operational matters during this process. The integration process may lead to greater-than-expected operational challenges and costs, expenses, customer loss and business disruption for us and, consequently, the failure to realize, in whole or in part, the anticipated benefits.

POST-EMPLOYMENT BENEFIT OBLIGATIONS

The economic environment, pension rules and ineffective governance could have an adverse effect on our pension obligations, liquidity and financial performance.
With membership in our pension plans of over 50,000 employees, significant DB plans that are subject to the pressures of the global economic environment, coupled with changing regulatory and reporting requirements, our pension obligations are exposed to potential volatility. Failure to understand economic exposure, pension rule changes and ensure that effective governance is in place for management and funding of the pension assets and obligations, could have an adverse impact on our liquidity and financial performance.

We may be required to increase contributions to our post-employment benefit plans in the future.
The funding requirements of our post-employment benefit plans, based on valuations of plan assets and obligations, depend on a number of factors, including actual returns on post-employment benefit plan assets, long-term interest rates, plan demographics, and applicable regulations and actuarial standards. Changes in these factors could cause future contributions to significantly differ from our current estimates and could require us to increase contributions to our post-employment benefit plans in the future and, therefore, could have a negative effect on our liquidity and financial performance.

There is no assurance that the assets of our post-employment benefit plans will earn their assumed rate of return. A substantial portion of our post-employment benefit plans' assets is invested in public equity and debt securities. As a result, the ability of our post-employment benefit plans' assets to earn the rate of return that we have assumed significantly depends on the performance of capital markets. Market conditions also impact the discount rate used to calculate our solvency obligations and, therefore, could also significantly affect our cash funding requirements.

Our expected funding for 2014 is in accordance with the latest post-employment benefit plans valuations as of December 31, 2012, filed in June 2013, and takes into account voluntary contributions at Bell of $500 million in 2009 and $750 million in each of 2010, 2011 and 2012.

VENDOR, SUPPLY CHAIN AND CONTRACT MANAGEMENT

We depend on key third-party suppliers to provide products and services that we need to operate our business.
We depend on key third-party suppliers over which we have no operational or financial control for certain products and services that are critical to our operations. These critical products and services may be available from only a limited number of suppliers, some of which dominate their global market. Access to such key products and services, allowing us to meet customer demand, is critical to our ability to retain existing customers and acquire new ones.

If, at any time, suppliers cannot provide us with products or services that are critical to our customer offerings including, without limitation, billing, IT support and customer contact centre services, as well as telecommunications equipment, software and maintenance services that comply with evolving telecommunications standards and are compatible with our equipment, IT systems and software, our business and financial performance could be adversely affected. In addition, if we are unable to obtain products or services that are essential to our operations on a timely basis and at an acceptable cost, or if telecommunications equipment and other products, such as handsets, that we sell or otherwise provide to customers, or the telecommunications equipment and other products that we use to provide services, have manufacturing defects, our ability to offer our products and services and to roll out our advanced services, and the quality of our services and networks, may be negatively impacted. In addition, network deployment and expansion could be impeded, and our business, strategy and financial performance could be adversely affected.

Various factors may affect our suppliers' ability to provide us with critical products and services.
The business and operations of our suppliers and their ability to continue to provide us with products and services could be adversely affected by various factors including, without limitation, natural disasters (including seismic events and severe weather-related events such as ice, snow or wind storms, flooding, hurricanes, tornadoes and tsunamis), general economic and financial market conditions, the intensity of competitive activity, labour disruptions, litigation, the availability of and access to capital, bankruptcy or other insolvency proceedings, changes in technological standards and other events referred to under *Performance of Critical Infrastructure* in this section 9.

Our networks are connected with the networks of other telecommunications carriers and suppliers, and we rely on them to deliver some of our services. Temporary or permanent operational failures or service interruptions by these carriers and suppliers due to technical difficulties, strikes or other work disruptions, bankruptcies or other insolvency proceedings, or other events including, but not limited to, those referred to in the paragraph above, could have an adverse effect on our networks, services, business and financial performance.

PERFORMANCE OF CRITICAL INFRASTRUCTURE

Our operations and business continuity depend on how well we protect, test, maintain and replace our networks, equipment and other facilities.
It is imperative that our critical infrastructure and facilities be designed to provide a consistent and reliable environment to operate network and IT infrastructure and house employees. Accordingly, our operations depend on how well we protect our networks, as well as other infrastructure and facilities, against damage from fire, natural disaster (including seismic and severe weather-related events such as ice, snow and wind storms, flooding, hurricanes, tornadoes and tsunamis), power loss, building cooling loss, unauthorized access or entry, cyber attacks (such as, but not limited to, hacking, computer viruses, denial of service attacks, industrial espionage, or breaches of network or IT security), disabling devices, acts of war or terrorism, sabotage, vandalism, actions of neighbours and other events. Global climate change could exacerbate certain of these threats, including the frequency and severity of weather-related events. Any of the above-mentioned events, as well as the failure to complete the planned testing, maintenance or replacement of our networks, equipment and other facilities due to factors beyond our control, could disrupt our operations (including through disruptions such as network failures, billing errors or delays in customer service), require significant resources and result in significant remediation costs, which in turn could have an adverse effect on our business and financial performance or impair our ability to keep existing, or attract new, subscribers.

Satellites used by Bell TV are subject to significant operational risks that could have an adverse effect on Bell TV's business and financial performance.
Pursuant to a set of commercial arrangements between Bell TV and Telesat Canada (Telesat), Bell TV currently has two satellites under contract with Telesat. Telesat operates or directs the operation of these satellites. Satellites utilize highly complex technology and operate in the harsh environment of space and are therefore subject to significant operational risks while in orbit. These risks include in-orbit equipment failures, malfunctions and other problems commonly referred to as anomalies that could reduce the commercial usefulness of a satellite used by Bell TV. Acts of war or terrorism, magnetic, electrostatic or solar storms, and space debris or meteoroids could also damage the satellites used by Bell TV. Any loss, failure, manufacturing defect, damage or destruction of these satellites, of Bell TV's terrestrial broadcasting infrastructure or of Telesat's tracking, telemetry and control facilities to operate the satellites could have an adverse effect on Bell TV's business and financial performance and could result in customers terminating their subscriptions to Bell TV's DTH satellite TV service.

LITIGATION AND OTHER LEGAL MATTERS

Legal proceedings and, in particular, class actions could have an adverse effect on our business and financial performance.
We become involved in various legal proceedings as part of our business. Plaintiffs within Canada are able to launch and obtain certification of class actions on behalf of a large group of people with increasing ease. Pending or future litigation, including an increase in certified class actions which, by their nature, could result in sizeable damage awards and costs relating to litigation, could have an adverse effect on our business and financial performance. For a description of the principal legal proceedings involving us, please see the section *Legal Proceedings* contained in BCE Inc.'s Annual Information Form for the year ended December 31, 2013 dated March 6, 2014.

Changes in applicable laws could have an adverse effect on our business and financial performance.
Changes in laws or regulations or in how they are interpreted, and the adoption of new laws or regulations, could negatively affect us. In particular, the adoption by the federal and provincial governments, or agencies thereof, of increasingly stringent consumer protection laws, and the regulations, rules or policies thereunder, could have an adverse effect on our business and financial results, including as a result of an increase in the number of class actions against us.

In addition, amendments to Canadian securities laws in various provinces have introduced statutory civil liability for misrepresentations in continuous disclosure. These amendments have facilitated the introduction in Canada of class action lawsuits by secondary market investors against public companies for alleged misrepresentations in public disclosure documents and oral statements. Significant damages could be awarded by courts in these types of actions should they be successful. Such awards of damages and costs relating to litigation could adversely affect our financial performance.

FINANCIAL AND CAPITAL MANAGEMENT

If we are unable to raise the capital we need and generate sufficient cash flows from operations, we may need to limit our capital expenditures or our investments in new businesses, or try to raise capital by disposing of assets.
Our ability to meet our cash requirements and provide for planned growth depends on us having access to adequate sources of capital and on our ability to generate cash flows from operations, which is subject to competitive, regulatory, economic, financial, technological and other risk factors described in this MD&A, most of which are not within our control.

Our ability to raise financing depends on our ability to access the public equity and debt capital markets, as well as the bank credit market. Our ability to access such markets and the cost and amount of funding available depend largely on prevailing market conditions and the outlook for our business and credit ratings at the time capital is raised. Risk factors such as capital market disruptions, sovereign credit concerns in Europe, fiscal and public indebtedness issues in the United States, central bank monetary policies, increased bank capitalization regulations, reduced bank lending in general or fewer banks as a result of reduced activity or consolidation, could reduce capital available or increase the cost of such capital. In addition,

an increased level of debt borrowings could result in lower credit ratings, increased borrowing costs and a reduction in the amount of funding available to us, including through equity offerings. Business acquisitions could also adversely affect our outlook and credit ratings and have similar adverse consequences. In addition, participants in the public capital and bank credit markets have internal policies limiting their ability to invest in, or extend credit to, any single entity or entity group or to a particular industry.

Our bank credit facilities, including credit facilities supporting our commercial paper programs, are provided by various financial institutions. While it is our intention to renew such credit facilities from time to time, there are no assurances that these facilities will be renewed on favourable terms or in similar amounts.

If we cannot access the capital we need or generate cash flows to implement our business plan or meet our financial obligations on acceptable terms, we may have to limit our ongoing capital expenditures, limit our investment in new businesses, or try to raise additional capital by selling or otherwise disposing of assets. Any of these could have an adverse effect on our cash flows from operations and on our growth prospects.

We are exposed to various credit, liquidity and market risks.
Our exposure to credit, liquidity and market risks, including equity price, interest rate and currency fluctuations, is discussed in Note 23 of BCE's audited consolidated financial statements for the year ended December 31, 2013.

Our failure to identify and manage our exposure to changes in interest rates, foreign exchange rates, BCE's share price and other market conditions could lead to missed opportunities, cash flow shortages, reputational damage, stock and debenture devaluations and challenges in raising capital on market competitive terms.

DISCONTINUANCE OF LEGACY SERVICES

We may not be able to discontinue certain services as necessary to improve capital and operating efficiencies.
Legacy circuit-based infrastructures are difficult and expensive to operate and maintain. We continue to migrate voice and data traffic from our legacy circuit-based infrastructures to newer and more efficient IP and packet-based infrastructures. As part of this transformation, we are also planning to discontinue certain services that depend on circuit-based infrastructure and for which there is now very low customer demand. This is necessary to improve capital and operating efficiencies. In some cases, this discontinuation could be delayed or prevented by customer complaints or regulatory actions. If we cannot discontinue these services and have to maintain the operational status of the affected legacy infrastructures longer than planned, we may not be able to achieve the expected efficiencies and related savings, which may have an adverse effect on our financial performance.

FRAUD

The failure to evolve practices to effectively monitor and control fraudulent activities could result in financial loss and brand degradation.
Economic volatility, the complexity of modern networks and the increasing sophistication of criminal organizations create challenges in monitoring, preventing and detecting fraudulent activities. Fraud affecting BCE group companies has evolved beyond the traditional subscription fraud and now includes usage, technical, prepaid, distribution and occupational fraud. The failure to evolve practices to effectively monitor and control fraudulent activities could result in financial loss and brand degradation.

The theft of our DTH satellite TV services has an adverse effect on Bell TV's business and financial performance.

Bell TV faces a loss of revenue resulting from the theft of its DTH satellite TV services. As is the case for all other TV distributors, Bell TV has experienced, and continues to experience, ongoing efforts to steal its services by way of compromise or circumvention of Bell TV's signal security systems. The theft of Bell TV's services has an adverse effect on Bell TV's business and financial performance.

Copyright theft and other unauthorized use of our content could have an adverse effect on Bell Media's business and financial performance.
Bell Media's monetization of its intellectual property relies partly on the exclusivity of content in its offerings and platforms. Copyright theft and other forms of unauthorized use undermine such exclusivities and could potentially divert users to unlicensed or otherwise illegitimate platforms, thus impacting our ability to derive distribution and advertising revenues. Although piracy is not a new risk to content, new technologies (including tools that undermine technology protection measures) coupled with the failure to enact adequate copyright protection and enforcement measures to keep up with those technologies, present the possibility of increased erosion to exclusivities.

TAX MATTERS

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

Our complex business operations are subject to various tax laws and the adoption of new tax laws or regulations or rules thereunder, or changes thereto or in the interpretation thereof, could result in higher tax rates, new taxes or other adverse tax implications. In addition, while we believe that we have adequately provided for all income and commodity taxes based on all of the information that is currently available, the calculation of income taxes and the applicability of commodity taxes in many cases require significant judgment in interpreting tax rules and regulations. Our tax filings are subject to government audits that could result in material changes to the amount of current and deferred income tax assets and liabilities and other liabilities and could, in certain circumstances, result in an assessment of interest and penalties.

HEALTH MATTERS

Health concerns about radiofrequency emissions from wireless devices, as well as epidemics and other health risks, could have an adverse effect on our business.
Many studies have been performed to assess whether wireless phones, networks and towers pose a potential health risk. Some studies have indicated that radiofrequency emissions may be linked to certain medical conditions, while other studies could not establish such a link between adverse health effects and exposure to radiofrequency emissions. In May 2011, the International Agency for Research on Cancer (IARC) of the World Health Organization (WHO) classified radiofrequency electromagnetic fields from wireless phones as possibly carcinogenic to humans, but also indicated that chance, bias or confounding could not be ruled out with reasonable confidence. The IARC also called for additional research into long-term heavy use of mobile phones. In its June 2011 fact sheet on mobile phones, the WHO stated that to date, no adverse health effects have been established as being caused by mobile phone use. There can be no assurance that the conclusions drawn by other health studies concerning radiofrequency emissions will not have an adverse effect on our business and financial performance.

As we deploy new technologies, especially in the wireless area, we face current and potential lawsuits relating to alleged adverse health effects on customers who use such technologies, including wireless communications devices, as well as relating to our marketing and disclosure practices in connection therewith. As it is the case for any litigation, we cannot predict the final outcome of such lawsuits and such lawsuits could have an adverse effect on our business and financial performance.

Increasing concern over the use of wireless communications devices, exposure to radiofrequency emissions and the possible related health risks could lead to additional government regulation, which could have an adverse effect on our business and financial performance. Actual or perceived health risks of using wireless communications devices and exposure to radiofrequency emissions could result in fewer new network subscribers, lower network usage per subscriber, higher churn rates, higher costs as a result of modifying handsets, relocating wireless towers or addressing incremental legal requirements, an increase in the number of lawsuits filed against us, or reduced outside financing being available to the wireless communications industry. In addition, public protest could result in a slower deployment of, or in our inability to deploy, new wireless networks, towers and antennas. Industry Canada is responsible for establishing safe limits for signal levels of radio devices. We believe that the handsets and devices we sell, as well as our network equipment, comply with all Canadian government safety standards. We also rely on our suppliers to ensure that the network and customer equipment supplied to us meets all applicable safety and regulatory requirements.

In addition, epidemics, pandemics and other health risks could also occur, which could adversely affect our ability to maintain operational networks and provide services to our customers. Any of these events could also have an adverse effect on our business and financial performance.

SHAREHOLDER DISTRIBUTIONS AND STOCK MARKET VOLATILITY

BCE is dependent on the ability of its subsidiaries, joint arrangements and other entities in which it has an interest to pay dividends or otherwise make distributions to it.
BCE has no material sources of income or assets of its own, other than the interests that it has in its subsidiaries, joint arrangements and other entities, including, in particular, its direct ownership of the equity of Bell Canada. BCE's cash flow and, consequently, its ability to pay dividends on its equity securities and service its indebtedness are therefore dependent upon the ability of its subsidiaries, joint arrangements and other entities in which it has an interest to pay dividends or otherwise make distributions to it.

BCE's subsidiaries, joint arrangements and other entities in which it has an interest are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any dividends or make any other distributions to BCE. In addition, any right of BCE to receive assets of its subsidiaries, joint arrangements and other entities in which it has an interest upon their liquidation or reorganization is structurally subordinated to the prior claims of creditors of such subsidiaries, joint arrangements and other entities.

We cannot guarantee that BCE's dividend policy will be maintained or that dividends will be declared.
The BCE Board reviews from time to time the adequacy of BCE's dividend policy with the objective of allowing sufficient financial flexibility to continue investing in our business while growing returns to shareholders. Under the current dividend policy, increases in the common share dividend are directly linked to growth in BCE's free cash flow. BCE's dividend policy and the declaration of dividends on any of its outstanding shares are subject to the discretion of the BCE Board and, consequently, there can be no guarantee that BCE's dividend policy will be maintained or that dividends will be declared.

A major decline in the market price of BCE's securities may negatively impact our ability to raise capital, issue debt, retain employees, make strategic acquisitions or enter into joint arrangements.
Differences between BCE's actual or anticipated financial results and the published expectations of financial analysts, as well as events affecting our business or operating environment, may contribute to volatility in BCE's securities. A major decline in the capital markets in general, or an adjustment in the market price or trading volumes of BCE's securities, may negatively affect our ability to raise capital, issue debt, retain senior executives and other key employees, make strategic acquisitions or enter into joint arrangements.

10 FINANCIAL MEASURES, ACCOUNTING POLICIES AND CONTROLS

10.1 OUR ACCOUNTING POLICIES

This section discusses key estimates and assumptions that management has made and how they affect the amounts reported in the financial statements and notes. It also describes key changes in accounting standards and our accounting policies, and how they affect our financial statements.

We have prepared our consolidated financial statements using IFRS. Other significant accounting policies, not involving the same level of measurement uncertainty as those discussed in this section, are nevertheless important to an understanding of our financial statements. See Note 2 to BCE's 2013 consolidated financial statements for more information about the accounting principles we use to prepare our consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES AND KEY JUDGEMENTS

When preparing financial statements, management makes estimates and judgements relating to:

- reported amounts of revenues and expenses

- reported amounts of assets and liabilities
- disclosure of contingent assets and liabilities.

We base our estimates on a number of factors, including historical experience, current events and actions that the company may undertake in the future, and other assumptions that we believe are reasonable under the circumstances. By their nature, these estimates and judgements are subject to measurement uncertainty and actual results could differ.

We consider the estimates and judgements described in this section to be an important part of understanding our financial statements because they require management to make assumptions about matters that were highly uncertain at the time the estimate and judgement were made, and changes to these estimates and judgements could have a material impact on our financial statements and our segments.

Our senior management has reviewed the development and selection of the critical accounting estimates and judgements described in this section with the Audit Committee of the BCE Board.

Any sensitivity analysis included in this section should be used with caution as the changes are hypothetical and the impact of changes in each key assumption may not be linear.

Our more significant estimates and judgements are described below.

ESTIMATES

USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT AND FINITE-LIFE INTANGIBLE ASSETS

We review our estimates of the useful lives of property, plant and equipment and finite-life intangible assets on an annual basis and adjust depreciation or amortization on a prospective basis, if needed.

Property, plant and equipment represent a significant proportion of our total assets. Changes in technology or our intended use of these assets, as well as changes in business prospects or economic and industry factors, may cause the estimated useful lives of these assets to change.

The estimated useful lives of property, plant and equipment and finite-life intangible assets are determined by internal asset life studies which take into account actual and expected future usage, physical wear and tear, replacement history and assumptions about technology evolution. When factors indicate that assets' useful lives are different from the prior assessment, we depreciate or amortize the remaining carrying value prospectively over the adjusted estimated useful lives.

POST-EMPLOYMENT BENEFIT PLANS

The amounts reported in the financial statements relating to DB pension plans and OPEBs are determined using actuarial calculations that are based on several assumptions.

Our actuaries perform an actuarial valuation at least every three years to determine the actuarial present value of the accrued DB pension plan and other post-employment benefits (OPEB) obligations. The actuarial valuation uses management's assumptions for, among other things, the discount rate, life expectancy, the rate of compensation increase, trends in healthcare costs and expected average remaining years of service of employees.

While we believe that these assumptions are reasonable, differences in actual results or changes in assumptions could materially affect post-employment benefit obligations and future net post-employment benefit plans cost.

We account for differences between actual and expected results in benefit obligations and plan performance in OCI, which are then recognized immediately in the deficit.

The most significant assumptions used to calculate the net post-employment benefit plans cost are the discount rate and life expectancy.

A discount rate is used to determine the present value of the future cash flows that we expect will be needed to settle post-employment benefit obligations.

The discount rate is based on the yield on long-term, high-quality corporate fixed income investments, with maturities matching the estimated cash flows of the post-employment benefit plans. Life expectancy is based on publicly available Canadian mortality tables and is adjusted for the company's specific experience.

A lower discount rate and a higher life expectancy result in a higher net post-employment benefit obligation and a higher current service cost.

Sensitivity Analysis

The following table shows a sensitivity analysis of key assumptions used to measure the net post-employment benefit obligations and the net post-employment benefit plans cost for our DB pension plans and OPEB plans.

		IMPACT ON NET POST-EMPLOYMENT BENEFIT PLANS COST FOR 2014 INCREASE / (DECREASE)		IMPACT ON POST-EMPLOYMENT BENEFIT OBLIGATIONS AT DECEMBER 31, 2014 INCREASE / (DECREASE)	
	CHANGE IN ASSUMPTION	INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION	INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION
Discount rate	1%	(177)	151	(2,680)	3,007
Mortality rate	25%	(72)	77	(1,287)	1,369

IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill and indefinite-life intangible assets are tested for impairment annually or when there is an indication that the asset may be impaired. Property, plant and equipment and finite-life intangible assets are tested for impairment if events or changes in circumstances, assessed quarterly, indicate that their carrying amount may not be recoverable. For the purpose of impairment tests, assets other than goodwill are grouped at the lowest level for which there are separately identifiable cash inflows.

Impairment losses are recognized and measured as the excess of the carrying value of the assets over their recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. Previously recognized impairment losses, other than those attributable to goodwill, are reviewed for possible reversal at each reporting date and, if the asset's recoverable amount has increased, all or a portion of the impairment is reversed.

We make a number of estimates when calculating recoverable amounts using discounted future cash flows or other valuation methods to test for impairment. These estimates include the assumed growth rates for future cash flows, the number of years used in the cash flow model, and the discount rate. When impairment charges occur they are recorded in *Other (expense) income.*

Goodwill Impairment Testing

We perform an annual test for goodwill impairment in the fourth quarter for each of our cash generating units (CGUs) or groups of CGUs to which goodwill is allocated and whenever there is an indication that goodwill might be impaired.

A CGU is the smallest identifiable group of assets that generates cash inflows that are independent of the cash inflows from other assets or groups of assets.

We identify any potential impairment by comparing the carrying value of a CGU or groups of CGUs to its recoverable amount. The recoverable amount of a CGU or groups of CGUs is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is based on estimates of discounted future cash flows or other valuation methods. Cash flows are projected based on past experience, actual operating results and business plans. When the recoverable amount of a CGU or groups of CGUs is less than its carrying value, the recoverable amount is determined for its identifiable assets and liabilities. The excess of the recoverable amount of the CGU or groups of CGUs over the total of the amounts assigned to its assets and liabilities is the recoverable amount of goodwill.

An impairment charge is deducted from earnings for any excess of the carrying value of goodwill over its recoverable amount. For purposes of impairment testing of goodwill, BCE's CGUs or groups of CGUs correspond to our reporting segments as disclosed in Note 3 to BCE's 2013 consolidated financial statements.

Any significant change in each of the estimates used could have a material impact on the calculation of the recoverable amount and resulting impairment charge. As a result, we are unable to reasonably quantify the changes in our overall financial performance if we had used different assumptions.

We cannot predict whether an event that triggers impairment will occur, when it will occur or how it will affect the asset values we have reported.

We did not recognize a goodwill impairment charge in 2013 or 2012.

DEFERRED TAXES

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply when the asset or liability is recovered or settled. Both our current and deferred tax assets and liabilities are calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred taxes are provided on temporary differences arising from investments in subsidiaries, joint arrangements and associates, except where we control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The amount of deferred tax assets is estimated with consideration given to the timing, sources and amounts of future taxable income.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Certain financial instruments, such as investments in equity securities, derivative financial instruments and certain elements of borrowings, are carried in the statements of financial position at fair value, with changes in fair value reflected in the income statements and the statements of comprehensive income. Fair values are estimated by reference to published price quotations or by using other valuation techniques that may include inputs that are not based on observable market data, such as discounted cash flows.

CONTINGENCIES

We become involved in various litigation matters as a part of our business. Pending litigations represent a potential cost to our business. We estimate the amount of the loss by analyzing potential outcomes and assuming various litigation and settlement strategies, based on information that is available at the time.

If the final resolution of a legal or regulatory matter results in a judgement against us or requires us to pay a large settlement, it could have a material effect on our consolidated financial statements in the period in which the judgement or settlement occurs. Any accrual would be charged to earnings and included in *Trade payables and other liabilities* or *Other non-current liabilities*. Any cash settlement would be deducted from cash from operating activities.

ONEROUS CONTRACTS

A provision for onerous contracts is recognized when the unavoidable costs of meeting our obligations under a contract exceed the expected benefits to be received from a contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of completing the contract.

JUDGEMENTS

POST-EMPLOYMENT BENEFIT PLANS

The determination of the discount rate used to value our post-employment benefit obligations requires judgement. The rate is set by reference to market yields of high quality corporate bonds at the beginning of each fiscal year. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the size of the issue and credit quality, along with the identification of outliers, which are excluded.

INCOME TAXES

The calculation of income taxes requires judgement in interpreting tax rules and regulations. There are transactions and calculations for which the ultimate tax determination is uncertain. Our tax filings also are subject to audits, the outcome of which could change the amount of current and deferred tax assets and liabilities. Management believes that it has sufficient amounts accrued for outstanding tax matters based on information that currently is available.

Management judgement is used to determine the amounts of deferred tax assets and liabilities and future tax liabilities to be recognized. In particular, judgement is required when assessing the timing of the reversal of temporary differences to which future income tax rates are applied.

MULTIPLE ELEMENT ARRANGEMENTS

Determining the amount of revenue to be recognized for multiple element arrangements requires judgement to establish the separately identifiable components and the allocation of the total price between those components.

CONTINGENCIES

We accrue a potential loss if we believe a loss is probable and can be reasonably estimated, based on information that is available at the time. Any accrual would be charged to earnings and included in *Trade payables and other liabilities* or *Other non-current liabilities*. Any cash settlement would be deducted from cash from operating activities. We estimate the amount of a loss by analyzing potential outcomes and assuming various litigation and settlement strategies.

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

ADOPTION OF NEW OR AMENDED ACCOUNTING STANDARDS

As required, effective January 1, 2013, we adopted the following new or amended accounting standards on a retrospective basis.

IAS 19

In June 2011, the IASB amended IAS 19 – Employee Benefits. Annual finance expense for a funded benefit plan includes net interest expense or income, calculated by applying the discount rate to the net DB pension asset or liability, replacing the finance charge and expected return on plan assets, thereby reducing the current expected return on plan assets to a return that is equal to the discount rate. Entities are required to segregate changes in the DB obligation and in the fair value of plan assets into three components: service costs, net interest on the net DB pension liabilities (assets) and remeasurements of the net DB pension liabilities (assets). The amendments also eliminate the corridor approach for recognizing actuarial gains and losses and enhance disclosure about the risks arising from DB plans.

These amendments did not impact our consolidated statements of financial position or our consolidated statements of cash flows. The impact of the decrease in the expected return on plan assets, as a result of the amended standard, on our consolidated income statements and consolidated statements of comprehensive income is as follows.

FOR THE YEAR ENDED DECEMBER 31	2012
Interest on post-employment benefit obligation increase	(242)
Income taxes decrease	65
Net earnings decrease	(177)
Actuarial losses on post-employment benefit plans decrease / Other comprehensive loss decrease	177
Earnings per share decrease	(0.22)

IFRS 11

In May 2011, the IASB issued IFRS 11 – Joint Arrangements, which requires joint arrangements to be classified either as joint operations or joint ventures depending on the contractual rights and obligations of each investor. For joint operations, a company recognizes its share of assets, liabilities, revenues and expenses of the joint operation. An investment in a joint venture is accounted for using the equity method.

As a result of adopting IFRS 11, we account for our 50% interest in Inukshuk as a joint operation. Inukshuk was previously classified as a joint venture and accounted for using the equity method. IFRS 11 did not have a material impact on our consolidated income statements or our consolidated statements of cash flows. The impacts on our consolidated statements of financial position are as follows.

	DECEMBER 31, 2012	JANUARY 1, 2012
Increase / (Decrease) in:		
Cash	2	2
Trade and other receivables	–	27
Property, plant and equipment	–	17
Intangible assets	96	208
Investments in associates and joint ventures	(97)	(213)
Trade payables and other liabilities	1	15
Debt due within one year	–	26

The following new or amended standards did not have a significant impact on our consolidated financial statements.

IFRS 7

In December 2011, the IASB amended IFRS 7 – Financial Instruments: Disclosures, to require disclosures to better assess the effect or potential effect of offsetting arrangements in the consolidated statements of financial position.

IFRS 10

In May 2011, the IASB issued IFRS 10 – Consolidated Financial Statements, which establishes principles for the presentation and preparation of consolidated financial statements. Under IFRS 10, control is identified as the single basis of consolidation for all types of entities.

IFRS 12

In May 2011, the IASB issued IFRS 12 – Disclosure of Interests in Other Entities, which integrates and enhances the disclosure requirements for entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity.

The required disclosures are provided in Note 15, Note 27, and Note 28 to BCE's 2013 consolidated financial statements.

IFRS 13

In May 2011, the IASB issued IFRS 13 – Fair Value Measurement, which establishes a single source of guidance for fair value measurement under IFRS. IFRS 13 defines fair value, provides guidance on measurement and introduces certain disclosure requirements.

The adoption of IFRS 13 did not result in any measurement adjustments or changes to our fair value valuation techniques. The enhanced disclosures are included in Note 23 to BCE's 2013 consolidated financial statements.

IAS 1

In June 2011, the IASB amended IAS 1 – Presentation of Financial Statements, providing guidance on items contained in OCI and their classification.

As a result of adopting the amendments to IAS 1, we have grouped items within our consolidated statements of comprehensive income according to whether or not they will be reclassified subsequently to net earnings.

FUTURE CHANGES TO ACCOUNTING STANDARDS

The following changes to IFRS are not expected to have a significant impact on our consolidated financial statements.

IAS 36

In May 2013, the IASB amended IAS 36 – Impairment of Assets, providing guidance on recoverable amount disclosures for non-financial assets. The amendments to IAS 36 must be applied retrospectively for annual periods beginning on or after January 1, 2014.

IAS 39

In June 2013, the IASB amended IAS 39 – Financial Instruments: Recognition and Measurement, providing guidance on novation of over-the-counter derivatives and continued designation for hedge accounting. The amendments to IAS 39 must be applied retrospectively for annual periods beginning on or after January 1, 2014.

IAS 32

In December 2011, the IASB amended IAS 32 – Financial Instruments: Presentation, clarifying the application of the offsetting requirements of financial assets and financial liabilities. The amendments to IAS 32 must be applied retrospectively for annual periods beginning on or after January 1, 2014.

IFRS 9

In November 2009, the IASB issued IFRS 9 – Financial Instruments, introducing new requirements for classifying and measuring financial assets. In October 2010, the IASB reissued IFRS 9, incorporating new requirements on accounting for financial liabilities, and carrying over from IAS 39 the requirements for derecognition of financial assets and financial liabilities. In December 2011, the IASB amended IFRS 9, deferring the mandatory effective date to annual periods beginning on or after January 1, 2015. In November 2013, the IASB further amended IFRS 9 to delay the mandatory effective date to a future date to be determined. The amendment also provides relief from restating comparative information and required disclosures in IFRS 7 – Financial Instruments: Disclosures.

