

No securities regulatory authority has expressed an opinion about these securities and it is an offense to claim otherwise.

This pricing supplement, together with the prospectus to which it relates, as amended or supplemented, and each document deemed to be incorporated by reference into the prospectus, as amended or supplemented, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

PRICING SUPPLEMENT NO. 1 DATED JUNE 13, 2012  
(TO SHORT FORM BASE SHELF PROSPECTUS AND PROSPECTUS SUPPLEMENT,  
DATED AUGUST 15, 2011 AND JUNE 13, 2012, RESPECTIVELY)



**Bell Canada**

**\$1,000,000,000**

**MTN Debentures, Series M-25, Due June 18, 2019**

(UNSECURED)

**Unconditionally guaranteed as to payment of principal,  
interest and other payment obligations by BCE Inc.**

**TERMS OF ISSUE**

<b>Designation:</b>	3.35% Debentures, Series M-25, Due June 18, 2019	<b>Redemption:</b>	See "Redemption"
<b>Principal Amount:</b>	\$1,000,000,000	<b>Repurchase Upon Change of Control Triggering Event:</b>	See "Repurchase Upon Change of Control Triggering Event"
<b>Date of Issue:</b>	June 18, 2012	<b>Interest Rate:</b>	3.35% per annum
<b>Maturity Date:</b>	June 18, 2019	<b>Interest Payment Dates:</b>	December 18 and June 18
<b>Price to the Public:</b>	99.839%	<b>Initial Interest Payment Date:</b>	December 18, 2012
<b>Agents' Commission:</b>	0.37%	<b>Form of Issuance:</b>	Global debenture, in book-entry only form, registered in the name of CDS & Co.
<b>Net Proceeds to Bell Canada:</b>	\$994,690,000	<b>ISIN Number:</b>	CA 07813ZBB90

**AGENTS**

<b>National Bank Financial Inc.</b>	<b>RBC Dominion Securities Inc.</b>	<b>Scotia Capital Inc.</b>	<b>BMO Nesbitt Burns Inc.</b>	<b>CIBC World Markets Inc.</b>	<b>Desjardins Securities Inc.</b>
<b>Merrill Lynch Canada Inc.</b>	<b>TD Securities Inc.</b>	<b>Barclays Capital Canada Inc.</b>	<b>Citigroup Global Markets Canada Inc.</b>	<b>Casgrain &amp; Company Limited</b>	

## **REDEMPTION**

Bell Canada shall be entitled, at its option, to redeem the 3.35% Debentures, Series M-25, due June 18, 2019 (“Series M-25 Debentures”) in whole at any time or in part from time to time, by giving prior notice of not less than 30 days and not more than 60 days to the holders thereof, at the greater of the “Canada Yield Price” (as defined in the next sentence) and par, together in each case with accrued and unpaid interest up to but excluding the date fixed for redemption. “Canada Yield Price” shall mean a price equal to the price of the Series M-25 Debentures calculated on the banking day preceding the day on which the redemption is authorized by Bell Canada to provide a yield from the date fixed for redemption to the maturity date of the Series M-25 Debentures to be redeemed equal to the “Government of Canada Yield” (as defined in the next sentence) plus 0.46%. “Government of Canada Yield” shall mean the yield from the date fixed for redemption to the maturity date of the Series M-25 Debentures to be redeemed, assuming semi-annual compounding, which an issue of non-callable Government of Canada bonds would carry on the remaining term to the maturity date of the Series M-25 Debentures to be redeemed. The “Government of Canada Yield” in the case of redemption of the Series M-25 Debentures shall be the average of the yields provided by two registered Canadian investment dealers selected by the Trustee and approved by Bell Canada. In case of partial redemption, the Series M-25 Debentures shall be redeemed on a *pro rata* basis.

## **REPURCHASE UPON CHANGE OF CONTROL TRIGGERING EVENT**

If a Change of Control Triggering Event (as defined below) occurs with respect to the Series M-25 Debentures, unless Bell Canada has exercised its optional right to redeem all of the Series M-25 Debentures as described under “Redemption” above, Bell Canada will be required to make an offer to each holder of the Series M-25 Debentures to repurchase all or, at the option of the holder thereof, any part (equal to \$1,000 or an integral multiple thereof) of the Series M-25 Debentures pursuant to the offer described below (the “Change of Control Offer”). In the Change of Control Offer, Bell Canada will be required to offer payment in cash equal to 101% of the outstanding principal amount of the Series M-25 Debentures together with accrued and unpaid interest on the Series M-25 Debentures repurchased up to but excluding the date of purchase (the “Change of Control Payment”).

Within 30 days following any Change of Control Triggering Event, Bell Canada will be required to give written notice to each holder of Series M-25 Debentures, with a copy to the Trustee, describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase the Series M-25 Debentures on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is given (the “Change of Control Payment Date”), pursuant to the procedure described herein and in such notice. Bell Canada must comply with the requirements of applicable securities laws and regulations in connection with the repurchase of the Series M-25 Debentures as a result of a Change of Control Triggering Event. To the extent that the provisions of any such applicable securities laws and regulations conflict with the Change of Control (as defined below) provisions, Bell Canada will be required to comply with such laws and regulations and will not be deemed to have breached its obligation to offer to repurchase the Series M-25 Debentures by virtue of such conflict.

On the Change of Control Payment Date, Bell Canada will, to the extent lawful:

1. accept for payment all Series M-25 Debentures or portions of Series M-25 Debentures properly tendered pursuant to the Change of Control Offer;
2. deposit with the Trustee an amount of money equal to the Change of Control Payment in respect of all Series M-25 Debentures or portions of Series M-25 Debentures properly tendered pursuant to the Change of Control Offer; and
3. deliver or cause to be delivered to the Trustee the Series M-25 Debentures properly accepted, together with a certificate of Bell Canada stating the aggregate principal amount of the Series M-25 Debentures or portions of Series M-25 Debentures being purchased by Bell Canada.

The Trustee will promptly pay to each holder of properly tendered Series M-25 Debentures an amount equal to the Change of Control Payment in respect of such Series M-25 Debentures either, at the Trustee’s option, by mailing (first class mail, postage prepaid) a cheque to such holder or by means of a wire transfer in accordance with the applicable payment procedures of CDS, and the Trustee will promptly certify and mail (first class mail, postage prepaid) (or cause to be transferred by book-entry) to each such holder a new Series M-25 Debenture equal in principal amount to any unpurchased portion of any Series M-25 Debentures surrendered; provided that each new Series M-25 Debenture will be in a principal amount of \$1,000 and integral multiples of \$1,000 in excess thereof.

Bell Canada will not be required to make a Change of Control Offer upon a Change of Control Triggering Event if a third party makes such an offer substantially in the manner, at the times and in compliance with the requirements for a Change of Control Offer (and for at least the same purchase price payable in cash) and such third party purchases all Series M-25 Debentures properly tendered and not withdrawn under its offer.

“Change of Control” means the occurrence of any one of the following: (i) the consummation of the direct or indirect sale, transfer, conveyance, lease or other disposition (other than by way of consolidation, amalgamation or merger), in one or a series of related transactions, of all or substantially all of the property and assets of Bell Canada and its subsidiaries, taken as a whole, to any person or group of persons acting jointly or in concert for purposes of such transaction other than (a) sales, transfers, conveyances, leases or other dispositions to Bell Canada and/or its subsidiaries, or (b) provided that the Series M-25 Debentures shall remain subject to the Guarantee, or any other guarantee by BCE Inc. (“BCE”) of the full and timely payment when due of all of Bell Canada’s payment obligations to the Trustee and the holders thereof with respect to the Series M-25 Debentures, sales, transfers, conveyances, leases or other dispositions to BCE and/or its subsidiaries (excluding Bell Canada and its subsidiaries); or (ii) the consummation of any transaction including, without limitation, any consolidation, amalgamation, merger or issue of voting shares the result of which is that any person or group of persons acting jointly or in concert for purposes of such transaction (other than BCE, Bell Canada and/or their subsidiaries) becomes the beneficial owner, directly or indirectly, of voting shares of BCE or Bell Canada having more than 50% of the voting power for the election of directors of BCE or Bell Canada (but shall not include the creation of a holding company, the combination of Bell Canada with BCE or any of their subsidiaries by any method whatsoever or any other similar transaction that does not involve a change in the beneficial ownership of BCE, Bell Canada or any successor thereof).

“Change of Control Triggering Event” means the occurrence of both a Change of Control and a Rating Event.

“Investment Grade Rating” means a rating equal to or higher than Baa3 (or the equivalent) by Moody’s Investors Service, Inc. (“Moody’s”), BBB- (or the equivalent) by Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. (“S&P”) or BBB (low) (or the equivalent) by DBRS Limited (“DBRS”), or the equivalent investment grade credit rating from any other Specified Rating Agency.

“Rating Event” means the rating of the Series M-25 Debentures is lowered to below an Investment Grade Rating by at least two out of three of the Specified Rating Agencies if there are three Specified Rating Agencies or all of the Specified Rating Agencies if there are less than three Specified Rating Agencies (the “Required Threshold”) on any day within the 60-day period (which 60-day period will be extended so long as the rating of the Series M-25 Debentures is under publicly announced consideration for a possible downgrade by such number of the Specified Rating Agencies which, together with Specified Rating Agencies which have already lowered their ratings on the Series M-25 Debentures as aforesaid, would aggregate in number the Required Threshold, but only to the extent that, and for so long as, a Change of Control Triggering Event would result if such downgrade were to occur) after the earlier of (a) the occurrence of a Change of Control and (b) public notice of the occurrence of a Change of Control or of BCE’s or Bell Canada’s intention or agreement to effect a Change of Control.

“Specified Rating Agencies” means each of Moody’s, S&P and DBRS as long as, in each case, it has not ceased to rate the Series M-25 Debentures as the case may be, or failed to make a rating of the Series M-25 Debentures publicly available for reasons outside of Bell Canada’s control; provided that if one or more of Moody’s, S&P or DBRS ceases to rate the Series M-25 Debentures, or fails to make a rating of the Series M-25 Debentures publicly available for reasons outside of Bell Canada’s control, Bell Canada may select any other “approved rating organization” within the meaning of National Instrument 41-101 of the Canadian Securities Administrators as a replacement agency for such one or more of them, as the case may be.

### **USE OF PROCEEDS**

The net proceeds of the offering are intended to be used for general corporate purposes, including the repayment of outstanding commercial paper, which indebtedness was incurred for general corporate purposes, and funding a portion of the cost of BCE’s acquisition of Astral Media Inc., which is expected to close in the second half of 2012.

### **DOCUMENTS INCORPORATED BY REFERENCE**

The following documents, which are not specifically listed in the Short Form Base Shelf Prospectus of Bell Canada dated August 15, 2011 (the “Prospectus”), and which have been filed by Bell Canada or BCE, as the case may be, with the provincial securities regulatory authorities in Canada, are specifically incorporated by reference in and form an integral part of the Prospectus:

- (a) BCE’s audited Consolidated Financial Statements for the year ended December 31, 2011, and the Report of Independent Registered Chartered Accountants thereon and the Report of Independent Registered Chartered Accountants on BCE’s internal control over financial reporting, provided on pages 77 to 120 of the BCE 2011 Annual Report;
- (b) BCE’s Management’s Discussion and Analysis for the year ended December 31, 2011 provided on pages 22 to 75 and on page 121 of the BCE 2011 Annual Report;

- (c) Bell Canada's unaudited Selected Summary Financial Information for the periods ended December 31, 2011 and December 31, 2010 dated March 14, 2012;
- (d) BCE's Annual Information Form dated March 8, 2012 for the year ended December 31, 2011;
- (e) BCE's Management Proxy Circular dated March 8, 2012 in connection with the annual general meeting of the shareholders of BCE held on May 3, 2012;
- (f) BCE's unaudited interim consolidated financial statements for the three-month periods ended March 31, 2012 and 2011 provided on pages 26 to 35 of the BCE 2012 First Quarter Shareholder Report;
- (g) BCE's Management's Discussion and Analysis for the three-month period ended March 31, 2012 provided on pages 2 to 25 of the BCE 2012 First Quarter Shareholder Report; and
- (h) Bell Canada's unaudited Selected Summary Financial Information for the three-month periods ended March 31, 2012 and 2011 dated May 3, 2012.

**EXHIBIT**

**CONSENT OF THE INDEPENDENT REGISTERED CHARTERED PROFESSIONAL ACCOUNTANTS**

We have read the Pricing Supplement no. 1 of Bell Canada dated June 13, 2012 to the short form base shelf prospectus and prospectus supplement dated August 15, 2012 and June 13, 2012, respectively relating to the offering of \$1,000,000,000 Series M-25 Debentures of Bell Canada (collectively, the "Prospectus"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the Prospectus of our reports to the board of directors and shareholders of BCE Inc. on the consolidated statements of financial position of BCE Inc. and its subsidiaries as at December 31, 2011, December 31 2010 and January 1, 2010, and the related consolidated income statements and statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2011 and December 31, 2010 and on the effectiveness of BCE's internal control over financial reporting as of December 31, 2011. Our reports are dated March 8, 2012.

(signed) Deloitte & Touche LLP<sup>(1)</sup>  
Independent Registered Chartered Professional Accountants  
Montréal, Canada  
June 13, 2012

<sup>(1)</sup> CPA auditor, CA, public accountancy permit no. A104644

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

*This prospectus supplement, together with the short form base shelf prospectus dated August 15, 2011 to which it relates, as amended or supplemented, and each document incorporated by reference into this prospectus supplement and the short form base shelf prospectus dated August 15, 2011 to which it relates, constitutes a public offering of these securities only in those jurisdictions where such securities may be lawfully offered for sale and therein only by persons permitted to sell such securities.*

**Prospectus Supplement to Short Form Base Shelf Prospectus Dated August 15, 2011**

New Issue

**June 13, 2012**



**Bell Canada**  
**\$3,000,000,000**  
**MTN Debentures**  
(Unsecured)

**Unconditionally guaranteed as to payment of principal,  
interest and other payment obligations by BCE Inc.**

Unsecured debentures (the "**MTN Debentures**") of Bell Canada (the "**Corporation**" or "**Bell Canada**") may be offered hereunder from time to time in one or more series in an aggregate amount of up to \$3,000,000,000 (or the equivalent thereof in other currencies based on the applicable exchange rate at the time of the offering) calculated on the basis of the principal amount of the MTN Debentures issued by Bell Canada, in the case of interest bearing MTN Debentures, or on the basis of gross proceeds received by Bell Canada, in the case of non-interest bearing MTN Debentures, during the 25-month period that the short form base shelf prospectus of Bell Canada dated August 15, 2011 (the "**Prospectus**"), including any amendments thereto, remains valid. Such aggregate principal amount is subject to reduction as a result of the sale by Bell Canada of other debt securities consisting of debentures, notes and/or other unsecured evidences of indebtedness or other instruments (collectively, the "**Debt Securities**" and each, individually, a "**Debt Security**") pursuant to another prospectus supplement to the Prospectus into which this prospectus supplement (this "**Prospectus Supplement**") is incorporated.

The offering of the MTN Debentures will be made pursuant to the medium-term debenture program of Bell Canada. The MTN Debentures will have maturities of more than one year and will be either interest bearing MTN Debentures or non-interest bearing MTN Debentures and will be issued at par, at a discount or at a premium. The MTN Debentures will be unsecured, will rank *pari passu* with all other unsecured and unsubordinated indebtedness of Bell Canada and will be issued under a trust indenture. See "Details of the MTN Debentures". Payment of principal, interest and other payment obligations will be fully and unconditionally guaranteed on an unsecured, unsubordinated basis by BCE Inc. (the "**Guarantor**" or "**BCE**"). See "Details of the MTN Debentures – Guarantee".

