



Q4

Supplementary Financial Information

Fourth Quarter 2015

BCE Investor Relations

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Bell

| | Q4 2015 | Q4 2014 | \$ change | % change | TOTAL 2015 | TOTAL 2014 | \$ change | % change |
|--|------------------|------------|-----------|----------|------------------|---------------|-----------|----------|
| <i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i> | | | | | | | | |
| Operating revenues | 5,603 | 5,528 | 75 | 1.4% | 21,514 | 21,042 | 472 | 2.2% |
| Operating costs ^(A) | (3,462) | (3,438) | (24) | (0.7%) | (12,682) | (12,463) | (219) | (1.8%) |
| Post-employment benefit plans service cost | (68) | (68) | - | - | (281) | (276) | (5) | (1.8%) |
| Adjusted EBITDA ⁽³⁾ | 2,073 | 2,022 | 51 | 2.5% | 8,551 | 8,303 | 248 | 3.0% |
| Adjusted EBITDA margin ⁽³⁾ | 37.0% | 36.6% | | 0.4 pts | 39.7% | 39.5% | | 0.2 pts |
| Severance, acquisition and other costs | (152) | (58) | (94) | n.m. | (446) | (216) | (230) | n.m. |
| Depreciation | (731) | (734) | 3 | 0.4% | (2,890) | (2,880) | (10) | (0.3%) |
| Amortization | (136) | (118) | (18) | (15.3%) | (530) | (572) | 42 | 7.3% |
| Finance costs | | | | | | | | |
| Interest expense | (226) | (238) | 12 | 5.0% | (909) | (929) | 20 | 2.2% |
| Interest on post-employment benefit obligations | (28) | (25) | (3) | (12.0%) | (110) | (101) | (9) | (8.9%) |
| Other (expense) income | (70) | (34) | (36) | n.m. | (12) | 42 | (54) | n.m. |
| Income taxes | (188) | (221) | 33 | 14.9% | (924) | (929) | 5 | 0.5% |
| Net earnings | 542 | 594 | (52) | (8.8%) | 2,730 | 2,718 | 12 | 0.4% |
| Net earnings attributable to: | | | | | | | | |
| Common shareholders | 496 | 542 | (46) | (8.5%) | 2,526 | 2,363 | 163 | 6.9% |
| Preferred shareholders | 37 | 40 | (3) | (7.5%) | 152 | 137 | 15 | 10.9% |
| Non-controlling interest | 9 | 12 | (3) | (25.0%) | 52 | 218 | (166) | (76.1%) |
| Net earnings | 542 | 594 | (52) | (8.8%) | 2,730 | 2,718 | 12 | 0.4% |
| Net earnings per common share - basic | \$ 0.58 | \$ 0.64 | \$ (0.06) | (9.4%) | \$ 2.98 | \$ 2.98 | \$ - | - |
| Net earnings per common share - diluted | \$ 0.58 | \$ 0.63 | \$ (0.05) | (7.9%) | \$ 2.98 | \$ 2.97 | \$ 0.01 | 0.3% |
| Dividends per common share | \$ 0.6500 | \$ 0.6175 | \$ 0.0325 | 5.3% | \$ 2.6000 | \$ 2.4700 | \$ 0.130 | 5.3% |
| Average number of common shares outstanding - basic (millions) | 853.5 | 837.7 | | | 847.1 | 793.7 | | |
| Average number of common shares outstanding - diluted (millions) | 854.9 | 838.9 | | | 848.3 | 794.6 | | |
| Number of common shares outstanding (millions) | 865.6 | 840.3 | | | 865.6 | 840.3 | | |
| Adjusted Net Earnings and EPS | | | | | | | | |
| Net earnings attributable to common shareholders | 496 | 542 | (46) | (8.5%) | 2,526 | 2,363 | 163 | 6.9% |
| Severance, acquisition and other costs | 112 | 42 | 70 | n.m. | 327 | 148 | 179 | n.m. |
| Net losses (gains) on investments | 1 | 8 | (7) | (87.5%) | (21) | (8) | (13) | n.m. |
| Early debt redemption costs | 6 | 18 | (12) | (66.7%) | 13 | 21 | (8) | (38.1%) |
| Adjusted net earnings ⁽³⁾ | 615 | 610 | 5 | 0.8% | 2,845 | 2,524 | 321 | 12.7% |
| Impact on net earnings per share | \$ 0.14 | \$ 0.08 | \$ 0.06 | 75.0% | \$ 0.38 | \$ 0.20 | \$ 0.18 | 90.0% |
| Adjusted EPS ⁽³⁾ | \$ 0.72 | \$ 0.72 | \$ - | - | \$ 3.36 | \$ 3.18 | \$ 0.18 | 5.7% |