10.2 NON-GAAP FINANCIAL MEASURES

This section describes the non-GAAP financial measures we use in this MD&A to explain our financial results. It also provides reconciliations of the non-GAAP financial measures to the most comparable IFRS financial measures.

EBITDA

The term EBITDA does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers.

We define EBITDA as operating revenues less operating costs, as shown in BCE's consolidated income statements. EBITDA for BCE's segments is the same as segment profit as reported in Note 3 to BCE's 2013 consolidated financial statements.

We use EBITDA to evaluate the performance of our businesses as it reflects their ongoing profitability. We believe that certain investors and analysts use EBITDA to measure a company's ability to service debt and to meet other payment obligations or as a common measurement to value companies in the telecommunications industry. EBITDA also is one component in the determination of short-term incentive compensation for all management employees. EBITDA has no directly comparable IFRS financial measure. Alternatively, the following table provides a reconciliation of net earnings to EBITDA.

	2013	2012
Net earnings	**2,388**	2,876
Severance, acquisition and other costs	**406**	133
Depreciation	**2,734**	2,678
Amortization	**646**	714
Finance costs		
Interest expense	**931**	865
Interest on post-employment benefit obligations	**150**	131
Other expense (income)	**6**	(269)
Income taxes	**828**	760
EBITDA	**8,089**	7,888

ADJUSTED NET EARNINGS AND ADJUSTED EPS

The terms Adjusted net earnings and Adjusted EPS do not have any standardized meaning under IFRS. Therefore, they are unlikely to be comparable to similar measures presented by other issuers.

Starting in 2013, our definition of Adjusted net earnings has been modified to exclude premiums on early redemption of debt to align with the reporting practices of our peers. We define Adjusted net earnings as net earnings attributable to common shareholders before severance, acquisition and other costs, net (gains) losses on investments, and premiums on early redemption of debt. We define Adjusted EPS as Adjusted net earnings per BCE common share.

We use Adjusted net earnings and Adjusted EPS, and we believe that certain investors and analysts use these measures, among others, to assess the performance of our businesses without the effects of severance, acquisition and other costs, net (gains) losses on investments, and premiums on early redemption of debt, net of tax and NCI. We exclude these items because they affect the comparability of our financial results and could potentially distort the analysis of trends in business performance. Excluding these items does not imply they are non-recurring.

The most comparable IFRS financial measures are net earnings attributable to common shareholders and EPS. The following table is a reconciliation of net earnings attributable to common shareholders and EPS to Adjusted net earnings and Adjusted EPS, respectively.

	2013		2012	
	TOTAL	PER SHARE	TOTAL	PER SHARE
Net earnings attributable to common shareholders	**1,975**	**2.55**	2,456	3.17
Severance, acquisition and other costs	**299**	**0.38**	94	0.12
Net losses (gains) on investments	**7**	**0.01**	(256)	(0.33)
Premiums on early redemption of debt	**36**	**0.05**	–	–
Adjusted net earnings	**2,317**	**2.99**	2,294	2.96

FREE CASH FLOW

The term free cash flow does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers.

Starting in 2013, our definition of free cash flow has been modified to exclude voluntary pension funding because it is a discretionary use of excess cash. Accordingly, our 2012 free cash flow has been restated. We define free cash flow as cash flows from operating activities, excluding acquisition costs paid and voluntary pension funding, plus dividends received from Bell Aliant, less capital expenditures, preferred share dividends, dividends paid by subsidiaries to NCI and Bell Aliant free cash flow.

We consider free cash flow to be an important indicator of the financial strength and performance of our business because it shows how much cash is available to repay debt and reinvest in our company.

We believe that certain investors and analysts use free cash flow to value a business and its underlying assets.

The most comparable IFRS financial measure is cash flows from operating activities. The following table is a reconciliation of cash flows from operating activities to free cash flow on a consolidated basis.

	2013	2012
Cash flows from operating activities	**6,476**	5,560
Bell Aliant dividends to BCE	**191**	191
Capital expenditures	**(3,571)**	(3,515)
Cash dividends paid on preferred shares	**(127)**	(133)
Cash dividends paid by subsidiaries to non-controlling interest	**(283)**	(340)
Acquisition costs paid	**80**	101
Voluntary defined benefit pension plan contribution	**–**	750
Bell Aliant free cash flow	**(195)**	(186)
Free cash flow	**2,571**	2,428

NET DEBT

The term net debt does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers.

We define net debt as debt due within one year plus long-term debt and 50% of preferred shares less cash and cash equivalents as shown in BCE's consolidated statement of financial position. We include 50% of outstanding preferred shares in our net debt as to be consistent with the treatment by certain credit rating agencies.

We consider net debt to be an important indicator of the company's financial leverage because it represents the amount of debt that is not covered by available cash and cash equivalents. We believe that certain investors and analysts use net debt to determine a company's financial leverage. Net debt is a calculation that has no meaning under IFRS. The calculation is shown in the following table.

	2013	2012
Debt due within one year	**2,571**	2,136
Long-term debt	**16,341**	13,886
50% of outstanding preferred shares	**1,698**	1,698
Cash and cash equivalents	**(335)**	(129)
Net debt	**20,275**	17,591

10.3 EFFECTIVENESS OF INTERNAL CONTROLS

DISCLOSURE CONTROLS AND PROCEDURES

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

As at December 31, 2013, management evaluated, under the supervision of and with the participation of the CEO and the CFO, the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the U.S. *Securities Exchange Act of 1934* and under National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*. The CEO and CFO have limited the scope of their design and evaluation of our disclosure controls and procedures to exclude the disclosure controls and procedures of Astral, which we acquired on July 5, 2013. Astral's contribution to our consolidated financial statements for the year ended December 31, 2013 was approximately 2% of consolidated revenues and 3% of consolidated net earnings. Additionally, at December 31, 2013, Astral's current assets and current liabilities were approximately 18% and 3% of consolidated current assets and current liabilities, respectively, and its non-current assets and non-current liabilities were approximately 7% and 1% of consolidated non-current assets and non-current liabilities, respectively. The design and evaluation of Astral's disclosure controls and procedures will be completed for Q3 2014.

Further details related to the acquisition of Astral are disclosed in Note 4 to BCE's 2013 consolidated financial statements.

Based on that evaluation, which excluded Astral's disclosure controls and procedures, the CEO and CFO concluded that our disclosure controls and procedures were effective as at December 31, 2013.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the U.S. *Securities Exchange Act of 1934* and under National Instrument 52-109. Our internal control over financial reporting is a process designed under the supervision of the CEO and CFO to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. However, because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis.

Management evaluated, under the supervision of and with the participation of the CEO and the CFO, the effectiveness of our internal control over financial reporting as at December 31, 2013, based on the criteria established in the *Internal Control – Integrated Framework* (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The CEO and CFO have limited the scope of their design and evaluation of our internal control over financial reporting to exclude Astral's internal control over financial reporting.

Based on that evaluation, which excluded Astral's internal control over financial reporting, the CEO and CFO concluded that our internal control over financial reporting was effective as at December 31, 2013.

There have been no changes during the year ended December 31, 2013 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

These financial statements form the basis for all of the financial information that appears in this annual report.

The financial statements and all of the information in this annual report are the responsibility of the management of BCE Inc. and have been reviewed and approved by the board of directors. The board of directors is responsible for ensuring that management fulfills its financial reporting responsibilities. Deloitte LLP, Independent Registered Chartered Accountants, have audited the financial statements.

Management has prepared the financial statements according to International Financial Reporting Standards (IFRS). Under these principles, management has made certain estimates and assumptions that are reflected in the financial statements and notes. Management believes that these financial statements fairly present BCE's consolidated financial position, results of operations and cash flows.

Management has a system of internal controls designed to provide reasonable assurance that the financial statements are accurate and complete in all material respects. This is supported by an internal audit group that reports to the Audit Committee, and includes communication with employees about policies for ethical business conduct. Management believes that the internal controls provide reasonable assurance that our financial records are reliable and form a proper basis for preparing the financial statements, and that our assets are properly accounted for and safeguarded.

The board of directors has appointed an Audit Committee, which is made up of unrelated and independent directors. The Audit Committee's responsibilities include reviewing the financial statements and other information in this annual report, and recommending them to the board of directors for approval. You will find a description of the Audit Committee's other responsibilities on page 152 of this annual report. The internal auditors and the shareholders' auditors have free and independent access to the Audit Committee.

(signed) George A. Cope
President and Chief Executive Officer

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

(signed) Karyn A. Brooks
Senior Vice-President and Controller
March 6, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of BCE Inc.

We have audited the accompanying consolidated financial statements of BCE Inc. and subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2013 and December 31, 2012, and the consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of BCE Inc. and subsidiaries as at December 31, 2013 and December 31, 2012, and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

EMPHASIS OF MATTER

Without modifying our opinion, we draw attention to Note 2 to the consolidated financial statements, which explains that the Company has retrospectively changed its method of accounting for pensions due to the adoption of IAS 19, Employee Benefits (amended 2011), as well as its method of accounting for interests in arrangements that are controlled jointly due to the adoption of IFRS 11, Joint Arrangements.

OTHER MATTER

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control – Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 6, 2014 expressed an unqualified opinion on the Company's internal control over financial reporting.

(signed) Deloitte LLP [1]

Montréal, Canada
March 6, 2014
(1) *CPA auditor, CA, public accountancy permit No. A104644*

CONSOLIDATED INCOME STATEMENTS

FOR THE YEAR ENDED DECEMBER 31 (IN MILLIONS OF CANADIAN DOLLARS, EXCEPT SHARE AMOUNTS)	NOTE	2013	2012
Operating revenues	3	**20,400**	19,978
Operating costs	5	**(12,311)**	(12,090)
Severance, acquisition and other costs	6	**(406)**	(133)
Depreciation	13	**(2,734)**	(2,678)
Amortization	14	**(646)**	(714)
Finance costs			
Interest expense	7	**(931)**	(865)
Interest on post-employment benefit obligations	21	**(150)**	(131)
Other (expense) income	8	**(6)**	269
Income taxes	9	**(828)**	(760)
Net earnings		**2,388**	2,876
Net earnings attributable to:			
Common shareholders		**1,975**	2,456
Preferred shareholders		**131**	139
Non-controlling interest	28	**282**	281
Net earnings		**2,388**	2,876
Net earnings per common share			
Basic	10	**2.55**	3.17
Diluted	10	**2.54**	3.17
Average number of common shares outstanding – basic (millions)		**775.8**	774.3

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31 (IN MILLIONS OF CANADIAN DOLLARS)	NOTE	2013	2012
Net earnings		**2,388**	2,876
Other comprehensive income (loss), net of income taxes			
Items that will be reclassified subsequently to net earnings			
Net change in value of available-for-sale financial assets, net of income taxes of nil for 2013 and 2012		**(6)**	1
Net change in value of derivatives designated as cash flow hedges, net of income taxes of ($9) million and ($1) million for 2013 and 2012, respectively		**28**	(10)
Items that will not be reclassified to net earnings			
Actuarial gains (losses) on post-employment benefit plans, net of income taxes of ($380) million and $397 million for 2013 and 2012, respectively	21	**1,036**	(1,052)
Other comprehensive income (loss)		**1,058**	(1,061)
Total comprehensive income		**3,446**	1,815
Total comprehensive income attributable to:			
Common shareholders		**2,872**	1,475
Preferred shareholders		**131**	139
Non-controlling interest	28	**443**	201
Total comprehensive income		**3,446**	1,815

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(IN MILLIONS OF CANADIAN DOLLARS)	NOTE	DECEMBER 31, 2013	DECEMBER 31, 2012
ASSETS			
Current assets			
Cash		**220**	119
Cash equivalents		**115**	10
Trade and other receivables	11	**3,043**	2,946
Inventory	12	**383**	392
Prepaid expenses		**415**	301
Assets held for sale	4	**719**	5
Other current assets		**175**	140
Total current assets		**5,070**	3,913
Non-current assets			
Property, plant and equipment	13	**20,743**	20,007
Intangible assets	14	**9,552**	8,183
Deferred tax assets	9	**165**	244
Investments in associates and joint ventures	15	**775**	800
Other non-current assets	16	**698**	637
Goodwill	17	**8,381**	7,185
Total non-current assets		**40,314**	37,056
Total assets		**45,384**	40,969
LIABILITIES			
Current liabilities			
Trade payables and other liabilities	18	**4,339**	3,916
Interest payable		**147**	128
Dividends payable		**466**	453
Current tax liabilities		**367**	113
Debt due within one year	19	**2,571**	2,136
Total current liabilities		**7,890**	6,746
Non-current liabilities			
Long-term debt	20	**16,341**	13,886

	NOTE	2013	2012
Deferred tax liabilities	9	**1,318**	761
Post-employment benefit obligations	21	**2,127**	3,422
Other non-current liabilities	22	**1,458**	1,429
Total non-current liabilities		**21,244**	19,498
Total liabilities		**29,134**	26,244
Commitments and contingencies	26		
EQUITY			
Equity attributable to BCE shareholders			
Preferred shares	24	**3,395**	3,395
Common shares	24	**13,629**	13,611
Contributed surplus		**2,615**	2,557
Accumulated other comprehensive income (loss)		**14**	(6)
Deficit		**(4,642)**	(5,682)
Total equity attributable to BCE shareholders		**15,011**	13,875
Non-controlling interest	28	**1,239**	850
Total equity		**16,250**	14,725
Total liabilities and equity		**45,384**	40,969

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2013 (IN MILLIONS OF CANADIAN DOLLARS)	NOTE	ATTRIBUTABLE TO BCE SHAREHOLDERS PREFERRED SHARES	COMMON SHARES	CONTRI-BUTED SURPLUS	ACCUMU-LATED OTHER COMPRE-HENSIVE INCOME (LOSS)	DEFICIT	TOTAL	NON-CONTROL-LING INTEREST	TOTAL EQUITY
Balance at January 1, 2013		**3,395**	**13,611**	**2,557**	**(6)**	**(5,682)**	**13,875**	**850**	**14,725**
Net earnings		**–**	**–**	**–**	**–**	**2,106**	**2,106**	**282**	**2,388**
Other comprehensive income		**–**	**–**	**–**	**20**	**877**	**897**	**161**	**1,058**
Total comprehensive income		**–**	**–**	**–**	**20**	**2,983**	**3,003**	**443**	**3,446**
Common shares issued under stock option plan	24	**–**	**14**	**(1)**	**–**	**–**	**13**	**–**	**13**
Common shares issued under employee savings plan	24	**–**	**4**	**–**	**–**	**–**	**4**	**–**	**4**
Other share-based compensation		**–**	**–**	**59**	**–**	**2**	**61**	**5**	**66**
Dividends declared on BCE common and preferred shares		**–**	**–**	**–**	**–**	**(1,938)**	**(1,938)**	**–**	**(1,938)**
Dividends declared by subsidiaries to non-controlling interest		**–**	**–**	**–**	**–**	**–**	**–**	**(290)**	**(290)**
Equity securities issued by subsidiaries to non-controlling interest		**–**	**–**	**–**	**–**	**–**	**–**	**225**	**225**
Equity transaction with non-controlling interest		**–**	**–**	**–**	**–**	**(7)**	**(7)**	**6**	**(1)**
Balance at December 31, 2013		**3,395**	**13,629**	**2,615**	**14**	**(4,642)**	**15,011**	**1,239**	**16,250**

FOR THE YEAR ENDED DECEMBER 31, 2012 (IN MILLIONS OF CANADIAN DOLLARS)	NOTE	ATTRIBUTABLE TO BCE SHAREHOLDERS PREFERRED SHARES	COMMON SHARES	SHARES SUBJECT TO CANCEL-LATION	CONTRI-BUTED SURPLUS	ACCUMU-LATED OTHER COMPRE-HENSIVE INCOME (LOSS)	DEFICIT	TOTAL	NON-CONTROL-LING INTEREST	TOTAL EQUITY
Balance at January 1, 2012		3,115	13,566	(50)	2,527	5	(5,385)	13,778	981	14,759
Net earnings		–	–	–	–	–	2,595	2,595	281	2,876
Other comprehensive loss		–	–	–	–	(11)	(970)	(981)	(80)	(1,061)
Total comprehensive (loss) income		–	–	–	–	(11)	1,625	1,614	201	1,815
Preferred shares issued	24	280	–	–	–	–	(3)	277	–	277
Common shares issued under stock option plan	24	–	43	–	(4)	–	–	39	–	39
Common shares issued under employee savings plan	24	–	48	–	–	–	–	48	–	48
Common shares repurchased and cancelled	24	–	(46)	–	(3)	–	(58)	(107)	–	(107)
Common shares subject to cancellation		–	–	50	–	–	–	50	–	50
Other share-based compensation		–	–	–	37	–	(3)	34	5	39
Dividends declared on BCE common and preferred shares		–	–	–	–	–	(1,858)	(1,858)	–	(1,858)
Dividends declared by subsidiaries to non-controlling interest		–	–	–	–	–	–	–	(348)	(348)
Equity securities issued by subsidiaries to non-controlling interest		–	–	–	–	–	–	–	11	11
Balance at December 31, 2012		3,395	13,611	–	2,557	(6)	(5,682)	13,875	850	14,725

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31 (IN MILLIONS OF CANADIAN DOLLARS)	NOTE	2013	2012
Cash flows from operating activities			
Net earnings		**2,388**	2,876
Adjustments to reconcile net earnings to cash flows from operating activities			
Severance, acquisition and other costs	6	**406**	133
Depreciation and amortization	13,14	**3,380**	3,392
Post-employment benefit plans cost	21	**442**	356
Net interest expense		**924**	858
Losses (gains) on investments	8	**7**	(256)
Income taxes	9	**828**	760
Contributions to post-employment benefit plans	21	**(341)**	(1,192)
Payments under other post-employment benefit plans	21	**(73)**	(73)
Severance and other costs paid		**(203)**	(231)
Acquisition costs paid		**(80)**	(101)
Interest paid		**(879)**	(835)
Income taxes paid (net of refunds)		**(470)**	(280)
Net change in operating assets and liabilities		**147**	153
Cash flows from operating activities		**6,476**	5,560

Cash flows used in investing activities			
Capital expenditures		**(3,571)**	(3,515)
Business acquisitions	4	**(2,850)**	(13)
Increase in investments		**(3)**	(593)
Other investing activities		**23**	20
Cash flows used in investing activities		**(6,401)**	(4,101)
Cash flows from (used in) financing activities			
Increase in notes payable and bank advances		**272**	377
Reduction in securitized trade receivables		**(14)**	(15)
Issue of long-term debt	20	**4,438**	1,055
Repayment of long-term debt	20	**(2,495)**	(946)
Premiums on early redemption of debt	8,20	**(55)**	–
Issue of common shares		**13**	39
Issue of preferred shares	24	**–**	280
Issue of equity securities by subsidiaries to non-controlling interest		**230**	11
Repurchase of common shares		**–**	(107)
Cash dividends paid on common shares		**(1,795)**	(1,683)
Cash dividends paid on preferred shares		**(127)**	(133)
Cash dividends paid by subsidiaries to non-controlling interest		**(283)**	(340)
Other financing activities		**(53)**	(45)
Cash flows from (used in) financing activities		**131**	(1,507)
Net increase (decrease) in cash		**101**	(13)
Cash at beginning of period		**119**	132
Cash at end of period		**220**	119
Net increase (decrease) in cash equivalents		**105**	(35)
Cash equivalents at beginning of period		**10**	45
Cash equivalents at end of period		**115**	10

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

***We, us, our, BCE* and *the company* mean, as the context may require, either BCE Inc. or, collectively, BCE Inc., its subsidiaries, joint arrangements and associates; *Bell* means our Bell Wireline, Bell Wireless and Bell Media segments on an aggregate basis; and *Bell Aliant* means, as the context may require, either Bell Aliant Inc. or, collectively, Bell Aliant Inc. and its subsidiaries and associates.**

NOTE 1 CORPORATE INFORMATION

BCE is incorporated and domiciled in Canada. BCE's head office is located at 1, Carrefour Alexander-Graham-Bell, Verdun, Québec, Canada. BCE is a telecommunications and media company providing wireline, wireless, Internet and television (TV) services to residential, business and wholesale customers in Canada. Our Bell Media segment provides conventional, specialty and pay TV, digital media, and radio broadcasting services to customers across Canada and out-of-home advertising services. The consolidated financial statements (financial statements) were approved by BCE's board of directors on March 6, 2014.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF PRESENTATION

The financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value as described in our accounting policies.

All amounts are in millions of Canadian dollars, except where noted.

FUNCTIONAL CURRENCY

The financial statements are presented in Canadian dollars, the company's functional currency.

B) BASIS OF CONSOLIDATION

We consolidate the financial statements of all our subsidiaries. Subsidiaries are entities we control, where control is achieved when the company is exposed or has the right to variable returns from its involvement with the investee and has the current ability to direct the activities of the investee that significantly affect the investee's returns.

The results of subsidiaries acquired (sold) during the year are (de-)consolidated from the date of acquisition (disposal). Where necessary, adjustments are made to the financial statements of subsidiaries to conform their accounting policies with ours. All intercompany transactions, balances, income and expenses are eliminated on consolidation.

Changes in BCE's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, with no effect on net earnings or on other comprehensive income.

At December 31, 2013, BCE owned 44.1% of Bell Aliant, with the remaining 55.9% publicly held. BCE controls Bell Aliant through its right to appoint a majority of the board of directors of Bell Aliant.

C) REVENUE RECOGNITION

We recognize revenues from the sale of products or the rendering of services when they are earned; specifically when all the following conditions are met:

- the significant risks and rewards of ownership are transferred to customers and we retain neither continuing managerial involvement nor effective control
- there is clear evidence that an arrangement exists
- the amount of revenues and related costs can be measured reliably
- it is probable that the economic benefits associated with the transaction will flow to the company.

In particular, we recognize:

- fees for local, long distance and wireless services when we provide the services
- other fees, such as network access fees, licence fees, hosting fees, maintenance fees and standby fees, over the term of the contract
- subscriber revenues when customers receive the service
- revenues from the sale of equipment when the equipment is delivered and accepted by customers
- revenues on long-term contracts as services are provided, equipment is delivered and accepted, and contract milestones are met

- advertising revenue, net of agency commissions, when advertisements are aired on radio or TV, posted on our website, or appear on the company's advertising panels and street furniture.

We measure revenues at the fair value of the arrangement consideration. We record payments we receive in advance, including upfront non-refundable payments, as deferred revenues until we provide the service or deliver the product to customers. Deferred revenues are presented in *Trade payables and other liabilities* or in *Other non-current liabilities* on the consolidated statements of financial position (statements of financial position).

Revenues are reduced for customer rebates and allowances and exclude sales and other taxes we collect from our customers.

We expense subscriber acquisition costs when the related services are activated.

MULTIPLE-ELEMENT ARRANGEMENTS

We enter into arrangements that may include the sale of a number of products and services together, primarily to our wireless and business customers. When two or more products or services have value to our customers on a stand-alone basis, we separately account for each product or service according to the methods previously described. The total price to the customer is allocated to each product or service based on its relative fair value. When an amount allocated to a delivered item is contingent upon the delivery of additional items or meeting specified performance conditions, the amount allocated to that delivered item is limited to the non-contingent amount.

If the conditions to account for each product or service separately are not met, we recognize revenues proportionately over the term of the sale agreement.

SUBCONTRACTED SERVICES

We may enter into arrangements with subcontractors and others who provide services to our customers. When we act as the principal in these arrangements, we recognize revenues based on the amounts billed to our customers. Otherwise, we recognize the net amount that we retain as revenues.

D) SHARE-BASED PAYMENTS

Our equity-settled share-based payment arrangements include stock options, restricted share units (RSUs), deferred share units (DSUs) and employee savings plans (ESPs).

STOCK OPTIONS

We use a fair value-based method to measure the cost of our employee stock options, based on the number of stock options that are expected to vest. Compensation expense is adjusted for subsequent changes in management's estimate of the number of stock options that are expected to vest.

We credit contributed surplus for stock option expense recognized over the vesting period. When stock options are exercised, we credit share capital for the amount paid and the amounts previously credited to contributed surplus.

RSUs

For each RSU granted, we recognize compensation expense equal to the market value of a BCE common share at the date of grant based on the number of RSUs expected to vest, recognized over the term of the vesting period, with a corresponding credit to contributed surplus. Additional RSUs are issued to reflect dividends declared on the common shares.

Compensation expense is adjusted for subsequent changes in management's estimate of the number of RSUs that are expected to vest. The effect of these changes is recognized in the period of the change. Upon settlement of the RSUs, any difference between the cost of shares purchased on the open market and the amount credited to contributed surplus is reflected in the deficit. Vested RSUs are settled in BCE common shares, DSUs, or a combination thereof.

DSUs

If compensation is elected to be taken in DSUs we issue DSUs equal to the fair value of the services received. Additional DSUs are issued to reflect dividends declared on the common shares. DSUs are settled in BCE common shares purchased on the open market following the cessation of employment or when a director leaves the board. We credit contributed surplus for the fair value of DSUs at the issue date. Upon settlement of the DSUs, any difference between the cost of shares purchased on the open market and the amount credited to contributed surplus is reflected in the deficit.

ESPs

We recognize our contributions to our ESPs as compensation expense. Employer ESP contributions accrue over a two-year vesting period. We credit contributed surplus for the ESP expense recognized over the vesting period, based on management's estimate of the accrued contributions that are expected to vest. Upon settlement of the ESPs, any difference between the cost of shares purchased on the open market and the amount credited to contributed surplus is reflected in the deficit.

E) INCOME AND OTHER TAXES

Current and deferred income tax expense is recognized in the consolidated income statements (income statements), except to the extent that the expense relates to items recognized in other comprehensive income or directly in equity.

A current or non-current tax asset (liability) is the estimated tax receivable (payable) on taxable earnings for the current or past periods. We also record future tax liabilities, which are included in *Other non-current liabilities*.

We use the liability method to account for deferred tax assets and liabilities, which arise from:

- temporary differences between the carrying amount of assets and liabilities recognized in the statements of financial position and their corresponding tax bases
- the carryforward of unused tax losses and credits, to the extent they can be used in the future.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply when the asset or liability is recovered or settled. Both our current and deferred tax assets and liabilities are calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred taxes are provided on temporary differences arising from investments in subsidiaries, joint arrangements and associates, except where we control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax liabilities are, where permitted, offset against tax assets within the same taxable entity and tax jurisdiction.

INVESTMENT TAX CREDITS (ITCs), OTHER TAX CREDITS AND GOVERNMENT GRANTS

We recognize ITCs, other tax credits and government grants given on eligible expenditures when it is reasonably assured that they will be realized. They are presented as part of *Trade and other receivables* when they are expected to be utilized in the next year. We use the cost reduction method to account for ITCs and government grants, under which the credits are applied against the expense or asset to which the ITC or government grant relates.

F) CASH EQUIVALENTS

Cash equivalents are comprised of highly liquid investments with original maturities of three months or less from the date of purchase.

G) SECURITIZATION OF TRADE RECEIVABLES

Proceeds on the securitization of trade receivables are recognized as a collateralized borrowing as we do not transfer control and substantially all the risks and rewards of ownership to another entity.

H) INVENTORY

We measure inventory at the lower of cost and net realizable value. Inventory includes all costs to purchase, convert and bring the inventories to their present location and condition. We determine cost using specific identification for major equipment held for resale and the weighted average cost formula for all other inventory. We maintain inventory valuation reserves for inventory that is slow-moving or obsolete, calculated using an inventory ageing analysis.

I) PROPERTY, PLANT AND EQUIPMENT

We record property, plant and equipment at historical cost. Historical cost includes expenditures that are attributable directly to the acquisition or construction of the asset, including the purchase cost, and labour.

Borrowing costs are capitalized for qualifying assets if the time to build or develop is in excess of one year.

We initially measure and record asset retirement obligations at management's best estimate using a present value methodology, adjusted subsequently for any changes in the timing or amount of the cash flows and changes in discount rates. We capitalize asset retirement costs as part of the related assets and amortize them into earnings over time. We also increase the asset retirement obligation and record a corresponding amount in interest expense to reflect the passage of time.

Gains or losses on the sale or retirement of property, plant and equipment are recognized in Note 8, *Other (expense) income*.

LEASES

Leases of property, plant and equipment are recognized as finance leases when we obtain substantially all the risks and rewards of ownership of the underlying assets. At the inception of the lease, we record an asset together with a corresponding long-term lease liability, at the lower of the fair value of the leased asset or the present value of the minimum future lease payments. If there is reasonable certainty that the lease transfers ownership of the asset to us by the end of the lease term, the asset is amortized over its useful life. Otherwise, the asset is amortized over the shorter of its useful life and the lease term. The long-term lease liability is measured at amortized cost using the effective interest method.

All other leases are classified as operating leases. Operating lease payments are expensed on a straight-line basis over the term of the lease.

J) INTANGIBLE ASSETS

FINITE-LIFE INTANGIBLE ASSETS

Finite-life intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

SOFTWARE

We record internal-use software at historical cost. Cost includes expenditures that are attributable directly to the acquisition or development of the software, including the purchase cost, and labour.

Software development costs are capitalized when all the following conditions are met:

- technical feasibility can be demonstrated
- management has the intent and the ability to complete the asset for use or sale
- it is probable that economic benefits will be generated
- costs attributable to the asset can be measured reliably.

CUSTOMER RELATIONSHIPS

Customer relationship assets are acquired through business combinations and are recorded at fair value at the date of acquisition.

PROGRAM AND FEATURE FILM RIGHTS

We account for program and feature film rights as intangible assets when these assets are acquired for the purpose of broadcasting. Program and feature film rights, which include producer advances and licence fees paid in advance of receipt of the program or film, are stated at acquisition cost less accumulated amortization and accumulated impairment losses, if any. Programs and feature films under licence agreements are recorded as assets and liabilities for rights acquired and obligations incurred when:

- the company receives a broadcast master and the cost is known or reasonably determinable for new program and feature film licences
- the licence term commences for licence period extensions or syndicated programs.

Programs and feature films are classified as non-current assets with related liabilities classified as current or non-current, based on the payment terms. Amortization of program and feature film rights is recorded in *Operating costs* in the income statements.

INDEFINITE-LIFE INTANGIBLE ASSETS

Brand assets, mainly comprised of the Bell and Bell Media brands, and broadcast licences are acquired through business combinations and are recorded at fair value at the date of acquisition, less accumulated impairment losses, if any. Wireless spectrum licences are recorded at acquisition cost, including borrowing costs when the time to build or develop the related network is in excess of one year.

Currently there are no legal, regulatory, competitive or other factors that limit the useful lives of our brands or spectrum licences.

K) DEPRECIATION AND AMORTIZATION

We depreciate property, plant and equipment and amortize finite-life intangible assets on a straight-line basis over their estimated useful lives. We review our estimates of useful lives on an annual basis and adjust depreciation and amortization on a prospective basis, if needed. Land and assets under construction or development are not depreciated.