The MTN Debentures may be offered in an amount and on such terms as may be determined from time to time depending on market conditions and other factors. The specific variable terms of any offering of MTN Debentures (including, where applicable and without limitation, the specific designation, the aggregate principal amount being offered, the currency, the issue and delivery date, the maturity date, the issue price (or the manner of determination thereof if offered on a non-fixed price basis), the interest rate (either fixed or floating, and, if floating, the manner of calculation thereof), the interest payment date(s), the redemption, repayment, exchange or conversion provisions (if any), the repayment terms, the name and compensation of the agents, underwriters or dealers acting as principals, the method of distribution, the form (either global or definitive) and the actual net proceeds to Bell Canada) will be set forth in one or more pricing supplements (each a "**Pricing Supplement**") which will accompany this Prospectus Supplement. Bell Canada also reserves the right to include in a Pricing Supplement specific variable terms pertaining to the MTN Debentures which are not within the options and parameters set forth in this Prospectus Supplement.

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## Rates on Application

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The MTN Debentures will be offered by one or more of Barclays Capital Canada Inc., BMO Nesbitt Burns Inc., Casgrain & Company Limited, CIBC World Markets Inc., Citigroup Global Markets Canada Inc., Desjardins Securities Inc., Merrill Lynch Canada Inc., National Bank Financial Inc., RBC Dominion Securities Inc., Scotia Capital Inc. and TD Securities Inc. pursuant to the Dealer Agreement referred to under the heading "Plan of Distribution", or by such other investment dealers as may be selected from time to time by Bell Canada (collectively, the "**Dealers**" and each, individually, a "**Dealer**"). The Dealers shall act as Bell Canada's agents or as principals, as the case may be, subject to confirmation by Bell Canada pursuant to the Dealer Agreement. The rate of compensation payable in connection with the sale of the MTN Debentures by the Dealers will be as determined by agreement between Bell Canada and the Dealers. MTN Debentures may be purchased from time to time by any of the Dealers, as an underwriter or dealer purchasing as principal, at such prices and at such rates of compensation as may be agreed upon by Bell Canada and any such Dealers, for resale to the public at prices to be negotiated with purchasers. Such resale prices may vary during the distribution period and as between purchasers. In connection with this offering, the Dealers may, subject to applicable law, over-allot or effect transactions intended to fix or stabilize the market price of the MTN Debentures at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

Each Dealer's compensation will be increased or decreased by the amount by which the aggregate price paid for the MTN Debentures by the purchasers exceeds or is less than the gross proceeds paid by the Dealers, acting as principal, to Bell Canada. Bell Canada may also offer MTN Debentures to one or more purchasers, directly, at such prices and terms as may be negotiated with any such purchasers.

The MTN Debentures will not be listed on any securities exchange. **Consequently, there is no market through which the MTN Debentures may be sold and purchasers may not be able to resell the MTN Debentures purchased under this Prospectus Supplement. This may affect the pricing of the MTN Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of the MTN Debentures and the extent of issuer regulation. See "Risk Factors" in the Prospectus.**

Certain legal matters relating to the offering of MTN Debentures will be passed upon by Mr. Michel Lalande, Senior Vice-President – General Counsel of Bell Canada, Stikeman Elliott LLP and Sullivan & Cromwell LLP on behalf of the Corporation and on behalf of the Dealers by Norton Rose Canada LLP and Shearman & Sterling LLP. Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

**All of the Dealers, except Casgrain & Company Limited, are subsidiaries or affiliates of lenders that have made credit facilities available to Bell Canada and its related issuers. Accordingly, Bell Canada may be considered to be a connected issuer of such Dealers for purposes of applicable Canadian securities laws. See "Plan of Distribution".**

**In this Prospectus Supplement, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars.**

**We are permitted, under a multijurisdictional disclosure system adopted by the United States, to prepare this Prospectus Supplement in accordance with Canadian disclosure requirements, which are different from those of the United States. We prepare our financial statements in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and they may be subject to Canadian auditing and auditor independence standards. They may not be comparable to financial statements of United States companies.**

**Owning the MTN Debentures may subject you to tax consequences both in the United States and Canada. This Prospectus Supplement or any applicable Pricing Supplement may not describe these tax consequences fully. You should read the tax discussion in this Prospectus Supplement and in any applicable Pricing Supplement.**

**Your ability to enforce civil liabilities under the United States federal securities laws may be affected adversely because Bell Canada and BCE are incorporated in Canada, some of our officers and directors and some of the experts named in this Prospectus Supplement are Canadian residents, and a substantial portion of our assets is located in Canada.**

**Neither the U.S. Securities and Exchange Commission nor any state securities regulator has approved or disapproved the MTN Debentures, or determined if this Prospectus Supplement is truthful or complete. Any representation to the contrary is a criminal offense.**

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### DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed, as of the date hereof, to be incorporated by reference into the Prospectus only for the purposes of the offering of the MTN Debentures. Other documents are also incorporated or deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for full details.

One or more Pricing Supplements containing the specific terms of an offering of MTN Debentures will be delivered to purchasers of such MTN Debentures together with this Prospectus Supplement and the Prospectus and will be deemed to be incorporated by reference into this Prospectus Supplement and the Prospectus as of the date of such Pricing Supplement only for the purposes of the offering of the MTN Debentures covered by such Pricing Supplement.

**Any statement contained in the Prospectus, in this Prospectus Supplement or in a document incorporated or deemed to be incorporated by reference into the Prospectus for purposes of the offering of the MTN Debentures will be deemed to be modified or superseded for purposes of the Prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference into the Prospectus for the purposes of the offering of the MTN Debentures modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of the Prospectus.**

Pursuant to the exemption provided under Section 13.4 of National Instrument 51-102 — *Continuous Disclosure Obligations*, Bell Canada does not file with the securities commissions and similar securities regulatory authorities in Canada separate continuous disclosure information regarding Bell Canada except for: (a) the selected summary financial information referred to in the Prospectus; and (b) a material change report for a material change in respect of the affairs of Bell Canada that is not also a material change in the affairs of BCE.

Updated earnings coverage ratios will be filed quarterly with the applicable securities regulatory authorities, either as prospectus supplements or as exhibits to BCE's interim unaudited and annual audited



consolidated financial statements, and will be deemed to be incorporated by reference into this Prospectus Supplement and the Prospectus for the purposes of the offering of MTN Debentures.

## RECENT DEVELOPMENTS

### Update on acquisition of Astral Media Inc.

On March 16, 2012, BCE announced the signing of a definitive agreement to acquire all of the issued and outstanding shares of Astral Media Inc. ("Astral"). On May 24, 2012, BCE announced that Astral's shareholders approved the transaction. On May 25, 2012, the Québec Superior Court issued the final order approving the transaction. The remaining conditions to the closing of the transaction include the required approvals of the Canadian Radio-television and Telecommunications Commission and of the Commissioner of Competition.

### Acquisition of Q9 Networks Inc.

On June 2, 2012, BCE and an investor group comprising Ontario Teachers' Pension Plan ("Teachers"), Providence Equity Partners ("Providence") and Madison Dearborn Partners ("Madison Dearborn") announced an agreement to acquire Canadian data centre operator Q9 Networks Inc. ("Q9") for \$1.1 billion. Q9 is a provider of outsourced data centre infrastructure for organizations with mission-critical IT operations.

Under the agreement, Teachers, Providence and Madison Dearborn will contribute 70%, or \$420 million, of the equity funding and BCE will provide the remaining 30%, or \$180 million. New debt financing by Q9, already committed, will also fund a portion of the acquisition. The transaction is expected to close before the end of 2012, subject to regulatory approval, termination rights and customary closing conditions.

BCE, Teachers, Providence and Madison Dearborn have committed to settle the reverse break-fee proceedings instituted by BCE in December 2008 in connection with the termination of the proposed privatization of BCE, with terms to be finalized in advance of closing of the transaction. The reverse break-fee settlement, which will consist of non-cash consideration, will be part of the overall transaction and will be conditional upon completion of the transaction.

## USE OF PROCEEDS

The net proceeds from the issue of the MTN Debentures will be the issue price less any compensation of the Dealers and expenses of issue paid in connection therewith. Such net proceeds cannot be estimated, as the amount will depend on the extent to which MTN Debentures are issued and the prices and terms of issuance. The maximum aggregate amount of MTN Debentures will not exceed \$3,000,000,000 (or the equivalent thereof in other currencies based on the applicable exchange rate at the time of the offering) calculated on the basis of the principal amount of the MTN Debentures issued by Bell Canada, in the case of interest bearing MTN Debentures, or on the basis of the gross proceeds received by Bell Canada, in the case of non-interest bearing MTN Debentures. Such amount is subject to reduction as a result of the sale by Bell Canada of other Debt Securities pursuant to another prospectus supplement to the Prospectus. The MTN Debentures may be issued by Bell Canada from time to time during the 25-month period that the Prospectus, including any amendments thereto, remains valid.

Unless otherwise specified herein or in a Pricing Supplement, the net proceeds resulting from the issue of the MTN Debentures may be used for repayment of indebtedness, to fund capital expenditures or acquisitions or for other general corporate purposes. The expenses of this offering and commissions will be paid out of Bell Canada's general funds.

## PLAN OF DISTRIBUTION

Pursuant to a dealer agreement dated June 13, 2012 (the "**Dealer Agreement**") between Bell Canada and the Dealers, the Dealers are authorized, as agents of Bell Canada, for such purpose only, to solicit offers from time to time to purchase MTN Debentures (i) in each of the provinces of Canada, directly and through other investment dealers approved by Bell Canada, (ii) in the United States, through registered broker-dealer affiliates of the Dealers,

and (iii) in other jurisdictions with the prior written approval of Bell Canada. The rate of compensation payable in connection with sales by the Dealers of MTN Debentures will be as determined by agreement between Bell Canada and the Dealers.

The Dealer Agreement also provides that MTN Debentures may be purchased from time to time by any of the Dealers as an underwriter or dealer purchasing as principal, at such prices and at such rates of compensation as may be agreed upon between Bell Canada and such Dealers, for resale to the public in Canada at prices to be negotiated with each purchaser. Such resale prices may vary during the distribution period and as between purchasers. Each Dealer's compensation will be increased or decreased by the amount by which the aggregate price paid for the MTN Debentures by the purchasers exceeds or is less than the gross proceeds paid by the Dealers, acting as principals, to Bell Canada. If any of the Dealers act as an underwriter in purchasing MTN Debentures as principal for resale to the public, the obligations of the underwriter(s) to purchase such MTN Debentures and the obligations of Bell Canada to sell such MTN Debentures will be subject to certain conditions precedent, and the underwriter(s) will be obligated to purchase all such MTN Debentures offered if any of such MTN Debentures are purchased.

Bell Canada may also from time to time (i) select one or more additional investment dealers to offer MTN Debentures pursuant to the Dealer Agreement, (ii) enter into separate agreements with investment dealers, including investment dealers other than the Dealers mentioned herein, to solicit offers to purchase MTN Debentures and (iii) offer the MTN Debentures to one or more purchasers directly, in each of the Provinces of Canada, the United States, and any other jurisdiction, at such prices and terms as may be negotiated by Bell Canada with any such purchasers, subject to certain restrictions as to timing.

Bell Canada and the Dealers have agreed to indemnify each other against certain liabilities, including liabilities under Canadian provincial securities legislation and the United States Securities Act of 1933, as amended.

All of the Dealers, except Casgrain & Company Limited, are subsidiaries or affiliates of lenders (the "**Lenders**") that have made credit facilities (the "**Credit Facilities**") available to Bell Canada and its related issuers. As at March 31, 2012, a total amount of approximately \$914.5 million (of which \$614.5 million represents indebtedness of Bell Canada, \$293.8 million represents indebtedness of Bell Aliant Inc., and \$6.2 million represents indebtedness of Bell Media Inc.) was outstanding under the Credit Facilities. Accordingly, Bell Canada may be considered to be a connected issuer to the Dealers, other than Casgrain & Company Limited, for purposes of securities laws in certain Canadian provinces. Bell Canada and its related issuers are not and have not been in default of their respective obligations to the Lenders under the Credit Facilities, which are unsecured. The proceeds to be received by Bell Canada from the offering of MTN Debentures under this Prospectus Supplement may, from time to time, be used to reduce indebtedness under the Credit Facilities. The decision to distribute MTN Debentures will be made by Bell Canada and the terms and conditions of distribution will be determined through negotiations between Bell Canada and the Dealers. The Lenders will not have any involvement in such decision and will not have any involvement in such determination. None of the Dealers will receive any benefit from the offering of MTN Debentures other than its portion of the remuneration payable by Bell Canada on the principal amount of the MTN Debentures sold through or to such Dealers. Certain of the Dealers or their affiliates have in the past engaged, and may in the future engage, in transactions with and perform services, including commercial banking, financial advisory and investment banking services, for Bell Canada and its related issuers in the ordinary course of business for which they have received or may receive customary compensation.

In accordance with rules and policy statements of certain Canadian securities regulators, the Dealers may not, throughout the period of distribution of a series of MTN Debentures, bid for or purchase such series of MTN Debentures. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising prices of, such series of MTN Debentures. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market-making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Subject to the foregoing and applicable laws, in connection with the offering, and subject to the first exception mentioned above, the Dealers may engage in over-allotment and stabilizing transactions and purchases to cover short positions created by the Dealers in connection with the offering. Stabilizing transactions consist of certain bids or purchases for the purpose of preventing or retarding a decline in the market price of a

particular series of MTN Debentures and short positions created by the Dealers involving the sale by the Dealers of a greater number of MTN Debentures of such series than may be offered by Bell Canada in the offering. These activities may stabilize, maintain or otherwise affect the market price of the MTN Debentures, which may be higher than the price that might otherwise prevail in the open market; these activities, if commenced, may be discontinued at any time. These transactions may be effected in the over-the-counter market or otherwise.

Bell Canada and, if applicable, the Dealers reserve the right to reject any offer to purchase MTN Debentures in whole or in part. Bell Canada also reserves the right to withdraw, cancel or modify the offering of MTN Debentures under this Prospectus Supplement without notice.

## DETAILS OF THE MTN DEBENTURES

The following description of the MTN Debentures is a summary of certain of their material attributes and characteristics, which does not purport to be complete in every detail and is qualified in its entirety by reference to the MTN Indenture (as defined below). The terms and conditions set forth in this "Details of the MTN Debentures" section will apply to each MTN Debenture unless otherwise specified in the applicable Pricing Supplement. The following summary uses words and terms which have been defined in the Prospectus and the MTN Indenture. For full particulars of the terms of the MTN Debentures, reference is made to the Prospectus and the MTN Indenture.

### General

The MTN Debentures will have maturities of more than one year and will either be interest bearing MTN Debentures or non-interest bearing MTN Debentures and will be issued at par, at a discount or at a premium. The MTN Debentures will be issued in minimum denominations of \$1,000 and integral multiples thereof in Canadian currency, or such other currencies or denominations as may be determined at the time of issue and as specified in the applicable Pricing Supplement.

The specific variable terms of any offering of MTN Debentures (including, where applicable and without limitation, the specific designation, the aggregate principal amount of MTN Debentures being offered, the currency, the issue and delivery date, the maturity date, the issue price (or the manner of determination thereof if offered on a non-fixed price basis), the interest rate (either fixed or floating and, if floating, the manner of calculation thereof), the interest payment date(s), the redemption, repayment, exchange or conversion provisions (if any), the repayment terms, the name and compensation of the Dealers, the method of distribution, the form (either global or definitive), and the actual net proceeds to Bell Canada) will be set forth in a Pricing Supplement. Bell Canada also reserves the right to include in a Pricing Supplement specific variable terms pertaining to the MTN Debentures which are not within the options and parameters set forth in this Prospectus Supplement.