^(A) Excludes post-employment benefit plans service cost
n.m. : not meaningful

BCE
Consolidated Operational Data - Historical Trend

| <i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i> | TOTAL 2015 | Q4 15 | Q3 15 | Q2 15 | Q1 15 | TOTAL 2014 | Q4 14 | Q3 14 | Q2 14 | Q1 14 |
|--|------------------|------------------|-----------|-----------|-----------|---------------|-----------|-----------|-----------|-----------|
| Operating revenues | 21,514 | 5,603 | 5,345 | 5,326 | 5,240 | 21,042 | 5,528 | 5,195 | 5,220 | 5,099 |
| Operating costs ^(A) | (12,682) | (3,462) | (3,089) | (3,061) | (3,070) | (12,463) | (3,438) | (3,014) | (3,008) | (3,003) |
| Post-employment benefit plans service cost | (281) | (68) | (69) | (68) | (76) | (276) | (68) | (66) | (68) | (74) |
| Adjusted EBITDA | 8,551 | 2,073 | 2,187 | 2,197 | 2,094 | 8,303 | 2,022 | 2,115 | 2,144 | 2,022 |
| Adjusted EBITDA margin | 39.7% | 37.0% | 40.9% | 41.3% | 40.0% | 39.5% | 36.6% | 40.7% | 41.1% | 39.7% |
| Severance, acquisition and other costs | (446) | (152) | (46) | (24) | (224) | (216) | (58) | (66) | (54) | (38) |
| Depreciation | (2,890) | (731) | (727) | (720) | (712) | (2,880) | (734) | (739) | (708) | (699) |
| Amortization | (530) | (136) | (133) | (134) | (127) | (572) | (118) | (116) | (171) | (167) |
| Finance costs | | | | | | | | | | |
| Interest expense | (909) | (226) | (227) | (230) | (226) | (929) | (238) | (227) | (229) | (235) |
| Interest on post-employment benefit obligations | (110) | (28) | (27) | (28) | (27) | (101) | (25) | (25) | (26) | (25) |
| Other (expense) income | (12) | (70) | 35 | 43 | (20) | 42 | (34) | 2 | (13) | 87 |
| Income taxes | (924) | (188) | (271) | (290) | (175) | (929) | (221) | (241) | (236) | (231) |
| Net earnings | 2,730 | 542 | 791 | 814 | 583 | 2,718 | 594 | 703 | 707 | 714 |
| Net earnings attributable to: | | | | | | | | | | |
| Common shareholders | 2,526 | 496 | 739 | 759 | 532 | 2,363 | 542 | 600 | 606 | 615 |
| Preferred shareholders | 152 | 37 | 38 | 39 | 38 | 137 | 40 | 31 | 33 | 33 |
| Non-controlling interest | 52 | 9 | 14 | 16 | 13 | 218 | 12 | 72 | 68 | 66 |
| Net earnings | 2,730 | 542 | 791 | 814 | 583 | 2,718 | 594 | 703 | 707 | 714 |
| Net earnings per common share - basic | \$ 2.98 | \$ 0.58 | \$ 0.87 | \$ 0.90 | \$ 0.63 | \$ 2.98 | \$ 0.64 | \$ 0.77 | \$ 0.78 | \$ 0.79 |
| Net earnings per common share - diluted | \$ 2.98 | \$ 0.58 | \$ 0.87 | \$ 0.90 | \$ 0.63 | \$ 2.97 | \$ 0.63 | \$ 0.77 | \$ 0.78 | \$ 0.79 |
| Dividends per common share | \$ 2.6000 | \$ 0.6500 | \$ 0.6500 | \$ 0.6500 | \$ 0.6500 | \$ 2.4700 | \$ 0.6175 | \$ 0.6175 | \$ 0.6175 | \$ 0.6175 |
| Average number of common shares outstanding - basic (millions) | 847.1 | 853.5 | 848.9 | 844.9 | 841.0 | 793.7 | 837.7 | 782.1 | 777.7 | 776.5 |
| Average number of common shares outstanding - diluted (millions) | 848.3 | 854.9 | 850.1 | 846.2 | 842.6 | 794.6 | 838.9 | 783.0 | 778.6 | 777.2 |
| Number of common shares outstanding (millions) | 865.6 | 865.6 | 849.4 | 848.6 | 841.9 | 840.3 | 840.3 | 828.3 | 778.1 | 777.3 |
| Adjusted Net Earnings and EPS | | | | | | | | | | |
| Net earnings attributable to common shareholders | 2,526 | 496 | 739 | 759 | 532 | 2,363 | 542 | 600 | 606 | 615 |
| Severance, acquisition and other costs | 327 | 112 | 35 | 16 | 164 | 148 | 42 | 45 | 38 | 23 |
| Net (gains) losses on investments | (21) | 1 | 16 | (40) | 2 | (8) | 8 | - | (4) | (12) |
| Early debt redemption costs | 13 | 6 | - | - | 7 | 21 | 18 | 3 | - | - |
| Adjusted net earnings | 2,845 | 615 | 790 | 735 | 705 | 2,524 | 610 | 648 | 640 | 626 |
| Impact on net earnings per share | \$ 0.38 | \$ 0.14 | \$ 0.06 | \$ (0.03) | \$ 0.21 | \$ 0.20 | \$ 0.08 | \$ 0.06 | \$ 0.04 | \$ 0.02 |
| Adjusted EPS | \$ 3.36 | \$ 0.72 | \$ 0.93 | \$ 0.87 | \$ 0.84 | \$ 3.18 | \$ 0.72 | \$ 0.83 | \$ 0.82 | \$ 0.81 |