	ESTIMATED USEFUL LIFE
Property, plant and equipment	
Network infrastructure and equipment	2 to 50 years
Buildings	5 to 50 years
Finite-life intangible assets	
Software	2 to 12 years
Customer relationships	6 to 30 years
Program and feature film rights	Up to 5 years

L) INVESTMENTS IN ASSOCIATES AND JOINT ARRANGEMENTS

Our financial statements incorporate our share of the results of our associates and joint ventures using the equity method of accounting, except when the investment is classified as held for sale. Equity income from investments is recorded in Note 8, *Other (expense) income* in the income statements.

Investments in associates and joint ventures are recognized initially at cost and adjusted thereafter to include the company's share of income or loss and comprehensive income on an after-tax basis. Investments are reviewed for impairment by comparing their recoverable amount to their carrying amount.

We recognize our share of the assets, liabilities, revenues and expenses of joint operations in accordance with the related contractual agreements.

M) BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value at the date of acquisition. Acquisition-related transaction costs are expensed as incurred.

Identifiable assets and liabilities, including intangible assets, of acquired businesses are recorded at their fair values at the date of acquisition. When we acquire control of a business, any previously-held equity interest also is remeasured to fair value. The excess of the purchase consideration and any previously-held equity interest over the fair value of identifiable net assets acquired is goodwill. If the fair value of identifiable net assets acquired exceeds the purchase consideration and any previously-held equity interest, the difference is recognized in earnings immediately as a bargain purchase gain.

Changes in our ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions. Any difference between the change in the carrying amount of non-controlling interest (NCI) and the consideration paid or received is attributed to owner's equity.

N) IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill and indefinite-life intangible assets are tested for impairment annually or when there is an indication that the asset may be impaired. Property, plant and equipment and finite-life intangible assets are tested for impairment if events or changes in circumstances, assessed quarterly, indicate that their carrying amount may not be recoverable. For the purpose of impairment testing, assets other than goodwill are grouped at the lowest level for which there are separately identifiable cash inflows.

Impairment losses are recognized and measured as the excess of the carrying value of the assets over their recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. Previously recognized impairment losses, other than those attributable to goodwill, are reviewed for possible reversal at each reporting date and, if the asset's recoverable amount has increased, all or a portion of the impairment is reversed.

GOODWILL IMPAIRMENT TESTING

We perform an annual test for goodwill impairment in the fourth quarter for each of our cash generating units (CGUs) or groups of CGUs to which goodwill is allocated and whenever there is an indication that goodwill might be impaired.

A CGU is the smallest identifiable group of assets that generates cash inflows that are independent of the cash inflows from other assets or groups of assets.

We identify any potential impairment by comparing the carrying value of a CGU or groups of CGUs to its recoverable amount. The recoverable amount of a CGU or group of CGUs is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is based on estimates of discounted future cash flows or other valuation methods. Cash flows are projected based on past experience, actual operating results and business plans. When the recoverable amount of a CGU or group of CGUs is less than its carrying value, the recoverable amount is determined for its identifiable assets and liabilities. The excess of the recoverable amount of the CGU or group of CGUs over the total of the amounts assigned to its assets and liabilities is the recoverable amount of goodwill.

An impairment charge is deducted from earnings for any excess of the carrying value of goodwill over its recoverable amount. For purposes of impairment testing of goodwill, BCE's CGUs or groups of CGUs correspond to our reporting segments as disclosed in Note 3, *Segmented Information*.

O) FINANCIAL INSTRUMENTS

AVAILABLE-FOR-SALE (AFS) FINANCIAL ASSETS

Our portfolio investments in equity securities are classified as AFS and are presented in our statements of financial position as *Other non-current assets*. They have been designated as such based on management's intentions or because they are not classified in any other categories. These securities are recorded at fair value on the date of acquisition, including related transaction costs, and are adjusted to fair value at each reporting date. The corresponding unrealized gains and losses are recorded in other comprehensive income and are reclassified to *Other (expense) income* in the income statements when realized or when an impairment is determined.

TRADE AND OTHER RECEIVABLES

Trade and other receivables, which include trade receivables and other short-term receivables, are measured at amortized cost using the effective interest method, net of any allowance for doubtful accounts. An allowance for doubtful accounts is established based on individually significant exposures or on historical trends.

Factors considered when establishing an allowance include current economic conditions, historical information and the reason for the delay in payment. Amounts considered uncollectible are written off.

OTHER FINANCIAL LIABILITIES

Other financial liabilities, which include trade payables and accruals, compensation payable, obligations imposed by the Canadian Radio-television and Telecommunications Commission (CRTC), interest payable and long-term debt, are recorded at amortized cost using the effective interest method.

COSTS OF ISSUING DEBT AND EQUITY

The cost of issuing debt is included as part of long-term debt and is accounted for at amortized cost using the effective interest method. The cost of issuing equity is reflected in the consolidated statements of changes in equity as a charge to the deficit.

P) DERIVATIVE FINANCIAL INSTRUMENTS

We use derivative financial instruments to manage interest rate risk, foreign currency risk and cash flow exposures related to share-based payment plans, capital expenditures, long-term debt instruments and purchase commitments. We do not use derivative financial instruments for speculative or trading purposes.

HEDGE ACCOUNTING

To qualify for hedge accounting, we document the relationship between the derivative and the related identified risk exposure and our risk management objective and strategy. This includes associating each derivative to a specific asset or liability, a specific firm commitment, or a specific anticipated transaction.

We assess the effectiveness of a derivative in managing an identified risk exposure when hedge accounting is initially applied, and on an ongoing basis thereafter. If a hedge becomes ineffective, we stop using hedge accounting.

FAIR VALUE HEDGES

Our fair value hedges consist of interest rate swaps used to manage the effect of changes in interest rates relating to fixed-rate long-term debt. These swaps involve exchanging interest payments without exchanging the notional amount on which the payments are based. We record the exchange of payments as an adjustment to interest expense on the hedged debt. We include the related net receivable or payable from counterparties in *Other current assets* or *Trade payables and other liabilities* for swaps due within one year and in *Other non-current assets* or *Other non-current liabilities* for swaps that have a maturity of more than one year. Changes in the fair value of these derivatives and the related long-term debt are recognized in *Other (expense) income* in the income statements and offset, unless a portion of the hedging relationship is ineffective.

CASH FLOW HEDGES

Our cash flow hedges are used to mitigate foreign currency risk on certain long-term debt instruments and purchase commitments, as well as interest rate risk related to future debt issuances. We use foreign currency forward contracts to manage the exposure to anticipated transactions denominated in foreign currencies. Changes in the fair value of these derivatives are recognized in our consolidated statements of comprehensive income (statements of comprehensive income), except for any ineffective portion, which is recognized immediately in earnings. Realized gains and losses in *Accumulated other comprehensive income (loss)* are reclassified to the income statements in the same periods as the corresponding hedged items are recognized in earnings. Cash flow hedges that mature within one year are included in *Other current assets* or *Trade payables and other liabilities*, whereas hedges that have a maturity of more than one year are included in *Other non-current* *assets* or *Other non-current liabilities*.

DERIVATIVES USED AS ECONOMIC HEDGES

Derivatives used to manage cash flow exposures related to share-based payment plans and capital expenditures are marked to market each reporting period because they do not qualify for hedge accounting. The changes in fair value of these financial assets and liabilities are recognized in Note 8, *Other (expense) income* in the income statements.

Q) POST-EMPLOYMENT BENEFIT PLANS

DEFINED BENEFIT (DB) AND OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS

We maintain DB pension plans that provide pension benefits for certain employees. Benefits are based on the employee's length of service and average rate of pay during the highest paid consecutive five years of service. Most employees are not required to contribute to the plans. The plans provide cost of living adjustments to help protect the income of retired employees against inflation.

We are responsible for adequately funding our DB pension plans. We make contributions to them based on various actuarial cost methods permitted by pension regulatory bodies. Contributions reflect actuarial assumptions about future investment returns, salary projections and future service.

We provide OPEBs to some of our employees, including:

- healthcare and life insurance benefits during retirement, which are being phased out over a ten-year period ending on December 31, 2016. We do not fund most of these OPEB plans.
- other benefits, including workers' compensation and medical benefits to former or inactive employees, their beneficiaries and dependants, from the time their employment ends until their retirement starts, under certain circumstances.

We accrue our obligations and related costs under post-employment benefit plans, net of the fair value of the benefit plan assets. Pension and OPEB costs are determined using:

- the projected unit credit method, prorated on years of service, which takes into account future pay levels
- a discount rate based on market interest rates of high-quality corporate bonds with maturities that match the timing of benefits expected to be paid under the plans
- management's best estimate of pay increases, retirement ages of employees, expected healthcare costs and life expectancy.

We value post-employment benefit plan assets at fair value using current market values.

Post-employment benefit plans current service cost is included in operating costs. Interest on our post-employment benefit obligations is recognized in net earnings and represents the accretion of interest on the net obligations under the post-employment benefit plans. The interest rate is based on market conditions that existed at the beginning of the year. Actuarial gains and losses for all post-employment benefit plans are recorded in other comprehensive income in the period in which they occur and are recognized immediately in the deficit.

December 31 is the measurement date for our significant post-employment benefit plans. Our actuaries perform a valuation at least every three years to determine the actuarial present value of the accrued DB pension plan and OPEB obligations. The most recent actuarial valuation of our significant pension plans was December 31, 2012.

DEFINED CONTRIBUTION (DC) PENSION PLANS

We maintain DC pension plans that provide certain employees with benefits. Under these plans, we are responsible for contributing a predetermined amount to an employee's retirement savings, based on a percentage of the employee's salary.

We recognize a post-employment benefit plans service cost for DC pension plans when the employee provides service to the company, essentially coinciding with our cash contributions.

Generally, new employees can participate only in the DC pension plans.

R) PROVISIONS

Provisions are recognized when all the following conditions are met:

- the company has a present legal or constructive obligation based on past events
- it is probable that an outflow of economic resources will be required to settle the obligation
- the amount can be reasonably estimated.

Provisions are measured at the present value of the estimated expenditures expected to settle the obligation, if the effect of the time value of money is material. The present value is determined using current market assessments of the discount rate and risks specific to the obligation. The obligation increases as a result of the passage of time, resulting in interest expense.

S) USING ESTIMATES AND KEY JUDGEMENTS

When preparing financial statements, management makes estimates and judgements relating to:

- reported amounts of revenues and expenses
- reported amounts of assets and liabilities
- disclosure of contingent assets and liabilities.

We base our estimates on a number of factors, including historical experience, current events and actions that the company may undertake in the future, and other assumptions that we believe are reasonable under the circumstances. By their nature, these estimates and judgements are subject to measurement uncertainty and actual results could differ. Our more significant estimates and judgements are described below.

ESTIMATES

USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT AND FINITE-LIFE INTANGIBLE ASSETS

Property, plant and equipment represent a significant proportion of our total assets. Changes in technology or our intended use of these assets, as well as changes in business prospects or economic and industry factors, may cause the estimated useful lives of these assets to change.

POST-EMPLOYMENT BENEFIT PLANS

The amounts reported in the financial statements relating to DB pension plans and OPEBs are determined using actuarial calculations that are based on several assumptions.

The actuarial valuation uses management's assumptions for, among other things, the discount rate, life expectancy, the rate of compensation increase, trends in healthcare costs and expected average remaining years of service of employees.

The most significant assumptions used to calculate the net post-employment benefit plans cost are the discount rate and life expectancy.

The discount rate is based on the yield on long-term, high-quality corporate fixed income investments, with maturities matching the estimated cash flows of the post-employment benefit plans. Life expectancy is based on publicly available Canadian mortality tables and is adjusted for the company's specific experience.

A lower discount rate and a higher life expectancy result in a higher net post-employment benefit obligation and a higher current service cost.

IMPAIRMENT OF NON-FINANCIAL ASSETS

We make a number of estimates when calculating recoverable amounts using discounted future cash flows or other valuation methods to test for impairment. These estimates include the assumed growth rates for future cash flows, the number of years used in the cash flow model, and the discount rate.

DEFERRED TAX ASSETS

The amount of deferred tax assets is estimated with consideration given to the timing, sources and amounts of future taxable income.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Certain financial instruments, such as investments in equity securities, derivative financial instruments and certain elements of borrowings, are carried in the statements of financial position at fair value, with changes in fair value reflected in the income statements and the statements of comprehensive income. Fair values are estimated by reference to published price quotations or by using other valuation techniques that may include inputs that are not based on observable market data, such as discounted cash flows.

CONTINGENCIES

We become involved in various litigation matters as a part of our business. Pending litigations represent a potential cost to our business. We estimate the amount of a loss by analyzing potential outcomes and assuming various litigation and settlement strategies, based on information that is available at the time.

ONEROUS CONTRACTS

A provision for onerous contracts is recognized when the unavoidable costs of meeting our obligations under a contract exceed the expected benefits to be received from a contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of completing the contract.

JUDGEMENTS

POST-EMPLOYMENT BENEFIT PLANS

The determination of the discount rate used to value our post-employment benefit obligations requires judgement. The rate is set by reference to market yields of high quality corporate bonds at

the beginning of each fiscal year. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the size of the issue and credit quality, along with the identification of outliers, which are excluded.

INCOME TAXES

The calculation of income taxes requires judgement in interpreting tax rules and regulations. There are transactions and calculations for which the ultimate tax determination is uncertain. Our tax filings also are subject to audits, the outcome of which could change the amount of current and deferred tax assets and liabilities. Management believes that it has sufficient amounts accrued for outstanding tax matters based on information that currently is available.

Management judgement is used to determine the amounts of deferred tax assets and liabilities and future tax liabilities to be recognized. In particular, judgement is required when assessing the timing of the reversal of temporary differences to which future income tax rates are applied.

MULTIPLE ELEMENT ARRANGEMENTS

Determining the amounts of revenue to be recognized for multiple element arrangements requires judgement to establish the separately identifiable components and the allocation of the total price between those components.

CONTINGENCIES

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

T) CHANGE IN ACCOUNTING ESTIMATE

As part of our annual review of the useful lives of property, plant and equipment and finite-life intangible assets, we changed the useful lives of certain network assets, customer premise equipment, software and broadcasting equipment to better reflect their useful lives. The changes include both increases and decreases to useful lives and have been applied prospectively effective January 1, 2013. On a net basis, depreciation and amortization expense for these assets decreased by $139 million as a result of the changes.

U) ADOPTION OF NEW OR AMENDED ACCOUNTING STANDARDS

As required, effective January 1, 2013, we adopted the following new or amended accounting standards on a retrospective basis.

IAS 19

In June 2011, the IASB amended IAS 19 – Employee Benefits. Annual finance expense for a funded benefit plan includes net interest expense or income, calculated by applying the discount rate to the net DB pension asset or liability, replacing the finance charge and expected return on plan assets, thereby reducing the current expected return on plan assets to a return that is equal to the discount rate. Entities are required to segregate changes in the DB obligation and in the fair value of plan assets into three components: service costs, net interest on the net DB pension liabilities (assets) and remeasurements of the net DB pension liabilities (assets). The amendments also eliminate the corridor approach for recognizing actuarial gains and losses and enhance disclosure about the risks arising from DB plans.

These amendments did not impact our statements of financial position or our consolidated statements of cash flows (statements of cash flows). The impact of the decrease in the expected return on plan assets, as a result of the amended standard, on our income statements and statements of comprehensive income is as follows.

FOR THE YEAR ENDED DECEMBER 31	2012
Interest on post-employment benefit obligation increase	(242)
Income taxes decrease	65
Net earnings decrease	(177)
Actuarial losses on post-employment benefit plans decrease/other comprehensive loss decrease	177
Earnings per share decrease	(0.22)

IFRS 11

In May 2011, the IASB issued IFRS 11 – Joint Arrangements, which requires joint arrangements to be classified either as joint operations or joint ventures depending on the contractual rights and obligations of each investor. For joint operations, a company recognizes its share of assets, liabilities, revenues and expenses of the joint operation. An investment in a joint venture is accounted for using the equity method.

As a result of adopting IFRS 11, we account for our 50% interest in Inukshuk Limited Partnership (Inukshuk) as a joint operation. Inukshuk was previously classified as a joint venture and accounted for using the equity method. IFRS 11 did not have a material impact on our income statements or our statements of cash flows. The impacts on our statements of financial position are as follows.

	DECEMBER 31, 2012	JANUARY 1, 2012
Increase/(decrease) in:		
Cash	2	2
Trade and other receivables	–	27
Property, plant and equipment	–	17
Intangible assets	96	208
Investments in associates and joint ventures	(97)	(213)
Trade payables and other liabilities	1	15
Debt due within one year	–	26

The following new or amended standards did not have a significant impact on our financial statements.

IFRS 7

In December 2011, the IASB amended IFRS 7 – Financial Instruments: Disclosures, to require disclosures to better assess the effect or potential effect of offsetting arrangements in the statements of financial position.

IFRS 10

In May 2011, the IASB issued IFRS 10 – Consolidated Financial Statements, which establishes principles for the presentation and preparation of consolidated financial statements. Under IFRS 10, control is identified as the single basis of consolidation for all types of entities.

IFRS 12

In May 2011, the IASB issued IFRS 12 – Disclosure of Interests in Other Entities, which integrates and enhances the disclosure requirements for entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity.

The required disclosures are provided in Note 15, *Investments in Associates and Joint Ventures*, Note 27, *Related Party Transactions* and Note 28, *Significant Partly-Owned Subsidiaries*.

IFRS 13

In May 2011, the IASB issued IFRS 13 – Fair Value Measurement, which establishes a single source of guidance for fair value measurement under IFRS. IFRS 13 defines fair value, provides guidance on measurement and introduces certain disclosure requirements.

The adoption of IFRS 13 did not result in any measurement adjustments or changes to our fair value valuation techniques. The enhanced disclosures are included in Note 23, *Financial and Capital Management.*

IAS 1

In June 2011, the IASB amended IAS 1 – Presentation of Financial Statements, providing guidance on items contained in other comprehensive income and their classification.

As a result of adopting the amendments to IAS 1, we have grouped items within our statements of comprehensive income according to whether or not they will be reclassified subsequently to net earnings.

V) FUTURE CHANGES TO ACCOUNTING STANDARDS

The following changes to IFRS are not expected to have a significant impact on our financial statements.

IAS 36

In May 2013, the IASB amended IAS 36 – Impairment of Assets, providing guidance on recoverable amount disclosures for non-financial assets. The amendments to IAS 36 must be applied retrospectively for annual periods beginning on or after January 1, 2014.

IAS 39

In June 2013, the IASB amended IAS 39 – Financial Instruments: Recognition and Measurement, providing guidance on novation of over-the-counter derivatives and continued designation for hedge accounting. The amendments to IAS 39 must be applied retrospectively for annual periods beginning on or after January 1, 2014.

IAS 32

In December 2011, the IASB amended IAS 32 – Financial Instruments: Presentation, clarifying the application of the offsetting requirements of financial assets and financial liabilities. The amendments to IAS 32 must be applied retrospectively for annual periods beginning on or after January 1, 2014.

IFRS 9

In November 2009, the IASB issued IFRS 9 – Financial Instruments, introducing new requirements for classifying and measuring financial assets. In October 2010, the IASB reissued IFRS 9, incorporating new requirements on accounting for financial liabilities, and carrying over from IAS 39 the requirements for derecognition of financial assets and financial liabilities. In December 2011, the IASB amended IFRS 9, deferring the mandatory effective date to annual periods beginning on or after January 1, 2015. In November 2013, the IASB further amended IFRS 9 to delay the mandatory effective date to a future date to be determined. The amendment also provides relief from restating comparative information and required disclosures in IFRS 7 – Financial Instruments: Disclosures.

NOTE 3 SEGMENTED INFORMATION

The accounting policies used in our segment reporting are the same as those we describe in Note 2, *Significant Accounting Policies*. Our earnings are reported in four segments: *Bell Wireline*, *Bell Wireless*, *Bell Media* and *Bell Aliant*. Our segments reflect how we manage our business and how we classify our operations for planning and measuring performance. Accordingly, we operate and manage our segments as strategic business units organized by products and services. Segments negotiate sales with each other as if they were unrelated parties.

We measure the performance of each segment based on segment profit, which is equal to operating revenues less operating costs for the segment. We report severance, acquisition and other costs and depreciation and amortization by segment for external reporting purposes. Substantially all of our finance costs and other (expense) income are managed on a corporate basis and, accordingly, are not reflected in segment results.

Our operations and virtually all of our assets are located in Canada.

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

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

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

Our Bell Aliant segment provides local telephone, long distance, Internet, data, TV, wireless, home security and value-added business solutions to residential and business customers in the Atlantic provinces and in rural and regional areas of Ontario and Québec.

SEGMENTED INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2013	NOTE	BELL WIRELINE	BELL WIRELESS	BELL MEDIA	INTER-SEGMENT ELIMINATIONS	BELL	BELL ALIANT	INTER-SEGMENT ELIMINATIONS	BCE
Operating revenues									
External customers		**9,754**	**5,794**	**2,342**	**–**	**17,890**	**2,510**	**–**	**20,400**
Inter-segment		**343**	**55**	**215**	**(394)**	**219**	**249**	**(468)**	**–**
Total operating revenues		**10,097**	**5,849**	**2,557**	**(394)**	**18,109**	**2,759**	**(468)**	**20,400**
Operating costs	5	**(6,303)**	**(3,509)**	**(1,874)**	**394**	**(11,292)**	**(1,487)**	**468**	**(12,311)**
Segment profit(1)		**3,794**	**2,340**	**683**	**–**	**6,817**	**1,272**	**–**	**8,089**

Severance, acquisition and other costs	6	**(110)**	**(2)**	**(283)**	**–**	**(395)**	**(11)**	**–**	**(406)**
Depreciation and amortization	13,14	**(2,248)**	**(479)**	**(110)**	**–**	**(2,837)**	**(543)**	**–**	**(3,380)**
Finance costs									
Interest expense	7								**(931)**
Interest on post-employment benefit obligations	21								**(150)**
Other expense	8								**(6)**
Income taxes	9								**(828)**
Net earnings									**2,388**
Goodwill	17	**2,521**	**2,302**	**2,588**	**–**	**7,411**	**970**	**–**	**8,381**
Indefinite-life intangible assets	14	**1,315**	**2,502**	**2,708**	**–**	**6,525**	**340**	**–**	**6,865**
Capital expenditures		**2,247**	**639**	**115**	**–**	**3,001**	**570**	**–**	**3,571**

(1) *The chief operating decision maker uses only one measure of profit to make decisions and assess performance, being operating revenues less operating costs.*

FOR THE YEAR ENDED DECEMBER 31, 2012	NOTE	BELL WIRELINE	BELL WIRELESS	BELL MEDIA	INTER-SEGMENT ELIMINATIONS	BELL	BELL ALIANT	INTER-SEGMENT ELIMINATIONS	BCE
Operating revenues									
External customers		9,905	5,524	2,022	–	17,451	2,527	–	19,978
Inter-segment		315	62	161	(344)	194	234	(428)	–
Total operating revenues		10,220	5,586	2,183	(344)	17,645	2,761	(428)	19,978
Operating costs	5	(6,300)	(3,471)	(1,622)	344	(11,049)	(1,469)	428	(12,090)
Segment profit (1)		3,920	2,115	561	–	6,596	1,292	–	7,888
Severance, acquisition and other costs	6	(86)	(11)	(20)	–	(117)	(16)	–	(133)
Depreciation and amortization	13,14	(2,231)	(488)	(108)	–	(2,827)	(565)	–	(3,392)
Finance costs									
Interest expense	7								(865)
Interest on post-employment benefit obligations	21								(131)
Other income	8								269
Income taxes	9								(760)
Net earnings									2,876
Goodwill	17	2,521	2,302	1,393	–	6,216	969	–	7,185
Indefinite-life intangible assets	14	2,403	1,410	1,511	–	5,324	339	–	5,663
Capital expenditures		2,193	637	93	–	2,923	592	–	3,515

(1) *The chief operating decision maker uses only one measure of profit to make decisions and assess performance, being operating revenues less operating costs.*

REVENUES BY PRODUCT

FOR THE YEAR ENDED DECEMBER 31	2013	2012
Local and access (1)	**2,497**	2,688
Long distance	**722**	801
Data(1)	**5,828**	5,666
Wireless	**5,362**	5,086
Media	**2,342**	2,022
Equipment and other (1)	**1,139**	1,188
Total external revenues	**17,890**	17,451
Inter-segment revenues	**219**	194
Bell	**18,109**	17,645
Bell Aliant	**2,759**	2,761
Inter-segment eliminations	**(468)**	(428)
BCE	**20,400**	19,978

(1) *We have reclassified amounts for the prior year to make them consistent with the presentation for the current year.*

NOTE 4 ACQUISITION OF ASTRAL

On July 5, 2013, BCE acquired 100% of the issued and outstanding shares of Astral. Astral is a media company that operates specialty and pay TV channels, radio stations and digital media properties across Canada and provides out-of-home advertising services. BCE acquired Astral to enhance our competitive position in French-language broadcasting in Québec, control content costs, and increase opportunities for cross-platform innovation and advertising packages spanning digital, TV, radio and out-of-home advertising. Astral's results are included in our Bell Media segment.

The purchase price allocation includes certain estimates and will be finalized upon completion of the sale of certain assets. The following table summarizes the fair value of the consideration given and the fair value assigned to each major class of assets and liabilities.

	TOTAL
Cash purchase consideration	2,876
Trade and other receivables	153
Current assets	39
Assets held for sale	687
Property, plant and equipment	198
Finite-life intangible assets	163
Indefinite-life intangible assets	1,238
Non-current assets	15
Trade payables and other liabilities	(183)
Long-term debt	(397)
Net deferred tax liabilities	(207)
Non-current liabilities	(65)
	1,641
Cash and cash equivalents	32
Fair value of net assets acquired	1,673
Goodwill (1)	1,203

(1) *Goodwill arises principally from the ability to leverage media content, the reputation of assembled workforce and future growth. Goodwill is not deductible for tax purposes. The allocation of goodwill to our groups of CGUs will be finalized upon completion of the sale of the assets held for sale.*

As part of its approval of the Astral acquisition, the CRTC ordered BCE to spend $246.9 million in new benefits for French- and English-language TV, radio and film content development, support for emerging Canadian musical talent, training and professional development for Canadian media, and new consumer participation initiatives. The present value of this tangible benefits obligation, amounting to $230 million, was recorded as an acquisition cost in *Severance, acquisition and other costs* in the income statement. Total acquisition costs relating to Astral, including the tangible benefits obligation, amounted to $266 million for the year ended December 31, 2013.

Astral revenues of $412 million and net earnings of $77 million are included in the income statement from the date of acquisition.

BCE's consolidated operating revenues and net earnings for the year ended December 31, 2013 would have been $20,759 million and $2,385 million, respectively, had the Astral acquisition occurred on January 1, 2013. These pro forma amounts exclude operating revenues and net earnings attributable to the Astral radio stations and TV services to be divested and reflect financing costs related to the acquisition, the amortization of certain elements of the purchase price allocation, the elimination of intercompany transactions and related tax adjustments.

ASSETS HELD FOR SALE

Consistent with the CRTC's Common Ownership Policy for radio, BCE is required to sell ten Bell Media and Astral English-language radio stations as part of the transaction. BCE also is required to sell eleven Astral TV services in order to comply with conditions attached to the Competition Bureau and CRTC approvals.

As required by the CRTC and the Competition Bureau, the management and control of the assets to be divested was transferred to an independent trustee pending their sale to third parties. They are classified as *Assets held for sale* in the statement of financial position and are recorded at their net realizable value.

Agreements are in place, subject to closing conditions, termination rights and applicable regulatory approvals, to sell all of the assets.

In Q1 2014, we completed the sale of six TV services and five radio stations for total proceeds of $427.2 million.

NOTE 5 OPERATING COSTS

FOR THE YEAR ENDED DECEMBER 31	NOTE	2013	2012
Labour costs			
Wages, salaries and related taxes and benefits (1)		**(4,258)**	(4,126)
Post-employment benefit plans service cost (net of capitalized amounts)	21	**(292)**	(225)
Other labour costs (1) (2)		**(985)**	(1,021)
Less:			
Capitalized labour (1)		**990**	933
Total labour costs		**(4,545)**	(4,439)
Cost of revenues (1) (3)		**(5,908)**	(5,770)
Other operating costs (1) (4)		**(1,858)**	(1,881)
Operating costs		**(12,311)**	(12,090)

(1) *We have reclassified amounts for the prior year to make them consistent with the presentation for the current year.*
(2) *Other labour costs include contractor and outsourcing costs.*
(3) *Cost of revenues includes costs of wireless devices and other equipment sold, network and content costs, and payments to other carriers.*
(4) *Other operating costs include marketing, advertising and sales commission costs, bad debt expense, taxes other than income taxes, information technology costs, professional service fees and rent.*

Research and development expenses of $201 million and $227 million are included in operating costs for 2013 and 2012, respectively.

NOTE 6 SEVERANCE, ACQUISITION AND OTHER COSTS

FOR THE YEAR ENDED DECEMBER 31	2013	2012
Severance	**(116)**	(107)
Acquisition	**(266)**	(9)
Other	**(24)**	(17)
Total severance, acquisition and other costs	**(406)**	(133)

ACQUISITION COSTS

Acquisition costs consist of transaction costs, such as legal and bankers' fees, related to completed or potential acquisitions, employee severance costs related to the purchase or sale of a business and the costs to integrate acquired companies into Bell's operations, when the integration costs are significant.

Acquisition costs for the year ended December 31, 2013 include $230 million relating to the CRTC tangible benefits obligation described in Note 4, *Acquisition of Astral*.

NOTE 7 INTEREST EXPENSE

FOR THE YEAR ENDED DECEMBER 31	2013	2012
Interest expense on long-term debt	**(850)**	(792)
Interest expense on other debt	**(97)**	(92)
Capitalized interest	**16**	19
Total interest expense	**(931)**	(865)

Interest expense on long-term debt includes interest on finance leases of $174 million and $158 million for 2013 and 2012, respectively.

Capitalized interest was calculated using an average rate of 5.03% and 5.40% for 2013 and 2012, respectively, which represents the weighted average interest rate on our outstanding long-term debt.

NOTE 8 OTHER (EXPENSE) INCOME

FOR THE YEAR ENDED DECEMBER 31	NOTE	2013	2012
Net mark-to-market gains on derivatives used as economic hedges		**94**	22
Pension surplus distribution		**36**	–
(Losses) gains on investments		**(7)**	256
Premiums on early redemption of debt	20	**(55)**	–
Losses on disposal/retirement of software, plant and equipment		**(44)**	(36)
Equity (loss) income	15	**(32)**	1
Other		**2**	26
Other (expense) income		**(6)**	269

GAINS ON INVESTMENTS

In December 2012, Inukshuk, a joint operation owned 50% by BCE, sold certain spectrum licences and network equipment to its owners at fair market value. BCE and the non-related venturer each purchased 50% of the assets having a fair market value of $1,181 million and a carrying value of $250 million. As a result, BCE recorded:

- a gain on investment of $233 million representing BCE's 50% share of the Inukshuk gain relating to the assets sold to the non-related venturer
- spectrum licences and network equipment of $233 million representing the fair value of the assets purchased less BCE's share of the Inukshuk gain.

EQUITY INVESTEES

In 2013, we recorded an equity loss of $25 million, representing our share of a goodwill impairment charge and a write-down of customer relationship intangibles recognized by an equity investee. We also recognized a decrease of $14 million in the fair value of a related financial asset in *Losses (gains) on investments*.