The MTN Debentures will be unsecured and unsubordinated obligations of Bell Canada, will rank *pari passu* with all other unsecured and unsubordinated indebtedness of Bell Canada and will be issued under a trust indenture dated as of November 28, 1997 executed by Bell Canada in favour of CIBC Mellon Trust Company (the "**Trustee**"), as trustee and under a first supplemental trust indenture between the same parties bearing formal date of July 12, 1999 (the "**First Supplemental Trust Indenture**") and under a second supplemental trust indenture dated February 1, 2007 among Bell Canada, the Trustee and BCE, as Guarantor (the "**Second Supplemental Trust Indenture**"), as subsequently amended from time to time (the trust indenture dated as of November 28, 1997, the First Supplemental Trust Indenture and the Second Supplemental Trust Indenture, as subsequently amended from time to time, being hereinafter collectively referred to as the "**MTN Indenture**"). The MTN Debentures will be issued at rates of interest, if any, and at prices determined by Bell Canada from time to time based on a number of factors, including market conditions and advice from the Dealers.

Under the MTN Indenture, Bell Canada has the right, without the consent of the holders of MTN Debentures, to issue MTN Debentures with terms different from MTN Debentures previously issued or to reopen a previously issued series of MTN Debentures and issue additional MTN Debentures of the same series having terms identical to the previously issued MTN Debentures of the same series.

The MTN Indenture also provides that all MTN Debentures issued on or after July 12, 1999 shall, unless otherwise specified in the Corporation Order (as defined in the MTN Indenture) creating each specific series of MTN Debentures, be redeemable, at Bell Canada's option, in whole at any time or in part from time to time, by giving prior notice of not less than 30 days and not more than 60 days to the holders thereof, at the greater of the "Canada Yield Price" (as defined below) and the principal amount of the MTN Debentures, together in each case with all unpaid interest accrued up to but excluding the date fixed for redemption.

## **Guarantee**

The Guarantor has irrevocably and unconditionally guaranteed the full and timely payment when due, whether at stated maturity, by required payment, acceleration, declaration, demand or otherwise, of all of the payment obligations of Bell Canada under the MTN Indenture existing at the time the Guarantor entered into such guarantee and, unless otherwise provided in a supplemental trust indenture, incurred thereafter (the "**Guarantee**"). Such Guarantee therefore includes all of the payment obligations of Bell Canada under the MTN Debentures in accordance with the terms of such MTN Debentures and as provided in the Guarantee pursuant to the MTN Indenture. The Guarantor has agreed that its obligations under the Guarantee shall be irrevocable and unconditional, irrespective of, shall not be affected or limited by, and shall not be subject to any defense, set-off, counterclaim or termination by reason of: (i) the legality, genuineness, validity, regularity or enforceability of the Guarantee or the liabilities of Bell Canada guaranteed thereby; (ii) any provision of applicable law or regulation prohibiting the payment by Bell Canada of the MTN Debentures; or (iii) any other fact or circumstance which might otherwise constitute a defense to a guarantee. The Guarantor has no right of subrogation, reimbursement or indemnity whatsoever against Bell Canada, nor any right of recourse to security for its obligations under the Guarantee, unless and until all MTN Debentures have been finally and irrevocably paid in full. The obligations of the Guarantor under the MTN Indenture and the Guarantee shall be continuing obligations. The liability of the Guarantor shall be discharged or satisfied only upon full payment and performance by either Bell Canada or the Guarantor of all the payment obligations of Bell Canada under the MTN Debentures.

## **Form of MTN Debentures**

Unless otherwise specified in the applicable Pricing Supplement, the MTN Debentures will be issued in the form of fully registered global debentures (the "**Global Debentures**") held by, or on behalf of, CDS Clearing and Depository Services Inc. or a successor thereof ("**CDS**"), and will be registered in the name of CDS or its nominee. Direct and indirect participants of CDS, including The Depository Trust Company ("**DTC**"), Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), on behalf of their respective accountholders, will record beneficial ownership of the MTN Debentures on behalf of their respective accountholders. Purchasers of MTN Debentures represented by Global Debentures will not receive MTN Debentures in definitive form unless Bell Canada, in its sole discretion, elects to prepare and deliver definitive MTN Debentures (the "**Definitive MTN Debentures**") in fully registered form. Furthermore, upon the occurrence of certain stated events, if CDS notifies Bell Canada that it is unwilling or unable to continue as a depository in connection with a Global Debenture, or if CDS ceases to be a clearing agency or otherwise ceases to be eligible to be a depository, and Bell Canada is unable to find a qualified successor, or if Bell Canada elects, in its sole discretion, to terminate the book-entry system in respect of a Global Debenture, Bell Canada will arrange to have issued and delivered to participants of CDS, on behalf of beneficial owners, Definitive MTN Debentures.

Beneficial interests in Global Debentures, constituting ownership of the MTN Debentures, will be represented through book-entry accounts of institutions (including the Dealers) acting on behalf of beneficial owners, as direct and indirect participants of CDS. Direct and indirect participants of CDS, including DTC, Euroclear and Clearstream, Luxembourg, will record beneficial ownership of the MTN Debentures on behalf of their respective accountholders. Each purchaser of an MTN Debenture represented by a Global Debenture will receive a customer confirmation of purchase from the Dealer(s) from whom the MTN Debenture is purchased in accordance with the practices and procedures of the Dealer(s). Such practices may vary between Dealers, but generally, customer confirmations are issued promptly following execution of a customer order. CDS will be responsible for establishing and maintaining book-entry accounts for its participants having interests in Global Debentures. The rights of beneficial owners of Global Debentures shall be limited to those established by applicable law and any agreements between CDS and its participants, and between such participants and the beneficial owners

of Global Debentures, and must be exercised through a participant in accordance with the rules and procedures of CDS.

### **Transfer of MTN Debentures**

Transfers of beneficial ownership of MTN Debentures represented by Global Debentures will be effected through records maintained by CDS or its nominee for such Global Debentures (with respect to interests of its direct participants) and through the records of participants (with respect to interests of persons other than its direct participants). Unless Bell Canada prepares and delivers Definitive MTN Debentures as described above under "Form of MTN Debentures", beneficial owners who are not participants in CDS' book-entry system, but who desire to purchase, sell or otherwise transfer ownership of, or other interest in, Global Debentures, may do so only through participants in CDS' book-entry system.

The ability of a beneficial owner of an interest in a Global Debenture to pledge or otherwise take action with respect to such owner's interest in a Global Debenture (other than through a participant of CDS) may be limited by reason of not holding a certificate registered in such owner's name.

If applicable, registered holders of Definitive MTN Debentures may transfer such Definitive MTN Debentures upon payment of taxes or other charges incidental thereto, if any, by executing and delivering a form of transfer together with the Definitive MTN Debentures to any of the principal offices of the Trustee in Montréal or Toronto or in any other city which may be designated by Bell Canada, whereupon new Definitive MTN Debentures will be issued in authorized denominations in the same aggregate principal amount as the Definitive MTN Debentures so transferred and registered in the names of the transferees.

The Trustee shall not be required to register any transfer of a Definitive MTN Debenture on any interest payment date or during the ten business days preceding any interest payment date.

### **DTC, Euroclear and Clearstream, Luxembourg**

Noteholders may hold their MTN Debentures through the accounts maintained by DTC, Euroclear or Clearstream, Luxembourg in CDS only if they are participants of those systems, or indirectly through organizations which are participants of those systems.

DTC, Euroclear and Clearstream, Luxembourg will hold omnibus book-entry positions on behalf of their participants through customers' securities accounts in their respective depositaries which in turn will hold such positions in customers' securities accounts in the names of the nominees of the depositaries on the books of CDS. All securities in DTC, Euroclear and Clearstream, Luxembourg are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Transfers of MTN Debentures by persons holding through Euroclear or Clearstream, Luxembourg participants will be effected through CDS, in accordance with CDS rules, on behalf of the relevant European international clearing system by its depositaries; however, such transactions will require delivery of transfer instructions to the relevant European international clearing system by the participant in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transfer meets its requirements, deliver instructions to its depositaries to take action to effect the transfer of the MTN Debentures on its behalf by delivering MTN Debentures through CDS and receiving payment in accordance with its normal procedures for next-day funds settlement. Payments with respect to the MTN Debentures held through Euroclear or Clearstream, Luxembourg will be credited to the cash accounts of Euroclear participants or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures, to the extent received by its depositaries.

All information in this Prospectus Supplement on CDS, DTC, Euroclear and Clearstream, Luxembourg, reflects Bell Canada's understanding of the policies of such organizations which may change at any time without notice.

## **Redemption**

Unless otherwise specified in the applicable Pricing Supplement, Bell Canada will be entitled, at its option, to redeem the MTN Debentures of any series, in whole at any time or in part from time to time, by giving prior notice of not less than 30 days and not more than 60 days to the holders thereof, at the greater of the Canada Yield Price (as defined below) and the principal amount of the MTN Debentures, together in each case with unpaid interest accrued up to but excluding the date fixed for redemption. Unless otherwise specified in the applicable Pricing Supplement, in the case of partial redemption, the particular MTN Debentures of a series to be redeemed shall be selected by the Trustee from the outstanding securities of such series not previously called for redemption by such method as it shall deem equitable and which may provide for the selection for redemption of portions (equal to \$1,000 or a multiple thereof) of the principal of securities of a denomination larger than \$1,000.

The MTN Indenture defines the following terms substantially as follows:

**"Canada Yield Price"** means, with respect to an MTN Debenture, a price equal to the price of the MTN Debenture, calculated on the business day preceding the day on which the redemption is authorized by Bell Canada, to provide a yield from the date fixed for redemption to the maturity date with respect to the principal of such MTN Debenture, equal to the "Government of Canada Yield", plus 0.05%, or such other percentage as may be set forth in a Pricing Supplement; and

**"Government of Canada Yield"** means, with respect to an MTN Debenture, the simple average of the yields, determined by two registered Canadian investment dealers selected by the Trustee and approved by Bell Canada who are independent of Bell Canada, as being the yield from the date fixed for redemption to the maturity date with respect to the principal of such MTN Debenture, assuming semi-annual compounding, which an issue of non-callable Government of Canada bonds would carry on the remaining term to the maturity date with respect to the principal of such MTN Debenture.

The MTN Debentures will not be redeemable at the option of the holder prior to maturity unless otherwise specified in the applicable Pricing Supplement. A Pricing Supplement may specify that an MTN Debenture will be redeemable at the option of the holder on a date or dates specified prior to maturity at a price or prices as set out in the Pricing Supplement, together with all unpaid interest accrued up to but excluding the date fixed for redemption.

## **Payment of Principal and Interest**

Payments of principal of and premium, if any, and interest, if any, on each Global Debenture will be made to CDS or its nominee, as the case may be, as registered holder of the Global Debenture. As long as CDS or its nominee is the registered holder of a Global Debenture, CDS or its nominee, as the case may be, will be considered to be the sole owner of the Global Debenture for the purpose of receiving payments of principal of and premium, if any, and interest, if any, on the Global Debenture and for all other purposes under the Global Debenture. The record date for the payment of interest will be a day no earlier than the day on which the Trustee shall cease to register the transfer of MTN Debentures as provided in the MTN Indenture. Interest payments on Global Debentures will be delivered to CDS or its nominee, as the case may be.

Bell Canada understands that CDS or its nominee, upon receipt of any payment of principal and premium, if any, or interest, if any, in respect of a Global Debenture, will credit its participants' accounts, on the date the principal and premium, if any, or interest, if any, is paid, with payments in amounts proportionate to their respective interests in the principal amount of such Global Debenture as shown on the records of CDS or its nominee. Bell Canada also understands that payments of principal and premium, if any, or interest, if any, by participants of CDS to the beneficial owners in such Global Debenture held through such participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such participants. The responsibility and liability of Bell Canada in respect of payments on Global Debentures is limited solely and exclusively, while the MTN Debentures are in Global Debenture form, to making payment of principal and premium, if any, and interest, if any, due on such Global Debenture to CDS or its nominee. Bell Canada will not have any responsibility or liability for any aspect of the records relating to beneficial ownership interests in the Global Debenture or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

If Definitive MTN Debentures are issued instead of and in the place of Global Debentures, payments of principal and premium, if any, and interest, if any, will be made by Bell Canada or by the Trustee as paying agent for Bell Canada.

If the due date for payment of any principal of and premium, if any, or interest, if any, on any MTN Debenture is not, at the place of payment, a business day, such payment will be made on the next business day and the holder of such MTN Debentures will not be entitled to any further interest or other payment in respect of such delay.

The MTN Debentures, if interest bearing, will be issued as floating rate MTN Debentures or as fixed rate MTN Debentures. The following terms of MTN Debentures that bear interest at a fixed rate ("**Fixed Rate MTN Debentures**") will apply unless otherwise specified in the applicable Pricing Supplement.

Each Fixed Rate MTN Debenture will bear interest from the later of the date of such MTN Debenture and the last interest payment date to which interest shall have been paid or made available for payment on such MTN Debenture provided that, in respect of the first interest payment date after the issuance thereof, each Fixed Rate MTN Debenture will bear interest from the date of such MTN Debenture. The interest rate will be specified in the applicable Pricing Supplement.

Interest on each Fixed Rate MTN Debenture will be payable semi-annually on such dates as are specified in the applicable Pricing Supplement. Interest payments on each interest payment date for Fixed Rate MTN Debentures will include interest accrued to, but excluding, such interest payment date.

For any MTN Debentures denominated in Canadian dollars, although Bell Canada will make all payments of principal and interest on the MTN Debentures in Canadian dollars, holders of MTN Debentures held through DTC will receive such payments in U.S. dollars. Canadian dollar payments received by CDS will be exchanged into U.S. dollars and paid directly to DTC in accordance with procedures established from time to time by CDS and DTC. All costs of conversion will be borne by holders of MTN Debentures held through DTC who receive payments in U.S. dollars. Holders of MTN Debentures held through DTC may elect, through procedures established from time to time by DTC and its participants, to receive Canadian dollar payments, in which case such Canadian dollar amounts will be transferred directly to Canadian dollar accounts designated by such holders to DTC.

## **Covenants**

The MTN Indenture contains covenants to the following effect:

(1) **Limitation on Liens.** Subject to the exceptions set forth in paragraph (2) below, Bell Canada will not issue, assume or guarantee any Debt secured by, and will not after the date of the MTN Indenture secure any Debt by, a Mortgage upon any property of Bell Canada (whether now owned or hereafter acquired), without in any such case effectively providing concurrently therewith that the MTN Debentures (together with any other Debt of Bell Canada which may then be outstanding and entitled to the benefit of a covenant similar in effect to this covenant) shall be secured equally and rateably with such Debt; provided, however, that the foregoing restrictions shall not apply to Debt secured by:

- (i) Purchase Money Mortgages;
- (ii) Mortgages on property of a corporation existing at the time such corporation is merged into or consolidated with Bell Canada or at the time of a sale, lease or other disposition to Bell Canada of the properties of a corporation as an entirety or substantially as an entirety;
- (iii) Mortgages on current assets of Bell Canada securing Current Debt of Bell Canada; or
- (iv) any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any Mortgage referred to in the foregoing clauses (i) or (ii) or any Mortgage existing at the date of the MTN Indenture, provided, however, that the principal amount of Debt

secured thereby shall not exceed the principal amount of Debt so secured at the time of such extension, renewal or replacement, and that such extension, renewal or replacement shall be limited to all or a part of the property which secured the Mortgage so extended, renewed or replaced (plus improvements on such property).

(2) **Additional Permitted Liens.** In addition to Mortgages permitted by paragraph (1) above, Bell Canada may issue, assume or guarantee any Debt secured by, or secure after the date of the MTN Indenture any Debt by, a Mortgage upon any property of Bell Canada (whether now owned or hereafter acquired) if, after giving effect thereto, the aggregate principal amount of Debt secured by Mortgages of Bell Canada permitted only by this paragraph (2) does not at such time exceed 5% of the Net Worth of Bell Canada.