^(A) Excludes post-employment benefit plans service cost

BCE
Segmented Data ⁽²⁾

| <i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i> | Q4 2015 | Q4 2014 | \$ change | % change | TOTAL 2015 | TOTAL 2014 | \$ change | % change |
|--|--------------------|----------------|-------------|---------------|-----------------------|-----------------|--------------|---------------|
| Revenues | | | | | | | | |
| Bell Wireless | 1,770 | 1,671 | 99 | 5.9% | 6,876 | 6,327 | 549 | 8.7% |
| Bell Wireline | 3,161 | 3,210 | (49) | (1.5%) | 12,258 | 12,324 | (66) | (0.5%) |
| Bell Media | 816 | 789 | 27 | 3.4% | 2,974 | 2,937 | 37 | 1.3% |
| Inter-segment eliminations | (144) | (142) | (2) | (1.4%) | (594) | (546) | (48) | (8.8%) |
| Total | 5,603 | 5,528 | 75 | 1.4% | 21,514 | 21,042 | 472 | 2.2% |
| Operating costs | | | | | | | | |
| Bell Wireless | (1,129) | (1,071) | (58) | (5.4%) | (4,048) | (3,703) | (345) | (9.3%) |
| Bell Wireline | (1,913) | (1,980) | 67 | 3.4% | (7,258) | (7,379) | 121 | 1.6% |
| Bell Media | (632) | (597) | (35) | (5.9%) | (2,251) | (2,203) | (48) | (2.2%) |
| Inter-segment eliminations | 144 | 142 | 2 | 1.4% | 594 | 546 | 48 | 8.8% |
| Total | (3,530) | (3,506) | (24) | (0.7%) | (12,963) | (12,739) | (224) | (1.8%) |
| Adjusted EBITDA | | | | | | | | |
| Bell Wireless | 641 | 600 | 41 | 6.8% | 2,828 | 2,624 | 204 | 7.8% |
| Margin | 36.2% | 35.9% | | 0.3 pts | 41.1% | 41.5% | | (0.4) pts |
| Bell Wireline | 1,248 | 1,230 | 18 | 1.5% | 5,000 | 4,945 | 55 | 1.1% |
| Margin | 39.5% | 38.3% | | 1.2 pts | 40.8% | 40.1% | | 0.7 pts |
| Bell Media | 184 | 192 | (8) | (4.2%) | 723 | 734 | (11) | (1.5%) |
| Margin | 22.5% | 24.3% | | (1.8) pts | 24.3% | 25.0% | | (0.7) pts |
| Total | 2,073 | 2,022 | 51 | 2.5% | 8,551 | 8,303 | 248 | 3.0% |
| Margin | 37.0% | 36.6% | | 0.4 pts | 39.7% | 39.5% | | 0.2 pts |
| Capital expenditures | | | | | | | | |
| Bell Wireless | 193 | 218 | 25 | 11.5% | 716 | 687 | (29) | (4.2%) |
| Capital Intensity ⁽⁴⁾ | 10.9% | 13.0% | | 2.1 pts | 10.4% | 10.9% | | 0.5 pts |
| Bell Wireline | 741 | 804 | 63 | 7.8% | 2,809 | 2,893 | 84 | 2.9% |
| Capital Intensity | 23.4% | 25.0% | | 1.6 pts | 22.9% | 23.5% | | 0.6 pts |
| Bell Media | 24 | 54 | 30 | 55.6% | 101 | 137 | 36 | 26.3% |
| Capital Intensity | 2.9% | 6.8% | | 3.9 pts | 3.4% | 4.7% | | 1.3 pts |
| Total | 958 | 1,076 | 118 | 11.0% | 3,626 | 3,717 | 91 | 2.4% |
| Capital Intensity | 17.1% | 19.5% | | 2.4 pts | 16.9% | 17.7% | | 0.8 pts |

BCE
Segmented Data - Historical Trend

| <i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i> | TOTAL 2015 | Q4 15 | Q3 15 | Q2 15 | Q1 15 | Total 2014 | Q4 14 | Q3 14 | Q2 14 | Q1 14 |
|--|-----------------------|----------------|----------------|----------------|----------------|-----------------------|----------------|----------------|----------------|----------------|
| Revenues | | | | | | | | | | |
| Bell Wireless | 6,876 | 1,770 | 1,772 | 1,697 | 1,637 | 6,327 | 1,671 | 1,621 | 1,543 | 1,492 |
| Bell Wireline | 12,258 | 3,161 | 3,028 | 3,042 | 3,027 | 12,324 | 3,210 | 3,046 | 3,049 | 3,019 |
| Bell Media | 2,974 | 816 | 692 | 740 | 726 | 2,937 | 789 | 665 | 761 | 722 |
| Inter-segment eliminations | (594) | (144) | (147) | (153) | (150) | (546) | (142) | (137) | (133) | (134) |
| Total | 21,514 | 5,603 | 5,345 | 5,326 | 5,240 | 21,042 | 5,528 | 5,195 | 5,220 | 5,099 |
| Operating costs | | | | | | | | | | |
| Bell Wireless | (4,048) | (1,129) | (1,014) | (980) | (925) | (3,703) | (1,071) | (921) | (862) | (849) |
| Bell Wireline | (7,258) | (1,913) | (1,782) | (1,777) | (1,786) | (7,379) | (1,980) | (1,813) | (1,796) | (1,790) |
| Bell Media | (2,251) | (632) | (509) | (525) | (585) | (2,203) | (597) | (483) | (551) | (572) |
| Inter-segment eliminations | 594 | 144 | 147 | 153 | 150 | 546 | 142 | 137 | 133 | 134 |
| Total | (12,963) | (3,530) | (3,158) | (3,129) | (3,146) | (12,739) | (3,506) | (3,080) | (3,076) | (3,077) |
| Adjusted EBITDA | | | | | | | | | | |
| Bell Wireless | 2,828 | 641 | 758 | 717 | 712 | 2,624 | 600 | 700 | 681 | 643 |
| Margin | 41.1% | 36.2% | 42.8% | 42.3% | 43.5% | 41.5% | 35.9% | 43.2% | 44.1% | 43.1% |
| Bell Wireline | 5,000 | 1,248 | 1,246 | 1,265 | 1,241 | 4,945 | 1,230 | 1,233 | 1,253 | 1,229 |
| Margin | 40.8% | 39.5% | 41.1% | 41.6% | 41.0% | 40.1% | 38.3% | 40.5% | 41.1% | 40.7% |
| Bell Media | 723 | 184 | 183 | 215 | 141 | 734 | 192 | 182 | 210 | 150 |
| Margin | 24.3% | 22.5% | 26.4% | 29.1% | 19.4% | 25.0% | 24.3% | 27.4% | 27.6% | 20.8% |
| Total | 8,551 | 2,073 | 2,187 | 2,197 | 2,094 | 8,303 | 2,022 | 2,115 | 2,144 | 2,022 |
| Margin | 39.7% | 37.0% | 40.9% | 41.3% | 40.0% | 39.5% | 36.6% | 40.7% | 41.1% | 39.7% |
| Capital expenditures | | | | | | | | | | |
| Bell Wireless | 716 | 193 | 184 | 188 | 151 | 687 | 218 | 182 | 168 | 119 |
| Capital Intensity | 10.4% | 10.9% | 10.4% | 11.1% | 9.2% | 10.9% | 13.0% | 11.2% | 10.9% | 8.0% |
| Bell Wireline | 2,809 | 741 | 716 | 696 | 656 | 2,893 | 804 | 756 | 737 | 596 |
| Capital Intensity | 22.9% | 23.4% | 23.6% | 22.9% | 21.7% | 23.5% | 25.0% | 24.8% | 24.2% | 19.7% |
| Bell Media | 101 | 24 | 27 | 30 | 20 | 137 | 54 | 37 | 32 | 14 |
| Capital Intensity | 3.4% | 2.9% | 3.9% | 4.1% | 2.8% | 4.7% | 6.8% | 5.6% | 4.2% | 1.9% |
| Total | 3,626 | 958 | 927 | 914 | 827 | 3,717 | 1,076 | 975 | 937 | 729 |
| Capital Intensity | 16.9% | 17.1% | 17.3% | 17.2% | 15.8% | 17.7% | 19.5% | 18.8% | 18.0% | 14.3% |