NOTE 9 INCOME TAXES

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

FOR THE YEAR ENDED DECEMBER 31	2013	2012
Current taxes		
Current taxes	**(888)**	(756)
Resolution of uncertain tax positions	**51**	131
Change in estimate relating to prior periods	**53**	48
Effect of change in provincial corporate tax rate	**–**	2
Deferred taxes		
Deferred taxes relating to the origination and reversal of temporary differences	**72**	(26)
Effect of change in provincial corporate tax rate	**(6)**	(37)
Change in estimate relating to prior periods	**(33)**	(39)
Recognition and utilization of loss carryforwards	**(68)**	(130)
Resolution of uncertain tax positions	**(10)**	52
Other	**1**	(5)
Total income taxes	**(828)**	(760)

The following table reconciles the amount of reported income taxes in the income statements with income taxes calculated at a statutory income tax rate of 26.6% for each of 2013 and 2012.

FOR THE YEAR ENDED DECEMBER 31	2013	2012
Earnings before income taxes	**3,216**	3,636
Applicable tax rate	**26.6%**	26.6%
Income taxes computed at applicable statutory rates	**(855)**	(967)
Non-taxable portion of gains on investments	**–**	66
Resolution of uncertain tax positions	**41**	183
Effect of change in provincial corporate tax rate	**(6)**	(35)
Change in estimate relating to prior periods	**20**	9
Other	**(28)**	(16)
Total income taxes	**(828)**	(760)
Average effective tax rate	**25.7%**	20.9%

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

AT DECEMBER 31	2013			2012	
	OTHER COMPREHENSIVE INCOME	DEFICIT	NCI	OTHER COMPREHENSIVE INCOME	DEFICIT
Current taxes	**1**	**1**	**–**	170	2
Deferred taxes	**(390)**	**7**	**1**	226	3
Total income tax (expense) recovery	**(389)**	**8**	**1**	396	5

The following table shows deferred taxes resulting from temporary differences between the carrying amounts of assets and liabilities recognized in the statements of financial position and their corresponding tax basis, as well as tax loss carryforwards.

NET DEFERRED TAX LIABILITY	NON-CAPITAL LOSS CARRY-FORWARDS	POST-EMPLOYMENT BENEFIT PLANS(1)	INDEFINITE-LIFE INTANGIBLE ASSETS	PROPERTY, PLANT AND EQUIPMENT AND FINITE-LIFE INTANGIBLE ASSETS	INVESTMENT TAX CREDITS	PARTNERSHIP INCOME DEFERRAL(2)	CRTC TANGIBLE BENEFITS(1)	OTHER(1)	TOTAL
January 1, 2012	234	726	(1,212)	(433)	(106)	(97)	73	263	(552)
Income statement	(130)	(26)	(57)	(20)	46	9	(27)	20	(185)
Other comprehensive income	–	227	–	–	–	–	–	(1)	226
Deficit	–	–	–	–	–	–	–	3	3
Other	–	–	–	–	–	–	–	(9)	(9)
December 31, 2012	104	927	(1,269)	(453)	(60)	(88)	46	276	(517)
Income statement	**(68)**	**(3)**	**(56)**	**(105)**	**39**	**85**	**46**	**18**	**(44)**
Other comprehensive income	**–**	**(384)**	**–**	**–**	**–**	**–**	**–**	**(6)**	**(390)**
Deficit	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**7**	**7**
Acquisition of Astral	**–**	**7**	**(202)**	**(43)**	**–**	**–**	**1**	**30**	**(207)**
NCI	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**1**
Other	**–**	**–**	**6**	**–**	**–**	**–**	**–**	**(9)**	**(3)**
December 31, 2013	**36**	**547**	**(1,521)**	**(601)**	**(21)**	**(3)**	**93**	**317**	**(1,153)**

(1) *We have reclassified amounts for the prior year to make them consistent with the presentation for the current year.*
(2) *The taxation year-end of certain of Bell Aliant's corporate subsidiaries differs from the partnership year end. This results in a deferral of partnership income for tax purposes.*

At December 31, 2013, BCE had $214 million of non-capital loss carryforwards. We:

- recognized a deferred tax asset of $36 million, of which $27 million related to Bell Media, for approximately $138 million of the non-capital loss carryforwards. These non-capital loss carryforwards expire in varying annual amounts from 2026 to 2033.
- did not recognize a deferred tax asset for approximately $76 million of non-capital loss carryforwards. This balance expires in varying annual amounts from 2023 to 2032.

At December 31, 2013, BCE had $828 million of unrecognized capital loss carryforwards which can be carried forward indefinitely.

At December 31, 2012, BCE had $484 million of non-capital loss carryforwards. We:

- recognized a deferred tax asset of $104 million, of which $86 million related to Bell Media, for approximately $400 million of the non-capital loss carryforwards. These non-capital loss carryforwards expire in varying annual amounts from 2025 to 2032.
- did not recognize a deferred tax asset for approximately $84 million of non-capital loss carryforwards. This balance expires in varying annual amounts from 2016 to 2030.

At December 31, 2012, BCE had $772 million of unrecognized capital loss carryforwards which can be carried forward indefinitely.

NOTE 10 EARNINGS PER SHARE

The following table shows the components used in the calculation of basic and diluted earnings per common share for earnings attributable to common shareholders.

FOR THE YEAR ENDED DECEMBER 31	2013	2012
Net earnings attributable to common shareholders – basic	**1,975**	2,456
Dividends declared per common share (in dollars)	**2.33**	2.22
Weighted average number of common shares outstanding (in millions)		
Weighted average number of common shares outstanding – basic	**775.8**	774.3

Assumed exercise of stock options (1)	**0.6**	0.3
Weighted average number of common shares outstanding – diluted	**776.4**	774.6

(1) *The calculation of the assumed exercise of stock options includes the effect of the average unrecognized future compensation cost of dilutive options. It does not include anti-dilutive options which are options that will not be exercised because their exercise price is higher than the average market value of a BCE common share. The number of excluded options was 2,621,806 in 2013 and 2,651,928 in 2012.*

NOTE 11 TRADE AND OTHER RECEIVABLES

FOR THE YEAR ENDED DECEMBER 31	NOTE	2013	2012
Trade receivables (1)	23	**3,074**	2,975
Allowance for doubtful accounts	23	**(79)**	(97)
Allowance for revenue adjustments		**(90)**	(90)
Current tax receivable		**36**	36
Other accounts receivable		**102**	122
Total trade and other receivables		**3,043**	2,946

(1) *The details of securitized trade receivables are set out in Note 19,* Debt Due Within One Year.

NOTE 12 INVENTORY

FOR THE YEAR ENDED DECEMBER 31	2013	2012
Work in progress	**65**	70
Finished goods	**342**	347
Provision	**(24)**	(25)
Total inventory	**383**	392

The total amount of inventory subsequently recognized as an expense in cost of revenues was $2,352 million in 2013 and $2,377 million in 2012.

NOTE 13 PROPERTY, PLANT AND EQUIPMENT

FOR THE YEAR ENDED DECEMBER 31, 2013	NETWORK INFRASTRUCTURE AND EQUIPMENT	LAND AND BUILDINGS	ASSETS UNDER CONSTRUCTION	TOTAL(1)
COST				
January 1, 2013	**52,925**	**4,789**	**1,202**	**58,916**
Additions	**2,014**	**60**	**1,623**	**3,697**
Acquisition through business combinations	**159**	**39**	**2**	**200**
Transfers	**1,066**	**125**	**(1,551)**	**(360)**
Retirements and disposals	**(1,490)**	**(17)**	**–**	**(1,507)**
December 31, 2013	**54,674**	**4,996**	**1,276**	**60,946**
ACCUMULATED DEPRECIATION				
January 1, 2013	**36,539**	**2,370**	**–**	**38,909**
Depreciation	**2,545**	**189**	**–**	**2,734**
Retirements and disposals	**(1,414)**	**(14)**	**–**	**(1,428)**
Other	**(5)**	**(7)**	**–**	**(12)**
December 31, 2013	**37,665**	**2,538**	**–**	**40,203**
NET CARRYING AMOUNT				
At January 1, 2013	**16,386**	**2,419**	**1,202**	**20,007**
At December 31, 2013	**17,009**	**2,458**	**1,276**	**20,743**

(1) *Includes assets under finance leases.*

FOR THE YEAR ENDED DECEMBER 31, 2012	NETWORK INFRASTRUCTURE AND EQUIPMENT(2)	LAND AND BUILDINGS(2)	ASSETS UNDER CONSTRUCTION	TOTAL(1)
COST				
January 1, 2012	49,747	4,684	1,164	55,595
Additions	2,529	88	1,529	4,146
Transfers	1,191	49	(1,491)	(251)
Retirements and disposals	(542)	(32)	–	(574)
December 31, 2012	52,925	4,789	1,202	58,916
ACCUMULATED DEPRECIATION				
January 1, 2012	34,581	2,212	–	36,793
Depreciation	2,499	179	–	2,678
Retirements and disposals	(489)	(29)	–	(518)
Other	(52)	8	–	(44)
December 31, 2012	36,539	2,370	–	38,909
NET CARRYING AMOUNT				
At January 1, 2012	15,166	2,472	1,164	18,802
At December 31, 2012	16,386	2,419	1,202	20,007

(1) *Includes assets under finance leases.*
(2) *We have reclassified amounts for the prior year to make them consistent with the presentation for the current year.*

FINANCE LEASES

BCE's significant finance leases are for satellites and office premises. The office leases have a typical lease term of 15 years. The leases for satellites, used to provide programming to our Bell TV customers, have a term of 15 years. The satellite leases are non-cancellable.

The following table shows additions to and the net carrying amount of assets under finance leases.

	ADDITIONS		NET CARRYING AMOUNT	
FOR THE YEAR ENDED DECEMBER 31	2013	2012	2013	2012
Network infrastructure and equipment	**319**	814	**1,655**	1,596
Land and buildings	**3**	–	**556**	596
Total	**322**	814	**2,211**	2,192

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

AT DECEMBER 31, 2013	NOTE	2014	2015	2016	2017	2018	THEREAFTER	TOTAL
Minimum future lease payments	23	489	418	288	260	237	1,618	3,310
Less:								
Future finance costs		(152)	(139)	(128)	(118)	(106)	(419)	(1,062)
Present value of future lease obligations		337	279	160	142	131	1,199	2,248

NOTE 14 INTANGIBLE ASSETS

YEAR ENDED DECEMBER 31, 2013	FINITE-LIFE SOFTWARE	CUSTOMER RELATION-SHIPS	PROGRAM AND FEATURE FILM RIGHTS	OTHER	TOTAL	INDEFINITE-LIFE BRAND	SPECTRUM AND OTHER LICENCES	BROADCAST LICENCES	TOTAL	TOTAL INTANGIBLE ASSETS
COST										
January 1, 2013	**5,949**	**847**	**263**	**270**	**7,329**	**2,242**	**2,128**	**1,293**	**5,663**	**12,992**
Additions	**238**	**–**	**570**	**–**	**808**	**–**	**4**	**–**	**4**	**812**
Acquisition through business combinations	**14**	**25**	**101**	**23**	**163**	**102**	**–**	**1,136**	**1,238**	**1,401**
Transfers	**377**	**–**	**–**	**–**	**377**	**–**	**–**	**(25)**	**(25)**	**352**
Retirements and disposals	**(537)**	**(7)**	**–**	**–**	**(544)**	**–**	**–**	**(15)**	**(15)**	**(559)**
Amortization included in operating costs	**–**	**–**	**(545)**	**–**	**(545)**	**–**	**–**	**–**	**–**	**(545)**
December 31, 2013	**6,041**	**865**	**389**	**293**	**7,588**	**2,344**	**2,132**	**2,389**	**6,865**	**14,453**
ACCUMULATED AMORTIZATION										
January 1, 2013	**4,399**	**325**	**–**	**85**	**4,809**	**–**	**–**	**–**	**–**	**4,809**
Amortization	**577**	**50**	**–**	**19**	**646**	**–**	**–**	**–**	**–**	**646**
Retirements and disposals	**(535)**	**(7)**	**–**	**–**	**(542)**	**–**	**–**	**–**	**–**	**(542)**
Other	**(12)**	**–**	**–**	**–**	**(12)**	**–**	**–**	**–**	**–**	**(12)**
December 31, 2013	**4,429**	**368**	**–**	**104**	**4,901**	**–**	**–**	**–**	**–**	**4,901**
NET CARRYING AMOUNT										
January 1, 2013	**1,550**	**522**	**263**	**185**	**2,520**	**2,242**	**2,128**	**1,293**	**5,663**	**8,183**
December 31, 2013	**1,612**	**497**	**389**	**189**	**2,687**	**2,344**	**2,132**	**2,389**	**6,865**	**9,552**

YEAR ENDED DECEMBER 31, 2012	FINITE-LIFE SOFTWARE	CUSTOMER RELATION-SHIPS	PROGRAM AND FEATURE FILM RIGHTS	OTHER	TOTAL	INDEFINITE-LIFE BRAND	SPECTRUM AND OTHER LICENCES	BROADCAST LICENCES	TOTAL	TOTAL INTANGIBLE ASSETS
COST										
January 1, 2012	5,788	847	364	278	7,277	2,242	1,895	1,293	5,430	12,707
Additions	225	–	437	–	662	–	233	–	233	895
Transfers	354	–	–	–	354	–	–	–	–	354
Retirements and disposals	(418)	–	–	(8)	(426)	–	–	–	–	(426)
Amortization included in operating costs	–	–	(538)	–	(538)	–	–	–	–	(538)
December 31, 2012	5,949	847	263	270	7,329	2,242	2,128	1,293	5,663	12,992
ACCUMULATED AMORTIZATION										
January 1, 2012	4,140	274	–	72	4,486	–	–	–	–	4,486
Amortization	642	51	–	21	714	–	–	–	–	714
Retirements and disposals	(411)	–	–	(8)	(419)	–	–	–	–	(419)
Other	28	–	–	–	28	–	–	–	–	28
December 31, 2012	4,399	325	–	85	4,809	–	–	–	–	4,809
NET CARRYING AMOUNT										
January 1, 2012	1,648	573	364	206	2,791	2,242	1,895	1,293	5,430	8,221
December 31, 2012	1,550	522	263	185	2,520	2,242	2,128	1,293	5,663	8,183

NOTE 15 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Summarized financial information in respect to BCE's associates and joint ventures are tabled below. For a list of associates and joint ventures please see Note 27, *Related Party Transactions*.

FOR THE YEAR ENDED DECEMBER 31	2013	2012
Assets	**3,878**	3,811
Liabilities	**(2,164)**	(2,040)
Total net assets	**1,714**	1,771
BCE's share of net assets	**775**	800
Revenues	**805**	517
Expenses	**(912)**	(505)
Total net (loss) earnings	**(107)**	12
BCE's share of net (loss) earnings	**(32)**	1

Q9 NETWORKS INC. (Q9)

In October 2012, an investor group comprising BCE, Ontario Teachers' Pension Plan Board (Teachers'), Providence Equity Partners LLC (Providence) and Madison Dearborn Partners LLC (Madison Dearborn) completed its acquisition of Canadian data centre operator Q9. Of the $1.1 billion purchase price, Teachers', Providence and Madison Dearborn together contributed $430 million and BCE provided $185 million of the equity funding. New debt financing by Q9 also funded a portion of the acquisition price. Our 35.3% ownership in Q9 is accounted for using the equity method.

Concurrent with the closing, BCE and its partners settled the reverse break-fee proceedings initiated in 2008 after the termination of the proposed privatization of BCE. Under the settlement, BCE received certain non-cash considerations, including increased equity ownership in Q9, and an option at a favourable valuation to acquire the partners' entire equity interest in Q9 in the future.

MAPLE LEAF SPORTS AND ENTERTAINMENT LTD. (MLSE)

In August 2012, BCE, together with the BCE Master Trust Fund (Master Trust), in a joint ownership arrangement with Rogers Communications Inc. (Rogers), acquired a net 75% ownership position in MLSE. BCE's net cash contribution totalled $398 million. Through a co-investment arrangement with BCE, the Master Trust, an independent trust that holds pension fund investments serving the pension obligations of the BCE group pension plans, contributed $135 million toward the MLSE acquisition. BCE and the Master Trust own an aggregate 37.5% interest in MLSE through a holding company controlled by BCE in which BCE and the Master Trust hold approximate interests of 75% and 25%, respectively. BCE recorded an investment in MLSE totalling $533 million and a liability of $135 million for BCE's obligation to repurchase the Master Trust's interest at a price not less than an agreed minimum price should the Master Trust exercise its put option. BCE accounts for the 37.5% interest in MLSE using the equity method. The obligation to repurchase is recorded in *Other non-current liabilities* and is marked to market each reporting period. The gain or loss is recorded in *Other (expense) income*.

As required by the terms of the National Hockey League's approval of the MLSE acquisition, BCE's governance rights with respect to our ownership interest in the Montreal Canadiens Hockey Club were modified. While our ownership interest in the Montreal Canadiens Hockey Club remains unchanged, we no longer have the ability to exercise significant influence over its operations. As such, in 2012, the investment was reclassified from investment in associates to AFS investments and is included in *Other non-current assets*.

NOTE 16 OTHER NON-CURRENT ASSETS

FOR THE YEAR ENDED DECEMBER 31	NOTE	2013	2012
Net assets of post-employment benefit plans	21	**136**	106
AFS publicly-traded and privately-held investments		**91**	96
Long-term notes and other receivables		**45**	41
Derivative assets		**199**	219
Other		**227**	175
Total other non-current assets		**698**	637

NOTE 17 GOODWILL

The following table provides details about the changes in the carrying amounts of goodwill for the years ended December 31, 2013 and 2012. BCE's groups of CGUs correspond to our reporting segments.

	BELL WIRELINE	BELL WIRELESS	BELL MEDIA	BELL ALIANT	BCE
Balance at January 1 and December 31, 2012	2,521	2,302	1,393	969	7,185
Acquisitions and other	–	–	1,195	1	1,196
Balance at December 31, 2013	**2,521**	**2,302**	**2,588**	**970**	**8,381**

IMPAIRMENT TESTING

As described in Note 2, *Significant Accounting Policies*, goodwill is tested annually for impairment by comparing the carrying value of a group of CGUs to the recoverable amount, where the recoverable amount is the higher of fair value or value in use.

VALUE IN USE

The value in use for our groups of CGUs is determined by discounting five-year cash flow projections from business plans reviewed by senior management. The projections reflect management's expectations of revenue, segment profit, capital expenditures, working capital and operating cash flows, based on past experience and future expectations of operating performance.

Cash flows beyond the five-year period are extrapolated using perpetuity growth rates. None of the perpetuity growth rates exceed the long-term historical growth rates for the markets in which we operate.

The discount rates are applied to the cash flow projections and are derived from the weighted average cost of capital for each group of CGUs.

The following table shows the key assumptions used to estimate the recoverable amounts of the groups of CGUs.

	ASSUMPTIONS USED	
GROUPS OF CGUs	PERPETUITY GROWTH RATE	DISCOUNT RATE
Bell Wireline	0.9%	7.2%
Bell Wireless	0.8%	9.1%
Bell Media	2.0%	8.3%
Bell Aliant	0.2%	6.1%

We believe that any reasonable possible change in the key assumptions on which the estimate of recoverable amounts of the groups of CGUs is based would not cause their carrying amounts to exceed their recoverable amounts.

NOTE 18 TRADE PAYABLES AND OTHER LIABILITIES

FOR THE YEAR ENDED DECEMBER 31	NOTE	2013	2012
Trade payables and accruals		**2,373**	2,030
Compensation payable		**576**	608
Deferred revenues		**743**	719
Taxes payable		**136**	136
Severance and other costs payable		**73**	51
CRTC deferral account obligation	23	**80**	53
CRTC tangible benefits obligation	23	**100**	62
Other current liabilities		**258**	257
Total trade payables and other liabilities		**4,339**	3,916

NOTE 19 DEBT DUE WITHIN ONE YEAR

FOR THE YEAR ENDED DECEMBER 31	NOTE	WEIGHTED AVERAGE INTEREST RATE	2013	2012
Bank advances		2.61%	**129**	221
Notes payable		1.22%	**843**	477
Total bank advances and notes payable	23		**972**	698
Loans secured by trade receivables	23	1.78%	**921**	935
Long-term debt due within one year (1)				
Bell Canada		5.07%	**340**	401
CTV Specialty Television Inc. (CTV Specialty)		6.04%	**305**	–
Bell Aliant		5.42%	**40**	100
			685	501
Net unamortized (discount) premium			**(2)**	8
Unamortized debt issuance costs			**(5)**	(6)
Total long-term debt due within one year	20		**678**	503
Total debt due within one year			**2,571**	2,136

(1) *Included in long-term debt due within one year is the current portion of finance leases of $337 million at December 31, 2013 and $386 million at December 31, 2012.*

SECURITIZED TRADE RECEIVABLES

The Bell Canada and Bell Aliant securitized trade receivables are recorded as floating rate revolving loans secured by certain trade receivables and expire on October 31, 2016 and November 30, 2016, respectively.

The following table provides further details on the securitized trade receivables.

	BELL CANADA		BELL ALIANT	
FOR THE YEAR ENDED DECEMBER 31	2013	2012	2013	2012
Average interest rate (1)	**1.84%**	1.82%	**1.54%**	1.51%
Pledged trade receivables	**1,899**	2,058	**162**	181

(1) *Bell Canada's and Bell Aliant's interest rates differ since the terms and conditions of the revolving loans are different.*

Bell Canada and Bell Aliant continue to service these trade receivables. The buyers' interest in the collection of these trade receivables ranks ahead of the interests of Bell Canada and Bell Aliant, which means that Bell Canada and Bell Aliant are exposed to certain risks of default on the amounts securitized.

Bell Canada and Bell Aliant have provided various credit enhancements in the form of overcollateralization and subordination of their retained interests.

The buyers will reinvest the amounts collected by buying additional interests in the Bell Canada and Bell Aliant trade receivables until the securitized trade receivables agreements expire or are terminated. The buyers and their investors have no further claim on Bell Canada's and Bell Aliant's other assets if customers do not pay amounts owed.

CREDIT FACILITIES

Bell Canada may issue up to $2 billion of notes under its commercial paper program, supported by a committed revolving bank credit facility. The total amount of this credit facility may be drawn at any time.

The table below is a summary of our total bank credit facilities at December 31, 2013.

	TOTAL AVAILABLE	DRAWN	LETTERS OF CREDIT	COMMERCIAL PAPER OUTSTANDING	NET AVAILABLE
Committed credit facilities					
Bell Canada					
Revolving facility (1)	**2,500**	**–**	**–**	**837**	**1,663**
Unsecured committed term acquisition credit facility (Astral)	**1,000**	**1,000**	**–**	**–**	**–**
Other	**286**	**–**	**240**	**–**	**46**
Bell Aliant					
Revolving facility (1)	**750**	**55**	**193**	**–**	**502**
Other	**234**	**70**	**134**	**–**	**30**
Total committed credit facilities	**4,770**	**1,125**	**567**	**837**	**2,241**
Non-committed credit facilities					
Bell Canada	**817**	**4**	**640**	**–**	**173**
Bell Aliant	**3**	**–**	**–**	**–**	**3**
Total non-committed credit facilities	**820**	**4**	**640**	**–**	**176**
Total committed and non-committed credit facilities	**5,590**	**1,129**	**1,207**	**837**	**2,417**

(1) *Bell Canada's $2,500 million revolving facility expires in November 2018 and Bell Aliant's $750 million revolving facility expires in June 2017.*

RESTRICTIONS

Some of the credit agreements:

- require us to meet specific financial ratios
- require us to offer to repay and cancel the credit agreement upon a change of control of BCE or Bell Canada.

We are in compliance with all conditions and restrictions.

NOTE 20 LONG-TERM DEBT

FOR THE YEAR ENDED DECEMBER 31	NOTE	WEIGHTED AVERAGE INTEREST RATE	MATURITY	2013	2012
Bell Canada					
Debentures					
1997 trust indenture		4.39%	2015–2035	**9,350**	7,350
1976 trust indenture		9.54%	2021–2054	**1,100**	1,250
Subordinated debentures		8.21%	2026–2031	**275**	275
Finance leases		7.44%	2015–2047	**2,166**	2,272
Unsecured committed term credit facility		2.25%	2016	**1,000**	–
Other				**197**	227
Total – Bell Canada				**14,088**	11,374
CTV Specialty					
Notes		6.08%	2014	**300**	300
Finance leases		3.51%	2014–2018	**19**	15
Total – CTV Specialty				**319**	315
Bell Aliant					
Debentures and notes		5.16%	2014–2037	**2,559**	2,632
Finance leases and other		4.35%	2014–2017	**63**	58
Total – Bell Aliant				**2,622**	2,690
Total debt				**17,029**	14,379
Net unamortized premium				**40**	51
Unamortized debt issuance costs				**(50)**	(41)
Less:					
Amount due within one year	19			**(678)**	(503)
Total long-term debt				**16,341**	13,886

All debentures and subordinated debentures have been issued in Canadian dollars and bear a fixed rate of interest.

Interest payments on debt which has a principal amount of $700 million have been swapped from fixed to floating. See Note 23, *Financial and Capital Management* for additional details.

RESTRICTIONS

Some of the debt agreements:

- require us to meet specific financial ratios
- impose covenants, maintenance tests and new issue tests
- require us to make an offer to repurchase certain series of debentures upon the occurrence of a change of control event as defined in the relevant debt agreements.

We are in compliance with all conditions and restrictions.

BELL CANADA

All outstanding debentures are issued under trust indentures and are unsecured. All debentures are issued in series and certain series are redeemable at Bell Canada's option prior to maturity at the prices, times and conditions specified for each series.

On September 10, 2013, Bell Canada issued 4.70% Series M-29 medium-term notes (MTN) debentures under its 1997 trust indenture, with a principal amount of $600 million, which mature on September 11, 2023. In addition, on the same date, Bell Canada issued 3.50% Series M-28 MTN debentures under its 1997 trust indenture, with a principal amount of $400 million, which mature on September 10, 2018.

On August 9, 2013, Bell Canada redeemed early its 4.85% Series M-20 MTN debentures, issued under its 1997 trust indenture, having an outstanding principal amount of $1 billion which were due on June 30, 2014. We incurred a $28 million charge for the premium on early redemption of debt which was recorded in *Other (expense) income*.

On July 5, 2013, Bell Canada borrowed $1 billion under its unsecured committed term acquisition credit facility which matures on July 5, 2016.

On June 17, 2013, Bell Canada issued 3.25% Series M-27 MTN debentures under its 1997 trust indenture, with a principal amount of $1 billion, which mature on June 17, 2020.

On March 22, 2013, Bell Canada issued 3.35% Series M-26 MTN debentures under its 1997 trust indenture, with a principal amount of $1 billion, which mature on March 22, 2023.

On February 11, 2013, Bell Canada redeemed early its 10.0% Series EA debentures, issued under its 1976 trust indenture, having an outstanding principal amount of $150 million which was due on

June 15, 2014. We incurred a $17 million charge for the premium on early redemption which was recorded in *Other (expense) income*.

On June 18, 2012, Bell Canada issued 3.35% Series M-25 debentures under its 1997 trust indenture, with a principal amount of $1 billion, which mature on June 18, 2019.

CTV SPECIALTY

The CTV Specialty notes and revolving credit facility are secured by all present and future assets of CTV Specialty and its wholly-owned subsidiaries. At December 31, 2013, the carrying value of CTV Specialty assets exceeded the amounts owing.

On February 18, 2014, the CTV Speciality notes were repaid upon maturity.

BELL ALIANT

All outstanding debentures and notes are issued under trust indentures and are unsecured with the exception of Télébec, Limited Partnership's debentures of $30 million, which are partially secured by a mortgage on a property located in the province of Québec. All debentures and notes are issued in series and certain series are redeemable at Bell Aliant's option prior to maturity at the prices, times and conditions specified in each series.

On June 25, 2013, Bell Aliant redeemed early its 4.95% MTN debentures with a principal amount of $400 million. We incurred a $10 million charge for the premium on early redemption of debt which was recorded in *Other (expense) income*.

On June 14, 2013, Bell Aliant issued 3.54% MTN debentures, with a principal amount of $400 million, which mature on June 12, 2020.

NOTE 21 POST-EMPLOYMENT BENEFIT PLANS

POST-EMPLOYMENT BENEFIT PLANS COST

We provide pension and other benefits for most of our employees. These include DB pension plans, DC pension plans and OPEBs.

We operate our DB and DC pension plans under applicable Canadian and provincial pension legislation, which prescribe minimum and maximum DB funding requirements. Plan assets are held in trust and the oversight of governance of the plans, including investment decisions, contributions to DB plans and the selection of the DC plans investment options offered to plan participants, lies with the Pension Fund Committee, a committee of our board of directors.

The interest rate risk is managed using a liability matching approach which reduces the exposure of the DB plan to a mismatch between investment growth and obligation growth.

COMPONENTS OF POST-EMPLOYMENT BENEFIT PLANS SERVICE COST

FOR THE YEAR ENDED DECEMBER 31	2013	2012
DB pension	**(252)**	(214)
DC pension	**(81)**	(72)
OPEBs	**(7)**	(6)
Plan amendment gain on OPEBs	**1**	24
Less:		
Capitalized benefit plans cost	**47**	43
Total post-employment benefit plans service cost included in operating costs	**(292)**	(225)
Other benefits (costs) recognized in Severance, acquisition and other costs	**6**	(44)
Total post-employment benefit plans service cost	**(286)**	(269)

COMPONENTS OF POST-EMPLOYMENT BENEFIT PLANS FINANCING COST

FOR THE YEAR ENDED DECEMBER 31	2013	2012
DB pension	**(87)**	(60)
OPEBs	**(63)**	(71)
Total interest on post-employment benefit obligations	**(150)**	(131)

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

	2013	2012
Cumulative losses recognized directly in equity, January 1	**(3,452)**	(2,003)
Actuarial gains (losses) in other comprehensive income [(1)]	**1,403**	(1,604)
Decrease in the effect of the asset limit	**13**	155
Cumulative losses recognized directly in equity, December 31	**(2,036)**	(3,452)

(1) *The cumulative actuarial losses recognized in the statements of comprehensive income are $2,301 million in 2013.*

COMPONENTS OF POST-EMPLOYMENT BENEFIT (OBLIGATIONS) ASSETS

The following table shows the change in post-employment benefit obligations and the fair value of plan assets.

