The Board of Directors' Letter to Shareholders

Approach to Executive Compensation

Extract from the BCE 2012 Management Proxy Circular
Dated March 8, 2012

THE BOARD OF DIRECTORS' LETTER TO SHAREHOLDERS

Dear fellow shareholders:

On behalf of the MRCC and the Board, we are pleased to share with you our approach to executive compensation, including the framework we have used to make our compensation decisions for 2011, and highlight the compensation changes we implemented in early 2011, namely the redesigned long-term incentive plan.

Our second "Say on Pay" shareholder advisory vote was held at our 2011 AGM. In addition to the details of the 2010 compensation, our 2011 circular included the outline of our new long-term incentive plan and so we were pleased with the support the programs received, at 93.6% of the total votes cast.

OUR APPROACH TO EXECUTIVE COMPENSATION

BCE is focused on a pay-for-performance approach to compensation for all team members, including our executive team. This philosophy supports the execution of Bell's Strategic Imperatives and our commitment to deliver ongoing and consistent returns to shareholders.

OUR APPROACH TO COMPENSATION IS SET TO ACHIEVE ONE ULTIMATE GOAL: TO CREATE SUSTAINED VALUE FOR YOU.

As a result, our executive compensation policies and programs are designed to attract and retain the highest caliber of individuals at a competitive cost to the company, and to ensure that they are motivated to pursue our goal to create long-term sustainable shareholder value. We recognize that this must be done within an acceptable level of risk and we are responsible for ensuring our compensation policies and practices do not encourage undue risk-taking on the part of our executives. To this end, we undertook a complete assessment of risks associated with our compensation practices and programs in 2011. While we were generally satisfied with our findings and we did not identify any risks that are reasonably likely to have a material adverse effect on the company, we did identify a few opportunities to further mitigate compensation risk. For example, we updated our policy prohibiting the hedging of share ownership and incentive compensation for our executives. Further details on our compensation risk assessment may be found in the *Compensation discussion and analysis* section of this Circular.

OUR COMPENSATION DECISIONS FOR 2011

Base salary

As a policy, salaries are reviewed from time to time and for 2011 there were no changes to the base salaries of our executive officers. Since 2006, annual base salaries have only been adjusted to reflect increases in responsibilities.

Short-term incentive plan

Short-term incentive targets remained at their 2010 level of 125% of base salary for our President and CEO and 100% of base salary for our other executive officers.

We designed the short-term incentive compensation to reward a range of critical financial and operating metrics. The financial metrics used in 2011 — EBITDA, Revenue and Free Cash Flow — are key indicators widely employed to measure financial performance in the communications industry across North America. The operating metrics were based on the 5 Strategic Imperatives that have guided the renewal of the Bell brand, our improved competitiveness and market performance, and an enhanced ability to return value to shareholders. This combination of well-established financial measures aligned with Bell's strategy provide the team with a clear and motivational compensation structure.

In 2011, the company was able to achieve the majority of its financial targets and exceed expectations on both EBITDA and Free Cash Flow. Progress on the operating metrics related to our Strategic Imperatives was also significant and therefore, the corporate performance index was set at 95% of target, out of a possible 150%. This index accounts for 70% of the short-term incentives paid out to executive officers, while the remaining 30% accounts for personal performance.

Long-term incentive plan

Our long-term incentive plan was significantly redesigned and reintroduced performance vesting on a portion of the equity granted. We also moved away from a front-loaded multi-year grant to an annual grant which enables the company to review the objectives and grant levels associated with its long-term incentive plan annually rather than on a three-year basis. The components of the grants made to our executives in 2011 were allocated as shown in the table below.

RESTRICTED SHARE UNITS (RSUs) (50%)	PERFORMANCE SHARE UNITS (PSUs) (25%)	STOCK OPTIONS (25%)
100% vesting at the end of 3 years	Vesting at the end of 3 years contingent on earnings growth targets	100% vesting at the end of 3 years Option term: 7 years

To achieve 100% vesting of the PSUs at the end of 2013, earnings growth must be sufficient to provide the Board with the ability to increase the dividend by a target compound annual dividend growth rate over the three-year performance period while keeping the dividend payout ratio between 65% and 75% of the adjusted earnings per share available to common shareholders. Prorated payment is made if the target is only partially attained.

MOVING FORWARD IN 2012

Following the thorough review of compensation practices introduced in 2011, and the usual benchmarking exercise conducted during the course of the year, we are confident that the current compensation structure is competitive and fully meets the objectives of our compensation philosophy. As such, we do not expect any major changes to our programs in 2012.

CONCLUSION

The responsibility for executive compensation rests with the Board of Directors, and we confirm that we fully understand the long-term implications of the executive compensation decisions we make and the programs we approve.

Members of the Board will be present during the Annual General Shareholder Meeting, to be held on May 3, 2012, to answer any questions you may have about executive compensation.

Our approach to executive compensation supports the execution of the company's strategy, and we remain committed to developing the compensation policies and programs that will continue to produce the results that deliver value to you, our shareholders.

Thomas C. O'Neill
Chair of the Board

Ronald A. Brenneman
Chair of the Management Resources and Compensation Committee

March 8, 2012