| <i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i> | Q4 2015 | Q4 2014 | % change | TOTAL 2015 | TOTAL 2014 | % change |
|--|--------------|--------------|-------------|---------------|---------------|-------------|
| Bell Wireless | | | | | | |
| Revenues | | | | | | |
| Service | 1,588 | 1,494 | 6.3% | 6,246 | 5,806 | 7.6% |
| Product | 171 | 167 | 2.4% | 590 | 483 | 22.2% |
| Total external Bell Wireless revenues | 1,759 | 1,661 | 5.9% | 6,836 | 6,289 | 8.7% |
| Inter-segment | 11 | 10 | 10.0% | 40 | 38 | 5.3% |
| Total Bell Wireless operating revenues | 1,770 | 1,671 | 5.9% | 6,876 | 6,327 | 8.7% |
| Operating costs | (1,129) | (1,071) | (5.4%) | (4,048) | (3,703) | (9.3%) |
| Adjusted EBITDA | 641 | 600 | 6.8% | 2,828 | 2,624 | 7.8% |
| <i>Adjusted EBITDA margin (Total revenues)</i> | 36.2% | 35.9% | 0.3 pts | 41.1% | 41.5% | (0.4) pts |
| <i>Adjusted EBITDA margin (Service revenues)</i> | 40.4% | 40.2% | 0.2 pts | 45.3% | 45.2% | 0.1 pts |
| Capital expenditures | 193 | 218 | 11.5% | 716 | 687 | (4.2%) |
| <i>Capital intensity</i> | 10.9% | 13.0% | 2.1 pts | 10.4% | 10.9% | 0.5 pts |
| Wireless gross activations | 449,650 | 462,285 | (2.7%) | 1,600,147 | 1,643,451 | (2.6%) |
| Postpaid | 387,696 | 382,455 | 1.4% | 1,338,141 | 1,291,207 | 3.6% |
| Wireless net activations | 62,464 | 83,498 | (25.2%) | 127,203 | 193,596 | (34.3%) |
| Postpaid | 91,308 | 118,120 | (22.7%) | 265,369 | 311,954 | (14.9%) |
| Wireless subscribers end of period (EOP) | 8,245,831 | 8,118,628 | 1.6% | 8,245,831 | 8,118,628 | 1.6% |
| Postpaid | 7,375,416 | 7,110,047 | 3.7% | 7,375,416 | 7,110,047 | 3.7% |
| Average revenue per user ⁽⁴⁾ (ARPU)(\$/month) | 63.67 | 60.97 | 4.4% | 63.09 | 59.92 | 5.3% |
| Churn (%) ⁽⁴⁾ (average per month) | 1.57% | 1.57% | - pts | 1.51% | 1.52% | 0.01 pts |
| Prepaid | 3.19% | 3.43% | 0.24 pts | 3.32% | 3.44% | 0.12 pts |
| Postpaid | 1.38% | 1.29% | (0.09) pts | 1.28% | 1.22% | (0.06) pts |
| Cost of acquisition (COA) ⁽⁴⁾ (\$/subscriber) | 525 | 495 | (6.1%) | 467 | 441 | (5.9%) |