	DB PENSION PLANS		OPEB PLANS		TOTAL	
	2013	2012	2013	2012	2013	2012
Post-employment benefit obligations, January 1	**(19,542)**	(17,472)	**(1,707)**	(1,638)	**(21,249)**	(19,110)
Current service cost	**(252)**	(214)	**(7)**	(6)	**(259)**	(220)
Interest on obligations	**(850)**	(877)	**(73)**	(81)	**(923)**	(958)
Actuarial gains (losses) [(1)]	**1,025**	(1,996)	**69**	(81)	**1,094**	(2,077)
Net curtailment gain (loss)	**4**	(44)	**3**	24	**7**	(20)
Business combinations	**(143)**	–	**(3)**	–	**(146)**	–
Benefit payments	**1,088**	1,069	**77**	75	**1,165**	1,144
Employee contributions	**(6)**	(7)	**–**	–	**(6)**	(7)
Other	**4**	(1)	**–**	–	**4**	(1)
Post-employment benefit obligations, December 31	**(18,672)**	(19,542)	**(1,641)**	(1,707)	**(20,313)**	(21,249)
Fair value of plan assets, January 1	**17,727**	16,384	**220**	207	**17,947**	16,591
Expected return on plan assets [(2)]	**763**	817	**10**	10	**773**	827
Actuarial gains	**294**	468	**15**	5	**309**	473
Business combinations	**120**	–	**–**	–	**120**	–
Benefit payments	**(1,088)**	(1,069)	**(77)**	(75)	**(1,165)**	(1,144)
Employer contributions	**260**	1,120	**73**	73	**333**	1,193
Employee contributions	**6**	7	**–**	–	**6**	7
Fair value of plan assets, December 31	**18,082**	17,727	**241**	220	**18,323**	17,947
Plan deficit	**(590)**	(1,815)	**(1,400)**	(1,487)	**(1,990)**	(3,302)

Effect of asset limit	**(1)**	(14)	**–**	–	**(1)**	(14)
Post-employment benefit liability, December 31	**(591)**	(1,829)	**(1,400)**	(1,487)	**(1,991)**	(3,316)
Post-employment benefit assets included in other non-current assets	**136**	106	**–**	–	**136**	106
Post-employment benefit obligations	**(727)**	(1,935)	**(1,400)**	(1,487)	**(2,127)**	(3,422)

(1) *The actuarial gains (losses) include experience gains of $424 million in 2013 and experience losses of $12 million in 2012.*
(2) *The actual return on plan assets was $1,082 million in 2013 and $1,300 million in 2012.*

FUNDED STATUS OF POST-EMPLOYMENT BENEFIT PLANS COST

The following table shows the funded status of our post-employment benefit obligations.

	FUNDED		PARTIALLY FUNDED (1)		UNFUNDED (2)		TOTAL	
FOR THE YEAR ENDED DECEMBER 31	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Present value of post-employment benefit obligations	**(18,134)**	(19,007)	**(1,820)**	(1,868)	**(359)**	(374)	**(20,313)**	(21,249)
Fair value of plan assets	**18,048**	17,697	**275**	250	**–**	–	**18,323**	17,947
Plan deficit	**(86)**	(1,310)	**(1,545)**	(1,618)	**(359)**	(374)	**(1,990)**	(3,302)

(1) *The partially funded plans consist of supplementary executive retirement plans (SERPs) for eligible employees and OPEBs. The company partially funds the SERPs through letters of credit and a retirement compensation arrangement account with Canada Revenue Agency. Certain paid-up life insurance benefits are funded through life insurance contracts.*
(2) *Our unfunded plans consist of OPEBs, which are pay-as-you-go.*

SIGNIFICANT ASSUMPTIONS

We used the following key assumptions to measure the post-employment benefit obligations and the net benefit plans cost for the DB pension plans and OPEB plans. These assumptions are long-term, which is consistent with the nature of post-employment benefit plans.

	DB PENSION AND OPEB PLANS	
	2013	2012
At December 31		
Post-employment benefit obligations		
Discount rate	**4.9%**	4.4%
Rate of compensation increase	**2.8%**	3.0%
Cost of living indexation rate (1)	**1.7%**	1.8%
Life expectancy at age 65 (years)	**22.4**	20.9
For the year ended December 31		
Net post-employment benefit plans cost		
Discount rate	**4.4%**	5.1%
Rate of compensation increase	**3.0%**	3.0%
Cost of living indexation rate (1)	**1.8%**	1.8%
Life expectancy at age 65 (years)	**20.9**	20.6

(1) *Cost of living indexation rate is only applicable to DB pension plans.*

The weighted average duration of the post-employment benefit obligation is 14 years.

We assumed the following trend rates in healthcare costs:

- an annual increase of 4.5% in the cost per person of covered healthcare benefits for 2013 and the foreseeable future
- an annual increase of 5.0% for retirees under age 65 and 4.5% for retirees over age 65 in the cost of medication for 2013 and the foreseeable future.

Assumed trend rates in healthcare costs have a significant effect on the amounts reported for the healthcare plans.

The following table shows the effect of a 1% change in the assumed trend rates in healthcare costs.

EFFECT ON POST-EMPLOYMENT BENEFITS – INCREASE/(DECREASE)	1% INCREASE	1% DECREASE
Total service and interest cost	6	(5)
Post-employment benefit obligations	143	(123)

SENSITIVITY ANALYSIS

The following table shows a sensitivity analysis of key assumptions used to measure the net post-employment benefit obligations and the net post-employment benefit plans cost for our DB pension plans and OPEB plans.

		IMPACT ON NET POST-EMPLOYMENT BENEFIT PLANS COST FOR 2014 – INCREASE/(DECREASE)		IMPACT ON POST-EMPLOYMENT BENEFIT OBLIGATIONS AT DECEMBER 31, 2014 – INCREASE/(DECREASE)	
	CHANGE IN ASSUMPTION	INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION	INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION
Discount rate	1%	(177)	151	(2,680)	3,007
Mortality rate	25%	(72)	77	(1,287)	1,369

POST-EMPLOYMENT BENEFIT PLAN ASSETS

The investment strategy for the post-employment benefit plan assets is to maintain a diversified portfolio of assets invested in a prudent manner to maintain the security of funds.

The following table shows the allocation of our post-employment benefit plan assets at December 31, 2013 and 2012 and target allocations for 2013.

	WEIGHTED AVERAGE TARGET ALLOCATION	TOTAL PLAN ASSETS FAIR VALUE AT DECEMBER 31 (%)	
ASSET CATEGORY	**2013**	**2013**	2012
Equity securities	**20%–35%**	**33%**	36%
Debt securities	**55%–70%**	**59%**	57%
Alternative investments	**0%–25%**	**8%**	7%
Total		**100%**	100%

The fair value of the DB pension plan assets at the end of the year for each category are tabled below.

FOR THE YEAR ENDED DECEMBER 31	**2013**	2012
Observable markets		
Equity securities		
Canadian	**1,278**	1,636
Foreign	**4,692**	4,777
Debt securities		
Real return bonds	**1,040**	957
Nominal bonds	**9,243**	7,959

Money market	**376**	1,089
Unobservable inputs		
Alternative investments		
Private equities	**873**	800
Hedge funds	**602**	439
Other	**(22)**	70
Total	**18,082**	17,727

Equity securities included approximately $2 million of BCE common shares, or 0.01% of total plan assets, at December 31, 2013 and approximately $10 million of BCE common shares or 0.06% of total plan assets, at December 31, 2012.

Debt securities included approximately $14 million of Bell Canada and Bell Aliant debentures, or 0.08% of total plan assets, at December 31, 2013 and 2012.

CASH FLOWS

We are responsible for adequately funding our DB pension plans. We make contributions to them based on various actuarial cost methods that are permitted by pension regulatory bodies. Contributions reflect actuarial assumptions about future investment returns, salary projections and future service benefits. Changes in these factors could cause actual future contributions to differ from our current estimates and could require us to increase contributions to our post-employment benefit plans in the future, which could have a negative effect on our liquidity and financial performance.

We contribute to the DC pension plans as employees provide service.

The following table shows the amounts we contributed to the DB and DC pension plans and the payments made to beneficiaries under OPEB plans.

	PENSION PLANS		OPEB PLANS	
FOR THE YEAR ENDED DECEMBER 31	2013	2012	2013	2012
Bell Canada	**(245)**	(989)	**(64)**	(64)
Bell Media	**(40)**	(45)	**–**	–
Bell Aliant	**(56)**	(158)	**(9)**	(9)
Total	**(341)**	(1,192)	**(73)**	(73)
Comprised of:				
Contributions to DB pension plans and OPEB plans (1)	**(260)**	(1,120)	**(73)**	(73)
Contributions to DC pension plans	**(81)**	(72)	**–**	–

(1) *Includes voluntary contributions of $850 million in 2012.*

We expect to contribute approximately $240 million to our DB pension plans in 2014, subject to actuarial valuations being completed. We expect to pay approximately $85 million to beneficiaries under OPEB plans and to contribute approximately $95 million to the DC pension plans in 2014.

NOTE 22 OTHER NON-CURRENT LIABILITIES

FOR THE YEAR ENDED DECEMBER 31	NOTE	2013	2012
Long-term disability benefits obligation		**224**	235
CRTC tangible benefits obligation	23	**250**	112
CRTC deferral account obligation	23	**184**	284
MLSE financial liability	15,23	**135**	135
Deferred revenue on long-term contracts		**99**	98
Future tax liabilities		**88**	136
Other		**478**	429
Total other non-current liabilities		**1,458**	1,429

NOTE 23 FINANCIAL AND CAPITAL MANAGEMENT

FINANCIAL MANAGEMENT

Management's objectives are to protect BCE and its subsidiaries on a consolidated basis against material economic exposures and variability of results from various financial risks that include credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk.

DERIVATIVES

We use derivative instruments to manage our exposure to foreign currency risk, interest rate risk and changes in the price of BCE common shares under our share-based payment plans.

The following derivative instruments were outstanding during 2013 and/or 2012:

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

CREDIT RISK

We are exposed to credit risk from operating activities and certain financing activities, the maximum exposure of which is represented by the carrying amounts reported on the statements of financial position.

We are exposed to credit risk if counterparties to our trade receivables and derivative instruments are unable to meet their obligations. The concentration of credit risk from our customers is minimized because we have a large and diverse customer base. There was minimal credit risk relating to derivative instruments at December 31, 2013 and 2012. We deal with institutions that have investment-grade credit ratings and as such we expect that they will be able to meet their obligations. We regularly monitor our credit risk and credit exposure.

The following table provides the change in allowance for doubtful accounts for trade receivables.

	2013	2012
Balance, January 1	**(97)**	(105)
Additions	**(123)**	(126)
Use	**145**	134
Acquisition through business combinations	**(4)**	–
Balance, December 31	**(79)**	(97)

In many instances, trade receivables are written off directly to bad debt expense if the account has not been collected after a predetermined period of time.

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

AT DECEMBER 31	2013	2012
Trade receivables not past due	**2,274**	2,140
Trade receivables past due and not impaired		
Under 60 days	**325**	351
60 to 120 days	**365**	364
Over 120 days	**31**	23
Trade receivables, net of allowance for doubtful accounts	**2,995**	2,878

LIQUIDITY RISK

We generate enough cash from our operating activities to fund our operations and fulfill our obligations as they become due.

We have sufficient committed bank facilities in place should our cash requirements exceed cash generated from our operations.

The following table is a maturity analysis for recognized financial liabilities at December 31, 2013 for each of the next five years and thereafter.

AT DECEMBER 31, 2013	NOTE	2014	2015	2016	2017	2018	THERE-AFTER	TOTAL
Long-term debt		349	1,379	2,220	1,183	1,670	7,980	14,781
Notes payable and bank advances	19	972	–	–	–	–	–	972
Minimum future lease payments under finance leases	13	489	418	288	260	237	1,618	3,310
Loan secured by trade receivables	19	921	–	–	–	–	–	921
Interest payable on long-term debt, notes payable, bank advances and loan secured by trade receivables		734	677	605	538	476	4,634	7,664
MLSE financial liability	15	–	–	–	135	–	–	135
Net interest receipts on derivatives		(23)	(22)	(19)	(7)	–	–	(71)
Total		3,442	2,452	3,094	2,109	2,383	14,232	27,712

We are also exposed to liquidity risk for financial liabilities due within one year as shown in the statements of financial position.

MARKET RISK

CURRENCY EXPOSURES

We use cross currency swaps and foreign currency forward contracts and options to hedge debt that is denominated in foreign currencies. We also use foreign currency forward contracts to manage foreign currency risk related to anticipated transactions, including certain purchase commitments.

A 10% increase (decrease) in the Canadian/US dollar exchange rate would result in a gain of $33 million (loss of $52 million) recognized in net earnings at December 31, 2013 and a gain of $42 million (loss of $42 million) recognized in other comprehensive income at December 31, 2013, with all other variables held constant.

The following table provides further details on our outstanding foreign currency forward contracts and options as at December 31, 2013.

TYPE OF HEDGE	BUY CURRENCY	AMOUNTS TO RECEIVE IN USD	SELL CURRENCY	AMOUNTS TO PAY IN CAD	MATURITY	HEDGED ITEM
Cash flow	**USD**	**379**	**CAD**	**388**	**2014**	**Purchase commitments**
Cash flow	**USD**	**135**	**CAD**	**140**	**2015**	**Purchase commitments**
Cash flow	**USD**	**31**	**CAD**	**31**	**2016-2017**	**Purchase commitments**
Economic	**USD**	**122**	**CAD**	**127**	**2014**	**Purchase commitments**
Economic – call options	**USD**	**475**	**CAD**	**485**	**2014**	**Purchase commitments**
Economic – put options	**USD**	**950**	**CAD**	**970**	**2014**	**Purchase commitments**

INTEREST RATE EXPOSURES

We use interest rate swaps to manage the mix of fixed and floating interest rates of our debt. We also used interest rate locks to hedge the interest rates on future debt issuances.

A 1% change in interest rates would result in a $25 million impact on net earnings at December 31, 2013, all other variables held constant.

No interest rate locks were outstanding at December 31, 2013.

The following table shows the interest rate swap outstanding at December 31, 2013.

TYPE OF HEDGE	NOTIONAL AMOUNT	RECEIVE INTEREST RATE	PAY INTEREST RATE	MATURITY	HEDGED ITEM
Fair value	700	5.00%	3-month CDOR(1) + 0.42%	2017	Long-term debt

(1) *Canadian dollar offered rate*

In 2013, we recognized a loss of $22 million (2012 – $33 million) on an interest rate swap used as a fair value hedge of long-term debt and an offsetting gain of $21 million (2012 – $31 million) on the corresponding long-term debt.

EQUITY PRICE EXPOSURES

We use equity forward contracts on BCE's common shares to economically hedge the cash flow exposure related to share-based payment plans. See Note 25, *Share-Based Payments* for details on our share-based payment arrangements. The fair value of our equity forward contracts at December 31, 2013 was $100 million (2012 – $106 million).

A 10% change in the market price of BCE's common shares at December 31, 2013 would result in a $56 million impact on net earnings for 2013, all other variables held constant.

FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Certain fair value estimates are affected by assumptions we make about the amount and timing of estimated future cash flows and discount rates, all of which reflect varying degrees of risk. Income taxes and other expenses that would be incurred on disposition of financial instruments are not reflected in the fair values. As a result, the fair values are not the net amounts that would be realized if these instruments were settled.

The carrying values of our cash and cash equivalents, trade and other receivables, trade payables and accruals, compensation payable, interest payable and short-term obligations approximates fair value because they are short-term.

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

			DECEMBER 31, 2013		DECEMBER 31, 2012	
	CLASSIFICATION	FAIR VALUE METHODOLOGY	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
CRTC tangible benefits obligation	Other current and non-current liabilities	Present value of estimated future cash flows discounted using observable market interest rates	**350**	**350**	174	178
CRTC deferral account obligation	Other current and non-current liabilities	Present value of estimated future cash flows discounted using observable market interest rates	**264**	**283**	337	352
Debentures, finance leases and other debt	Debt due within one year and long-term debt	Quoted market price of debt or present value of future cash flows discounted using observable market interest rates	**17,019**	**18,714**	14,389	16,895

Financial assets, financial liabilities and derivatives carried at fair value are individually and in aggregate immaterial.

CAPITAL MANAGEMENT

We have various capital policies, procedures and processes which are utilized to achieve our objectives for capital management. These include optimizing our cost of capital and maximizing shareholder return while balancing the interests of our stakeholders.

Our definition of capital includes equity attributable to BCE shareholders, debt, and cash and cash equivalents.

In order to meet our objectives of maintaining a net debt to Adjusted EBITDA[(1) (2)] ratio of between 1.5 and 2.0 times and an Adjusted EBITDA to net interest expense[(3)] ratio greater than 7.5 times, we monitor our capital structure and make adjustments, including to our dividend policy, as required. At December 31, 2013, we had exceeded our internal net debt to Adjusted EBITDA ratio by 0.49. This increase over our internal ratio does not create risk to our investment-grade credit rating.

On February 5, 2014, the board of directors of BCE approved an increase of 6.0% in the annual dividend on BCE's common shares, from $2.33 to $2.47 per common share. In addition, the board of directors declared a quarterly dividend of $0.6175 per common share, payable on April 15, 2014 to shareholders of record at March 14, 2014.

On February 6, 2013, the board of directors of BCE approved an increase of 2.6% in the annual dividend on BCE's common shares, from $2.27 to $2.33 per common share.

On August 7, 2012, the board of directors of BCE approved an increase of 4.6% in the annual dividend on BCE's common shares, from $2.17 to $2.27 per common share.

The following table summarizes some of our key ratios used to monitor and manage Bell Canada's capital structure. These ratios are calculated for BCE, excluding Bell Aliant.

AT DECEMBER 31	2013	2012
Net debt to Adjusted EBITDA [(1) (2)]	**2.49**	2.15
Adjusted EBITDA to net interest expense [(3)]	**8.40**	8.82

(1) *We define net debt as debt due within one year plus long-term debt and 50% of preferred shares less cash and cash equivalents.*
(2) *Adjusted EBITDA, as also defined in our credit agreements, is twelve-month trailing Bell EBITDA including dividends from Bell Aliant to BCE.*
(3) *Net interest expense is twelve-month trailing Bell interest expense excluding interest on post-employment benefit obligations and including 50% of preferred dividends.*

NOTE 24 SHARE CAPITAL

PREFERRED SHARES

BCE's articles of amalgamation provide for an unlimited number of First Preferred Shares and Second Preferred Shares, all without par value. The terms set out in the articles authorize BCE's directors to issue the shares in one or more series and to set the number of shares and the conditions for each series.

The following table is a summary of the principal terms of BCE's First Preferred Shares. There were no Second Preferred Shares issued and outstanding at December 31, 2013. BCE's articles of amalgamation, as amended, describe the terms and conditions of these shares in detail.

						NUMBER OF SHARES		STATED CAPITAL	
SERIES	ANNUAL DIVIDEND RATE	CONVERTIBLE INTO	CONVERSION DATE	REDEMPTION DATE	REDEMPTION PRICE	AUTHORIZED	ISSUED AND OUTSTANDING	DEC. 31, 2013	DEC. 31, 2012
Q	floating	Series R	December 1, 2015	At any time	$25.50	8,000,000	–	**–**	–
R [(1)]	4.49%	Series Q	December 1, 2015	December 1, 2015	$25.00	8,000,000	8,000,000	**200**	200
S	floating	Series T	November 1, 2016	At any time	$25.50	8,000,000	3,606,225	**90**	90
T [(1)]	3.393%	Series S	November 1, 2016	November 1, 2016	$25.00	8,000,000	4,393,775	**110**	110
Y	floating	Series Z	December 1, 2017	At any time	$25.50	10,000,000	8,772,468	**219**	219
Z [(1)]	3.152%	Series Y	December 1, 2017	December 1, 2017	$25.00	10,000,000	1,227,532	**31**	31
AA [(1)]	3.45%	Series AB	September 1, 2017	September 1, 2017	$25.00	20,000,000	10,144,302	**259**	259
AB	floating	Series AA	September 1, 2017	At any time	$25.50	20,000,000	9,855,698	**251**	251
AC [(1)]	3.55%	Series AD	March 1, 2018	March 1, 2018	$25.00	20,000,000	5,069,935	**129**	236
AD	floating	Series AC	March 1, 2018	At any time	$25.50	20,000,000	14,930,065	**381**	274
AE	floating	Series AF	February 1, 2015	At any time	$25.50	24,000,000	1,422,900	**36**	36
AF [(1)]	4.541%	Series AE	February 1, 2015	February 1, 2015	$25.00	24,000,000	14,577,100	**364**	364
AG [(1)]	4.50%	Series AH	May 1, 2016	May 1, 2016	$25.00	22,000,000	10,841,056	**271**	271
AH	floating	Series AG	May 1, 2016	At any time	$25.50	22,000,000	3,158,944	**79**	79
AI [(1)]	4.15%	Series AJ	August 1, 2016	August 1, 2016	$25.00	22,000,000	10,754,990	**269**	269
AJ	floating	Series AI	August 1, 2016	At any time	$25.50	22,000,000	3,245,010	**81**	81
AK [(1)]	4.15%	Series AL	December 31, 2016	December 31, 2016	$25.00	25,000,000	25,000,000	**625**	625
AL [(2)]	floating	Series AK	December 31, 2021			25,000,000	–	**–**	–
								3,395	3,395

(1) *BCE may redeem each of these series of shares on the applicable redemption date and every five years after that date.*
(2) *If Series AL Preferred Shares are issued, BCE may redeem such shares at $25.00 per share on December 31, 2021 and on December 31 every five years thereafter (collectively, a Series AL conversion date) and at $25.50 per share on any date after December 31, 2016, which is not a Series AL conversion date.*

VOTING RIGHTS

All of the issued and outstanding preferred shares at December 31, 2013 are non-voting, except under special circumstances, when the holders are entitled to one vote per share.

ENTITLEMENT TO DIVIDENDS

Holders of Series R, T, Z, AA, AC, AF, AG, AI and AK shares are entitled to fixed cumulative quarterly dividends. The dividend rate on these shares is reset every five years, as set out in BCE's articles of amalgamation, as amended.

Holders of Series S, Y, AB, AD, AE, AH and AJ shares are entitled to floating adjustable cumulative monthly dividends. The floating dividend rate on these shares is calculated every month, as set out in BCE's articles of amalgamation, as amended.

Dividends on all series of preferred shares are paid as and when declared by the board of directors of BCE.

CONVERSION FEATURES

All of the issued and outstanding preferred shares at December 31, 2013 are convertible at the holder's option into another associated series of preferred shares on a one-for-one basis according to the terms set out in BCE's articles of amalgamation, as amended.

CONVERSION OF PREFERRED SHARES

On March 1, 2013, 4,415,295 of BCE's 9,244,555 Cumulative Redeemable First Preferred Shares, Series AC (Series AC Preferred Shares) were converted, on a one-for-one basis, into Cumulative Redeemable First Preferred Shares, Series AD (Series AD Preferred Shares). In addition, on March 1, 2013, 240,675 of BCE's 10,755,445 Series AD Preferred Shares were converted, on a one-for-one basis, into Series AC Preferred Shares.

ISSUANCE OF PREFERRED SHARES

On January 4, 2012, BCE issued 11,200,000 additional Series AK Preferred Shares for total gross proceeds of $280 million. Issuance costs were $8 million.

COMMON SHARES AND CLASS B SHARES

BCE's articles of amalgamation provide for an unlimited number of voting common shares and non-voting Class B shares, all without par value. The common shares and the Class B shares rank equally in the payment of dividends and in the distribution of assets if BCE is liquidated, dissolved or wound up, after payments due to the holders of preferred shares. No Class B shares were outstanding at December 31, 2013 and 2012.

The following table provides details about the outstanding common shares of BCE.

		2013		2012	
	NOTE	NUMBER OF SHARES	STATED CAPITAL	NUMBER OF SHARES	STATED CAPITAL
Outstanding, January 1		**775,381,645**	**13,611**	775,444,200	13,566
Shares issued under employee stock option plan	25	**420,822**	**14**	1,296,962	43
Shares issued under ESP		**90,089**	**4**	1,102,022	48
Shares repurchased and cancelled		**–**	**–**	(2,461,539)	(46)
Outstanding, December 31		**775,892,556**	**13,629**	775,381,645	13,611

CONTRIBUTED SURPLUS

Contributed surplus resulted from the distribution of fund units to the holders of BCE common shares by way of a return of capital upon the conversion of Bell Aliant from a corporate structure to an income fund in 2006 and premium in excess of par value upon the issuance of BCE common shares.

NOTE 25 SHARE-BASED PAYMENTS

The following share-based payment amounts are included in the income statements as operating costs.

FOR THE YEAR ENDED DECEMBER 31	2013	2012
ESPs	**(35)**	(32)
RSUs	**(44)**	(30)
Deferred share plans – Bell Aliant	**(10)**	(11)
Other[(1)]	**(9)**	(7)
Total share-based payments	**(98)**	(80)

(1) *Includes DSUs and stock options.*

DESCRIPTION OF THE PLANS

ESPs

ESPs are designed to encourage employees of BCE and its participating subsidiaries to own shares of BCE. Each year, employees can choose to have a certain percentage of their eligible annual earnings withheld through regular payroll deductions for the purchase of BCE common shares. In some cases, the employer also will contribute a percentage of the employee's eligible annual earnings to the plan, up to a specified maximum. Dividends are credited to the participant's account on each dividend payment date and are equivalent in value to the dividends paid on BCE common shares.

Each participating company decides on its maximum percentage contribution. For Bell Canada, employees can contribute up to 12% of their annual earnings. Bell Canada contributes up to 2%.

Employer contributions to the plan are subject to employees holding their shares for a two-year vesting period. Dividends related to employer contributions are also subject to the two-year vesting period.

The trustee of the ESP buys BCE common shares for the participants on the open market, by private purchase or from treasury. BCE determines the method the trustee uses to buy the shares.

At December 31, 2013, 12,411,790 common shares were authorized for issuance under the ESP.

The following table summarizes the status of unvested employer contributions at December 31, 2013 and 2012.

NUMBER OF ESPs	2013	2012
Unvested contributions, January 1	**1,290,286**	1,029,621
Contributions [(1)]	**659,568**	699,063
Dividends credited	**65,067**	59,793
Vested	**(687,157)**	(336,408)
Forfeited	**(97,499)**	(161,783)
Unvested contributions, December 31	**1,230,265**	1,290,286

(1) *The weighted average fair value of the ESPs contributed was $45 and $42 in 2013 and 2012, respectively.*

RSUs

RSUs are granted to executives and other key employees. The value of an RSU at the grant date is equal to the value of one BCE common share. Dividends in the form of additional RSUs are credited to the participant's account on each dividend payment date and are equivalent in value to the dividend paid on BCE common shares. Executives and other key employees are granted a specific number of RSUs for a given performance period based on their position and level of contribution. RSUs vest fully after three years of continuous employment from the date of grant and, in certain cases, if performance objectives are met as determined by the board of directors.

The following table summarizes outstanding RSUs at December 31, 2013 and 2012.

NUMBER OF RSUs	2013	2012
Outstanding, January 1	**2,468,405**	1,257,523
Granted[(1)]	**1,219,042**	1,243,846
Dividends credited	**174,989**	112,550
Settled	**(68,182)**	(59,491)
Forfeited	**(60,424)**	(86,023)
Outstanding, December 31	**3,733,830**	2,468,405
Vested, December 31 [(2)]	**1,210,791**	–

(1) *The weighted average fair value of the RSUs granted was $45 and $40 in 2013 and 2012, respectively.*
(2) *The RSUs vested on December 31, 2013 were fully settled in February 2014 with BCE common shares and/or DSUs.*

STOCK OPTIONS

Under BCE's long-term incentive plans, BCE may grant options to executives to buy BCE common shares. The subscription price of a grant is based on the higher of:

- the volume-weighted average of the trading price on the trading day immediately prior to the effective date of the grant
- the volume-weighted average of the trading price for the last five consecutive trading days ending on the trading day immediately prior to the effective date of the grant.

At December 31, 2013, 25,661,138 common shares were authorized for issuance under these plans. Options vest fully after three years of continuous employment from the date of grant. All options become exercisable when they vest and can be exercised for a period of seven years from the date of grant. Special vesting provisions may apply if:

- there is a change in control of BCE and the option holder's employment ends
- the option holder is employed by a designated subsidiary of BCE and BCE's ownership interest in that subsidiary falls below the percentage set out in the plan.

The following table summarizes BCE's outstanding stock options at December 31, 2013 and 2012.

	NOTE	2013 NUMBER OF OPTIONS	2013 WEIGHTED AVERAGE EXERCISE PRICE ($)	2012 NUMBER OF OPTIONS	2012 WEIGHTED AVERAGE EXERCISE PRICE ($)
Outstanding, January 1		**5,310,356**	**$37**	4,027,309	$33
Granted		**2,993,902**	**$44**	2,681,201	$40
Exercised(1)	24	**(420,822)**	**$30**	(1,296,962)	$30
Expired		**–**	**–**	(4,850)	$28
Forfeited		**(13,205)**	**$40**	(96,342)	$37
Outstanding, December 31		**7,870,231**	**$40**	5,310,356	$37
Exercisable, December 31		**–**	**–**	420,822	$30

(1) *The weighted average share price for options exercised was $45 and $42 in 2013 and 2012, respectively.*

The following table provides additional information about BCE's stock option plans at December 31, 2013.

	STOCK OPTIONS OUTSTANDING		
RANGE OF EXERCISE PRICES	NUMBER	WEIGHTED AVERAGE REMAINING LIFE	WEIGHTED AVERAGE EXERCISE PRICE ($)
$30–$39	**2,237,606**	**4.1**	**$36**
$40 or more	**5,632,625**	**5.7**	**$42**
	7,870,231	**5.2**	**$40**

ASSUMPTIONS USED IN STOCK OPTION PRICING MODEL

The fair value of options granted was determined using a variation of a binomial option pricing model that takes into account factors specific to the share incentive plans, such as the vesting period. The following table shows the principal assumptions used in the valuation.

	2013
Weighted average fair value per option granted ($)	**2.81**
Weighted average share price ($)	**45**
Weighted average exercise price ($)	**44**
Dividend yield	**5.2%**
Expected volatility	**18%**
Risk-free interest rate	**1.3%**
Expected life (years)	**4.5**

Expected volatilities are based on the historical volatility of BCE's share price. The risk-free rate used is equal to the yield available on Government of Canada bonds at the date of grant with a term equal to the expected life of the options.

DSUs

Eligible bonuses and RSUs may be paid in the form of DSUs when executives or other key employees elect to or are required to participate in the plan. The value of a DSU at the issuance date is equal to the value of one BCE common share. For non-management directors, compensation is paid in DSUs until the minimum share ownership requirement is met or as elected by the directors thereafter. There are no vesting requirements relating to DSUs. Dividends in the form of additional DSUs are credited to the participant's account on each dividend payment date and are equivalent in value to the dividends paid on BCE common shares. DSUs are settled when the holder leaves the company.

The following table summarizes the status of outstanding DSUs at December 31, 2013 and 2012.

NUMBER OF DSUs	2013	2012
Outstanding, January 1	**3,305,861**	3,351,526
Issued(1)	**230,718**	196,363
Dividends credited	**182,065**	173,569
Settled	**(93,591)**	(415,597)
Outstanding, December 31	**3,625,053**	3,305,861

(1) *The weighted average fair value of the DSUs issued was $44 and $40 in 2013 and 2012, respectively.*

NOTE 26 COMMITMENTS AND CONTINGENCIES

COMMITMENTS

The following table is a summary of our contractual obligations at December 31, 2013 that are due in each of the next five years and thereafter.

	2014	2015	2016	2017	2018	THERE-AFTER	TOTAL
Operating leases	296	249	207	165	128	692	1,737
Commitments for property, plant and equipment and intangible assets	232	78	47	12	10	25	404
Purchase obligations	1,968	1,360	602	430	279	1,177	5,816
Total	2,496	1,687	856	607	417	1,894	7,957

BCE's significant operating leases are for office premises, cellular tower sites and retail outlets with lease terms ranging from 1 to 33 years. These leases are non-cancellable and are renewable at the end of the lease period. Rental expense relating to operating leases was $300 million in 2013 and $269 million in 2012.

Purchase obligations consist of contractual obligations under service and product contracts, for both operating and capital expenditures. Our commitments for property, plant and equipment and intangible assets include investments to expand and update our networks, and to meet customer demand.