The terms "**Current Debt**", "**Debt**", "**Mortgage**", "**Net Worth of Bell Canada**" and "**Purchase Money Mortgage**" are defined in the MTN Indenture.

### **Events of Default**

The MTN Indenture provides that any of the following constitutes an event of default: (i) default in the payment of the principal of or premium, if any, on any MTN Debenture when the same becomes due and payable and continuation of such default for a period of five days; (ii) default in the payment of any instalment of interest on any MTN Debenture when the same becomes due and payable and continuation of such default for a period of 90 days; (iii) default in the payment of any purchase or sinking fund instalment on any MTN Debenture when the same shall become due and payable and continuation of such default for a period of 30 days; (iv) default in the performance or observance of any covenant, agreement or condition of the MTN Indenture and continuation of such default for a period of 90 days after written notice has been given by the Trustee to Bell Canada specifying such default and requiring Bell Canada to remedy the same or after written notice by the holders of not less than 25% in principal amount of the MTN Debentures at the time outstanding; (v) certain events of insolvency or bankruptcy and, in certain cases, continuation of such events for a period of 60 days; and (vi) default, as defined in one or more instruments evidencing indebtedness for borrowed money of Bell Canada, shall happen and be continuing in relation to indebtedness in excess of 5% of the aggregate principal amount of all outstanding indebtedness for borrowed money of Bell Canada, and (a) shall consist of a failure to make any payment of principal at maturity or (b) shall have resulted in the acceleration of such indebtedness so that the same shall be or become due and payable prior to the date on which the same would otherwise have become due and payable.

If an event of default has occurred under the MTN Indenture and is continuing, the Trustee may in its discretion and shall upon the request in writing of the holders of at least 25% of the principal amount of the MTN Debentures issued and outstanding under the MTN Indenture, subject to any waiver of default under the MTN Indenture, by notice in writing to Bell Canada declare the principal and interest on all MTN Debentures then outstanding under the MTN Indenture and other money payable thereunder to be due and payable.

### **Modification**

The rights of the holders of MTN Debentures under the MTN Indenture may in certain circumstances be modified. For that purpose, among others, the MTN Indenture contains provisions making extraordinary resolutions binding upon all holders of MTN Debentures issued thereunder. "Extraordinary resolution" is defined, in effect, as a resolution passed at a meeting of such holders by the affirmative votes of the holders of at least 66 2/3% of the principal amount of MTN Debentures voted on the resolution at a meeting of holders at which a quorum, as specified in the MTN Indenture, is present or as one or more instruments in writing signed by the holders of at least 66 2/3% in principal amount of all outstanding MTN Debentures. In certain cases, modifications may require separate extraordinary resolutions of the holders of a specific series of MTN Debentures outstanding under the MTN Indenture.

Certain changes can be made only with the consent of each holder of an outstanding series of MTN Debentures. In particular, each holder must consent to changes in the right of a holder of MTN Debentures to receive payment of the principal of and interest on such MTN Debentures, on or after the respective due dates expressed in such MTN Debentures, or to institute suit for the enforcement of any such payment on or after such respective dates.



## CREDIT RATINGS

As of the date of this Prospectus Supplement, the MTN Debentures to be issued pursuant to this Prospectus Supplement have been rated A (low) by DBRS Limited ("**DBRS**"), Baa1 by Moody's Investors Service, Inc. ("**Moody's**") and BBB+ by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("**S&P**") (each, a "**Rating Agency**" and collectively, the "**Rating Agencies**"). Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities. Ratings for long-term debt instruments range from "AAA" (DBRS and S&P) and "Aaa" (Moody's), which represent the highest quality of securities, to "D" (DBRS and S&P) and "C" (Moody's), which represent the lowest quality of securities rated. The A (low) rating for the MTN Debentures is the seventh highest credit rating of the 26 credit ratings given by DBRS, the Baa1 rating is the eighth highest credit rating of the 21 credit ratings given by Moody's and the BBB+ rating is the eighth highest credit rating of the 22 credit ratings given by S&P. The ten highest credit ratings given by each of DBRS, Moody's and S&P are considered investment grade ratings. Each rating should be evaluated independently of another rating.

Credit ratings have also been assigned by the Rating Agencies to the Corporation's commercial paper program and subordinated long-term debt. For full particulars on such credit ratings, reference is made to BCE's Annual Information Form dated March 8, 2012 for the year ended December 31, 2011 on pages 21 to 24 under the heading "Ratings for BCE Inc. and Bell Canada Securities".

The credit ratings assigned by the Rating Agencies are not recommendations to buy, sell or hold securities of the Corporation and may be revised or withdrawn at any time by the Rating Agencies. Customary payments are made to the Rating Agencies by the Corporation in connection with their assessment of the creditworthiness of the Corporation and associated credit ratings. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a Rating Agency in the future if in its judgment circumstances so warrant.

## ELIGIBILITY FOR INVESTMENT

In the opinion of Stikeman Elliott LLP, Canadian counsel to the Corporation, the MTN Debentures offered hereby, if issued on the date of this Prospectus Supplement, would be qualified investments under the *Income Tax Act* (Canada) (the "**Tax Act**") and the regulations thereunder for trusts governed by a registered retirement savings plan ("**RRSP**"), a registered retirement income fund ("**RRIF**"), a registered disability savings plan, a registered education savings plan or a deferred profit sharing plan (other than a trust governed by a deferred profit sharing plan for which any employer is Bell Canada or is an employer with whom Bell Canada does not deal at arm's length for the purposes of the Tax Act) and tax-free savings accounts ("**TFSA**"). The MTN Debentures offered hereby, if issued on the date of this Prospectus Supplement, would not be a "prohibited investment" for a TFSA, RRSP and RRIF provided the holder of such TFSA or the annuitant of a RRSP or RRIF deals at arm's length with Bell Canada for the purposes of the Tax Act and does not have a "significant interest" (within the meaning of the Tax Act) in Bell Canada or in a corporation, partnership or trust with which Bell Canada does not deal at arm's length for purposes of the Tax Act.

## MATERIAL CANADIAN TAX CONSIDERATIONS

In the opinion of Stikeman Elliott LLP, Canadian counsel to the Corporation, the following summary is generally applicable to a holder who acquires, as beneficial owner, the MTN Debentures, including entitlement to all payments thereunder, pursuant to this Prospectus Supplement (a "**Holder**") who, at all relevant times, for the purposes of the Tax Act and any applicable income tax treaty or convention (i) is not, and is not deemed to be, resident in Canada, (ii) deals at arm's length with Bell Canada and any transferee resident (or deemed to be resident) in Canada to whom the Holder disposes of the MTN Debentures, (iii) does not use or hold, and is not deemed to use or hold, the MTN Debentures in a business carried on in Canada (a "**Non-Resident Holder**"), (iv) does not receive any payment of interest (including any amounts deemed to be interest) on the MTN Debentures in respect of a debt or other obligation to pay an amount to a person with whom Bell Canada does not deal at arm's length, (v) is not an "authorized foreign bank", as defined in the Tax Act, (vi) is not a "registered non-resident insurer", as defined in the Tax Act, and (vii) is not an insurer carrying on an insurance business in Canada and elsewhere. This summary is based on the current provisions of the Tax Act and the regulations thereunder, all specific proposals to amend the Tax Act and the regulations publicly announced by or on behalf of the Minister of Finance of Canada prior to the

date hereof (the "**Tax Proposals**") and our understanding of the administrative and assessing practices and policies published in writing by the Canada Revenue Agency prior to the date hereof. This summary does not take into account or anticipate any other changes in the law, whether by judicial, governmental or legislative decision or action, nor does it take into account other federal or provincial, territorial or foreign income tax considerations, which may vary from the Canadian federal income tax considerations described herein. There can be no assurance that the Tax Proposals will be enacted in the form proposed or at all. **THIS SUMMARY IS GENERAL IN NATURE AND IS NOT EXHAUSTIVE OF ALL POSSIBLE CANADIAN TAX CONSEQUENCES. ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS FOR ADVICE WITH RESPECT TO THEIR PARTICULAR CIRCUMSTANCES, INCLUDING ANY CONSEQUENCES OF AN INVESTMENT IN THE OFFERED SECURITIES ARISING UNDER TAX LAWS OF ANY PROVINCE OR TERRITORY OF CANADA OR TAX LAWS OF ANY JURISDICTION OTHER THAN CANADA.**

Amounts paid or credited, or deemed to be paid or credited, as, on account of or in lieu of payment of, or in satisfaction of, the principal of the MTN Debentures or premium, discount or interest on the MTN Debentures by Bell Canada to a Non-Resident Holder, including in respect of a redemption of the MTN Debentures, will be exempt from Canadian withholding tax unless all or any portion of such interest is contingent or dependent on the use of or production from property in Canada or is computed by reference to revenue, profit, cash flow, commodity price or any other similar criterion or by reference to dividends paid or payable to shareholders of any class of shares of the capital stock of a corporation (the "**Participating Debt Interest**"). The interest on Fixed Rate MTN Debentures which are not exchangeable or convertible into shares is not a Participating Debt Interest and, as such, no Canadian withholding tax will apply on such MTN Debentures.

Generally, no other Canadian federal taxes on income (including taxable capital gains) will be payable under the Tax Act by a Non-Resident Holder of the MTN Debentures in respect of the ownership or disposition of the MTN Debentures.

Depending upon the terms of any offering of MTN Debentures (for example if the MTN Debentures are exchangeable or convertible into shares, or if the interest rate of the MTN Debentures is floating) as set forth in an applicable Pricing Supplement, the Canadian federal income tax considerations applicable to a Holder of MTN Debentures may be different from those described above. Such considerations may be described more particularly when such MTN Debentures are offered (and then only to the extent material) in the Pricing Supplement related thereto. In the event the Canadian federal income tax considerations are described in such Pricing Supplement, the above description will be superseded by the description in the Pricing Supplement to the extent indicated therein.

#### **MATERIAL UNITED STATES TAX CONSIDERATIONS**

In the opinion of Sullivan & Cromwell LLP, U.S. counsel to the Corporation, this section describes the material United States federal income tax consequences to a United States holder (as defined below) of MTN Debentures. This section applies to holders of MTN Debentures that acquire such MTN Debentures in an initial offering at the offering price and hold the MTN Debentures as capital assets for tax purposes. This section does not apply to a holder that is a member of a class of holders subject to special rules, such as:

- a dealer in securities or currencies,
- a trader in securities that elects to use a mark-to-market method of accounting for securities holdings,
- a bank,
- a life insurance company,
- a tax-exempt organization,

- a person that owns MTN Debentures that are a hedge or that are hedged against interest rate or currency risks,
- a person that purchases or sells the MTN Debentures as part of a wash-sale for U.S. federal income tax purposes,
- a person that owns MTN Debentures as part of a straddle or conversion transaction for tax purposes, or
- a person whose functional currency for tax purposes is not the U.S. dollar.

This section is based on the Internal Revenue Code of 1986, as amended (the "**Internal Revenue Code**"), its legislative history, existing and proposed regulations under the Internal Revenue Code, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

If a partnership (including any entity treated as a partnership for United States federal income tax purposes) holds the MTN Debentures, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the MTN Debentures should consult its tax advisor with regard to the United States federal income tax treatment of an investment in the MTN Debentures.

A holder is a United States holder if it is a beneficial owner of an MTN Debenture and is:

- a citizen or resident of the United States, as defined for United States tax purposes,
- a domestic corporation as defined for United States tax purposes,
- an estate whose income is subject to United States federal income tax regardless of its source, or
- a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust.

*Holders should consult their own tax advisors concerning the consequences of owning these MTN Debentures in their particular circumstances under the Internal Revenue Code and the laws of any other taxing jurisdiction.*

### **Payments of Interest**

A holder will be taxed on any interest on its MTN Debenture, whether payable in U.S. dollars or Canadian dollars, as ordinary income at the time the holder receives the interest or when it accrues, depending on the holder's method of accounting for tax purposes. Such interest is income from sources outside the United States and will, depending on your circumstances, be either "passive" or "general" income for purposes of the rules regarding the foreign tax credit allowable to a United States holder.

**Cash Basis Taxpayers.** A holder that uses the cash receipts and disbursements method of accounting for tax purposes must recognize income on the date of receipt of any interest payment that is denominated in, or determined by reference to, Canadian dollars, equal to the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the holder actually converts the payment into U.S. dollars.

**Accrual Basis Taxpayers.** A holder that uses an accrual method of accounting for tax purposes may determine the amount of income that the holder recognizes with respect to an interest payment denominated in, or determined by reference to, Canadian dollars (if all payments are denominated in, or determined by reference to,

Canadian dollars) by using one of two methods. Under the first method, the holder would determine the amount of income accrued based on the average exchange rate in effect during the interest accrual period or, with respect to an accrual period that spans two taxable years, that part of the period within the taxable year.

If a holder elects the second method, the holder would determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period, or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year. Additionally, under this second method, if the holder receives a payment of interest within five business days of the last day of the holder's accrual period or taxable year, the holder may instead translate the interest accrued into U.S. dollars at the exchange rate in effect on the day that the holder actually receives the interest payment. If the holder elects the second method, that method will apply to all debt instruments that the holder holds at the beginning of the first taxable year to which the election applies and to all debt instruments that the holder subsequently acquires. The holder may not revoke this election without the consent of the Internal Revenue Service.

When a holder actually receives an interest payment, including a payment attributable to accrued but unpaid interest upon the sale or retirement of the holder's MTN Debenture, denominated in, or determined by reference to, Canadian dollars, the holder will generally recognize ordinary income or loss measured by the difference, if any, between the exchange rate that the holder used to accrue interest income and the exchange rate in effect on the date of receipt, regardless of whether the holder actually converts the payment into U.S. dollars.

### **Original Issue Discount, Market Discount and Other MTN Debentures**

The applicable Pricing Supplement will discuss the special United States federal income tax rules with respect to MTN Debentures that are subject to the rules governing original issue discount debt securities, market discount debt securities or contingent payment debt securities.

### **MTN Debentures Purchased at a Premium**

A holder that purchases an MTN Debenture for an amount in excess of its principal amount may elect to treat the excess as an amortizable bond premium. If this election is made, a holder will reduce the amount required to be included in income each year with respect to interest on the MTN Debenture by the amount of amortizable bond premium allocable to that year, based on the MTN Debenture's yield to maturity. If the MTN Debenture is denominated in, or determined by reference to, the Canadian dollar, a holder will compute amortizable bond premium in units of the Canadian dollar and such amortizable bond premium will reduce the holder's interest income in units of the Canadian dollar. Gain or loss recognized that is attributable to changes in exchange rates between the time the amortized bond premium offsets interest income and the time of the acquisition of the MTN Debenture is generally taxable as ordinary income or loss. The election to amortize bond premium will apply to all debt instruments, other than debt instruments the interest on which is excludible from gross income, that a holder holds at the beginning of the first taxable year to which the election applies or that are thereafter acquired, and the holder may not revoke the election without the consent of the Internal Revenue Service.

### **Purchase, Sale and Retirement of the MTN Debentures**

If a holder purchases an MTN Debenture with Canadian dollars, the holder's tax basis in the MTN Debentures will generally be the U.S. dollar value of the purchase price on the date of purchase. However, if the holder is a cash basis taxpayer, or an accrual basis taxpayer that so elects, and the holder's MTN Debenture is traded on an established securities market as defined in the applicable Treasury regulations, the holder's tax basis in the MTN Debenture will be the U.S. dollar value of the purchase price on the settlement date of the purchase.