Bell Wireless - Historical Trend

| <i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i> | TOTAL 2015 | Q4 15 | Q3 15 | Q2 15 | Q1 15 | TOTAL 2014 | Q4 14 | Q3 14 | Q2 14 | Q1 14 |
|--|---------------|--------------|-----------|-----------|-----------|---------------|-----------|-----------|-----------|-----------|
| Bell Wireless | | | | | | | | | | |
| Revenues | | | | | | | | | | |
| Service | 6,246 | 1,588 | 1,619 | 1,539 | 1,500 | 5,806 | 1,494 | 1,495 | 1,429 | 1,388 |
| Product | 590 | 171 | 143 | 149 | 127 | 483 | 167 | 117 | 105 | 94 |
| Total external Bell Wireless revenues | 6,836 | 1,759 | 1,762 | 1,688 | 1,627 | 6,289 | 1,661 | 1,612 | 1,534 | 1,482 |
| Inter-segment | 40 | 11 | 10 | 9 | 10 | 38 | 10 | 9 | 9 | 10 |
| Total Bell Wireless operating revenues | 6,876 | 1,770 | 1,772 | 1,697 | 1,637 | 6,327 | 1,671 | 1,621 | 1,543 | 1,492 |
| Operating costs | (4,048) | (1,129) | (1,014) | (980) | (925) | (3,703) | (1,071) | (921) | (862) | (849) |
| Adjusted EBITDA | 2,828 | 641 | 758 | 717 | 712 | 2,624 | 600 | 700 | 681 | 643 |
| <i>Adjusted EBITDA margin (Total revenues)</i> | 41.1% | 36.2% | 42.8% | 42.3% | 43.5% | 41.5% | 35.9% | 43.2% | 44.1% | 43.1% |
| <i>Adjusted EBITDA margin (Service revenues)</i> | 45.3% | 40.4% | 46.8% | 46.6% | 47.5% | 45.2% | 40.2% | 46.8% | 47.7% | 46.3% |
| Capital expenditures | 716 | 193 | 184 | 188 | 151 | 687 | 218 | 182 | 168 | 119 |
| <i>Capital intensity</i> | 10.4% | 10.9% | 10.4% | 11.1% | 9.2% | 10.9% | 13.0% | 11.2% | 10.9% | 8.0% |
| Wireless gross activations | 1,600,147 | 449,650 | 424,164 | 384,973 | 341,360 | 1,643,451 | 462,285 | 431,460 | 391,382 | 358,324 |
| Postpaid | 1,338,141 | 387,696 | 353,652 | 317,809 | 278,984 | 1,291,207 | 382,455 | 331,851 | 297,374 | 279,527 |
| Wireless net activations | 127,203 | 62,464 | 58,543 | 22,110 | (15,914) | 193,596 | 83,498 | 83,636 | 42,898 | (16,436) |
| Postpaid | 265,369 | 91,308 | 77,655 | 61,033 | 35,373 | 311,954 | 118,120 | 91,779 | 67,951 | 34,104 |
| Wireless subscribers EOP | 8,245,831 | 8,245,831 | 8,183,367 | 8,124,824 | 8,102,714 | 8,118,628 | 8,118,628 | 8,035,130 | 7,951,494 | 7,908,596 |
| Postpaid | 7,375,416 | 7,375,416 | 7,284,108 | 7,206,453 | 7,145,420 | 7,110,047 | 7,110,047 | 6,991,927 | 6,900,148 | 6,832,197 |
| ARPU (\$/month) | 63.09 | 63.67 | 65.34 | 62.48 | 60.83 | 59.92 | 60.97 | 61.59 | 59.35 | 57.75 |
| Churn %(average per month) | 1.51% | 1.57% | 1.49% | 1.49% | 1.47% | 1.52% | 1.57% | 1.45% | 1.47% | 1.58% |
| Prepaid | 3.32% | 3.19% | 2.98% | 3.48% | 3.60% | 3.44% | 3.43% | 3.14% | 3.49% | 3.68% |
| Postpaid | 1.28% | 1.38% | 1.31% | 1.23% | 1.18% | 1.22% | 1.29% | 1.20% | 1.15% | 1.24% |
| COA (\$/subscriber) | 467 | 525 | 446 | 434 | 452 | 441 | 495 | 420 | 403 | 439 |

| <i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i> | Q4 2015 | Q4 2014 | % change | TOTAL 2015 | TOTAL 2014 | % change |
|--|--------------|--------------|----------------|---------------|---------------|----------------|
| Bell Wireline | | | | | | |
| Data | 1,862 | 1,833 | 1.6% | 7,163 | 6,978 | 2.7% |
| Local & access | 802 | 838 | (4.3%) | 3,271 | 3,420 | (4.4%) |
| Long distance | 204 | 234 | (12.8%) | 831 | 922 | (9.9%) |
| Equipment & other | 250 | 248 | 0.8% | 778 | 791 | (1.6%) |
| Total external revenues | 3,118 | 3,153 | (1.1%) | 12,043 | 12,111 | (0.6%) |
| Inter-segment revenues | 43 | 57 | (24.6%) | 215 | 213 | 0.9% |
| Total Bell Wireline operating revenues | 3,161 | 3,210 | (1.5%) | 12,258 | 12,324 | (0.5%) |
| Operating costs | (1,913) | (1,980) | 3.4% | (7,258) | (7,379) | 1.6% |
| Adjusted EBITDA | 1,248 | 1,230 | 1.5% | 5,000 | 4,945 | 1.1% |
| <i>Adjusted EBITDA Margin</i> | 39.5% | 38.3% | 1.2 pts | 40.8% | 40.1% | 0.7 pts |
| Capital expenditures | 741 | 804 | 7.8% | 2,809 | 2,893 | 2.9% |
| <i>Capital intensity</i> | 23.4% | 25.0% | 1.6 pts | 22.9% | 23.5% | 0.6 pts |
| High-speed Internet | | | | | | |
| High-speed Internet net activations | 38,908 | 52,010 | (25.2%) | 155,052 | 160,390 | (3.3%) |
| High-speed Internet subscribers EOP ^(A) ^(B) | 3,413,147 | 3,297,026 | 3.5% | 3,413,147 | 3,297,026 | 3.5% |
| TV | | | | | | |
| Net subscriber activations | 37,786 | 42,190 | (10.4%) | 107,380 | 153,360 | (30.0%) |
| Internet Protocol Television (IPTV) | 74,092 | 76,074 | (2.6%) | 253,329 | 276,034 | (8.2%) |
| Total subscribers EOP ^(A) ^(B) | 2,738,496 | 2,642,608 | 3.6% | 2,738,496 | 2,642,608 | 3.6% |
| IPTV ^(A) ^(B) | 1,182,791 | 933,547 | 26.7% | 1,182,791 | 933,547 | 26.7% |
| Local | | | | | | |
| Network Access Services (NAS) | | | | | | |
| Residential ^(A) ^(B) | 3,533,732 | 3,815,608 | (7.4%) | 3,533,732 | 3,815,608 | (7.4%) |
| Business | 3,154,934 | 3,315,244 | (4.8%) | 3,154,934 | 3,315,244 | (4.8%) |
| Total ^(A) ^(B) | 6,688,666 | 7,130,852 | (6.2%) | 6,688,666 | 7,130,852 | (6.2%) |
| NAS net losses | | | | | | |
| Residential | (58,081) | (57,232) | (1.5%) | (278,124) | (305,729) | 9.0% |
| Business | (48,829) | (35,773) | (36.5%) | (160,310) | (158,988) | (0.8%) |
| Total | (106,910) | (93,005) | (15.0%) | (438,434) | (464,717) | 5.7% |