CONTINGENCIES

We become involved in various legal proceedings as a part of our business. While we cannot predict the final outcome or timing of the legal proceedings pending at December 31, 2013, based on the information currently available and management's assessment of the merits of such legal proceedings, management believes that the resolutions of these legal proceedings will not have a material and negative effect on our financial statements. We believe that we have strong defences and we intend to vigorously defend our positions.

NOTE 27 RELATED PARTY TRANSACTIONS

SUBSIDIARIES

The following table shows BCE's significant subsidiaries at December 31, 2013. BCE has other subsidiaries which have not been included in the table as each represents less than 10% individually and less than 20% in aggregate of total consolidated revenues.

All of these subsidiaries are incorporated in Canada and provide services to each other in the normal course of operations. The value of these transactions is eliminated on consolidation.

	OWNERSHIP PERCENTAGE	
SUBSIDIARY	2013	2012
Bell Canada	**100.0%**	100.0%
Bell Mobility Inc.	**100.0%**	100.0%
Bell Aliant Inc.	**44.1%**	44.1%
Bell Media Inc.	**100.0%**	100.0%

TRANSACTIONS WITH JOINT ARRANGEMENTS AND ASSOCIATES

During 2013 and 2012, BCE provided telecommunication services and received programming content and other services in the normal course of business on an arm's length basis to and from its joint arrangements and associates. Our joint arrangements are comprised of MLSE, Inukshuk, Enstream Inc., Cirque du Soleil Media Limited Partnership and Dome Productions Partnership. Our associates are comprised of Summerhill Ventures LLP, Q9, The NHL Network Inc., the Montreal Canadiens Hockey Club and the Bell Centre until August 2012, and Viewer's Choice Canada Inc. until July 2013.

BCE recognized revenues and incurred expenses with our associates and joint arrangements of $7 million (2012 – $11 million) and $56 million (2012 – $72 million), respectively. See Note 8, *Other (Expense) Income* for additional transactions with Inukshuk.

BCE MASTER TRUST FUND

Bimcor Inc. (Bimcor), a wholly-owned subsidiary of Bell Canada, is the administrator of the Master Trust. Bimcor recognized management fees of $12 million and $13 million from the Master Trust for 2013 and 2012, respectively. The details of BCE's post-employment benefit plans are set out in Note 21, *Post-employment Benefit Plans*. Additionally, in 2012, BCE completed a co-investment arrangement with the Master Trust with respect to MLSE for which the details are set out in Note 15, *Investments in Associates and Joint Ventures*.

COMPENSATION OF KEY MANAGEMENT PERSONNEL AND BOARD OF DIRECTORS

The following table includes compensation of the key management personnel and board of directors for the years ended December 31, 2013 and 2012 included in our income statements. Key management personnel are the company's Chief Executive Officer (CEO) and the executives who report directly to the CEO.

FOR THE YEAR ENDED DECEMBER 31	2013	2012
Wages, salaries and related taxes and benefits	**(24)**	(22)
Post-employment benefit plans and OPEBs cost	**(4)**	(3)
Share-based compensation	**(25)**	(17)
Key management personnel and board of directors compensation expense	**(53)**	(42)

NOTE 28 SIGNIFICANT PARTLY-OWNED SUBSIDIARIES

The following tables show summarized financial information for our subsidiaries with significant NCI.

SUMMARIZED STATEMENTS OF FINANCIAL POSITION

	BELL ALIANT(1)		CTV SPECIALTY(1)	
FOR THE YEAR ENDED DECEMBER 31	2013	2012	2013	2012
Current assets	**408**	429	**378**	191
Non-current assets	**4,584**	4,590	**1,004**	1,025
Total assets	**4,992**	5,019	**1,382**	1,216
Current liabilities	**712**	808	**448**	117
Non-current liabilities	**3,117**	3,483	**189**	507
Total liabilities	**3,829**	4,291	**637**	624
Total equity attributable to BCE shareholders	**221**	130	**522**	415
NCI (2)	**942**	598	**223**	177

(1) *The ownership interest held by NCI is 55.9% and 29.9% for Bell Aliant and CTV Specialty, respectively. Both are incorporated and operate in Canada.*
(2) *The Bell Aliant NCI is greater than its share of net assets by $662 million and $433 million for 2013 and 2012, respectively, primarily due to preferred shares 100% owned by the NCI.*

SELECTED INCOME AND CASH FLOW INFORMATION

	BELL ALIANT(1)		CTV SPECIALTY(2)	
FOR THE YEAR ENDED DECEMBER 31	2013	2012	2013	2012
Operating revenues	**2,759**	2,761	**781**	729
Net earnings	**379**	385	**190**	187
Net earnings attributable to NCI	**224**	224	**58**	57
Total comprehensive income	**664**	243	**194**	187
Total comprehensive income attributable to NCI	**384**	144	**59**	57
Cash dividends paid to NCI	**270**	262	**13**	78

(1) *Bell Aliant net earnings and total comprehensive income includes $28 million and $19 million of dividends declared on preferred shares for 2013 and 2012, respectively.*
(2) *CTV Specialty net earnings and total comprehensive income includes $2 million and $1 million directly attributable to NCI for 2013 and 2012, respectively.*

MEASURES USED TO MANAGE OUR BUSINESS

KEY PERFORMANCE INDICATORS (KPIs)

We measure the success of our strategies using various KPIs as described below. These KPIs are not accounting measures and may not be comparable to similar measures presented by other issuers.

EBITDA Margin
EBITDA divided by operating revenues.

Capital Intensity
Capital expenditures divided by operating revenues.

Dividend Payout Ratio
Dividends paid on common shares divided by free cash flow.

ARPU
Average revenue per user or subscriber is certain service revenues divided by the average subscriber base for the specified period.

Churn
Churn is the rate at which existing subscribers cancel their services, expressed as a percentage. Churn is calculated as the number of subscribers disconnected divided by the average subscriber

FINANCIAL MEASURES

Below is a listing of financial calculations or ratios commonly used to assess financial performance. We believe that certain investors, creditors and analysts use these financial measures, among others, in reviewing our financial condition and performance.

Book Value per Share
Total equity attributable to BCE shareholders, excluding preferred shares, divided by the number of common shares outstanding.

Dividends Declared per Common Share
Common dividends declared divided by common shares outstanding at the end of the period.

Market Capitalization
BCE's common share price at the end of the year multiplied by the number of common shares outstanding at the end of the year.

Price to Book Ratio
BCE's common share price at the end of the year divided by the book value per share.

Price to Cash Flow Ratio
BCE's common share price at the end of the year divided by cash flow per common share. Cash

base. It is a measure of monthly customer turnover.

Cost of Acquisition (COA)
COA is also referred to as subscriber acquisition costs. COA represents the total cost associated with acquiring a customer and includes costs such as hardware discounts, marketing and distribution costs. This measure is expressed per gross activation during a specified period.

Net Debt to Adjusted EBITDA
Bell net debt divided by twelve-month trailing Bell Adjusted EBITDA. Net debt is debt due within one year, long-term debt and 50% of preferred shares less cash and cash equivalents. Adjusted EBITDA is Bell EBITDA including dividends from Bell Aliant to BCE.

Adjusted EBITDA to Net Interest Expense
Twelve-month trailing Adjusted EBITDA divided by twelve-month trailing net interest expense. Adjusted EBITDA is Bell EBITDA including dividends from Bell Aliant to BCE. Net interest expense is Bell interest expense excluding interest on post-employment benefit obligations and including 50% of preferred dividends.

Free Cash Flow per Share
Free cash flow divided by the average number of common shares outstanding.

flow per common share is cash flow from operating activities less capital expenditures, divided by the average number of common shares outstanding.

Price to Earnings Ratio
BCE's common share price at the end of the year divided by earnings per share.

Return on Equity
Net earnings attributable to common shareholders divided by total average equity attributable to BCE shareholders excluding preferred shares.

Total Debt to Total Assets
Total debt (including debt due within one year) divided by total assets.

Total Debt to Total Equity
Total debt (excluding notes payable and bank advances) divided by total equity.

Total Shareholder Return (TSR)
TSR is the change in the BCE share price for a specified period plus BCE dividends reinvested, divided by the BCE share price at the beginning of the period.

REPORTS ON INTERNAL CONTROL

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of BCE Inc. (BCE) is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed under the supervision of the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer of BCE to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards (IFRS).

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. Also, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management evaluated, under the supervision of and with the participation of the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer, the effectiveness of our internal control over financial reporting as at December 31, 2013, based on the criteria established in *Internal Control – Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Management's evaluation of and conclusion on the effectiveness of our internal control over financial reporting did not include an evaluation of the internal control over financial reporting of Astral, which we acquired on July 5, 2013. Astral's contribution to our consolidated financial statements for the year ended December 31, 2013 was approximately 2% of consolidated revenues and 3% of consolidated net earnings. Additionally, on December 31, 2013, Astral's current assets and current liabilities were approximately 18% and 3% of consolidated current assets and current liabilities, respectively, and its non-current assets and non-current liabilities were approximately 7% and 1% of consolidated non-current assets and non-current liabilities.

Based on that evaluation, which excluded Astral's internal control over financial reporting, the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer concluded that our internal control over financial reporting was effective as at December 31, 2013.

Our internal control over financial reporting as at December 31, 2013 has been audited by Deloitte LLP, Independent Registered Public Accounting Firm, who also audited our consolidated financial statements for the year ended December 31, 2013. Deloitte LLP issued an unqualified opinion on the effectiveness of our internal control over financial reporting.

(signed) George A. Cope
President and Chief Executive Officer

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

(signed) Karyn A. Brooks
Senior Vice-President and Controller

March 6, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of BCE Inc.

We have audited the internal control over financial reporting of BCE Inc. and subsidiaries (the "Company") as of December 31, 2013, based on the criteria established in *Internal Control – Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in Management's Report on Internal Control over Financial Reporting, management excluded from its assessment the internal control over financial reporting at Astral Media Inc. (Astral), which was acquired on July 5, 2013. Astral's contribution to the consolidated financial statements for the year ended December 31, 2013 was approximately 2% of consolidated revenues and 3% of consolidated net earnings. Additionally, at December 31, 2013, Astral's current assets and current liabilities were approximately 18% and 3% of consolidated current assets and current liabilities, respectively, and its non-current assets and non-current liabilities were approximately 7% and 1% of consolidated non-current assets and non-current liabilities, respectively. Accordingly, our audit did not include the internal control over financial reporting at Astral. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control – Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2013 of the Company and our report dated March 6, 2014 expressed an unqualified opinion on those financial statements and included an explanatory paragraph regarding the Company's adoption of the new accounting standards, IAS 19 Employee Benefits (amended 2011) and IFRS 11, Joint Arrangements.

(signed) Deloitte LLP [1]

Montréal, Canada
March 6, 2014

(1) *CPA auditor, CA, public accountancy permit No. A104644*

Exhibit 99.4

Bell

Code of Business Conduct

What we do is who we are

Our Moral Compass

Policy Contact: corporate.secretariat@bell.ca

TABLE OF CONTENTS

A Message from the President and Chief Executive Officer

As we work together to achieve Bell's goal – to be recognized by customers as Canada's leading communications company – everyone on the team has a responsibility to meet the highest standards of ethical conduct.

In more than 130 years of serving Canadians, Bell has built a reputation for adhering to the most rigorous standards of business conduct. We value that reputation and understand the importance of earning it every day in interactions with our customers, shareholders, suppliers, the broader public and our fellow team members.

That is why we are all required to renew a personal commitment to reading and understanding the Bell Code of Conduct each year. The Code clearly explains the values and standards of behaviour expected from every team member in all aspects of our business.

Please take the time to read the Bell Code of Conduct, and to incorporate the principles into your work at Bell every day. Thank you for your support.

George Cope

President and Chief Executive Officer

BCE Inc. and Bell Canada

1 POLICY OVERVIEW

1.1 Summary

The Bell Canada Code of Business Conduct (referred to as the "**Code**") explains the fundamental values and standards of behaviour that our shareholders, customers and suppliers expect from us in all aspects of our business.

In our daily activities, we have a fundamental responsibility to address a broad spectrum of issues. These include: preventing conflicts of interest, protecting company assets, safeguarding privacy and confidentiality, treating clients, business partners, team members and competitors with respect and honesty, fostering a diverse, safe and healthy workplace and protecting the environment.

Acting responsibly is central to achieving sustainable business success and essential to the pursuit of our corporate goal: to be recognized by customers as Canada's leading communications company.

The Code provides various rules and guidelines for ethical behaviour based on Bell values, as well as applicable laws and regulations.

These values and standards reinforce the commitment of Bell Canada to the highest levels of customer service, a working environment in which performance is recognized and people are respected and sensitivity to the needs of the community that the Company serves.

1.2 Scope

While the Code, from time to time, refers to "**employees of the Company**" or "**employees of Bell**", the Code applies to all employees and executives of BCE Inc., Bell Canada and their subsidiaries that are not public companies (collectively referred to as the employees of the **"Company**" or "**Bell**"), as well as to all persons serving as members of the Board of Directors of BCE Inc. and Bell Canada.

1.3 Objectives

The Code is intended for every employee and executive of the Company as well as members of the Board of Directors. Collectively, we undertake to:

- perform our work duties and conduct our business relationships with integrity and in a dynamic, straightforward, honest and fair manner
- comply with applicable laws, regulations and Company policies and procedures
- avoid conflicts of interest
- foster a work environment based on mutual trust and respect and that encourages open communication
- maintain a safe, healthy and secure workplace
- protect the environment
- support a culture in which ethical conduct is recognized, valued and exemplified
- promptly report issues relating to the Code and potential violations, non-compliance with applicable laws, regulations or company policies or procedures and any other emergencies.

1.4 Annual Reviews and Sign Off

To demonstrate our commitment to and support of these shared values and standards, all employees, executives and members of the Board of Directors must certify annually that they have reviewed and follow the Code. A copy of these certifications can be found at Attachments 1A and 2A. All employees must take the on-line course on the Code at least every two years.

2 POLICY DETAILS

2.1 Our Principles of Ethical Conduct

2.1.1 Personal Integrity

Ethical behaviour is an essential part of our job and is a personal responsibility we all share. It means performing our job fully and competently and it also means being accountable for our behaviour and for supporting the values, principles and standards upon which our reputation rests.

Many aspects of our business are governed by laws and regulations and compliance with such laws is basic to ethical conduct. Bell and its employees are subject to, and are expected to comply with, the laws, rules and regulations of all countries in which we operate, as well as the expectations and requirements of our various regulators. These laws include, but are not limited to, telecommunications laws, securities laws and regulations, laws prohibiting the corruption of foreign officials, as well as lobbying, environmental, health and safety and employment legislation. Ethical behaviour, however, goes beyond mere compliance with the law. It involves thinking through the possible impact of our decisions on all interested parties - customers, employees, unions, business partners, suppliers, investors, government as well as the communities and environment in which we live and work.

Although the Code lays out the fundamental principles of ethical and legal conduct, it cannot anticipate every ethical dilemma or situation we may encounter as we perform our jobs. This would be impossible given that the communications industry is evolving so rapidly and so unpredictably.

Consequently, we may often find ourselves caught in a situation or facing an ethical problem not explicitly covered in the Code. In this case, we must rely on our internal sense of what is right – our moral compass – to guide us in making the right decision.

When faced with a difficult or unclear situation, it may help to ask the following questions such as:

- how would I feel if, rather than initiating this action, I was on the receiving end?
- how would my customer react if he/she knew I was breaking the rules or distorting the facts to make a sale?
- if I do this, how will I feel afterwards? Would I want my co-workers, friends or family to find out?
- if my actions became public, how would they be reported in the media?

Assuming personal responsibility for our actions means we can't blame someone else for our behaviour. Conversely, no one - not even a manager - can force us to commit an illegal or unethical act that may damage the Company's reputation, or our own.

It also means we have a duty to report illegal acts or violations of Company rules, policies or the Code to management. Turning a blind eye to wrongdoing - in effect condoning such behaviour - is itself unethical.

Any breach of the Code or Company policies or evidence of illegal behaviour will be taken very seriously. Depending on the nature and severity of the case, employees who breach the Code, violate Company policy or commit an illegal act will face immediate discipline, up to and including dismissal, as well as possible civil or criminal prosecution.

2.1.2 Getting Help with Ethical Issues – the Business Conduct Help Line

Individual responsibility does not mean you are on your own when facing an ethical issue. Don't be reluctant to ask any questions you might have on the Code or raise issues.

Start by speaking with your manager. If this won't meet your needs you can contact **our confidential and anonymous Business Conduct Help Line at https://www.clearviewconnects.com/ on a 24/7 basis or by calling 1-866-298-2942 (toll free)**

2.1.3 Reporting a Misconduct or Violation of the Code

As part of the Company's commitment to the highest standards of ethics, employees are encouraged to promptly report any actual or potential misconduct, Code or other company policy violations, malpractice, fraud, misappropriation of business property or any other illegal or unethical act or behaviour, including but not limited to, accounting, internal accounting controls or auditing matters by an employee of Bell or by any Business Unit of Bell.

An unethical behaviour may be reported to your immediate manager. However, if such reporting is either inappropriate, does not provide the necessary level of confidentiality or if you otherwise prefer, the unethical behaviour could be reported to the Business Conduct Help Line which can be reached on an anonymous 24/7 basis at https://www.clearviewconnects.com/ or by calling 1-866-298-2942 (toll free) or to the Chief Legal Officer or to the Chair of the Audit Committee.

Any submission made by an employee of the Company regarding an unethical behaviour shall be treated on a **confidential** basis. The employee's identity shall be treated anonymously and confidentially, unless specifically permitted to be disclosed by the employee or unless required by law. Anonymous and confidential submissions shall only be disclosed to those persons who have a need to know in order to properly carry out an investigation of the potential unethical behaviour. Any employee who in good faith reports an unethical behaviour will be protected from threats of retaliation, discharge or other types of sanctions, including but not limited to, lower compensation or inferior terms and conditions of employment that are directly related to the disclosure of such unethical behaviour.

Please also see the Complaint Procedures for Accounting and Auditing Matters on the Corporate Policies & Ethics Program intranet site.

No employee will be penalized for inquiring, in good faith, about apparently unethical behaviour or for obtaining guidance on how to handle suspected illegal acts or policy violations. Further, the Company will not allow retaliation for reports made in good faith.

2.2 Responsibilities of Managers & Executives

We are all expected to perform our jobs with integrity and in a dynamic, straightforward, honest and fair manner. However, managers and executives have an enhanced role. This means:

- setting an example by complying with the Code and all company policies at all times
- ensuring that all employees have access to the Code (on-line or in paper format); that they know, understand and comply with its provisions; and that they complete the annual review and sign off process
- complying with Security Policies and the associated directives, procedures and standards
- fostering an environment that encourages open communication and upholds sustainable development, health & safety, labour and ethics principles in every business decision and actions
- immediately reporting violations of the Code or breaches of Company policies and taking prompt and decisive disciplinary action when it has been established that the Code has been violated.

2.3 Penalties for Violations

Disciplinary action up to and including dismissal will be taken should an employee, manager or executive:

- violate a Company policy; disregard proper procedures or ask others to violate Company policy
- deliberately fail to promptly report a violation or withhold relevant information concerning a violation
- fail to cooperate in the investigation of a known or suspected violation
- take action against an employee who reports a violation or breach of the Code or other policy.

2.4 Conflicts of Interest

2.4.1 Overview

As employees, managers and executives, our business loyalty rests in placing the Company's interests – including those of its customers and shareholders – before our personal interests.

A conflict of interest arises whenever we allow, or appear to allow, personal interests or relationships to impair our judgment and ability to make decisions with integrity and honesty. By thinking of ourselves first, we may act in a way that is damaging, or potentially damaging, to the Company. We may also harm our personal reputation.

We must not use our position to influence or bypass Company procedures for personal gain nor for the benefit of our family, friends, colleagues or anyone else.

How Can I Tell If I Am In a Conflict of Interest?

- **If you are not sure about a particular situation obtain the guidance you need (see below). Start by asking yourself the following questions:**
  - Am I following proper Company procedures?
  - Do I stand to potentially gain personally from my actions?
  - Can my actions potentially result in a financial or other advantage for myself, a near relative (which would include, but is not limited to, a spouse, sibling, parent, child, or in-law) or friend?
  - Am I uncomfortable discussing this with my manager or fellow employees?
  - Would I act differently if a friend or near relative weren't involved?

If you have any doubts about a possible conflict, raise the matter with your manager or contact the Business Conduct Help Line at https://www.clearviewconnects.com/ or by calling 1-866-298-2942 (toll free).

Where an actual or potential conflict of interest may exist employees **MUST** complete form BC3684A – "*Disclosure of a Conflict of Interest or Potential Conflict of Interest"* and provide a copy signed by his/her manager to the Corporate Secretary's Office (see Attachment 2B).

2.4.2 Conflict of Interest Guidelines for Executives and External Directorships

2.4.2.1 Definition

In addition to the conflict of interest guidelines and procedures noted above, in respect to all persons who are executives (i.e. Vice-President and above), a conflict of interest may also arise:

- when there is an outside interest which materially encroaches on time or attention which should be devoted to the company's affairs or so affects the executive's energies as to prevent him/her from devoting his/her full abilities to the performance of duties;
- where an executive or any of his/her near relatives, friends or cohabitants has a direct or indirect interest in or relationship with any outsider, such as a supplier (whether of goods or services), customer, agent or competitor of the Company or its subsidiary and associated corporations, or with a person in a position to influence the actions of an outsider, which is inherently unethical or which might be implied or construed to:
  - give rise to a possible personal gain or favour to the executive involved, or any of his/her near relatives, friends or cohabitants due to the executive's actual or potential

power to influence dealings between the Company and the outsider,
- render the executive partial toward the outsider for personal reasons, or otherwise inhibit the impartiality of the executive's business judgement or his/her desire to serve only the Company's best interests in the performance of his/her functions as an executive,
- place the executive or the Company in an equivocal, embarrassing or ethically questionable position in the eyes of the public or any external monitoring body, or
- reflect unfavourably on the integrity of the executive or the Company;

- where an executive or any of his/her near relatives, friends or cohabitants makes use of any non-public information, such as information for internal use, or of a confidential nature, proprietary, insider, privileged or government classified nature or customer information, entrusted to or obtained by the executive in the conduct of Company business to benefit himself/herself or any of his/her near relatives, by selling or making available such information to interests outside the Company, or uses the information in any other manner to further his/her interest(s), or the interest(s) of any of his/her near relatives; and/or
- where an executive or any of his/her near relatives, friends or cohabitants has any direct or indirect interest or relationship which is actually or potentially harmful or detrimental to the Company's best interests.

Executives ARE REQUIRED to disclose any actual or potential conflicts of interest by providing written notice to the Corporate Secretary at corporate.secretariat@bell.ca. The Corporate Secretary is responsible for administering the Code and the Conflict of Interest Guidelines. If the Corporate Secretary is unable to resolve an existing or potential conflict of interest with the person involved, the matter will be discussed with the Executive Vice-President and Chief Legal & Regulatory Officer.

2.4.2.2 External Directorships

As a general rule, executives are allowed to be appointed to an external board of directors ("**external directorship**"), meaning joining the board of directors of a company other than BCE, Bell Canada and their respective subsidiaries, other controlled entities and joint ventures ("**BCE group companies**") provided that such election:

- will not create conflicts of interest either for the executive or for any BCE group companies (see discussion above),
- will contribute to the development of the executive or will benefit the BCE group companies either directly or indirectly,
- will not be at the expense of the executive's corporate responsibilities and will not impose an undue burden on the executive.

Provided the above criteria are met, before accepting an external directorship appointment, an executive shall, through his/her superior, seek and obtain clearance from the President and Chief Executive Officer. If appointed, the executive must then disclose such fact to the Corporate Secretary's Office promptly.

Executives should however understand that the BCE group companies' D&O Insurance policy will NOT be applicable unless the executive's appointment is made at the request of the Company.

2.4.3 Conflicts of Interest Relating to Family and Personal Relationships

Each of us has a variety of personal relationships involving family and friends and sometimes our work and personal lives intersect.

We must disclose this relationship if it compromises, or threatens to compromise, our ability to act in the Company's best interest. Speak to your manager or contact the Business Conduct Help Line for further guidance. We should also be aware that bridging our personal and business lives may cause our competitors or suppliers – as well as colleagues within the Company – to believe we are in a conflict of interest. To avoid a conflict of interest, or prevent a situation from developing into a conflict of interest, you must inform your manager if, for example:

- you are considering hiring a near relative, friend or co-habitant
- if you transact business on behalf of the Company with a near relative, friend or co-habitant
- a near relative or co-habitant works for or has a financial interest in or is a major shareholder of a supplier or competitor

If you are concerned that you may be in a conflict of interest, speak to your manager who may ask you to complete form BC3684A, "Disclosure of a Conflict of Interest or Potential Conflict of Interest." This form **MUST** be signed by you and your manager and sent to the Corporate Secretary's Office.

For additional instructions or assistance please contact the Business Conduct Help Line, which can be reached on a 24/7 basis at https://www.clearviewconnects.com/ or by calling **1-866-298-2942** (toll free).

My partner has just become an executive sales manager for a company that services the computers in my department. Do I need to tell anyone about this?

- Yes. Someone could claim that Bell is giving your partner business because you are a Bell employee. You should notify your manager and make sure you are not involved in any decisions regarding your partner's company. This relationship should be noted in form BC3684A, "Disclosure of a Conflict of Interest or Potential Conflict of Interest."

2.4.4 Conflicts of Interest Relating to Supplier-Funded Incentive Programs

Supplier-funded incentive programs, often offered to sales employees by suppliers seeking to sell their products, may only be arranged through an authorized program administrator who does not work with the eligible employees.

It's up to the program administrator to ensure there is no conflict between the Company's marketing strategy and the supplier's incentive program. For further information, please refer to the Compensation & Recognition Policy on the Human Resources Policies intranet site.

2.4.5 Conflicts of Interest Arising from Outside Employment and Similar Activities

We all have a right to do what we want during our non-working hours. This could include holding another job in which we use the skills and experience acquired through our work at the Company. However, we must ensure that our outside employment or other activities do not conflict, or appear to conflict, with the Company's business or with our ability to fulfill our duties as employees.

To avoid a conflict of interest, or even the appearance of such a conflict, you should discuss any planned outside business activities with your manager. **As a general guideline, you may not**:

- work for an organization that competes with the Company or operate a business or promote a third party's line of products or services that compete with those offered by the Company,
- use the Company's time, materials and facilities in paid or unpaid work for other organizations (for example, to support a charitable community project), unless specifically authorized by senior management (CP4 or higher). Where such authorization has been obtained, as per the Bell Community Investment policy, no company products or services (such as wireline telecommunication services, Internet services, handsets, etc.) may be provided in-kind,
- accept outside employment or engage in any activity that may prevent you from performing your job at the Company fully and competently,
- contribute to or support any political group or political activity on behalf of the Company, unless specifically authorized by the appropriate Company department responsible for government relations.

I am a Bell technician who installs circuitry for small and medium-sized business customers. With the growth of the Internet and other communications services, demand for my expertise is booming. Can I take advantage of this opportunity and start up an installation business on my own time?

- No. You cannot engage in any outside activity that might take business away from Bell or any of its subsidiaries. Furthermore, as an employee, you are expected to contribute your energy and ideas to your job as an installer for Bell

As a customer service representative I happen to respond to my brother's telephone call inquiring about a charge on his account for TV services. Can I respond to this call and make adjustments, if any, to his account?

- No. Employees are not allowed to access or make changes to the billing accounts of their families and friends, including their own.

2.5 Loans, Gifts and Entertainment

2.5.1 Loans from the Company

We do not accept, whether directly or indirectly, any loan or guarantee of obligations from the Company that are for our personal benefit.

2.5.2 Business Gifts & Entertainment

Do not solicit, accept or give gifts, gratuities, favours or unusual hospitality from or to suppliers or customers, which may compromise - or appear to compromise - our ability to make fair, objective, business decisions or may unfairly influence a business interaction.

Do not solicit or encourage gifts, hospitality, entertainment or any other thing for personal use.

Do not accept gifts having a monetary value; for example, gift certificates, cash, services, discounts or loans.

These guidelines do not change during traditional gift giving season.

We recognize, however, that building relationships with customers and suppliers is an integral part of doing business.

You may offer and accept reasonable hospitality in certain cases. You should consult your manager or contact the Business Conduct Help Line when in doubt about the appropriateness of a particular situation.

You may participate in unsolicited business entertainment depending on the function or services you perform for the Company and if the entertainment is clearly intended to facilitate business goals. If for example, tickets to a sporting or cultural event are offered, then the person offering the tickets should plan to attend the event as well.

You may sponsor events/activities for customers or potential customers where the purpose is to strengthen business relationships; however it is your responsibility to know and be sensitive to the customer's own code of conduct on these issues. Solicitation of modest gifts or prizes for Company sponsored events which provide clear benefits to the sponsor and/or charitable organization is permitted upon approval by your manager.

You may accept unsolicited, nominal value hospitality, gifts or mementos that are customary or business related.

You may accept business entertainment in the form of meals as long as it is modest, infrequent, and as far as possible on a reciprocal basis.

Factors to Consider

- **Factors which you and your manager should consider when assessing the proper course of action include:**
- Is the Company potentially involved in a major procurement activity with the company offering the gift or entertainment?
- Would the gift or entertainment be considered appropriate or customary, taking into account the nature of the function or services you perform for the Company?
- Would it be perceived as insulting or damaging to the business relationship to return the gift or decline the hospitality?
- Can the gift or hospitality be applied to benefit all team members rather than certain individuals?

2.6 Political Contributions

Political Contributions refer to any payment or donation, including provision of services at favourable rates, irrespective of format or location, made on behalf of the Company to a recipient involved in federal, provincial, territorial or municipal political process, such as a political party, an election or leadership candidate, a riding association or an elected official. The Company's corporate policy prohibits political contributions without the express prior consent of the Executive Vice-President and Chief Legal & Regulatory Officer. This policy does not apply to political contributions made by individuals within the Company on their own behalf. However, funds or assets being contributed must originate with or belong to the individual making the contribution, and individuals making political contributions should be prepared to demonstrate ownership.

For further information, consult the Political Contributions Policy available from the Corporate Policies & Ethics Program intranet site.

Beyond standard penalties for non-compliance with the Code which were previously outlined, the Company may refer the matter to the appropriate regulatory and legal authorities, which could lead to penalties, fines or imprisonment.

2.7 Lobbying on behalf of the Company

Broadly speaking, lobbying involves reaching out to a public office holder (like an MPP, a federal Minister or in some cases a mayor) in order to further the Company's objectives. It does not, however, include formal legal or regulatory submissions, communications in a public forum or responses to government Request for Proposals.

Lobbying public office holders is a legitimate activity but the law sets certain boundaries around lobbying, as well as establishes some disclosure requirements, to ensure that lobbying activities are transparent and ethical. The Regulatory/Law Department must be consulted before making representations to public office holders.

Beyond standard penalties for non-compliance with the Code which were previously outlined, the Company may refer the matter to the appropriate regulatory and legal authorities, which could lead to penalties, fines or imprisonment.

2.8 Improper Influence on the Conduct of Audits

Employees are prohibited from coercing, manipulating, misleading or fraudulently influencing the Company's internal or external auditors at any time and especially when the employee knows or should know that his/her action, if successful, could result in rendering the Company's financial statements misleading in any way.