A holder will generally recognize gain or loss on the sale or retirement of an MTN Debenture equal to the difference between the amount the holder realizes on the sale or retirement, excluding any amounts attributable to accrued but unpaid interest (which will be treated as interest payments), and the holder's tax basis in the MTN Debenture. If the MTN Debenture is sold or retired for an amount in Canadian dollars, the amount a holder realizes will be the U.S. dollar value of such amount on the date the MTN Debenture is disposed of or retired, except that in the case of an MTN Debenture that is traded on an established securities market, as defined in the applicable

Treasury regulations, a cash basis taxpayer, or an accrual basis taxpayer that so elects, will determine the amount realized based on the U.S. dollar value of the Canadian dollar on the settlement date of the sale.

A holder will recognize capital gain or loss when the holder sells or retires the MTN Debenture, except to the extent attributable to changes in exchange rates as described below. Capital gain of a non-corporate United States holder is generally taxed at preferential rates where the property is held for more than one year.

A holder must treat any portion of the gain or loss that it recognizes on the sale or retirement of an MTN Debenture denominated in Canadian dollars as ordinary income or loss to the extent attributable to changes in exchange rates. However, the holder takes exchange gain or loss into account only to the extent of the total gain or loss realized on the transaction.

### **Exchange of Amounts in Canadian Dollars**

A holder that receives Canadian dollars as interest on an MTN Debenture or on the sale or retirement of an MTN Debenture will have a tax basis in the Canadian dollars equal to the U.S. dollar value when such interest is received or at the time of the sale or retirement. A purchaser of Canadian dollars generally will have a tax basis equal to the U.S. dollar value of the Canadian dollars on the date of the purchase. If a holder sells or disposes of Canadian dollars, including using the Canadian dollars to purchase MTN Debentures or exchanging the Canadian dollars for U.S. dollars, any gain or loss recognized generally will be ordinary income or loss.

### **Medicare Tax**

For taxable years beginning after December 31, 2012, a United States holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a 3.8% tax on the lesser of (1) the United States holder's "net investment income" for the relevant taxable year and (2) the excess of the United States holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between \$125,000 and \$250,000, depending on the individual's circumstances). A holder's net investment income will generally include its interest income and its net gains from the disposition of MTN Debentures, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). A holder that is a United States holder and an individual, estate or trust, is urged to consult its tax advisors regarding the applicability of the Medicare tax to income and gains in respect of an investment in the MTN Debentures.

### **Backup Withholding and Information Reporting**

If a holder is a noncorporate United States holder, information reporting requirements, on Internal Revenue Service Form 1099, generally will apply to:

- payments of principal and interest on an MTN Debenture within the United States, including payments made by wire transfer from outside the United States to an account maintained in the United States, and
- the payment of the proceeds from the sale of an MTN Debenture effected at a United States office of a broker.

Additionally, backup withholding will apply to such payments if Bell Canada or other applicable paying agent is notified by the Internal Revenue Service that the holder's taxpayer identification number is incorrect or the holder is a noncorporate United States holder that:

- fails to provide an accurate taxpayer identification number,
- is notified by the Internal Revenue Service that it has failed to report all interest and dividends required to be shown on its United States federal income tax returns, or

- in certain circumstances, fails to comply with applicable certification requirements.

Payment of the proceeds from the sale of an MTN Debenture effected at a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, a sale of an MTN Debenture that is effected at a foreign office of a broker will generally be subject to information reporting and backup withholding if:

- the proceeds are transferred to an account maintained in the United States,
- the payment of proceeds or the confirmation of the sale is mailed to a United States address, or
- the sale has some other specified connection with the United States as provided in U.S. Treasury regulations.

In addition, a sale of an MTN Debenture effected at a foreign office of a broker will generally be subject to information reporting if the broker is:

- a United States person,
- a controlled foreign corporation for United States tax purposes,
- a foreign person 50% or more of whose gross income is effectively connected with the conduct of a United States trade or business for a specified three-year period, or
- a foreign partnership, if at any time during its tax year:
  - one or more of its partners are "United States persons", as defined in U.S. Treasury regulations, who in the aggregate hold more than 50% of the income or capital interest in the partnership, or
  - such foreign partnership is engaged in the conduct of a United States trade or business.

Backup withholding will apply if the sale is subject to information reporting and the broker has actual knowledge that the seller is a United States person.

### **Treasury Regulations Requiring Disclosure of Reportable Transactions**

Treasury regulations require United States taxpayers to report certain transactions that give rise to a loss in excess of certain thresholds (a "**Reportable Transaction**"). Under these regulations, if the MTN Debentures are denominated in Canadian dollars, a United States holder that recognizes a loss with respect to the MTN Debentures that is characterized as an ordinary loss due to changes in currency exchange rates (under any of the rules discussed above) would be required to report the loss on Internal Revenue Service Form 8886 (Reportable Transaction Statement) if the loss exceeds the thresholds set forth in the regulations. For individuals and trusts, this loss threshold is \$50,000 in any single taxable year. For other types of taxpayers and other types of losses, the thresholds are higher. Holders should consult with their tax advisors regarding any tax filing and reporting obligations that may apply in connection with acquiring, owning and disposing of MTN Debentures.

### **Information with Respect to Foreign Financial Assets**

Owners of "specified foreign financial assets" with an aggregate value in excess of \$50,000 (and in some circumstances, a higher threshold) may be required to file an information report with respect to such assets with their tax returns. "Specified foreign financial assets" include any financial accounts maintained by foreign financial institutions, as well as any of the following, but only if they are not held in accounts maintained by financial

institutions: (i) stocks and securities issued by non-U.S. persons (including the MTN Debentures), (ii) financial instruments and contracts held for investment that have non-U.S. issuers or counterparties, and (iii) interests in non-U.S. entities. Holders are urged to consult their tax advisors regarding the application of these rules to their ownership of the MTN Debentures.

### **LEGAL MATTERS**

Certain legal matters relating to the offering of MTN Debentures will be passed upon by Mr. Michel Lalande, Senior Vice-President – General Counsel of Bell Canada, Stikeman Elliott LLP and Sullivan & Cromwell LLP on behalf of the Corporation and on behalf of the Dealers by Norton Rose Canada LLP and Shearman & Sterling LLP.

### **INTEREST OF EXPERTS**

As of the date hereof, the partners and associates of Stikeman Elliott LLP, as a group, and the partners and associates of Sullivan & Cromwell LLP, as a group, each beneficially owns, directly or indirectly, less than 1% of the outstanding securities of the Corporation.

Deloitte & Touche LLP, the external auditor of the Corporation, reported on the BCE 2011 Financial Statements and on BCE's internal control over financial reporting, which reports are incorporated by reference herein. Deloitte & Touche LLP is independent within the meaning of the Code of Ethics of the Ordre des Comptables Professionnels Agréés du Québec.

## **CONSENT OF THE INDEPENDENT REGISTERED CHARTERED PROFESSIONAL ACCOUNTANTS**

We have read the prospectus supplement of Bell Canada dated June 13, 2012 relating to the offering of up to \$3,000,000,000 of MTN Debentures of Bell Canada to the short form base shelf prospectus dated August 15, 2011 relating to the offering of up to \$3,000,000,000 of Debt Securities of Bell Canada (collectively, the "Prospectus"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the Prospectus of our reports to the board of directors and shareholders of BCE Inc. on the consolidated statements of financial position of BCE Inc. and its subsidiaries as at December 31, 2011, December 31, 2010 and January 1, 2010, and the related consolidated income statements and statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2011 and December 31, 2010 and on the effectiveness of BCE's internal control over financial reporting as of December 31, 2011. Our reports are dated March 8, 2012.

(signed) Deloitte & Touche LLP<sup>(1)</sup>

Independent Registered Chartered Professional Accountants  
Montréal, Canada  
June 13, 2012

<sup>(1)</sup> CPA auditor, CA, public accountancy permit no. A104644



**CERTIFICATES OF BELL CANADA AND BCE INC.**

Dated: June 13, 2012

The short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, will, as of the date of the last supplement to the prospectus relating to the securities offered by the prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and the supplement(s) as required by the securities legislation of each of the provinces of Canada.

**BELL CANADA**

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

*(Signed) GEORGE A. COPE*  
President and Chief Executive Officer of Bell Canada

*(Signed) SIIM A. VANASELJA*  
Executive Vice-President and Chief  
Financial Officer of Bell Canada

On behalf of the Board of Directors of Bell Canada

*(Signed) THOMAS C. O'NEILL*  
Director

*(Signed) PAUL R. WEISS*  
Director

**BCE INC.**

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

*(Signed) GEORGE A. COPE*  
President and Chief Executive Officer of BCE Inc.

*(Signed) SIIM A. VANASELJA*  
Executive Vice-President and Chief  
Financial Officer of BCE Inc.

On behalf of the Board of Directors of BCE Inc.

*(Signed) THOMAS C. O'NEILL*  
Director

*(Signed) PAUL R. WEISS*  
Director

## CERTIFICATE OF DEALERS

Dated: June 13, 2012

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, will, as of the date of the last supplement to the prospectus relating to the securities offered by the prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and the supplement as required by the securities legislation of each of the provinces of Canada.

BARCLAYS CAPITAL CANADA INC.

BMO NESBITT BURNS INC.

CASGRAIN & COMPANY LIMITED

*(Signed) DAVID SCUDELLARI*

*(Signed) STEVE AUBÉ*

*(Signed) ROGER CASGRAIN*

CIBC WORLD MARKETS INC.

CITIGROUP GLOBAL MARKETS  
CANADA INC.

DESIARDINS SECURITIES INC.

*(Signed) SUSAN RIMMER*

*(Signed) GRANT KERNAGHAN*

*(Signed) RYAN GODFREY*

MERRILL LYNCH CANADA INC.

NATIONAL BANK FINANCIAL INC.

RBC DOMINION SECURITIES INC.

*(Signed) ERIC GIROUX*

*(Signed) MAXIME BRUNET*

*(Signed) PATRICK MACDONALD*

SCOTIA CAPITAL INC.

TD SECURITIES INC.

*(Signed) GREG GREER*

*(Signed) JEREMY WALKER*

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This short form base shelf prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

We may not sell these securities until the Registration Statement filed with the U.S. Securities and Exchange Commission is effective.

*This short form base shelf prospectus has been filed under legislation in all provinces of Canada that permits certain information about these securities to be determined after this short form base shelf prospectus has become final and that permits the omission from this short form base shelf prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.*

**Information has been incorporated by reference in this short form base shelf prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Bell Canada at 1 Carrefour Alexander-Graham-Bell, Building A, 7<sup>th</sup> Floor, Verdun (Québec) H3E 3B3, 514-786-8424 and are also available electronically at [www.sedar.com](http://www.sedar.com).

## Short Form Base Shelf Prospectus

New Issue

August 15, 2011



**Bell**  
**Bell Canada**  
**\$3,000,000,000**  
**Debt Securities**  
(UNSECURED)

### **Unconditionally guaranteed as to payment of principal, interest and other payment obligations by BCE Inc.**

Debt securities consisting of debentures, notes and/or other unsecured evidences of indebtedness or other instruments (collectively, the "**Debt Securities**" and each, individually, a "**Debt Security**") of Bell Canada (the "**Corporation**" or "**Bell Canada**") may be offered hereunder from time to time in one or more series or issues in an aggregate amount of up to \$3,000,000,000 (or the equivalent thereof in other currencies based on the applicable exchange rate at the time of the offering) calculated on the basis of the principal amount of the Debt Securities issued by Bell Canada, in the case of interest bearing Debt Securities, or on the basis of the gross proceeds received by Bell Canada, in the case of non-interest bearing Debt Securities, during the 25-month period that this short form base shelf prospectus (the "**Prospectus**"), including any amendments hereto, remains valid. The Debt Securities will either be Debt Securities that will rank *pari passu*, except as to sinking funds, if any, with all other unsecured and unsubordinated indebtedness of Bell Canada or Debt Securities that will be subordinated in right of payment to the prior payment in full of all Senior Debt (as defined herein) of Bell Canada. Payment of principal, interest and other payment obligations under the Debt Securities will be fully and unconditionally guaranteed by BCE Inc. ("**BCE**" or the "**Guarantor**"). The obligations of the Guarantor under such guarantee will constitute direct unsecured obligations of the Guarantor and will either rank *pari passu* with all other unsecured and unsubordinated obligations of the Guarantor or be subordinated in right of payment to the prior payment in full of all Senior Guaranteed Obligations (as defined herein) of the Guarantor.

The Debt Securities may be offered in an amount and on such terms as may be determined from time to time depending on market conditions and other factors. The specific variable terms of any offering of Debt Securities (including, where applicable and without limitation, the specific designation, the aggregate principal amount being offered, the currency, the issue and delivery date, the maturity date, the issue price (or the manner of determination thereof if offered on a non-fixed price basis), the interest rate (either fixed or floating and, if floating, the manner of calculation thereof), the interest payment date(s), the redemption, repayments, exchange or conversion provisions (if any), the repayment terms, the method of distribution, the form (either global or definitive), the authorized denominations and any other terms in connection with the offering and sale of the Debt Securities) will be set forth in one or more prospectus supplements or pricing supplements (collectively or individually, as the case may be, a "**Prospectus Supplement**") which will accompany this Prospectus. A Prospectus Supplement may include specific variable terms pertaining to the Debt Securities that are not within the alternatives and parameters described in this Prospectus.

All shelf information permitted under applicable laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Debt Securities to which the Prospectus Supplement pertains.

Bell Canada may sell the Debt Securities to or through underwriters or dealers purchasing as principals and may also sell the Debt Securities to one or more purchasers directly or through agents. The Prospectus Supplement relating to a particular series or issue of Debt Securities will identify each underwriter, dealer or agent engaged by Bell Canada, as the case may be, in connection with the offering and sale of that series or issue, and will set forth the terms of the offering of such series or issue, the method of distribution of such series or issue, including, to the extent applicable, the proceeds to Bell Canada and any fees, discounts or any other compensation payable to underwriters, dealers or agents and any other material terms of the plan of distribution. See "Plan of Distribution".

Unless otherwise specified in an applicable Prospectus Supplement, the Debt Securities will not be listed on any securities exchange. **There is currently no market through which the Debt Securities may be sold and purchasers may not be able to resell the Debt Securities purchased under this Prospectus. This may affect the pricing of these Debt Securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Debt Securities, and the extent of issuer regulation. See the "Risk Factors" section of the applicable Prospectus Supplement.**

Bell Canada's head and registered office is located at 1050, côte du Beaver Hall, Suite 1900, Montréal (Québec) H2Z 1S4 and its principal executive offices are located at 1 Carrefour Alexander-Graham-Bell, Building A, 8<sup>th</sup> Floor, Verdun (Québec) H3E 3B3.

Unless otherwise specifically stated, all dollar amounts in this short form prospectus are expressed in Canadian dollars.

**We are permitted, under a multijurisdictional disclosure system adopted by the United States, to prepare this Prospectus in accordance with Canadian disclosure requirements, which are different from those of the United States. We prepare our financial statements in accordance with Canadian generally accepted accounting practices, and they may be subject to Canadian auditing and auditor independence standards. They may not be comparable to financial statements of United States companies.**

**Owning the Debt Securities may subject you to tax consequences both in the United States and Canada. This Prospectus or any applicable Prospectus Supplement may not describe these tax consequences fully. You should read the tax discussion in any applicable Prospectus Supplement.**

**Your ability to enforce civil liabilities under the United States federal securities laws may be affected adversely because we are incorporated in Canada, some of our officers and directors and some of the experts named in this Prospectus are Canadian residents, and a substantial portion of our assets is located in Canada.**

**Neither the U.S. Securities and Exchange Commission (the "SEC") nor any state securities regulator has approved or disapproved the Debt Securities, or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

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## WHERE YOU CAN FIND MORE INFORMATION

In addition to its continuous disclosure obligations under the securities laws of the provinces of Canada, BCE is subject to the information requirements of the United States Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the SEC. Under the multijurisdictional disclosure system adopted by the United States, such reports and other information may be prepared in accordance with the disclosure requirements of Canada, which requirements are different from those of the United States. Such reports and other information, when filed by BCE in accordance with such requirements, can be inspected and copied at the Public Reference Room maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operations of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports and other information regarding issuers that file electronically with the SEC. The address of that site is <http://www.sec.gov>.