^(A) Our Q1 2015 Internet, IPTV, total TV, and NAS subscriber base included a beginning of period adjustment to reduce the number of subscribers by 7,505, 2,236, 7,702, and 4,409, respectively, for deactivations as a result of the CRTC's decision to eliminate the 30-day notice period required to cancel services.

^(B) Subsequent to a review of our subscriber metrics, our Q1 2015 beginning of period Internet, IPTV and total TV subscriber base was reduced by 31,426, 1,849 and 3,790, respectively, while our NAS base was increased by 657 subscribers. These adjustments primarily consisted of older balances.

Bell Wireline - Historical Trend

| | TOTAL | | | | | TOTAL | | | | |
|---|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| (In millions of Canadian dollars, except where otherwise indicated) (unaudited) | 2015 | Q4 15 | Q3 15 | Q2 15 | Q1 15 | 2014 | Q4 14 | Q3 14 | Q2 14 | Q1 14 |
| Bell Wireline | | | | | | | | | | |
| Data | 7,163 | 1,862 | 1,770 | 1,774 | 1,757 | 6,978 | 1,833 | 1,722 | 1,725 | 1,698 |
| Local & access | 3,271 | 802 | 818 | 827 | 824 | 3,420 | 838 | 855 | 860 | 867 |
| Long distance | 831 | 204 | 207 | 207 | 213 | 922 | 234 | 229 | 233 | 226 |
| Equipment & other | 778 | 250 | 181 | 174 | 173 | 791 | 248 | 186 | 179 | 178 |
| Total external revenues | 12,043 | 3,118 | 2,976 | 2,982 | 2,967 | 12,111 | 3,153 | 2,992 | 2,997 | 2,969 |
| Inter-segment revenues | 215 | 43 | 52 | 60 | 60 | 213 | 57 | 54 | 52 | 50 |
| Total Bell Wireline operating revenues | 12,258 | 3,161 | 3,028 | 3,042 | 3,027 | 12,324 | 3,210 | 3,046 | 3,049 | 3,019 |
| Operating costs | (7,258) | (1,913) | (1,782) | (1,777) | (1,786) | (7,379) | (1,980) | (1,813) | (1,796) | (1,790) |
| Adjusted EBITDA | 5,000 | 1,248 | 1,246 | 1,265 | 1,241 | 4,945 | 1,230 | 1,233 | 1,253 | 1,229 |
| <i>Adjusted EBITDA Margin</i> | <i>40.8%</i> | <i>39.5%</i> | <i>41.1%</i> | <i>41.6%</i> | <i>41.0%</i> | <i>40.1%</i> | <i>38.3%</i> | <i>40.5%</i> | <i>41.1%</i> | <i>40.7%</i> |
| Capital expenditures | 2,809 | 741 | 716 | 696 | 656 | 2,893 | 804 | 756 | 737 | 596 |
| <i>Capital intensity</i> | <i>22.9%</i> | <i>23.4%</i> | <i>23.6%</i> | <i>22.9%</i> | <i>21.7%</i> | <i>23.5%</i> | <i>25.0%</i> | <i>24.8%</i> | <i>24.2%</i> | <i>19.7%</i> |
| High-speed Internet | | | | | | | | | | |
| High-speed Internet net activations | 155,052 | 38,908 | 57,888 | 18,606 | 39,650 | 160,390 | 52,010 | 64,254 | 17,544 | 26,582 |
| High-speed Internet subscribers EOP ^{(A) (B)} | 3,413,147 | 3,413,147 | 3,374,239 | 3,316,351 | 3,297,745 | 3,297,026 | 3,297,026 | 3,245,016 | 3,180,762 | 3,163,218 |
| TV | | | | | | | | | | |
| Net subscriber activations | 107,380 | 37,786 | 25,914 | 16,690 | 26,990 | 153,360 | 42,190 | 37,578 | 33,369 | 40,223 |
| IPTV | 253,329 | 74,092 | 67,908 | 50,466 | 60,863 | 276,034 | 76,074 | 74,450 | 59,132 | 66,378 |
| Total subscribers EOP ^{(A) (B)} | 2,738,496 | 2,738,496 | 2,700,710 | 2,674,796 | 2,658,106 | 2,642,608 | 2,642,608 | 2,600,418 | 2,562,840 | 2,529,471 |
| IPTV ^{(A) (B)} | 1,182,791 | 1,182,791 | 1,108,699 | 1,040,791 | 990,325 | 933,547 | 933,547 | 857,473 | 783,023 | 723,891 |
| Local | | | | | | | | | | |
| NAS | | | | | | | | | | |
| Residential ^{(A) (B)} | 3,533,732 | 3,533,732 | 3,591,813 | 3,670,167 | 3,745,986 | 3,815,608 | 3,815,608 | 3,872,840 | 3,943,622 | 4,031,682 |
| Business | 3,154,934 | 3,154,934 | 3,203,763 | 3,233,485 | 3,271,175 | 3,315,244 | 3,315,244 | 3,351,017 | 3,388,287 | 3,431,147 |
| Total ^{(A) (B)} | 6,688,666 | 6,688,666 | 6,795,576 | 6,903,652 | 7,017,161 | 7,130,852 | 7,130,852 | 7,223,857 | 7,331,909 | 7,462,829 |
| NAS net losses | | | | | | | | | | |
| Residential | (278,124) | (58,081) | (78,354) | (75,819) | (65,870) | (305,729) | (57,232) | (70,782) | (88,060) | (89,655) |
| Business | (160,310) | (48,829) | (29,722) | (37,690) | (44,069) | (158,988) | (35,773) | (37,270) | (42,860) | (43,085) |
| Total | (438,434) | (106,910) | (108,076) | (113,509) | (109,939) | (464,717) | (93,005) | (108,052) | (130,920) | (132,740) |