2.9 Insider Trading

2.9.1 Overview

Securities legislation imposes restrictions with respect to the purchase and sale of shares and other securities, as well as "tipping", when a person has knowledge of information not yet known to the public and which generally could affect the market price of the securities of a given company. Securities of a company include, for example, equity securities such as common and preferred shares, debt securities such as debentures and notes, and options.

It is illegal for you to buy or sell securities of BCE Inc., its subsidiaries and associated companies or any other company that is a public company, with knowledge of undisclosed material information obtained in the course of your employment or "tip" others concerning such information. In particular, you should be careful to avoid inadvertently disclosing confidential information to spouses, family members and others who live in your households, or to business partners, friends and others as this could be considered "tipping".

Members of the board of directors and executives of BCE Inc. and Bell Canada should consult the "BCE Inc. and Bell Canada Insider Trading and Reporting Guidelines" for additional information. A copy of these guidelines can be obtained from the Corporate Secretary's Office.

2.9.2 Material Information

Undisclosed material information refers to information that, if disclosed, could affect the market price of a company's securities or is likely to be considered important by investors in determining whether to buy, sell or otherwise trade in such securities. For instance, such information could be used by investors to buy, sell or otherwise trade in BCE Inc. shares, as well as the securities of third parties with which the Company has dealings, to the unfair disadvantage of others.

Examples of material information include (note: this list is not exhaustive and may include other types of information which may be material at any particular time depending upon the circumstances):

Corporate Structure and Acquisitions and Dispositions

- company restructuring plans
- proposals, negotiations or agreements for the acquisition of securities or assets of other companies (including the possibility of a takeover bid for or merger with another company) and dispositions of existing investments
- changes in share ownership that may affect control of BCE Inc. or Bell Canada

Capital Structure

- the possibility of a public offering of securities, stock splits or private sales of securities
- a change, or proposed or planned change, in dividend rates or dividend policy
- a planned or possible repurchase of securities
- the possible initiation of a proxy fight

Financial Results

- annual and quarterly financial results (such as earnings and revenues)
- internal financial guidance (such as with respect to revenues, EBITDA, earnings, free cash flow and capital intensity)
- a significant contingent liability
- significant shifts in operating or financial circumstances, such as: cash-flow reductions, major write-offs, work-force adjustments; or the proposed shutdown of any significant service facility

Business and Operations

- business plans
- senior management changes
- significant litigation or regulatory proceedings
- disputes with customers, suppliers or contractors
- new products and services
- sales results
- research and development of new technology
- confidential information provided by third parties
- significant new contracts or changes in existing contractual relationships or loss of business
- a government investigation
- negotiations with unions

Credit Arrangements

- a default or expected default under a loan agreement, indenture or significant contract
- changes in rating agency decisions
- changes in credit ratings, including downgrades
- borrowing or lending a significant amount of funds

Can I use information I obtain by accident or overheard?

No. Even when you obtain material information by accident, such as by overhearing a discussion of a planned acquisition, you are prohibited by law from buying shares of BCE Inc. or the target company because the information is material and non-public. In addition, you cannot suggest to your spouse, near relative or friend that they buy or sell shares of BCE Inc. or the target company while in possession of such material confidential information as this would be considered tantamount to divulging that confidential information to someone outside the Company for personal gain or the gain of someone else. Such shares could only be purchased one complete business day after BCE Inc. or the company being acquired issues a press release publicly announcing the planned acquisition.

2.9.3 Trading and Tipping

There are severe penalties provided by law that may be imposed against you personally, as well as the potential for damage to the Company's good name, as a result of unlawful trading and tipping.

In the course of business operations, you may become aware of undisclosed material information about BCE Inc., Bell Canada or any other company. Unless you are certain that this information has been officially disclosed, **you are prohibited from:**

- trading in securities of any company to which the information relates; or
- disclosing such information (otherwise than in the necessary course of business and on a confidential basis) to another person - a “tippee” - regardless of whether the tippee is related to you or is a friend. **Note that trading or tipping by the tippee is also illegal**.

If undisclosed material information exists at the time you trade and subsequent disclosure of that information affects the security’s price, you may have to face the difficult task of proving you were not aware of the information. In the case of trading by a family member, or other persons close to you, you may have to prove that you did not disclose such information - a very difficult burden of proof!

If you were in possession of undisclosed material information at the time you or other persons close to you traded, the fact that such trade was based on factors other than undisclosed material information, or that you considered yourself under duty (as a trustee, for example) to trade or disclose information, will not absolve you from liability, even in the absence of intent to defraud or to take unfair advantage.

2.9.4 Recommended Time to Purchase or Sell BCE Inc. Securities

Assuming you are not otherwise aware of undisclosed material information, the **recommended time to purchase or sell BCE Inc. securities is during the period beginning on the second business day following the day of announcement of BCE Inc.’s and Bell Canada’s financial results for a quarter and ending on the last day of the next quarter (i.e. the last day of the third month of the quarter (e.g. June 30) during which the announcement is made (e.g. first Thursday of May) (sometimes called the “Window Period”).** This will help minimize the risk of an unintentional violation of these prohibitions, and the appearance of a violation (intentional or not). BCE Inc.’s earnings press releases are generally issued on the fifth Thursday following the end of a quarter. All employees are required to keep accurate records of their securities transactions and may be asked to report to BCE Inc. or Bell Canada their holdings and investment transactions.

2.9.5 Short Sales, Calls and Puts

As an employee of the Company, you may not engage in the following activities with respect to BCE Inc.’s securities or the securities of any of its affiliates (such as Bell Canada): (a) short sale; (b) sale of a call option and (c) purchase of a put option.

“**Short selling**” means selling shares you do not currently own and borrowing a third party’s shares in order to make delivery, the whole in expectation that the shares will decrease in value when you will buy back the shares and return them to the owner. Such process is subject to undue speculation and abuse and is therefore prohibited.

Puts and calls are also subject to the same abuse and therefore similar restrictions also apply to the sales of call options and purchases of put options in respect of securities of BCE Inc. and its affiliates. For the purposes hereof, a “call” can be defined as an option to demand delivery of a specified number or amount of securities at a fixed price within a specified time but does not include an option or right to acquire securities of BCE Inc., Bell Canada or their affiliates where such were granted by BCE Inc., Bell Canada or their affiliates (such as pursuant to BCE Inc.’s Long-Term Incentive (stock option) Programs). A “put” can be defined as an option to deliver a specified number or amount of securities at a fixed price within a specified time.

In summary, you cannot sell short securities of BCE Inc. or its affiliates, and you may not sell call options or buy put options over the same securities. You must exercise great caution in your trading in order to avoid inadvertent breaches of these restrictions.

2.10 Public Disclosure of Material Information

Only authorized executives of BCE Inc./Bell Canada can decide the timing and content of public disclosures regarding BCE Inc. or Bell Canada. Examples include public filings with securities regulatory authorities or the issuance of BCE Inc. or Bell Canada news releases.

Information is deemed public when official announcements have been publicized and the public has had the opportunity to evaluate the information. Even after the Company has officially released material information, it is important to be sure that sufficient time has elapsed to enable the information to be disseminated to, and considered by, investors. **As a rule of thumb, one complete business day is considered sufficient for this purpose. An employee must not attempt to “beat the market” by trading simultaneously with, or shortly after, the official release of public information**.

If you are not an authorized spokesperson, you must not respond under any circumstances (including on a “no-name basis” or “off the record” basis) to inquiries from, or voluntarily provide information to, the investment community or the media, unless specifically asked to do so by an authorized spokesperson.

Any inquiries need to be immediately referred to Bell’s Communications Department or Investor Relations Department. Contact information for spokespersons can be found in the Company’s Disclosure Policy available on the Corporate Policies & Ethics Program intranet site.

2.11 Confidentiality of Customer and Employee Information

2.11.1 Customer Privacy

The Company has long been committed to maintaining the accuracy, confidentiality, security and privacy of customer information. It is essential that we protect the confidentiality of all non-public information entrusted to us by the Company or its customers, except when disclosure is authorized or legally mandated. Even seemingly mundane information might be of use to competitors, or harmful to the Company or its customers, if disclosed. Even unintentional disclosure can lead to identity theft or financial gain by third parties. Therefore, the best way to protect customer information is to limit access on a need-to-know basis.

With the exception of listed name, address and telephone number, all information kept by the Company about its residential and business customers is confidential and cannot be divulged or used, directly or indirectly, except for business purposes. We may only use this information for the purposes for which it was collected and that the customer would reasonably expect.

Recording, releasing or disclosing private customer information for personal gain or the benefit of another will result in immediate discipline up to and including dismissal, and may include civil or criminal prosecution. This may also expose the Company to substantive reputational harm and financial liability.

Where the customer is an identifiable individual, we are required to comply with the *Personal Information Protection and Electronic Documents Act*, a federal law that requires us to identify the purposes for which we collect personal information and obtain the consent of our customers before collecting, using or disclosing this information. Customers can also access all personal information about them (including customer care logs and notes) that we may hold, subject only to certain narrow exceptions, within 30 days of a customer request. Accordingly, we should avoid non-factual entries or inappropriate language or comments when creating such records.

Bell and Bell Mobility are also subject to a CRTC restriction on the disclosure of confidential customer information. This restriction applies to all telecommunications services, whether tariffed or forborne, and all customers, whether they are individuals, corporations, or other business entities.

Unless a customer provides explicit consent or disclosure is pursuant to a legal power such as a search warrant, the Company may not disclose a customer’s confidential personal and business information to anyone other than:

- the customer **or** a person whom the Company reasonably believes is acting on behalf of the customer (e.g. the executor of a customer’s estate),
- another telephone company, for the purpose of providing the customer with efficient and cost-effective telephone service, where the information is required only for that purpose and will be kept confidential (e.g. the exchange of call detail information for the settlement of inter-provincial toll calls),
- a company, for the purpose of supplying the customer with telephone or telephone-directory related services, where the information is required only for that purpose and will be kept confidential (e.g. a firm retained by the Company to do telephone installation on its behalf),
- an agent retained by the Company to evaluate the customer’s creditworthiness or to collect the customer’s account, where the information is required for and will be used only for that purpose, and

- a public authority, if there is imminent danger to life or property which could be avoided or minimized by disclosure of the information, or
- an affiliate involved in supplying the customer with telecommunications and/or broadcasting services, provided the information is required for that purpose and disclosure is made on a confidential basis with the information to be used only for that purpose.

2.11.2 Interception of Private Communications

Communications between the Company and a customer may be monitored for quality assurance purposes, with an appropriate advisory to the customer.

The unlawful interception of a private communication is prohibited under the Criminal Code. The content of a customer's transmissions (including telephone and email) may not be monitored, nor may the content, nature and existence of telephone calls and data transmissions be released to third parties except as explicitly authorized by law.

Unintentional interceptions of a call may occur when providing service, doing repairs or when conducting quality control checks. In these instances, the employee must advise the persons on the call of the unintended interruption and immediately disconnect from that call.

2.11.3 Business Customer Contracts & Proposals

Maintaining customer privacy is also crucial when dealing with contracts, proposals and quotations. We must be vigilant to not share business customer information - such as business plans, names of telecom representatives or information of a sensitive nature - with other employees servicing a similar market segment (for example, the banking industry). By doing so, we may inadvertently divulge information about a business customer to that customer's competitor. Also, unless a business customer provides explicit consent, we do not share information about business customers with other affiliates or partners, agents or subsidiaries of our group, except with those affiliate or partners or agents or subsidiaries of a group, who are directly involved in the specific contract, proposals or quotations.

2.11.4 The Bell Privacy Policy

To support our commitment to privacy we have developed policies and a formal privacy code - the *Bell Privacy Policy* - which spell out the commitments of Bell, its employees and agents and the rights of customers and employees regarding personal information. They also reflect the rights and obligations set out in the *Personal Information Protection and Electronic Documents Act*.

These documents state that the Company collects personal information **only** for the following purposes:

- to establish and maintain responsible commercial relations and provide ongoing service
- to understand customer needs and eligibility for products and services
- to recommend particular products and services to meet customer needs
- to develop, enhance, market or provide products and services
- to manage and develop Bell's business and operations, including personnel and employment matters and
- to meet legal and regulatory requirements.

Personal information must not be used for any other purpose without the consent of the customer.

The Bell Privacy Ombudsman oversees compliance with these privacy policies. Contact: privacy@bell.ca.

The *Bell Privacy Policy* and other privacy-related documents are available by: i) following the "privacy" link on www.bell.ca or ii) on the Bellnet policies page Corporate Policies & Ethics Program.

I am a customer service representative for the residential market. A caller identifying himself as the spouse of a wireless customer requested billing details for the spouse's account, indicating that he looked after bill payments for the family. Should I provide the information?

- If the caller is not explicitly listed on the account as an authorized co-user, the information should not be provided. Account details, particularly for wireless accounts, can be very sensitive information and is often sought in the context of matrimonial disputes. Advise the caller to have the account holder of record contact the Company to have the spouse added to the account as an authorized co-user. This approach applies equally to wireline, Internet, and satellite accounts.

2.11.5 Employee Privacy

The Company has also long been committed to protecting the personal information of its employees which is collected only for purposes relevant to managing the employment relationship. The obligations described in the *Personal Information Protection and Electronic Documents Act* also apply to the collection, use, disclosure and protection of personal employee information.

Personal information means information, in any format, about an identifiable individual, but does not include the name, title or business address or telephone number of an employee. Employee personal information refers to those records like the personnel files and other documents collected and used to provide services or support such as pay or benefits information. Personal health information is held separately by the Disability Management Group.

All personal information is protected by security safeguards appropriate to the sensitivity of the information and may only be used for reasonable purposes relating to the management of the employment relationship or for other purposes as may be required by law. All employees holding personal employee information must handle it in accordance with privacy principles. Aside from applying normal safeguards (i.e. locked cabinets and desks), employees should avoid discussing personal employee information in public areas.

Notwithstanding the notion of employee personal information, there shall be no expectation of privacy for communications made through the use of Company equipment or using Company paid services or products (for example, e-mail, internet/intranet activities, voice mail, computer files, network), as well as workspaces (for example, desks, lockers, and vehicles).

The Company reserves the right to monitor or search any and all Company property at any time, where it determines on reasonable grounds that this is required; for example:

- to evaluate and measure service quality
- in the interests of the safety and protection of employees or the Company
- to search for specific business information
- to comply with legal warrants or other obligations, or,
- to conduct security investigations such as in the event the Company suspects an employee of fraud, theft, undeclared conflict of interest or other situation which may cause prejudice to an employee or the Company or its reputation.

Additional information is available through the Employee Privacy section of the Human Resources intranet site as well as in the Acceptable Use of Information Technology Resources Policy.

2.12 Information Classification and Records Management

The purpose of the Information Classification and Records Management Policy and of the Records Retention Schedule is to ensure that the company's information is properly classified so records are adequately managed to comply with legal requirements and business needs. It establishes a framework for the management, preservation, security, accessibility, storage and destruction of records created or received. The policy applies to all forms of records irrespective of who has prepared them; whether they are in paper, electronic or other media format no matter whether they reside on Bell's premises, servers and infrastructure or not. The Information Classification and Records Management Policy and Records Retention Schedule are available on the Corporate Policies & Ethics Program intranet site. For the instructions about storing, retrieving or deleting paper records, see the Records Management section available on the Corporate Security intranet site.

Employees are responsible for:

- classifying, safekeeping, protecting and destroying records under their care in accordance with the policy
- ensuring that the business records they keep or generate are accurate and complete
- ensuring compliance with business, legal and regulatory requirements with respect to record retention
- improving operational efficiencies, reducing space requirements and costs by eliminating unnecessary records
- ensuring the preservation and accessibility of relevant records to satisfy specific operating needs and in the event of potential or actual litigation or internal or external (including governmental) investigation
- ensuring they preserve relevant data and documents and comply with any further instructions or directions when they are notified of actual or impending litigation or are subject to a legal hold and/or are involved in a regulatory investigation.

Bell's business and operational units are responsible for identifying records produced by their departments and attributing a retention period to such records based on the applicable retention periods (if any) found in the Record Retention Schedule. Records that are not subject to a specific retention period shall be destroyed as per the directives contained in the Information Classification and Records Management Policy.

2.12.1 Preservation of records under legal hold

Records subject to preservation under a "legal hold" must not be disposed of until the hold is lifted. Where a "legal hold" is in place, all owners of records that are subject to it must take positive steps to ensure the preservation of such records. Those record owners must also, prior to taking any steps that might affect the disposal of such records, such as re-imaging their computers or being "evergreened" to a new device, contact the Legal Department (ediscovery.legal@bell.ca) to verify whether they can dispose of the records. Any employee unsure whether records are subject to a legal hold or unsure of the hold's scope should contact the legal team at ediscovery.legal@bell.ca to verify.

When an employee, who owns records that are subject to a legal hold leaves Bell, the employee's manager and Human Resources Consultant must ensure that these records are preserved.

2.12.2 Confidential Information

It is essential that we safeguard Company records and information (in any format) that contain confidential information. This can include information entrusted to the Company by a third party, which must be handled according to instructions provided by the information owner.

Confidential information is information about our business that is not publicly available and includes any information classified as Internal Use or Confidential, as well as any information that has not been classified. Some examples of information which must be safeguarded from disclosure include:

- products and services
- marketing strategies, pricing, bids and proposals
- rate applications
- information about new technology
- business plans
- customer information and records
- human resources information
- major reorganization plans
- internal audit reports and significant corporate security matters
- training material
- passwords and encryption keys

- licenced computer software programs (even routine programs)
- legal proceedings
- undisclosed financial results
- pictures or recordings of confidential information or discussions
- any video taken on work premise or of Bell premises (must be done with management approval)

Unauthorized disclosure, transmission, misappropriation or misuse of confidential information can have serious consequences for the Company and is strictly prohibited. Using this information for purposes other than furthering the Company's best interests is not only unethical, it may be illegal if it involves the disclosure of material non-public information.

To protect confidential information, whether originated by or entrusted to the Company, employees must:

- ensure that confidential information is classified, stored, transmitted and destroyed securely per the Information Classification and Records Management policy.
- avoid unauthorized disclosure of confidential information
- not store confidential information on laptops, PDAs, etc. outside of secure company premises without appropriate protection/encryption.
- not store confidential information, including pictures, on personal devices that have not been registred through the BYOD (bring your own device) process
- avoid discussing such information in public places (including by phone in taxis, trains and airplanes), with family members or friends who might pass the information on to others deliberately or unintentionally, or with business colleagues when our conversations might be overheard
- report immediately unauthorized disclosure, transmission, misappropriation or misuse of confidential information.

2.12.3 Post employment obligations

Your obligation to protect Bell's confidential information continues after one's employment with Bell has terminated. Upon termination of employment or contract, or reassignment, all employees must:

- return all copies of confidential information and documents, including electronic records, and all third party information entrusted to Bell
- not disclose any such information. This continuing obligation is particularly important in the case of a departing employee who subsequently works for one of Bell's competitors.

How do I tell if a document (paper or electronic) is confidential if it is not marked as such?

- You should begin by asking the person who issued the document (if known), as the originator is the person who must determine the security classification. If you can't find the source of the information and the nature of the document does not make the classification obvious (such as information that has been made public), the document should be treated as Confidential until the proper classification is determined.

The unauthorized disclosure of, or known failures in safeguards which protect, Confidential information is to be reported to Bell's National Incident Centre (NIC) at 1-866-714-0911 or cni-nic@bell.ca.

2.13 Dealing with Customers and Suppliers

We achieve an ongoing competitive advantage by ensuring that our reputation for quality, service and integrity remains intact. Compete fairly but vigorously while complying with our legal and ethical obligations.

2.13.1 Customer Relations

Customers and customer service are at the core of our business. To succeed, we have to be honest, courteous, and respectful when dealing with our customers and their property whether visiting their home or place of business.

Our customers expect us to provide quality products and services, and be truthful when discussing our advantages and benefits. To maintain that trust we should:

- offer customers only those services which we are legally allowed to provide and that they want or need
- promote our products and services accurately even when up selling
- give customers the straight facts about their competitive choices
- guide customers into asking the right questions about their competitive options
- convince customers it's to their advantage to stay with-Bell – or come back from another carrier
- don't offer to waive charges, cut special deals or grant discounts that are not authorized.

2.13.2 Supplier Relations - Reciprocity

Like many corporations, we purchase goods and services from thousands of suppliers, many of whom are also our customers.

While we quite naturally want to do business with our customers, and will take advantage of every opportunity to do so, we must keep in mind that this should not be done at the expense of price, quality and service. These criteria, rather than the simple fact a supplier is or is not our customer, should guide our purchasing decisions.

Reciprocity is an arrangement where a purchaser gives business to a supplier because that supplier is its customer for other products, in preference to another supplier. Reciprocity, whether it originates with the buyer or the seller, should be handled with utmost care for a number of financial, ethical and legal reasons.

For example, we may lose the opportunity to save money on our purchases if we choose suppliers solely because they are Bell customers and we may be accused of anti-competitive behaviour.

Under certain circumstances, we may, for strategic marketing reasons, develop and contract services exclusively with a given supplier. The Law Department must be consulted before such arrangements are established.

Our department is organizing a meeting at a hotel. Due to the large size of our group, and the fact we don't want to travel far, we've chosen a nearby hotel serviced by a competitor's long distance network. Is this okay, or should we find a hotel that uses Bell long distance?

- It is not Bell policy to prohibit employees on Company business from dealing with organizations that do not use Bell's services. While we actively encourage everyone at Bell to do business with our customers, we must ensure that this is not done at the expense of price, quality and service
- Although the hotel you've chosen is not a Bell customer, you were right to choose it if, in your judgment, it best meets the price-quality-service criteria you are looking for: the hotel is located close to your office, it can easily accommodate all the members of your department and, as a result, will enable your group to save both time and traveling expenses.

2.14 Dealing with Competitors

2.14.1 Treating Competitors with Respect

We welcome and encourage fair and open competition and we are committed to treating competitors with due respect. By doing so, we honour the competitive spirit that motivates us to perform at our best.

Behaving competitively means that we:

- do not portray a competitor to the public or to a customer in an inaccurate, misleading, disparaging or unfair manner or in a way contrary to laws that govern competitive business practices
- do not state as a fact our understanding of a competitor's price information as that information may be out of date and incomplete
- exercise care when commenting publicly on such topics as a competitor's financial situation, business practices, management or network reliability, or foreign ownership
- do not behave disrespectfully toward a customer who has decided to purchase a competitor's products or services; rather we rigorously promote and provide high-quality service for any other product we may supply to this customer.

2.14.2 Obtaining Information about our Competitors

We have every right to gather information about the marketplace in which we operate through legal and ethical means. This includes information about our competitors, their products and services, technology, prices, advertising, and so on.

However, we do not engage in industrial espionage; buy proprietary information or induce employees or former employees of our competitors to disclose proprietary or confidential information of his/her current or former employer. That person has an obligation to protect his current or former company's confidential or proprietary information, just as you would be obliged to protect Bell's confidential or proprietary information if you were to leave the Company. It is essential that former employees of competitors do not disclose to anyone their previous employer's confidential information.

Similarly, if you become aware that confidential or proprietary information about a competitor is circulating through the company, you must not <u>use</u> such confidential or proprietary information and must immediately report it to your manager or other person (see section 2.1.3).

Our business unit recently hired someone who was employed with one of our competitors. This person has confidential information which would be very valuable to us. Can we ask him to disclose this confidential information?

- Absolutely not. The new employee has an obligation to protect his former company's confidential or proprietary information, just as you would be obliged to protect Bell's confidential or proprietary information if you were to leave the Company. You must respect the employee's personal integrity as well as his obligation to his former employer. Inducing an employee to disclose such confidential information is a violation of the Code

And If you become aware that this person is disclosing a competitor's confidential information to Bell employees, should you report it?

- Yes you must report this fact to your immediate supervisor or through the Business Conduct Help Line at https://www.clearviewconnects.com/ or by calling 1-866-298-2942 – and you must not use such confidential information.
- Bell's reputation could be significantly harmed by such disclosure and taking immediate steps to contain the confidential information is critical. Failure to report is a violation of the Code

2.14.3 Agreements with Competitors

In many cases, agreements between competitors that restrict i) the price at which competitors can sell their products or services to customers, ii) the customers to whom competitors can sell, or iii) quantities that competitors will produce or market, are criminal offences and thus prohibited. To be clear, this prohibition does not address cases where two competitors are simply entering into an agreement as buyer and seller of each other, as is for instance common in our wholesale division.

The law provides certain exceptions and we may, for strategic reasons, sometimes take advantage of these exceptions and enter into specific agreements with competitors. For instance, the rules allow, under certain conditions, the submission of joint bids with competitors in response to requests for proposal, something which otherwise would appear to be a prohibited agreement on price. The Regulatory/Law Department must be consulted before arrangements with competitors are established.

2.14.4 When a Competitor is a Customer

When providing competitors with network facilities, access or other services we cannot use information obtained as a result of that process in any manner which would give us an undue competitive advantage. This includes ensuring that this information is not made available to those within the Company or its affiliates who develop competitive service strategies. It also means that we must not disclose a customer's choice of competitive carrier to anyone who does not clearly require the information to provide service to the customer.

2.15 Safeguarding Company Assets

2.15.1 Overview

We all have a responsibility to be accountable for and safeguard Company assets from loss, damage, theft, fraud, vandalism, sabotage or unauthorized use, copying, disclosure or disposal. The improper use and/or reporting of assets could seriously undermine the Company's integrity, adversely affect our business strategies and decisions and weaken investor confidence. It could also constitute a criminal offence.

The Company's assets include but are not limited to, offices and office equipment, inventory, computers, art, telephone and video equipment, vehicles, tools, materials, buildings, people, property, information, funds, communication networks, information systems, and intellectual property. The vehicle related policy and practice can be found on the Corporate Services intranet site and covers both the use of Company-owned vehicles and the use of Employee's vehicle for Company purposes.

Access to and use of these assets must be authorized, adequately controlled and based on business needs. We should not use Company assets for personal purposes, except where this use has been authorized by your leader. Each of us must also take appropriate measures to prevent losses due to wilful action by others, both outside and within the Company, which may result in personal injury, property damage, theft, fraud, loss, abuse or unauthorized access to physical or logical assets, and intellectual property (including data).

To best safeguard the tools and equipment used as part of their functions, employees must consult the Bell Corporate Security policies, available on the Corporate Policies & Ethics Program intranet site.

Loss or theft of company assets, property damage and malfunctioning doors and locks are to be reported to Bell's National Incident Centre (NIC) at 1-866-714-0911 or at cni-nic@bell.ca.

2.15.2 Prevention of Fraud

What is Fraud?

Fraud is defined as an intentional deception, falsification, or misrepresentation made for personal gain, or to damage or create loss for the organization, customers, or individuals. This can include the misuse or misapplication of the organization's resources or assets to conduct internal fraud.

Fraud at Bell is strictly prohibited, and successfully preventing fraud requires an ongoing commitment from all of us. This includes actively participating in the prevention, detection, and reporting of suspected fraud, whether committed by an internal or external party. As employees we will not engage, directly or indirectly, in bribery, kick-backs, account falsification, false claims, or any other fraudulent or corrupt business practices.

Fraudulent actions are not only unethical, but may also be a violation of law, Bell has a "zero tolerance" stance with regards to all confirmed fraud situations. If you are approached by anyone with an opportunity to engage in fraudulent activities, you need to report the incident to your manager and Corporate Security or through the confidential Employee Help Line.

2.15.3 Corporate Credit Cards and Company Funds

We are personally responsible for funds, cash, cheques, postage, etc., over which we have control. **Corporate credit cards are not to be used for personal cash withdrawals or purchases and other charge cards are to be used only for business purposes. We must also ensure that all expense vouchers, benefit claims and invoices are accurate and properly authorized.**

Corporate policy regarding the use of corporate credit cards and corporate travel is detailed on the Travel and Expense Management intranet site. We should, whenever possible, use the services of suppliers with whom Bell has negotiated agreements (e.g. travel agents, car-rental agencies, taxi companies, hotels).

2.15.4 Hiring Consultants or Contractors

Hiring of contractors or consultants must follow the rules as outlined on the Contractors and Consultants Procurement intranet site and hiring of external resources must also comply with Personnel Security Policy available on the Corporate Policies & Ethics Program intranet site.

2.15.5 Electronic Procurement and Electronic Processing of Expense Reports

The Company electronically processes much of its procurement needs ***including*** employee expense reports and accounting for corporate credit card payments. ***All employee expense reports and credit card payments must be approved by a Tier one level above the employee submitting the reports.***

Employees are expected to safeguard Company assets and comply with Company policies, including the Policy on Authorizations and the Company's policies on travel and credit card usage.

The Policy on Authorizations is available at Corporate Policies & Ethics Program intranet site.

2.15.6 Business Books and Records

The Company's books and records contain information essential to effective and efficient operations. They form the basis upon which key decisions about the Company are made by our executives, financial analysts, shareholders, investors, and regulators.

Because they are so crucial to the Company meeting its legal, regulatory and financial obligations, we must ensure that all documents, reports, plans and records falling under our responsibility are accurate and complete. We must also ensure that all transactions are properly authorized.

In preparing and maintaining our books and records, we must:

- adhere to all accepted accounting standards and practices, rules, regulations and controls applicable to us
- ensure that all entries are recorded accurately, on time, in the proper accounts, and are properly documented
- record all funds, assets and transactions; we may not establish any undisclosed or unrecorded fund or assets for any purpose
- keep books and records which reflect fairly, accurately and in reasonable detail the Company's transactions, acquisitions and disposal of assets and other relevant activities
- sign only those documents we believe to be accurate and truthful
- restrict access to sensitive or confidential information (such as financial records and customer information) to ensure the information is not accidentally or intentionally disclosed, modified, misused or destroyed
- maintain internal control processes to ensure that the Company meets its book and record keeping obligations.

2.15.7 Standard Contracts and Agreements

Contracts and agreements represent some of the greatest exposures faced by the Company. If you are in a position to develop or sign contracts you must take necessary steps to protect the interests of the Company by ensuring that only Bell standard form template contracts are used and that the contract is reviewed by appropriate departments such as, Legal, Regulatory, Corporate Security, Corporate Responsibility & Environment, Health, Safety and Workplace, Risk Advisory Services and Insurance. **Standard contracts must not be modified without prior Law Department approval.**

2.15.8 Information Technology Security

Computers and computer networks form the backbone of our telecommunications network and operations infrastructure. For this reason, every effort must be made to protect the Company's computer systems and associated software from the various threats to their security, such as accidental or deliberate destruction of data and equipment, interruption of service, disclosure of confidential information, theft and corruption.

To maintain security:

- access to computer systems should only be granted to authorized users
- users are accountable for use of computer systems and access codes and passwords must be kept confidential
- the use of the Company's computer system or network for personal use or other non-Company purposes is prohibited unless specifically authorized by the Company or a manager in direct line of authority
- follow Company rules regarding the purchase and use of computer software
- guard against computer viruses that may damage the Company's computer systems
- report any breach of computer security, policies and standards.

For further information on information security, malicious software, and other policies and directives relevant to securing your computers, contact Corporate Security or visit the Corporate Security intranet site.

Computer security incidents, Virus, worms, spam or phishing using Bell's name, any other computer or data network attacks, weaknesses in security systems, and unexplained systems changes are to be reported to Bell Canada intranet site helpdesk or the Bell Customer Service Desk at 1-888-920-8888.

2.15.9 Personal Use of Company-Provided Internet Access and Other IT Resources

Access to the Internet is primarily provided for business purposes. However, accommodating employees' development and awareness through personal use of Company-provided Internet access is also encouraged.