Bell Canada and BCE have filed with the SEC a Registration Statement on Form F-9 (the "**Registration Statement**") under the United States Securities Act of 1933, as amended, with respect to the Debt Securities and of which this Prospectus is a part. This Prospectus does not contain all of the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the SEC. Reference is made to the Registration Statement and the exhibits thereto for further information with respect to Bell Canada and BCE and the Debt Securities.

## DOCUMENTS INCORPORATED BY REFERENCE

**Information has been incorporated by reference into this Prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of the Corporation at the address set forth on the cover page of this Prospectus, and are also available electronically at [www.sedar.com](http://www.sedar.com).

The following documents, filed by Bell Canada or BCE, as the case may be, with securities commissions or similar authorities in each of the provinces of Canada, as amended from time to time, are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- (a) Bell Canada's unaudited Selected Summary Financial Information for the periods ended December 31, 2010 and 2009 dated March 15, 2011;
- (b) BCE's audited Consolidated Financial Statements for the year ended December 31, 2010, and the Report of Independent Registered Chartered Accountants thereon (the "**BCE 2010 Financial Statements**") and the Report of Independent Registered Chartered Accountants on BCE's internal control over financial reporting, provided on pages 89 to 130 of the BCE Inc. 2010 Annual Report (the "**BCE 2010 Annual Report**");
- (c) BCE's Management's Discussion and Analysis for the year ended December 31, 2010 (the "**BCE 2010 MD&A**") provided on pages 22 to 87 and on page 131 of the BCE 2010 Annual Report;
- (d) BCE's Annual Information Form dated March 10, 2011 for the year ended December 31, 2010;
- (e) BCE's Management Proxy Circular dated March 10, 2011 in connection with the annual general meeting of the shareholders of BCE held on May 12, 2011;
- (f) Bell Canada's unaudited Selected Summary Financial Information for the three-month periods ended March 31, 2011 and 2010 dated May 12, 2011;
- (g) BCE's unaudited interim consolidated financial statements for the three-month periods ended March 31, 2011 and 2010 provided on pages 27 to 55 of the BCE 2011 First Quarter Shareholder Report (the "**BCE 2011 First Quarter Shareholder Report**");
- (h) BCE's Management's Discussion and Analysis for the three-month period ended March 31, 2011 (the "**BCE 2011 First Quarter MD&A**") provided on pages 2 to 26 of the BCE 2011 First Quarter Shareholder Report;
- (i) Bell Canada's unaudited Selected Summary Financial Information for the three-month and six-month periods ended June 30, 2011 and 2010 dated August 4, 2011;
- (j) BCE's unaudited interim consolidated financial statements for the three-month and six-month periods ended June 30, 2011 and 2010 provided on pages 28 to 43 of the BCE 2011 Second Quarter Shareholder Report (the "**BCE 2011 Second Quarter Shareholder Report**");
- (k) BCE's Management's Discussion and Analysis for the three-month and six-month periods ended June 30, 2011 (the "**BCE 2011 Second Quarter MD&A**") provided on pages 2 to 27 of the BCE 2011 Second Quarter Shareholder Report;
- (l) BCE's material change report dated April 1, 2011 with respect to its acquisition of the remaining 85% interest in Bell Media Inc. (formerly CTVglobemedia Inc.) ("**Bell Media**") that it did not already own;
- (m) any and all Prospectus Supplements in respect of this Prospectus as of the date of each such Prospectus Supplement; and
- (n) to the extent permitted by applicable securities law, any other documents which Bell Canada elects to incorporate by reference into this Prospectus.

**Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained in this Prospectus or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference into this Prospectus modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The**

**making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this Prospectus.**

Any document of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference into a short form prospectus, including any annual information forms, material change reports (except confidential material change reports), business acquisition reports, interim financial statements, annual financial statements and the auditor's report thereon, management's discussion and analysis, exhibits to interim and annual consolidated financial statements containing updated earnings coverage information and information circulars of BCE filed by BCE with securities commissions or similar authorities in Canada after the date of this Prospectus and prior to the completion or withdrawal of any offering hereunder shall be deemed to be incorporated by reference into this Prospectus.

Any material change report (excluding any confidential material change report), Prospectus Supplement in respect of this Prospectus and selected summary financial information filed by Bell Canada with the various securities commissions or similar securities regulatory authorities in Canada after the date of this Prospectus and prior to the completion or withdrawal of any offering hereunder shall be deemed to be incorporated by reference into this Prospectus.

Pursuant to the exemption provided under Section 13.4 of National Instrument 51-102 - *Continuous Disclosure Obligations*, Bell Canada does not file with the securities commissions and similar securities regulatory authorities in Canada separate continuous disclosure information regarding Bell Canada except for: (a) the selected summary financial information referred to above, and (b) a material change report for a material change in respect of the affairs of Bell Canada that is not also a material change in the affairs of BCE.

Upon a new annual information form and the related annual audited consolidated financial statements together with the auditors' report thereon and management's discussion and analysis related thereto being filed by BCE, and upon new selected summary financial information being filed by Bell Canada, with the applicable securities regulatory authorities during the currency of this Prospectus, the previous annual information form, the previous annual audited consolidated financial statements and all interim financial statements, annual and quarterly management's discussions and analyses, material change reports and selected summary financial information filed by BCE or Bell Canada, as the case may be, prior to the commencement of BCE's financial year in which the new annual information form was filed, no longer shall be deemed to be incorporated by reference in this Prospectus for the purpose of future offers and sales of Debt Securities hereunder.

A Prospectus Supplement containing the specific terms of an offering of Debt Securities, updated disclosure of earnings coverage ratio, if applicable, and other information in relation to the Debt Securities will be delivered to purchasers of such Debt Securities together with this Prospectus and shall be deemed to be incorporated by reference into this Prospectus as of the date of such Prospectus Supplement solely for the purposes of the offering of the Debt Securities covered by that Prospectus Supplement.



## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus and the documents incorporated herein by reference contain forward-looking statements about Bell Canada's and BCE's objectives, plans, strategic priorities, financial condition, results of operations, cash flows, business strategies, outlook and other statements that are not historical facts. A statement we make is forward-looking when it uses what we know and expect today to make a statement about the future. Forward-looking statements may include words such as aim, anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, seek, should, strategy, strive, target 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, forward-looking statements contained in this Prospectus describe Bell Canada's and BCE's expectations, as applicable, as at the date of this Prospectus and forward-looking statements contained in the documents incorporated herein by reference describe Bell Canada's and BCE's expectations, as applicable, as of the date of such documents, unless otherwise indicated in such documents. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Forward-looking statements, by their very nature, are subject to numerous risks and uncertainties and are based on several assumptions which give rise to the possibility that actual results could differ materially from expectations expressed in or implied by such forward-looking statements and that Bell Canada's and BCE's objectives, strategies, plans, strategic priorities and other statements that are not historical facts may not be achieved. As a result, we cannot guarantee that any forward-looking statement will materialize and, accordingly, prospective investors are cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements are provided in this Prospectus and in the documents incorporated by reference for the purpose of giving information about management's current expectations and plans and allowing investors and others to get a better understanding of our operating environment. However, readers are cautioned that it may not be appropriate to use such forward-looking statements for any other purpose.

Forward-looking statements made in this Prospectus and in the documents incorporated herein by reference are based on a number of assumptions that BCE or Bell Canada, as applicable, believed were reasonable on the day they made the forward-looking statements. Refer, in particular, to the BCE 2010 MD&A under the heading "Business Outlook and Assumptions" on pages 33 to 35 of the BCE 2010 Annual Report, as updated in the BCE 2011 First Quarter MD&A under the heading "Assumptions and Risks that Could Affect Our Business and Results" on pages 21 to 24 of the BCE 2011 First Quarter Shareholder Report, as further updated in the BCE 2011 Second Quarter MD&A under the heading "Assumptions and Risks that Could Affect Our Business and Results" on pages 22 to 24 of the BCE 2011 Second Quarter Shareholder Report, for a discussion of certain assumptions that BCE or Bell Canada have made in making forward-looking statements.

Factors that could cause actual results or events to differ materially from those expressed in or implied by the forward-looking statements contained in this Prospectus or the documents incorporated by reference are disclosed in the BCE 2010 MD&A included in the BCE 2010 Annual Report on pages 70 to 76 under the heading "Risks that Could Affect Our Business and Results", on pages 60 to 63 under the heading "Our Competitive Environment" and on pages 63 to 69 under the heading "Our Regulatory Environment", as updated in the BCE 2011 First Quarter MD&A under the headings "Updates to Our Regulatory Environment" and "Assumptions and Risks that Could Affect Our Business and Results" on pages 17 to 20, and 21 to 24, respectively, of the BCE 2011 First Quarter Shareholder Report, as further updated in the BCE 2011 Second Quarter MD&A under the headings "Updates to Our Regulatory Environment" and "Assumptions and Risks that Could Affect Our Business and Results" on pages 20 to 22, and 22 to 24, respectively, of the BCE 2011 Second Quarter Shareholder Report.

Readers are cautioned that the risks referred to above are not the only ones that could impact BCE and Bell Canada. Additional risks and uncertainties not currently known to BCE or Bell Canada or that BCE or Bell Canada currently deem to be immaterial may also have a material adverse effect on BCE or Bell Canada's business, financial condition or results of operations.

Except as otherwise indicated, forward-looking statements do not reflect the potential impact of any non-recurring or other unusual items or of any dispositions, monetizations, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after the date of such statements. The financial impact of these transactions and non-recurring and other unusual 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.

## INTERCORPORATE RELATIONSHIPS

Bell Canada was incorporated by special act of the Parliament of Canada in 1880 and continued under the *Canada Business Corporations Act* (the "**CBCA**") effective April 21, 1982. Bell Canada is also legally designated "The Bell Telephone Company of Canada" or "La Compagnie de Téléphone Bell du Canada" and its head and registered office is located at 1050, côte du Beaver Hall, Suite 1900, Montréal (Québec) H2Z 1S4 and its principal executive offices at 1 Carrefour Alexander-Graham-Bell, Building A, 8<sup>th</sup> Floor, Verdun (Québec) H3E 3B3.

BCE was incorporated in 1970 and was continued under the CBCA in 1979. It is governed by a certificate and articles of amalgamation dated August 1, 2004, by a certificate and articles of arrangement dated July 10, 2006, by a certificate and articles of amendment dated January 25, 2007 and by a certificate and articles of amendment dated June 29, 2011. BCE's head and registered office and principal executive offices are at 1 Carrefour Alexander-Graham-Bell, Building A, 8<sup>th</sup> Floor, Verdun (Québec) H3E 3B3.

The table below shows BCE's main subsidiaries, where they are incorporated or registered, and the percentage of voting and non-voting securities that BCE beneficially owns or directly or indirectly exercises control or direction over. BCE has other subsidiaries, but they have not been included in the table because each represents 10% or less of its total consolidated assets and 10% or less of its total consolidated operating revenues. These other subsidiaries together represented 20% or less of its total consolidated assets and 20% or less of its total consolidated operating revenues at June 30, 2011.

SUBSIDIARY	WHERE IT IS INCORPORATED OR REGISTERED	PERCENTAGE OF VOTING SECURITIES THAT BCE INC. HELD AT JUNE 30, 2011 <sup>(1)</sup>
Bell Canada	Canada	100 %
Bell Mobility Inc. (" <b>Bell Mobility</b> ")	Canada	100 %
Bell ExpressVu Limited Partnership	Ontario	100 %
Bell Media	Canada	100 %

(1) BCE does not own any outstanding non-voting securities issued by these subsidiaries.

As at June 30, 2011, BCE also directly and indirectly owned 100,376,270 common shares of Bell Aliant Inc., representing 44.1% of the outstanding common shares of Bell Aliant Inc., with the remaining interest publicly held. Furthermore, Bell Canada owns one voting common share of Bell Aliant Regional Communications Inc., with the remaining shares being held by Bell Aliant Inc.

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

- For so long as BCE owns a 30% or greater interest in Bell Aliant Inc., and provided that certain major commercial agreements are in place, BCE has the right to appoint a majority of the directors of Bell Aliant Regional Communications Inc. and to direct Bell Aliant Inc. with respect to the nomination of up to a majority of the directors of Bell Aliant Inc.

- For so long as BCE owns a 20% or greater interest in Bell Aliant Inc., BCE also has the ability to veto certain actions of Bell Aliant Inc. and its subsidiaries (such as certain material business plans and 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).

### BUSINESS OF THE CORPORATION

Bell Canada is Canada's largest communications company, providing consumers and business with solutions to all their communications needs, including Bell Mobility wireless, high-speed Bell Internet, Bell Satellite TV and Bell Fibe TV, Bell Home Phone local and long distance, and Bell Business Markets IP-broadband and information and communications technology (ICT) services. Bell Media is Canada's premier multimedia company with leading assets in television, radio and digital media, including CTV, Canada's #1 television network.

Additional information about Bell Canada's business is included in the documents incorporated by reference into this Prospectus.

### CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of BCE on an actual basis based on its unaudited consolidated financial statements as at June 30, 2011 and on a pro forma basis as adjusted to reflect the issuance on July 5, 2011 of \$345 million of Cumulative Redeemable First Preferred Shares, Series AK of the Corporation (the "**Series AK Preferred Shares**"):

	<b>As at June 30, 2011</b>	
	<b>(\$ millions)</b>	
	<b>(unaudited)</b>	
	<b>Actual</b>	<b>As Adjusted</b>
Debt due within one year .....	\$2,239	\$2,239
Long-term debt.....	\$12,699	\$12,699
Total debt .....	\$14,938	\$14,938
Equity		
— Preferred shares.....	\$2,770	\$3,115
— Common shares.....	\$13,568	\$13,568
— Contributed surplus.....	\$2,531	\$2,531
— Accumulated other comprehensive loss .....	\$(43)	\$(43)
— Deficit .....	\$(4,988)	\$(5,100)
— Non-controlling interest .....	\$907	\$897

As at June 30, 2011, the consolidated long-term debt of Bell Canada was \$15,702 million. Included in this amount is debt of \$815 million due to a related party, BCE, at June 30, 2011. There has been no material change in the share and loan capital of Bell Canada since June 30, 2011.

### USE OF PROCEEDS

The use of proceeds from the sale of any Debt Securities will be described in a Prospectus Supplement relating to the specific issuance of Debt Securities. Bell Canada may use proceeds from the sale of Debt Securities hereunder for repayment of indebtedness, to fund capital expenditures and for other general corporate purposes.

## DESCRIPTION OF THE DEBT SECURITIES

### General

The terms and conditions set forth in this "Description of the Debt Securities" section will apply to each Debt Security unless otherwise specified in a Prospectus Supplement.

The Debt Securities are issuable, in one or more series or issues, from time to time at the discretion of Bell Canada, at prices and on terms determined at the time of issue in an aggregate amount not to exceed \$3,000,000,000 (or the equivalent thereof in other currencies based on the applicable exchange rate at the time of the offering) calculated on the basis of the principal amount of the Debt Securities issued by Bell Canada, in the case of interest bearing Debt Securities, or on the basis of the gross proceeds received by Bell Canada, in the case of non-interest bearing Debt Securities, during the 25-month period that this Prospectus, including any amendments hereto, remains valid. The Debt Securities will have maturities of not less than one year from the date of issue and can be issued at par, at a discount or at a premium.