^(A) Our Q1 2015 Internet, IPTV, total TV, and NAS subscriber base included a beginning of period adjustment to reduce the number of subscribers by 7,505, 2,236, 7,702, and 4,409, respectively, for deactivations as a result of the CRTC's decision to eliminate the 30-day notice period required to cancel services.

^(B) Subsequent to a review of our subscriber metrics, our Q1 2015 beginning of period Internet, IPTV and total TV subscriber base was reduced by 31,426, 1,849 and 3,790, respectively, while our NAS base was increased by 657 subscribers. These adjustments primarily consisted of older balances.

| BCE - Net debt and preferred shares | | | | | |
|--|-----------------------------|----------------------|-----------------|------------------|---------------------|
| <i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i> | | | | | |
| | December 31 2015 | September 30 2015 | June 30 2015 | March 31 2015 | December 31 2014 |
| Debt due within one year | 4,895 | 6,416 | 5,058 | 4,712 | 3,743 |
| Long-term debt | 15,390 | 14,444 | 15,443 | 16,612 | 16,355 |
| Preferred shares - BCE ^(A) | 2,002 | 2,002 | 2,002 | 2,002 | 2,002 |
| Cash and cash equivalents | (613) | (622) | (169) | (1,125) | (566) |
| Net Debt ⁽³⁾ | 21,674 | 22,240 | 22,334 | 22,201 | 21,534 |
| Net Debt Leverage Ratio ⁽³⁾ | 2.53 | 2.62 | 2.65 | 2.65 | 2.59 |
| Adjusted EBITDA /Net interest expense, as shown in our statements of cash flows and 50% of declared preferred share dividends as shown in our income statements ⁽³⁾ | 8.76 | 8.58 | 8.53 | 8.52 | 8.38 |

| Bell Media Inc. - Proportionate Information | | | | | | | | | | |
|--|-----------------------|------------|------------|------------|------------|---------------|------------|------------|------------|------------|
| <i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i> | | | | | | | | | | |
| | TOTAL 2015 | Q4 2015 | Q3 2015 | Q2 2015 | Q1 2015 | Total 2014 | Q4 2014 | Q3 2014 | Q2 2014 | Q1 2014 |
| Proportionate Net Debt | - | - | - | - | - | - | - | - | 14 | 30 |
| Proportionate Adjusted EBITDA | 643 | 170 | 161 | 191 | 121 | 657 | 181 | 158 | 189 | 129 |

| Cash Flow Information | | | | | | | | |
|--|--------------------|------------|-----------|----------|-----------------------|---------------|-----------|----------|
| <i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i> | | | | | | | | |
| | Q4 2015 | Q4 2014 | \$ change | % change | TOTAL 2015 | TOTAL 2014 | \$ change | % change |
| Free Cash Flow (FCF) ⁽³⁾ | | | | | | | | |
| Cash from operating activities, excluding acquisition and other costs paid | 1,669 | 1,559 | 110 | 7.1% | 6,566 | 5,680 | 886 | 15.6% |
| Capital expenditures | (958) | (1,035) | 77 | 7.4% | (3,626) | (3,245) | (381) | (11.7%) |
| Dividends paid on preferred shares | (37) | (40) | 3 | 7.5% | (150) | (134) | (16) | (11.9%) |
| Dividends paid by subsidiaries to non-controlling interest | (8) | (1) | (7) | n.m. | (41) | (2) | (39) | n.m. |
| Voluntary defined benefit pension plan contribution | 250 | 350 | (100) | (28.6%) | 250 | 350 | (100) | (28.6%) |
| Bell Aliant dividends to BCE | - | - | - | - | - | 95 | (95) | (100.0%) |
| FCF | 916 | 833 | 83 | 10.0% | 2,999 | 2,744 | 255 | 9.3% |