Personal use of the Internet and e-mail must be reasonable, i.e. it must not impede or reduce an employee's ability to perform his/her duties, diminish productivity or effectiveness at work or negatively impact the Company in any way. Abuse of Company-provided Internet or e-mail may result in disciplinary action.

The law strictly prohibits the use of software on unlicensed computers. You must verify and respect the manufacturer's conditions of license or agreement under which the software was acquired. Copying software onto your computer may be a violation of the software company's licensing agreement as well as copyright laws, and placing the company at risk of prosecution for copyright infringement.

- **I'm attending an important sales meeting next week and I have to prepare a presentation using slides and fairly complicated charts. My colleague has the software I need to put the presentation together, and he's offered to lend me his CDs so I can install the program on my computer. Can I go ahead?**
- No. The law strictly prohibits the use of software on unlicensed computers. By copying your colleague's software into your computer, you may be breaking the software company's licensing agreement as well as copyright laws, and placing the Company at risk of prosecution for copyright infringement. You should speak to your group's computer administrator to discuss your computer needs.

For further details, the Acceptable Use of IT Resources Policy is available on the Corporate Policies & Ethics Program intranet site.

2.15.10 Visible ID

All employees, consultants and contractors must wear a valid, designated ID card at all times while on Company premises. Visitors must wear a valid, designated visitor's card while on Company premises and employees should challenge anyone on Company premises not wearing one.

2.16 Social Media

Social media sites like Facebook, LinkedIn, Twitter and YouTube have all become increasingly effective channels for Bell to strengthen our brand and our connection with customers and the public. All team members are required to follow Bell's Social Media Guidelines (available from the Corporate Policies and Ethics Program intranet site) to ensure we can maximize the value of social media while upholding the reputation of Bell and our team. All team members are required to respect the principles and values outlined in the Bell Code of Business Conduct while navigating through the social media world.

- As a general rule, always remember that you are responsible for what you say or post online. Facebook, LinkedIn, Twitter and other websites are public so never assume that anything you say or post is private.
- If you participate in social media sites, it is important to recognize that, unless you have prior approval through the Social Media team, you are not authorized to speak on behalf of Bell and its related subsidiaries. Rather, you are expressing your personal views and should not give the appearance that you are a company spokesperson.
- If you are not already authorized to speak on Bell's behalf and believe it is a necessary part of your role, please email social.info@bell.ca. The Social Media team will coordinate all

requests for approval with Bell's executive leadership team.

- **Protecting confidential information**: Whether you are posting as an approved Bell spokesperson or for personal reasons, you can only disclose information that is in the public domain. You may not post any comment that would include confidential information concerning our customers, suppliers or team members.
- **Respect the reputation of our company and team members**: Misleading, disparaging or untruthful comments about our company, products, services or team members can seriously undermine our brand and ability to support customers. Do not post comments or participate in online campaigns that could potentially jeopardize our reputation. Speak respectfully about all members of your team, including your superiors.
- As with any company policy, violations may be serious and require a disciplinary response, up to and including termination of employment.
- **Correcting negative or inaccurate comments about Bell**: If you see an inaccurate post about a Bell product or service on Facebook, Twitter or another social forum, please send an email to social.info@bell.ca.

Questions: If you have any questions regarding these Guidelines or Bell's Internet Use Policy, please email corporate.secretariat@bell.ca or call the Business Conduct Help Line at 1-866-298-2942.

A complete copy of the Bell's Social Media Guidelines is available from the Corporate Policies and Ethics Program intranet site. Additional related corporate policies, such as Bell's Internet and Email Policy and Bell Media's Social Media Policy for CTV News and on-air talent are available from the Corporate Policies and Ethics Program intranet site.

2.17 Intellectual Property

2.17.1 Overview

Intellectual property such as patents, copyrights, trade-marks, domain names, inventions, integrated circuit topographies, industrial designs, trade secrets and confidential information are strategic assets of the Company and must not be disclosed to or used by third parties without first ensuring that appropriate legal safeguards are in place. Failure to do so could result in the Company losing its right in a trade secret or patent.

Intellectual property rights also reside in and protect know-how, business methods and processes, computer software, computer operating systems, written materials (including paper or electronic form), inventions, graphics, photographs and audiovisual works, whether developed internally within the Company or obtained from third parties.

In addition to protecting the Company's intellectual property, we also have a responsibility to avoid infringing third party intellectual property rights, as detailed in the intellectual Property Policy referred to below.

Trade-marks, including the Company's logo and its various trade names, are among the Company's most valuable assets. Every employee has a responsibility to preserve, protect and enhance the value of these assets. You should immediately report any infringement or misuse of such trade-marks or trade names to the **Branding and Identity Hot Line** via http://www.brand.bell.ca/en or by calling **(514) 870-2347** or by sending an email to info.branding@bell.ca.

2.17.2 Ownership of Intellectual Property Developed While Working for the Company

All intellectual property conceived or made during or after working hours in the course of our employment with the Company or which are within the scope of the Company's business interests, are rightly the exclusive property of the Company.

Employees are prohibited from applying for patents or other intellectual property registrations in regards to intellectual property that belongs to the Company, nor can the Company's intellectual property be used for personal purposes or gain. We must fully disclose to the Company all intellectual property that we conceived or created during or after working hours in the course of our employment with the Company or which is within the scope of the Company's business interests. Each employee thereby assigns all rights in and to all such intellectual property or inventions, including rights under the *Copyright Act* (to the extent such intellectual property rights are not automatically owned by the Company pursuant to applicable law), in their entirety, without limitation to the Company or BCE Inc. upon their conception or creation by each employee. Each employee also irrevocably waives in favour of the Company and its affiliates all moral rights that he or she may have under the *Copyright Act* or other similar legislation in and to all such intellectual property.

In the event the Company decides to use, sell, license or otherwise commercially exploit any of its intellectual property assets or to apply for protection, registration or enforcement of such rights, we would be expected to co-operate in the preparation and execution of any related documentation.

Upon termination of employment or contract, or reassignment, we must return all tangible and intangible property of the Company or entrusted to the Company still in our possession or custody (including any intellectual property assets).

2.17.3 Developing Patents and Other IP

You may apply to be released from your obligation to assign specific intellectual property rights to the Company. Each case will be examined on its own merit by the Legal Department. To avoid misunderstandings, some employees working in certain positions may be required to sign a formal Assignment of Rights Agreement as a reminder of their obligations pursuant to this Code and other policies of the Company. Failure to do so, however, does not relieve you of the obligations towards the Company pursuant to this Code and other applicable policies.

For additional information, please consult the Intellectual Property Policy intranet site.

2.18 A Work Environment Based on Trust and Mutual Respect

At Bell, we believe that the mental health of our team members is essential to achieving personal and organizational success and we are committed to leading by example in our own workplace by promoting mental health and supporting team members with a mental illness.

We expect every member of the Bell organization to take primary responsibility for their own health. Every employee also has a responsibility to contribute to a mentally healthy workplace.

Bell is committed to:

- Supporting employees experiencing mental illness through our workplace practices;
- Understanding what makes a mentally healthy workplace by reviewing relevant workplace factors, employee feedback, government and legal requirements, and current best practices;
- Setting objectives that drive continuous improvement of our workplace mental health strategy and regularly evaluating our approach;
- Implementing or adapting policies and practices that support a mentally healthy workplace within the context of our corporate priorities and the evolution of our industry;
- Providing resources and training to educate all team members about mental health;
- Encouraging employees to take part in activities that contribute to their own mental health in the workplace.

To view the full policy statement, consult the Corporate Ethics and Policy intranet site at the following link: Corporate Policies and Ethics Program

2.18.1 Overview

Nothing is more basic to ethical behaviour than trust and respect. Upholding these values enables us to build and cultivate more meaningful, richer relationships with fellow employees, customers, suppliers and shareholders.

We are committed to fostering a workplace which encourages open and honest communication recognizes the intrinsic dignity and worth of all employees and values the diversity of employees, customers, suppliers and shareholders.

2.18.2 Diversity and Employment Equity

Diversity is defined as an unwavering respect for each other's uniqueness, including, but not limited to: culture, ethnicity, gender, age, religion, disability, sexual orientation, education and experiences. By valuing our differences, we can create an inclusive work environment based on merit and fairness where all employees can contribute to their fullest potential.

Employment Equity is an important aspect of our diversity strategy. While diversity encompasses many different factors that make each of us unique, legislated employment equity programs focus on four designated groups: women, visible minorities, Aboriginal Peoples and persons with disabilities. The Company is required to comply with employment equity legislation through workforce practices free of barriers to recruiting, retaining and promoting members of these designated groups. Employment Equity is not about hiring unqualified individuals but rather to ensure that the qualified members of the designated groups are given equal employment opportunities.

Employment equity and diversity also makes business sense. A diverse workforce brings Bell closer to its customers. By becoming the supplier of choice to a diverse customer base and the employer of choice to our current and future employees, we further improve Bell's chances of success.

Promotion of self identification through our online employment equity and diversity questionnaire allows the Company to have an accurate assessment of representation within the four groups and allows for appropriate strategies and action plans to be developed in order to address any gaps.

The information collected in the employment equity and diversity questionnaire is confidential.

In addition Diversity training (Career Zone course L744) and "Respect in the Workplace" (also in Career Zone) training are available to help support an inclusive work environment. Information is available at the following link: Diversity and Human Rights.

The Language Diversity Program also provides training, tools and a language pairing program to help support diversity in communications in the workplace.

2.18.3 Discrimination and Harassment

We provide a workplace free of any type of personal harassment, including sexual harassment, intimidation and violence and are committed to an environment in which all workers can work safely.

We prohibit all types of unlawful discrimination, including harassment, whether directed against an individual or group, including employees, customers, suppliers and shareholders. **This specifically includes discrimination based on race, national or ethnic origin, color, religion, age, sex (including pregnancy or childbirth), sexual orientation, marital status, family status, physical or mental disability, conviction for which a pardon has been granted.** Though the spirit of the law is the same, some of the grounds for discrimination may slightly differ for companies that are subject to provincial legislation.

Harassment is defined as vexatious behaviour that is repetitive and hostile or unwanted that degrades, humiliates, embarrasses, affects or insults an employee's dignity or integrity and that results in a harmful work environment for the employee. It may include:

- threats, intimidation and/or verbal abuse, unwelcome remarks or jokes
- unnecessary physical contact, such as touching, patting, pinching or punching
- displaying sexist, racist or other offensive pictures, posters, e-mails or screen displays
- any other action that may reasonably be perceived as offensive or degrading.

Sexual harassment includes offensive or humiliating behaviour that is related to a person's sex, as well as behaviour of a sexual nature that creates an intimidating, unwelcome, hostile or offensive work environment, or that could reasonably be thought to put sexual conditions on a person's job or employment opportunities. A few examples are:

- questions and discussions about a person's sexual life
- commenting on someone's sexual attractiveness or unattractiveness
- displaying posters, calendars and/or screen displays of a sexual nature
- writing notes, letters or e-mails of a sexually suggestive nature.

An employee who believes that he or she is being unlawfully discriminated against should tell the person to stop immediately. If there is imminent danger the matter should be reported to the police and/or emergency services as appropriate (dial **9-1-1**) and then to Corporate Security (dial **1-866-714 -0911)**: If the behaviour or action persists, the employee should report the matter to his or her manager or to a more senior manager in the organization. Unionized employees may elect to contact their union representative; management employees may consult with their Human Resources representative.

2.18.4 Reasonable Accommodation

Accommodation is a part of a broader principle - that our society should be structured and designed for inclusiveness.

An accommodation is considered reasonable if it does not result in undue hardship, such as: significant impact on business operations, or risk to the health and safety of the employee concerned or any other person. Examples of accommodation can include physical or technical alterations to an employee's workspace (work station height, non-standard computer monitor, telephone with amplifier or headset) and modification of work duties or conditions.

2.18.5 Health and Safety

At Bell, the health and safety of our team members and external stakeholders, including customers, contractors, and the general public, is a top priority, in all the areas of our activities. We built and implemented our program, based on specialized expertise and prevention culture and we continue to maintain and improve it. Each team member of the organization is expected to take primary responsibility for their own health and safety, to contribute to a safe and healthy workplace and to comply with our legal and responsibility requirements.

Reflecting our commitment to health and safety, additional information such as policies, programs, procedures, etc. consult the Human Resources intranet site at the following link: Health, Safety and Wellness.

You can also contact the Health, Safety and Workplace Corporate Group for more informationat Info.ss-hs@bell.ca or (514) 870-5848

2.18.6 Corporate Security - Emergency Management

Employees may encounter various emergency situations that can directly affect them or the Company. To this end, the Company is committed to a level of preparedness and planning that is designed to "protect life and property" and to ensure a rapid return to providing service to our customers. Through the development and implementation of emergency response procedures and the "Be Ready" training modules, employees and business units will be ready to respond during emergencies. All employees must follow the "Be Ready" on line training on a yearly basis.

In the event of a life-threatening emergency begin by calling 9-1-1 (or local emergency service). All emergencies and emergency conditions including unplanned evacuations, or situations significantly impairing or potentially impacting service (such as but not limited to significant facility or utility interruptions, surveillance, control systems or any service failures that impact the telecommunication network) occurring on or in proximity to company facilities are to be reported to Bell's National Incident Centre (NIC) at 1-866-714-0911 or cni-nic@bell.ca.

Evidence of serious criminal activity such as evidence of child pornography (which is to be immediately reported on the Internet child pornography reporting form) or terrorism, found on Bell or customer premises or systems, are to be reported to Bell's National Incident Centre (NIC) at 1-866-714-0911, unless involving an imminent threat where 911 must be called.

Significant facility or utility interruptions, surveillance, control systems or any service failures that impact the telecommunication network are to be reported to 1-888-570-1091. For information on Bell's Emergency Management Directive, and procedures, consult the Corporate Security intranet site.

2.18.7 Business Continuity

Being the leading telecom company in Canada comes with great responsibilities. As part of the country's critical infrastructure, we have the duty to make every effort to ensure uninterrupted service. To that end, all business unit leaders and team members must ensure they have appropriate business continuity plans and disaster recovery plans in order to be ready to react to any type of events that may impair our activities.

2.18.8 Alcohol, Drugs and Other Substances

We are required to be fit at all times to perform all assigned duties. While at work, we must not be impaired by the use of alcohol, medication, or illicit drugs.

The use, sale, unlawful possession, manufacture or distribution of alcohol and illicit drugs or non-prescribed medications for which a prescription is legally required, whether on Company work premises or other work locations, is strictly prohibited.

Employees have the responsibility to determine any potential adverse effects when using prescribed or over-the-counter medications with the assistance of their doctor or pharmacist. Intentional misuse of prescribed or over-the-counter medications is strictly prohibited.

For further information consult the Alcohol and Drug Policy on the Human Resources intranet site at: link: Health, Safety and Wellness.

2.18.9 Involvement in a Legal Matter

If you are involved in a legal matter or police case you must immediately inform your manager if this involvement has the potential to affect your ability to perform your job fully and competently. Loss of a driver's license, for example, must be reported immediately if the affected employee is required to drive a Company vehicle.

2.18.10 Workplace Violence Prevention

We all have a right to work in an environment free from violence and threats. The Company prohibits all acts of physical, verbal or written aggression or violence. This applies whether the aggression is committed by one employee against another, or against anyone else an employee comes in contact with when carrying out his or her responsibilities.

It's up to each employee to report any act, or threatened act, of violence to a manager or to Corporate Security. In situations of imminent danger call the police or local emergency services and then Corporate Security. If the danger seems less imminent, take note of the facts: Who was involved? Where and when did the incident take place? Were there any witnesses? Then report the incident to Corporate Security. Corrective action will ensue as required.

Bell promotes a "zero tolerance" approach under which violence of any kind is not tolerated and may result in disciplinary measures up to and including termination for just cause.

Bell's policy Preventing Violence in the Workplace is available on the Human Resources intranet site. In addition, mandatory violence prevention training (Career Zone course L1027) must be taken every three years.

2.19 Protecting the Environment

2.19.1 Overview

The Company believes that environmental protection is an integral part of doing business and is committed to minimizing, through a continuous improvement process, the impact that some of its activities, products or services may have on the environment. It is also every employee's responsibility to comply with our policies.

In support of this commitment, we will:

- exercise due diligence to meet or exceed the requirements of all applicable legislation and other requirements to which it subscribes
- prevent, control and reduce releases into the environment and correct in a timely manner problem situations which could not be prevented
- promote and support cost-effective resource and waste minimization initiatives
- deal with suppliers who seek to minimize their environmental impacts
- develop and market telecommunications services providing people and organizations with innovative solutions that take into account their environmental challenges
- participate with governments, businesses, the public and relevant interest groups to advance environmental protection
- communicate its environmental initiatives and performance to stakeholders on a regular basis
- ensure that employees adhere to this policy and understand their responsibilities in putting it into practice.

2.19.2 Managing Environmental Risks and Opportunities

As per the Company's Environmental Policy, it is every employee's responsibility to make environment an integral part of his daily decisions and actions. Whether it is through the company's operations, through the provisioning of services to our clients, through commercial agreements linking the Company to third parties, or through execution of daily administrative functions, environmental aspects must be diligently addressed. This approach allows us to limit our liabilities, to reduce operational costs and to contribute to improving the company's reputation by exercising a leading position on issues that are increasingly important to the general public.

The Corporate Responsibility & Environment (CR&E) group has developed a series of policies, programs, procedures and guidelines to support employees in their environmental duties. These documents are available through your Enviro-web intranet site.

2.19.3 Environmental Training

Environmental training is mandatory for all employees directly involved in managing one of the following environmental issues: Incidents, manhole effluents, network impacts, residual materials (hazardous and non hazardous), treated wood poles, petroleum products or ozone depleting substances. Training must be completed before the employee is assigned to its operational duties.

The training is available either face-to-face or on-line, depending on the employee's organizational group and access to on-line training.

You can contact the Enviro-Line to know the name of your environmental coordinator, who will inform you on required training based on your job responsibilities: enviroline@bell.ca or telephone: 1-877-235-5368.

The on-line training site is available at the following address: http://formation.enviro.int.bell.ca/.

2.19.4 Reporting Environmental Incidents

An environmental incident is an unforeseen situation that can have a negative impact on the environment and may need to be reported to the government authorities.

Whether it is a small spill or leak, a fire in a hazardous material recovery warehouse or a customer complaint such as relating to noise, contaminated property resulting from Bell operations etc., employees must report all environmental incidents no matter what type, cause or seriousness.

The Corporate Responsibility and Environment group must be immediately notified of all environmental incidents involving the company, whether or not they are an emergency and regardless of where they occur. A member of the team will provide employees with the necessary guidance and will ensure reporting to governmental authorities as required. **The Enviro-Line at 1-877-235-5368 can be reached 24 hrs per day**.

For inquiries, support, or to raise concerns with environmental issues, please contact your CR&E group via Enviro-Line (1-877-235-5368) or enviroline@bell.ca.

1 ROLES AND RESPONSIBILITIES

3.1 Annual Review

All employees are expected to review the Code at least once a year and certify that they have done so by signing form BC3684, "Code of Business Conduct/Annual Record of Review" (attachment 2A). This form is kept in every employee's personnel file.

Members of the Board of Directors of Bell Canada and BCE Inc., as well as all executives, are expected to certify each year that they have reviewed, understand and comply with the Code (attachment 1A).

3.2 Reporting Conflicts of Interest

If there is an actual or potential conflict of interest, employees must also complete form BC3684(A), "*Disclosure of a Conflict of Interest or Potential Conflict of Interest"* and forward it to the Corporate Secretary's Office at corporate.secretariat@bell.ca. Form 3684(A) is found at attachment 2B and is also available on the Human Resources intranet site Your Workplace; Your Workplace Values at address: http://rhr.int.bell.ca/

3.3 Business Unit Responsibility

Managers are required to ensure that all employees have access to the Code either on-line or in a paper format if required, and that they know, understand and comply with its provisions. To this end, they should ensure that all employees review the **Code annually and comply with the annual review process outlined** above.

3.4 Board of Directors, Corporate Governance Committee and the Audit Committee

The Board of Directors, with the recommendation of the Corporate Governance Committee, has the authority to approve this policy. In addition, the Corporate Secretary's Office in conjunction with Internal Audit, report quarterly to the Audit Committee on the number and scope of issues brought via the Business Conduct Help Line.

3.5 Corporate Secretary's Office

The Corporate Secretary's Office has the responsibility of administering the Code and managing the Business Conduct Help Line, securing annual certification of all executives and members of the Board of Directors under the Code, addressing conflict of interest issues and ensuring compliance by all Business Units.

4 APPENDICES

4.1 Supporting procedures

The Code of Business Conduct annual review is included in the annual performance process. These procedures are located in the Career & Development Centre intranet site under Objective Performance.

4.2 Reference to Attachments

Attachment 1A	Certification of the Members of the Boards of Directors of BCE Inc. and Bell Canada and executives under the Code of Business Conduct;
Attachment 2A	Form BC 3684 – Employee Annual Record of Review
Attachment 2B	Form BC 3684A – Disclosure of Conflict of Interest or Potential Conflict of Interest
Attachment 3	Additional Resources
General Circulars (GC)	General Circulars provide detail for adherence to Bell policies, standards and procedures. They can be ordered through Xerox by faxing your request to 1-418-692-0011
Bell Privacy Policy	Corporate Policies & Ethics Program intranet site
Corporate Security Policies and Practices	Corporate Policies & Ethics Program intranet site and the Corporate Security intranet site

Attachment 1A:

CERTIFICATION OF DIRECTORS AND EXECUTIVES UNDER THE CODE OF BUSINESS CONDUCT

The Boards of Directors of BCE Inc. and Bell Canada (in each case, the "**Company**") and our shareholders, expect all Directors and executives of the Company to follow the highest possible standards of honest and ethical conduct and to encourage and promote a culture in which ethical business conduct is recognized, valued and exemplified.

Certification

I certify that I have reviewed, understand and follow the Bell Canada Code of Business Conduct (the "**Code**").

In addition, I support the setting of standards needed to discourage wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships,
- full, fair, accurate and timely disclosure in reports and documents that the Company files with, or submits to, securities regulators and in other public communications made by the Company, in accordance with the Disclosure Policy,
- compliance with laws, rules and regulations of federal, provincial, state or local governments, and other relevant private and public regulatory agencies in all jurisdictions in which the Company operates,
- prompt reporting of all material violations of the Code to the Chair of the Audit Committee of the Board of Directors of the Company.

To the best of my knowledge and ability, I will act in good faith, responsibly, with due care, competence and diligence, without misrepresenting material facts or allowing my independent judgement to be compromised.

I acknowledge that I am accountable for following the Code and the responsibilities I have under it. I also acknowledge that complying with the Code is a condition of my employment. If I do not comply with it or applicable laws, rules or regulations, I may be subject to disciplinary measures, which could include dismissal from the Company.

Attachment 2A: **Form BC 3684**

EMPLOYEE ANNUAL RECORD OF REVIEW

Employee

Family name	Given names	Employee number

Policy on conflict of interest

Employees owe their first business allegiance to the Company, and therefore they must remain free of interests or relationships which are harmful or detrimental to the Company's best interests. Employees should avoid not only a real conflict of interest, but also the appearance of one which could tarnish their own or the Company's image. Even though it is not always possible to avoid relationships that could place you in a position of potential conflict, it is important to inform your manager and avoid actions or decisions that would conflict with the Company's interests.

Conflict of interest can lead to disciplinary action, even to dismissal and/or prosecution. If you are in doubt, you should discuss your specific situation with your manager, who will then advise you as to the position of the Company with respect to the matter.

Annual certification

I have reviewed, fully understand and follow the Bell Canada's "Code of Business Conduct" including the section on Conflict of Interest. I have reported to my manager any relationship or other circumstances that do or could place me in conflict with the interests of the Company. Any new situations will be reported as they occur. I hereby certify that I have no real or potential conflict of interest, except what is noted on Form BC 3684A. BC 3684A, Declaration of conflict of interest or potential conflict of interest form is available as Attachment 2B of this Code.

Employee Signature ______________________ Date

Immediate Manager Name ______________________ Signature

Note to immediate Manager: This form is to be completed and signed each year and retained in employee's personnel file.

Attachment 2B: **Form BC 3684A**

DISCLOSURE OF CONFLICT OF INTEREST OR POTENTIAL CONFLICT OF INTEREST

Note to immediate manager: Please file original in employee's personnel file. A copy should also be sent to the Corporate Secretary's Office at corporate.secretariat@bell.ca.

Employee

Family name ______________________ Given names ______________________ Employee number ______________________

I am directly or indirectly involved in other business or employment, which may give rise to or is at present in conflict with, or potential conflict with, the best interests of the Company:

____

____

I have direct or indirect investment, business involvements or relationships, which may give rise to or is at present in conflict with, or potential conflict with, the best interests of the Company:

____

____

I have, in the past (2) years, been employed or otherwise commercially involved in endeavours or companies which are in competition with Bell Canada and its affiliated companies (e.g.: Rogers, Telus, Videotron, Cogeco, etc.):

____

____

I am currently or was recently bound by restrictive covenants such as non-competition or non-solicitation restrictions:

____

____

Other:

____

____

I understand that in my previous employment or commercial involvement with a competitor of Bell Canada and its affiliated companies I may have become aware of or given access to undisclosed confidential or proprietary information of my previous employer. As such, unless this information has been publicly disclosed or otherwise available in the marketplace, I am not to share such information. I also acknowledge that I have returned to my previous employer all property belonging to my previous employer including any confidential or proprietary information and documents provided to me including any third party information that was entrusted to me.

Signature:	______________	Manager's signature:	______________
Title:	______________	Title:	______________
Organization code:	______________	Organization code:	______________
Phone number:	______________	Phone number:	______________
Date:	______________	Date:	______________

Attachment 3:

ADDITIONAL RESOURCES

If you have any questions regarding the issues raised in this document or any questions on the Code, speak to your manager or call the Business Conduct Help Line at https://www.clearviewconnects.com/ or by calling **1-866-298-2942** (toll free).

If you wish to report any unethical or illegal behaviour such as corporate fraud, or to raise any concerns regarding the Company's accounting, internal accounting controls or auditing matters, you may report the matter to your manager or call the Business Conduct Help Line at https://www.clearviewconnects.com/ or by calling **1-866-298-2942** (toll free).

You may also contact the following resources:

- The Code of Business Conduct or for additional information (forms, training) access the Human Resources intranet site (HR Policies - Workplace)
- Industrial Relations Consultants intranet site
- Corporate Security intranet site:
  - Life-threatening emergencies call **9-1-1**
  - Loss or theft of company assets, internal fraud, criminal activity, property damage, unauthorized disclosure of Confidential information, known failures in security safeguards, malfunctioning doors and locks, emergency conditions and service impacting situations are to be reported to Bell's National Incident Centre (NIC) Corporate Security at **1-866-714-0911** or at cni-nic@bell.ca
  - Computer security incidents, Virus, worms, spam or phishing using Bell's name, any other computer or data network attacks, weaknesses in security systems, and unexplained systems changes are to be reported to the CSD intranet site at 1-888-920-8888
  - Significant facility or utility interruptions, surveillance, control systems or any service failures that impact the telecommunication network are to be reported on **1-888-570-1091**
- Emergency Response System (non life-threatening emergencies) at **1-866-714-0911** or at cni-nic@bell.ca
- Corporate Responsibility at **1-877-235-5368 or** at responsibility@bell.ca.
- Enviro-Line Bell (environmental issues) intranet site or at **1-877-235-5368**
- Branding and Identity Line at **(514) 870-2347** or at info.branding@bell.ca
- Intellectual Property Policy Group at Legal and Regulatory – Regulatory Affairs intranet site
- Corporate Secretary's Office intranet site or at 514-786-8424 Occupational Health, Safety and Workplace at **(514) 870-5848 or at** Info.ss-hs@bell.ca
- Office of the Bell Privacy Ombudsman for Customer related privacy issues at privacy@bell.ca or for additional privacy related information visit:
- External Privacy link on www.bell.ca
- Internal Privacy related information on the Regulatory Affairs intranet site at Legal and Regulatory – Regulatory Affairs – Privacy
- Privacy in the Workplace for Employees is available at link: Privacy, Human Rights & Diversity
- **Bell employees**
  - In Ontario, E-mail: privacy.coordinator@bell.ca
  - In Québec, E-mail: coord.rens.pers@bell.ca
- **Bell Mobility employees**
  - E-mail: Coordonateur-protectiondesrenseignementspersonnels@mobility.com
- **Bell ExpressVu employees**
  - E-mail: privacycoordinator@expressvu.com

5. POLICY OR PRACTICE DETAILS

Issuing BU	Law & Regulatory Department
Policy sponsor	Executive Vice-President and Chief Legal & Regulatory Officer
Policy owner	Corporate Secretary's Office
Primary contact	Corporate Secretary's Office
Required approvals	Board of Directors, Corporate Governance Committee, Corporate Secretary
FIRST RELEASE	1995
Review cycle	Annually

Required Policy or Practice management elements checklist

Monitoring compliance processes defined	Yes
Communication plan complete	Yes
Communication materials complete	Yes
Training plan complete	Yes

Revision history

Date	Change owner	Changed by	Description
2008	Alain Dussault	Alain Dussault	Changes to reflect 100 Day Plan
2009	Alain Dussault	Alain Dussault	Annual update
2010	Alain Dussault	Alain Dussault	Annual update
Feb. 2011	Alain Dussault	Alain Dussault	Update
August 2011	Alain Dussault	Alain Dussault	Annual update
August 2012	Alain Dussault	Alain Dussault	Annual update
August 2013	Alain Dussault	Alain Dussault	Annual update

Exhibit 99.5

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements No. 333-12130 on Form F-3, No. 333-12780 and 333-12802 on Form S-8 and No. 333-188525 on Form F-10 and to the use of our reports dated March 6, 2014, relating to the consolidated financial statements of BCE Inc. which expresses an unmodified opinion and includes an Emphasis of Matter paragraph relating to the retrospective adoption of new accounting standards and the effectiveness of BCE Inc.'s internal control over financial reporting, and to such reports appearing in and being incorporated by reference in this Annual Report on Form 40-F of BCE Inc. for the year ended December 31, 2013.

(signed) Deloitte LLP[1]

Montréal, Canada
March 12, 2014

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[1] CPA auditor, CA, public accountancy permit No. A104644

Exhibit 99.31

CERTIFICATIONS

I, George A. Cope, certify that:

1. I have reviewed this annual report on Form 40-F of BCE Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

---

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 12, 2014

(signed) George A. Cope

George A. Cope
President and Chief Executive Officer
BCE Inc.

CERTIFICATIONS

I, Siim A. Vanaselja, certify that:

1. I have reviewed this annual report on Form 40-F of BCE Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

---

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 12, 2014

(signed) Siim A. Vanaselja

Siim A. Vanaselja
Executive Vice-President and Chief Financial Officer
BCE Inc.

Exhibit 99.32

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. Section 1350), as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of BCE Inc. (the “Company”), does hereby certify that:

the annual report on Form 40-F for the year ended December 31, 2013 of the Company (the “Form 40-F”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Form 40-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

	(signed) George A. Cope
Date: March 12, 2014	George A. Cope President and Chief Executive Officer BCE Inc.
	(signed) Siim A. Vanaselja
Date: March 12, 2014	Siim A.Vanaselja Executive Vice-President and Chief Financial Officer BCE Inc.