The Debt Securities may be offered in an amount and on such terms as may be determined from time to time depending on market conditions and other factors. The specific variable terms of any offering of Debt Securities (including, where applicable and without limitation, the specific designation, the aggregate principal amount being offered, the currency, the issue and delivery date, the maturity date, the issue price (or the manner of determination thereof if offered on a non-fixed price basis), the interest rate (either fixed or floating and, if floating, the manner of calculation thereof), the interest payment date(s), the redemption, repayment, exchange or conversion provisions (if any), the repayment terms, the name and compensation of the agents, underwriters or dealers acting as principals, the method of distribution, the form (either global or definitive), the authorized denominations and any other terms in connection with the offering and sale of the Debt Securities), as well as any modifications of or additions to the general terms of the Debt Securities described herein which may be applicable to a particular offering of Debt Securities, will be set forth in a Prospectus Supplement. Bell Canada also reserves the right to include in a Prospectus Supplement specific variable terms pertaining to the Debt Securities which are not within the options and parameters set forth in this Prospectus. Reference is made to the applicable Prospectus Supplement for a description of the specific variable terms of any offering of Debt Securities. Bell Canada may also, from time to time, issue debt securities and incur additional indebtedness otherwise than through the issue of Debt Securities offered pursuant to this Prospectus.

The Debt Securities which may be offered hereunder will consist of:

- (i) unsubordinated Debt Securities that will rank *pari passu* with all other unsecured and unsubordinated indebtedness of Bell Canada. Such unsubordinated Debt Securities may be issued under an indenture dated as of November 28, 1997 and indentures supplemental thereto executed by Bell Canada in favour of CIBC Mellon Trust Company, as trustee (the "**MTN Indenture**"). Debt Securities issued under the MTN Indenture are hereinafter referred to as the "**MTN Debentures**"; or
- (ii) subordinated Debt Securities which are subordinated in right of payment to the prior payment in full of all Senior Debt (as defined hereinafter). Such subordinated Debt Securities will be issued under an indenture dated as of April 17, 1996 and indentures supplemental thereto executed by Bell Canada in favour of Montreal Trust Company (the predecessor company of Computershare Trust Company of Canada), as trustee (the "**Subordinated Indenture**"). Debt Securities issued under the Subordinated Indenture are hereinafter referred to as the "**Subordinated Debentures**".

Unsubordinated Debt Securities may also be issued under a distinct trust indenture or without the benefit of a trust indenture. The terms and conditions applicable to unsubordinated Debt Securities issued under a distinct trust indenture or without the benefit of a trust indenture will be set forth in such trust indenture or in the specific Debt Security, as the case may be, and summarized in the applicable Prospectus Supplement. Such terms and conditions may vary from those which apply to MTN Debentures.

Notwithstanding the foregoing, only MTN Debentures and Subordinated Debentures may be offered or sold in the United States.

The MTN Indenture and the Subordinated Indenture are sometimes referred to herein individually as an "**Indenture**" and collectively as the "**Indentures**". CIBC Mellon Trust Company and Computershare Trust Company of Canada are each sometimes referred to herein as the "Trustee".

The following summaries of certain provisions of the Indentures and the MTN Debentures and Subordinated Debentures do not purport to be complete in every detail, and are subject to and qualified in their entirety by the detailed provisions of the Indentures. Reference should be made to the Indentures for a full description of such provisions, including the definition of certain terms used herein, and for other information regarding the MTN Debentures and Subordinated Debentures.

## **The Indentures**

The following paragraphs summarize certain provisions of the MTN Indenture and the Subordinated Indenture which are substantially similar.

### ***Form and Denominations***

The MTN Debentures or Subordinated Debentures of any series or issue may be issued in the form of fully-registered definitive securities (the "**Definitive Securities**") in denominations of \$1,000 and integral multiples thereof or in such other forms and denominations as may be provided for by the terms of the MTN Debentures or Subordinated Debentures of any particular series or issue and set forth in the applicable Prospectus Supplement. The Indentures also provide that MTN Debentures or Subordinated Debentures of any series or issue may be issued in the form of one or more fully-registered global securities (the "**Global Securities**"), or in any combination of Definitive Securities and Global Securities.

### ***Open Market Purchases***

Bell Canada will have the right at any time and from time to time to purchase MTN Debentures or Subordinated Debentures in the market, by tender or by private contract at any price.

### ***Modification***

The rights of the holders of MTN Debentures or Subordinated Debentures under the Indentures may in certain circumstances be modified. For that purpose, among others, the Indentures contain provisions making extraordinary resolutions binding upon all holders of MTN Debentures or Subordinated Debentures issued thereunder. "**Extraordinary resolution**" is defined, in effect, as a resolution passed at a meeting of such holders by the affirmative votes of the holders of at least 66 2/3% of the principal amount of MTN Debentures or Subordinated Debentures, as the case may be, voted on the resolution at a meeting of holders at which a quorum, as specified in the Indentures, is present or as one or more instruments in writing signed by the holders of at least 66 2/3% in principal amount of all outstanding MTN Debentures or Subordinated Debentures, as the case may be. In certain cases, modifications may require separate extraordinary resolutions of the holders of a specific series of MTN Debentures or Subordinated Debentures outstanding under the Indentures.

Certain changes can be made only with the consent of each holder of an outstanding series of MTN Debentures or Subordinated Debentures. In particular, each holder must consent to changes in the right of a holder of MTN Debentures or of Subordinated Debentures to receive payment of the principal of and interest on such MTN Debentures or Subordinated Debentures, on or after the respective due dates expressed in such MTN Debentures or Subordinated Debentures, or to institute suit for the enforcement of any such payment on or after such respective dates.

### ***Payment of Principal and Interest***

Bell Canada will pay the principal of and premium, if any, and interest, if any, on the MTN Debentures or Subordinated Debentures at the dates and places, in the currencies and in the manner described in the MTN Debentures or Subordinated Debentures and in the Indentures. Unless otherwise provided in the terms of the MTN Debentures or Subordinated Debentures of any series or issue and set forth in the applicable Prospectus Supplement, payment of interest, if any, on each MTN Debenture or Subordinated Debenture will be made by electronic funds transfer or by cheque mailed to the address of the holder of each MTN Debenture or Subordinated Debenture appearing on the registers maintained by the Trustee.

Payments made in respect of MTN Debentures or Subordinated Debentures represented by Global Securities registered in the name of a depository or its nominee will be made to such depository or its nominee, as the case may be, as the registered holder of such Global Securities.

Payments of principal of and premium, if any, on MTN Debentures or Subordinated Debentures will be made against presentation and surrender thereof for cancellation at such places as are designated in the MTN Debentures or Subordinated Debentures.

### ***Right of Trustee to Enforce Payment***

If Bell Canada fails to pay to the Trustee on demand, following a declaration made by the Trustee as described below under "Events of Default", the principal of and premium, if any, and interest, if any, on MTN Debentures or Subordinated Debentures, as the case may be, then issued and outstanding under the applicable Indenture, the Trustee may, in its discretion, and shall upon the request in writing of the holders of not less than 25% of the principal amount of MTN Debentures or Subordinated Debentures, as the case may be, issued and outstanding under the applicable Indenture, and upon being indemnified to its reasonable satisfaction against all costs, expenses and liabilities to be incurred, proceed in its name as Trustee to obtain or enforce payment of the said principal and premium, if any, and interest, if any, on all outstanding MTN Debentures or Subordinated Debentures, as the case may be, under the applicable Indenture, together with other amounts due under such Indenture, by any remedy or proceeding authorized by the Indenture.

Holders of MTN Debentures or Subordinated Debentures issued under the Indentures may not institute any action or proceeding or exercise any other remedy authorized by the Indentures, including an action to enforce the Indentures or the MTN Debentures or Subordinated Debentures, except as provided in the Indentures. Notwithstanding the foregoing, any holder of MTN Debentures or of Subordinated Debentures may institute suit for the enforcement of any payment of principal or interest on or after the respective due dates expressed in such MTN Debentures or Subordinated Debentures.

### ***Guarantee***

The Guarantor has irrevocably and unconditionally guaranteed the full and timely payment when due, whether at stated maturity, by required payment, acceleration, declaration, demand or otherwise, of all of the payment obligations of Bell Canada under the Indentures existing at the time the Guarantor entered into such guarantee and, unless otherwise provided in a supplemental trust indenture, incurred thereafter (the "**Guarantee**"). Such Guarantee therefore includes all of the payment obligations of Bell Canada under the Debt Securities in accordance with the terms of such Debt Securities and of the Indentures. The Guarantor has agreed that its obligations under the Guarantee shall be irrevocable and unconditional, irrespective of, shall not be affected or limited by, and shall not be subject to any defense, set-off, counterclaim or termination by reason of: (i) the legality, genuineness, validity, regularity or enforceability of the Guarantee or the liabilities of Bell Canada guaranteed thereby; (ii) any provision of applicable law or regulation prohibiting the payment by Bell Canada of the Debt Securities; or (iii) any other fact or circumstance which might otherwise constitute a defense to a guarantee. The Guarantor has no right of subrogation, reimbursement or indemnity whatsoever against Bell Canada, nor any right of recourse to security for its obligations under the Guarantee, unless and until all Debt Securities have been finally and irrevocably paid in full. The obligations of the Guarantor under the Indentures and the Guarantee shall be continuing obligations. The liability of the Guarantor shall be discharged or satisfied only upon full payment and performance by either Bell Canada or the Guarantor of all the payment obligations of Bell Canada under the Debt Securities.

### ***Governing Law***

The Indentures are governed by the laws of the Province of Québec and the laws of Canada applicable therein.

### **MTN Indenture**

The following paragraphs summarize certain additional provisions of the MTN Indenture.

#### ***Covenants***

The MTN Indenture contains covenants to the following effect:

- (1) ***Limitation on Liens.*** Subject to the exception set forth in paragraph (2) below, Bell Canada will not issue, assume or guarantee any Debt secured by, and will not after the date of the MTN Indenture secure any Debt by, a Mortgage upon any property of Bell Canada (whether now owned or hereafter acquired), without in any such case effectively providing concurrently therewith that the MTN Debentures (together with any other Debt of Bell Canada which may then be outstanding and entitled to the benefit of a covenant similar in effect to this covenant) shall be secured equally and rateably with such Debt; provided, however, that the foregoing restrictions shall not apply to Debt secured by:
  - (i) Purchase Money Mortgages;
  - (ii) Mortgages on property of a corporation existing at the time such corporation is merged into or consolidated with Bell Canada or at the time of a sale, lease or other disposition to Bell Canada of the properties of a corporation as an entirety or substantially as an entirety;
  - (iii) Mortgages on current assets of Bell Canada securing Current Debt of Bell Canada; or
  - (iv) any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any Mortgage referred to in the foregoing clauses (i) or (ii) or any Mortgage existing at the date of the MTN Indenture, provided, however, that the principal amount of Debt secured thereby shall not exceed the principal amount of Debt so secured at the time of such extension, renewal or replacement, and that such extension, renewal or replacement shall be limited to all or a part of the property which secured the Mortgage so extended, renewed or replaced (plus improvements on such property).
- (2) ***Additional Permitted Liens.*** In addition to Mortgages permitted by paragraph (1) above, Bell Canada may issue, assume or guarantee any Debt secured by, or secure after the date of the MTN Indenture any Debt by, a Mortgage upon any property of Bell Canada (whether now owned or hereafter acquired) if, after giving effect thereto, the aggregate principal amount of Debt secured by Mortgages of Bell Canada permitted only by this paragraph (2) does not at such time exceed 5% of the Net Worth of Bell Canada.

The terms "**Current Debt**", "**Debt**", "**Mortgage**", "**Net Worth of Bell Canada**" and "**Purchase Money Mortgage**" are defined in the MTN Indenture.

#### ***Events of Default***

The MTN Indenture provides that any of the following constitutes an event of default: (i) default in the payment of the principal of or premium, if any, on any MTN Debenture when the same becomes due and payable and continuation of such default for a period of five days; (ii) default in the payment of any installment of interest on any MTN Debenture when the same becomes due and payable and continuation of such default for a period of 90 days; (iii) default in the payment of any purchase or sinking fund installment on any MTN Debenture when the same shall become due and payable and continuation of such default for a period of 30 days; (iv) default in the performance or observance of any covenant, agreement or condition of the MTN Indenture and continuation of such

default for a period of 90 days after written notice has been given by the Trustee to Bell Canada specifying such default and requiring Bell Canada to remedy the same or after written notice by the holders of not less than 25% in principal amount of the MTN Debentures at the time outstanding; (v) certain events of insolvency or bankruptcy and, in certain cases, continuation of such events for a period of 60 days; and (vi) default, as defined in one or more instruments evidencing indebtedness for borrowed money of Bell Canada, shall happen and be continuing in relation to indebtedness in excess of 5% of the aggregate principal amount of all outstanding indebtedness for borrowed money of Bell Canada, and (a) shall consist of a failure to make any payment of principal at maturity or (b) shall have resulted in the acceleration of such indebtedness so that the same shall be or become due and payable prior to the date on which the same would otherwise have become due and payable.

If an event of default has occurred under the MTN Indenture and is continuing, the Trustee may in its discretion and shall upon the request in writing of the holders of at least 25% of the principal amount of the MTN Debentures issued and outstanding under the MTN Indenture, subject to any waiver of default under the MTN Indenture, by notice in writing to Bell Canada declare the principal and interest on all MTN Debentures then outstanding under the MTN Indenture and other money payable thereunder to be due and payable.

### *Transfer Agent and Registrar*

The register for the MTN Debentures will be kept at the principal office of BNY Trust Company of Canada acting as administrative agent for CIBC Mellon Trust Company, in Montréal, and facilities for registration, exchange and transfer of the MTN Debentures will be maintained at its offices in Montréal, Québec, Toronto, Ontario, Vancouver, British Columbia and Calgary, Alberta.

### **Subordinated Indenture**

The following paragraphs summarize certain additional provisions of the Subordinated Indenture.

#### *Subordination*

The Subordinated Indenture provides that the indebtedness evidenced by the Subordinated Debentures is subordinate in right of payment to the prior payment in full of all Senior Debt of Bell Canada, whether outstanding on or created, incurred, assumed or guaranteed after the date of the Subordinated Indenture. "**Senior Debt**" is defined, in effect, as the principal of, premium, if any, interest on and all other amounts in respect of: (i) indebtedness, other than indebtedness represented by the Subordinated Debentures, issued, assumed or guaranteed by Bell Canada for borrowed money or for the deferred purchase price of property; (ii) all other liabilities of Bell Canada; and (iii) renewals, extensions or refundings of any indebtedness referred to in the foregoing clauses (i) and (ii), except, in each case, those which by their terms rank in right of payment equally with or subordinate to the Subordinated Debentures.

In the event of the insolvency or winding-up of Bell Canada the holders of all Senior Debt are entitled to receive payment in full before the holders of the Subordinated Debentures are entitled to receive any payment. Notwithstanding the subordination provisions, Bell Canada may, except during any such insolvency or winding-up proceedings, make payments of principal of, premium, if any, and interest on the Subordinated Debentures.

Similarly, in the event of the insolvency or winding-up of Bell Canada, the indebtedness of the Guarantor evidenced by the Guarantee of the Subordinated Debentures (the "**Guaranteed Obligations**") will be subordinated in right of payment to the prior payment in full of all Senior Guaranteed Obligations (as defined below) of the Guarantor, whether such Senior Guaranteed Obligations were outstanding on the date on which the Guarantor entered into the Guarantee or were thereafter granted, incurred, or assumed by the Guarantor. "**Senior Guaranteed Obligations**" means any and all payment obligations of the Guarantor arising from a guarantee of Bell Canada's payment obligations (but excluding the Guaranteed Obligations or any other guarantee of Bell Canada's payment obligations by the Guarantor which by its terms ranks in right of payment equally with or subordinated to the Guaranteed Obligations) whether such guarantee is outstanding on the date hereof or hereafter granted, incurred, or assumed by the Guarantor, and, for greater certainty includes the Guarantor's payment obligations under: (i) the indenture dated as of July 1, 1976 and indentures supplemental thereto executed by Bell Canada in favour of The



Royal Trust Company (the predecessor company of CIBC Mellon Trust Company), as trustee, and indentures supplemental thereto executed by Bell Canada in favour of CIBC Mellon Trust Company, as trustee, and (ii) the MTN Indenture.

**As a result of these subordination provisions, in the event of Bell Canada's insolvency, holders of Subordinated Debentures may recover less than general creditors of Bell Canada.**

### ***Events of Default***

The Subordinated Indenture provides that any of the following constitutes an event of default: (i) default in the payment of the principal of or premium, if any, on any Subordinated Debenture when the same becomes due and payable; (ii) default in the payment of any installment of interest on any Subordinated Debenture when the same becomes due and payable and continuation of such default for a period of 90 days; (iii) default in the payment of any purchase or sinking fund installment on any Subordinated Debenture when the same shall become due and payable and continuation of such default for a period of 30 days; (iv) default in the performance or observance of any covenant, agreement or condition of the Subordinated Indenture and continuation of such default for a period of 90 days after written notice has been given by the Trustee to Bell Canada specifying such default and requiring Bell Canada to remedy the same or after written notice by the holders of not less than 25% in principal amount of the Subordinated Debentures at the time outstanding; and (v) certain events of insolvency or bankruptcy and, in certain cases, continuation of such events for a period of 60 days.

If an event of default has occurred under the Subordinated Indenture and is continuing, the Trustee may in its discretion and shall upon the request in writing of the holders of at least 25% of the principal amount of the Subordinated Debentures issued and outstanding under the Subordinated Indenture, subject to any waiver of default under the Subordinated Indenture, by notice in writing to Bell Canada declare the principal and interest on all Subordinated Debentures then outstanding under the Subordinated Indenture and other money payable thereunder to be due and payable.

### ***Transfer Agent and Registrar***

The register for the Subordinated Debentures will be kept at the principal office of BNY Trust Company of Canada acting as administrative agent for CIBC Mellon Trust Company, in Montréal, and facilities for registration, exchange and transfer of the Subordinated Debentures will be maintained at its offices in Montréal, Québec, Toronto, Ontario, Vancouver, British Columbia and Calgary, Alberta.

## **EARNINGS COVERAGE RATIOS**

BCE adopted International Financial Reporting Standards ("**IFRS**") effective for interim and annual periods commencing January 1, 2011. Financial results under IFRS for 2010 and 2011 are unaudited. Prior to the adoption of IFRS, BCE prepared its consolidated financial statements using previous Canadian generally accepted accounting principles ("**Previous Canadian GAAP**").

The following earnings coverage ratios are calculated for the 12 months ended December 31, 2010 under both Previous Canadian GAAP and IFRS and for the 12 months ended June 30, 2011 under IFRS and give effect to the issuance and redemption of all long-term debt since January 1, 2010, as if these transactions occurred on January 1, 2010 and July 1, 2010, respectively. These earnings coverage ratios do not give effect to the proposed issue of any Debt Securities pursuant to this Prospectus and any Prospectus Supplement, since the aggregate principal amounts and the terms of such securities are not presently known.

### **Previous Canadian GAAP**

The following information was computed under Previous Canadian GAAP. After giving effect to the above transactions, BCE's interest on debt requirements amounted to \$829 million for the 12 months ended December 31, 2010. BCE's net earnings applicable to common shares before interest expense and income tax for the 12 months then ended was \$3,385 million, which is 4.1 times BCE's interest on debt requirements for this period.

The earnings coverage ratio set out above does not purport to be indicative of an earnings coverage ratio for any future period.

## **IFRS**

The following information was computed under IFRS. After giving effect to the above transactions, BCE's interest on debt requirements amounted to \$846 million for the 12 months ended December 31, 2010 and to \$871 million for the 12 months ended June 30, 2011. BCE's net earnings attributable to common shareholders before interest expense and income tax was \$3,770 million for the 12 months ended December 31, 2010, which is 4.5 times BCE's interest on debt requirements for that period and \$3,460 million for the 12 months ended June 30, 2011, which is 4.0 times BCE's interest on debt requirements for that period.

The earnings coverage ratios set out above do not purport to be indicative of an earnings coverage ratio for any future period.

If Bell Canada offers any Debt Securities having a term to maturity in excess of one year under this Prospectus or a Prospectus Supplement, the Prospectus Supplement will include earnings coverage ratios giving effect to the issuance of such Debt Securities.

## **PLAN OF DISTRIBUTION**

Bell Canada may offer and sell the Debt Securities to or through underwriters or dealers purchasing as principals, and it may also sell the Debt Securities to one or more purchasers directly or through agents. Debt Securities may be sold from time to time in one or more transactions at a fixed price or prices, or at non-fixed prices.

If offered on a non-fixed price basis, the Debt Securities may be offered at prevailing market prices at the time of sale or at prices to be negotiated with purchasers. The prices at which the Debt Securities may be offered may vary as between purchasers and during the period of distribution. Consequently, any dealer's overall compensation will increase or decrease by the amount by which the aggregate price paid for the Debt Securities by the purchasers exceeds or is less than the gross proceeds paid by the dealers, acting as principals, to Bell Canada.

If, in connection with the offering of Debt Securities at a fixed price or prices, the underwriters have made a *bona fide* effort to sell all of the Debt Securities at the initial offering price fixed in the applicable Prospectus Supplement, the public offering price may be decreased and thereafter further changed, from time to time, to an amount not greater than the initial public offering price fixed in such Prospectus Supplement, in which case the compensation realized by the underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Debt Securities is less than the gross proceeds paid by the underwriters to Bell Canada.

A Prospectus Supplement will identify each underwriter, dealer or agent engaged by Bell Canada, as the case may be, in connection with the offering and sale of a particular series or issue of Debt Securities, and will also set forth the terms of the offering, including the public offering price (or the manner of determination thereof, if offered on a non-fixed price basis), the proceeds to Bell Canada and any compensation payable to the underwriters, dealers or agents.

Under agreements which may be entered into by Bell Canada, underwriters, dealers and agents who participate in the distribution of the Debt Securities may be entitled to indemnification by Bell Canada against certain liabilities, including liabilities arising out of any misrepresentation in this Prospectus and the documents incorporated by reference herein, other than liabilities arising out of any misrepresentation made by underwriters, dealers or agents who participate in the offering of the Debt Securities.

Each series or issue of Debt Securities will be a new issue of securities with no established trading market. In accordance with rules and policy statements of certain Canadian securities regulators, the underwriters, dealers or agents, as the case may be, may not, throughout the period of distribution of a series of Debt Securities, bid for or purchase such series of Debt Securities. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising prices of, such series of Debt Securities. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada relating to market stabilization and

passive market-making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Subject to the foregoing and applicable laws, in connection with the offering, and subject to the first exception mentioned above, the underwriters, dealers or agents, as the case may be, may engage in over-allotment and stabilizing transactions and purchases to cover short positions created by the underwriters, dealers or agents, as the case may be, in connection with the offering. Stabilizing transactions consist of certain bids or purchases for the purpose of preventing or retarding a decline in the market price of a particular series of Debt Securities and short positions created by the underwriters, dealers or agents, as the case may be, involving the sale by the underwriters, dealers or agents, as the case may be, of a greater number of Debt Securities of such series than may be offered by Bell Canada in the offering. These activities may stabilize, maintain or otherwise affect the market price of the Debt Securities, which may be higher than the price that might otherwise prevail in the open market; these activities, if commenced, may be discontinued at any time. These transactions may be effected in the over-the-counter market or otherwise.

Any underwriters, dealers or agents to or through whom Debt Securities are sold by Bell Canada for public offering and sale may make a market in the Debt Securities, but such underwriters, dealers or agents will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given that a trading market in the Debt Securities of any series or issue will develop or as to the liquidity of any trading market for the Debt Securities.

## **RISK FACTORS**

An investment in the Debt Securities involves risks. Prospective investors in the Debt Securities should carefully consider the information contained in, or incorporated by reference in, this Prospectus, including, without limitation, the risk factors disclosed in the BCE 2010 MD&A included in the BCE 2010 Annual Report on pages 70 to 76 under the heading "Risks that Could Affect Our Business and Results", on pages 60 to 63 under the heading "Our Competitive Environment" and on pages 63 to 69 under the heading "Our Regulatory Environment", as updated in the BCE 2011 First Quarter MD&A under the headings "Updates to Our Regulatory Environment" and "Assumptions and Risks that Could Affect Our Business and Results" on pages 17 to 20, and 21 to 24, respectively, of the BCE 2011 First Quarter Shareholder Report, as further updated in the BCE 2011 Second Quarter MD&A, under the headings "Updates to Our Regulatory Environment" and "Assumptions and Risks that Could Affect Our Business and Results" provided on pages 20 to 22, and 22 to 24, respectively, of the BCE 2011 Second Quarter Shareholder Report, which BCE 2010 MD&A, BCE 2011 First Quarter MD&A and BCE 2011 Second Quarter MD&A are incorporated by reference into this Prospectus.

In addition, Debt Securities denominated or payable in foreign currencies may entail significant risks, and the extent and nature of such risks change continuously. These risks include, without limitation, the possibility of significant fluctuations in the foreign currency market, the imposition or modification of foreign exchange controls and potential illiquidity in the secondary market. These risks will vary depending upon the currency or currencies involved. Prospective purchasers should consult their own financial and legal advisors as to the risks entailed in an investment in Debt Securities denominated in currencies other than Canadian dollars. Such Debt Securities are not an appropriate investment for investors who are unsophisticated with respect to foreign currency transactions.

**There is currently no market through which the Debt Securities may be sold and purchasers may not be able to resell the Debt Securities issued hereunder. This may affect the pricing of the Debt Securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. Also, it cannot be assured that a secondary market for trading in the Debt Securities will develop or that any secondary market which does develop will continue. See the "Risk Factors" section of the applicable Prospectus Supplement.**

Although the Debt Securities and the Guarantee may not necessarily be subordinated to any other indebtedness, they are not secured. Furthermore, although Bell Canada's and BCE's various debt instruments restrict the incurrence of secured indebtedness, such indebtedness may, subject to certain conditions, be incurred. In addition, Bell Canada's and BCE's subsidiaries may incur indebtedness. Although BCE is the Guarantor of the Debt Securities that may be issued from time to time hereunder, it is not subject to the limitation on liens and other covenants under the Indentures. Consequently, BCE may, subject to the limitations and covenants under its own debt instruments, incur substantial additional indebtedness, which could make it more difficult for BCE to fulfill its

Guarantee obligations with respect to the Debt Securities. The Debt Securities will be effectively subordinated to the creditors of Bell Canada's subsidiaries and the Guarantee will be effectively subordinated to the creditors of BCE's subsidiaries, in that the right of Bell Canada or BCE, as the case may be, to participate as a shareholder in the distribution of the assets of any subsidiary upon any such distribution would be subject to the prior claims of the creditors of such subsidiary.

Finally, there is no assurance that any credit rating, if any, assigned to Debt Securities issued hereunder will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. A lowering or withdrawal of such rating may have an adverse effect on the market value of the Debt Securities.

## **LEGAL MATTERS**

Unless otherwise specified in the Prospectus Supplement relating a particular offering of Debt Securities, certain legal matters relating to the issuance of the Debt Securities will be passed upon by Ms. Martine Turcotte, Vice Chair, Québec, of Bell Canada, Mr. Michel Lalande, Senior Vice-President - General Counsel of Bell Canada, Stikeman Elliott LLP and Sullivan & Cromwell LLP on behalf of the Corporation.

## **INTEREST OF EXPERTS**

Deloitte & Touche LLP, the external auditors of the Corporation, reported on the BCE 2010 Financial Statements and on BCE's internal control over financial reporting, which reports are incorporated by reference herein. Deloitte & Touche LLP is independent within the meaning of the Code of Ethics of the Ordre des Comptables Agréés du Québec.

## **PURCHASERS' STATUTORY RIGHTS**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment, irrespective of the determination at a later date of the purchase price of the securities distributed if offered on a non-fixed price basis. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus, the accompanying prospectus supplement relating to securities purchased by a purchaser and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

## **EXPERTS**

The audited consolidated financial statements of BCE for each of the three years in the period ended December 31, 2010 and the effectiveness of BCE's internal control over financial reporting have been audited by Deloitte & Touche LLP, independent registered chartered accountants, as stated in their reports, which are incorporated herein by reference. Such financial statements have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

## **ENFORCEABILITY OF CIVIL LIABILITIES UNDER THE U.S. FEDERAL SECURITIES LAWS**

BCE and Bell Canada are Canadian companies and are governed by the laws of Canada. A substantial portion of their assets is located outside the United States and some or all of the directors and officers and some or all of the experts named in this Prospectus are residents of Canada. As a result, it may be difficult for investors to effect service within the United States upon BCE or Bell Canada and those directors, officers and experts, or to realize in the United States upon judgments of courts of the United States predicated upon civil liability of BCE or Bell Canada and such directors, officers or experts under the United States federal securities laws. BCE and Bell Canada have been advised by external counsel that there is doubt as to the enforceability in a Canadian court in

original actions, or in actions to enforce judgments of United States courts, of civil liabilities predicated upon United States federal securities laws.

**DOCUMENTS FILED AS PART OF THE REGISTRATION STATEMENT**

The following documents have been filed with the SEC as part of the Registration Statement of which this Prospectus is a part: (i) the documents listed in the second paragraph under "Documents Incorporated by Reference"; (ii) the consent of Deloitte & Touche LLP, independent registered chartered accountants; (iii) powers of attorney from directors and officers of BCE and Bell Canada; (iv) the MTN Indenture; and (v) the Subordinated Indenture.

## **CONSENT OF THE INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS**

We have read the short form base shelf prospectus of Bell Canada dated August 15, 2011 relating to the offering of up to \$3,000,000,000 of Debt Securities of Bell Canada. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above mentioned short form base shelf prospectus of our reports to the board of directors and shareholders of BCE Inc. on the consolidated balance sheets of BCE Inc. and its subsidiaries as at December 31, 2010 and 2009, and the related consolidated statements of operations, deficit, comprehensive income and cash flows for each of the years in the three year period ended December 31, 2010 and on the effectiveness of BCE's internal control over financial reporting as of December 31, 2010. Our reports are dated March 10, 2011.

(signed) Deloitte & Touche LLP<sup>(1)</sup>  
Independent Registered Chartered Accountants  
Montréal, Canada  
August 15, 2011

<sup>(1)</sup> Chartered accountant auditor permit no. 9335

**CERTIFICATES OF BELL CANADA AND BCE INC.**

Dated: August 15, 2011

This short form prospectus, together with the documents incorporated in this prospectus by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

**BELL CANADA**

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

*(Signed) GEORGE A. COPE*  
President and Chief Executive Officer of Bell Canada

*(Signed) SIMA A. VANASELJA*  
Executive Vice-President and Chief  
Financial Officer of Bell Canada

On behalf of the Board of Directors of Bell Canada

*(Signed) THOMAS C. O'NEILL*  
Director

*(Signed) PAUL R. WEISS*  
Director

**BCE INC.**

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

*(Signed) GEORGE A. COPE*  
President and Chief Executive Officer of BCE Inc.

*(Signed) SIMA A. VANASELJA*  
Executive Vice-President and Chief  
Financial Officer of BCE Inc.

On behalf of the Board of Directors of BCE Inc.

*(Signed) THOMAS C. O'NEILL*  
Director

*(Signed) PAUL R. WEISS*  
Director