| Cash Flow Information - Historical Trend | | | | | | | | | | |
|--|-----------------------|------------|------------|------------|------------|---------------|------------|------------|------------|------------|
| <i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i> | | | | | | | | | | |
| | TOTAL 2015 | Q4 2015 | Q3 2015 | Q2 2015 | Q1 2015 | Total 2014 | Q4 2014 | Q3 2014 | Q2 2014 | Q1 2014 |
| FCF | | | | | | | | | | |
| Cash from operating activities, excluding acquisition and other costs paid | 6,566 | 1,669 | 1,911 | 1,889 | 1,097 | 5,680 | 1,559 | 1,644 | 1,589 | 888 |
| Capital expenditures | (3,626) | (958) | (927) | (914) | (827) | (3,245) | (1,035) | (825) | (791) | (594) |
| Dividends paid on preferred shares | (150) | (37) | (37) | (37) | (39) | (134) | (40) | (31) | (31) | (32) |
| Dividends paid by subsidiaries to non-controlling interest | (41) | (8) | (26) | (7) | - | (2) | (1) | (1) | - | - |
| Voluntary defined benefit pension plan contribution | 250 | 250 | - | - | - | 350 | 350 | - | - | - |
| Bell Aliant dividends to BCE | - | - | - | - | - | 95 | - | 47 | 48 | - |
| FCF | 2,999 | 916 | 921 | 931 | 231 | 2,744 | 833 | 834 | 815 | 262 |

^(A) Net debt includes 50% of preferred shares
n.m. : not meaningful

BCE
Consolidated Statements of Financial Position ⁽²⁾

| <i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i> | December 31 | September 30 | June 30 | March 31 | December 31 |
|--|--------------------|---------------|---------------|---------------|---------------|
| | 2015 | 2015 | 2015 | 2015 | 2014 |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash | 100 | 84 | 131 | 127 | 142 |
| Cash equivalents | 513 | 538 | 38 | 998 | 424 |
| Trade and other receivables | 3,009 | 2,766 | 2,758 | 2,781 | 3,069 |
| Inventory | 416 | 450 | 405 | 403 | 333 |
| Prepaid expenses | 393 | 452 | 528 | 522 | 379 |
| Other current assets | 377 | 287 | 232 | 249 | 201 |
| Total current assets | 4,808 | 4,577 | 4,092 | 5,080 | 4,548 |
| Non-current assets | | | | | |
| Property, plant and equipment | 21,630 | 21,709 | 21,513 | 21,347 | 21,327 |
| Intangible assets | 11,176 | 10,977 | 10,886 | 10,332 | 10,224 |
| Deferred tax assets | 89 | 93 | 131 | 162 | 162 |
| Investments in associates and joint ventures | 1,119 | 1,125 | 1,088 | 790 | 776 |
| Other non-current assets | 794 | 810 | 833 | 989 | 875 |
| Goodwill | 8,377 | 8,377 | 8,376 | 8,376 | 8,385 |
| Total non-current assets | 43,185 | 43,091 | 42,827 | 41,996 | 41,749 |
| Total assets | 47,993 | 47,668 | 46,919 | 47,076 | 46,297 |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Trade payables and other liabilities | 4,287 | 4,015 | 4,053 | 4,007 | 4,398 |
| Interest payable | 148 | 148 | 141 | 143 | 145 |
| Dividends payable | 576 | 566 | 565 | 561 | 534 |
| Current tax liabilities | 86 | 158 | 157 | 74 | 269 |
| Debt due within one year | 4,895 | 6,416 | 5,058 | 4,712 | 3,743 |
| Total current liabilities | 9,992 | 11,303 | 9,974 | 9,497 | 9,089 |
| Non-current liabilities | | | | | |
| Long-term debt | 15,390 | 14,444 | 15,443 | 16,612 | 16,355 |
| Deferred tax liabilities | 1,824 | 1,717 | 1,559 | 1,352 | 1,321 |
| Post-employment benefit obligation | 2,038 | 2,296 | 2,101 | 2,803 | 2,772 |
| Other non-current liabilities | 1,420 | 1,423 | 1,462 | 1,493 | 1,521 |
| Total non-current liabilities | 20,672 | 19,880 | 20,565 | 22,260 | 21,969 |
| Total liabilities | 30,664 | 31,183 | 30,539 | 31,757 | 31,058 |
| EQUITY | | | | | |
| Equity attributable to BCE shareholders | | | | | |
| Preferred shares | 4,004 | 4,004 | 4,004 | 4,004 | 4,004 |
| Common shares | 18,100 | 17,181 | 17,142 | 16,790 | 16,717 |
| Contributed surplus | 1,150 | 1,153 | 1,137 | 1,121 | 1,141 |
| Accumulated other comprehensive income | 119 | 105 | 87 | 124 | 97 |
| Deficit | (6,350) | (6,264) | (6,306) | (7,027) | (7,013) |
| Total Equity attributable to BCE shareholders | 17,023 | 16,179 | 16,064 | 15,012 | 14,946 |
| Non-controlling interest | 306 | 306 | 316 | 307 | 293 |
| Total equity | 17,329 | 16,485 | 16,380 | 15,319 | 15,239 |
| Total liabilities and equity | 47,993 | 47,668 | 46,919 | 47,076 | 46,297 |
| Number of common shares outstanding (millions) | 865.6 | 849.4 | 848.6 | 841.9 | 840.3 |

Consolidated Cash Flow Data ⁽²⁾

| | Q4 2015 | Q4 2014 | \$ change | TOTAL 2015 | TOTAL 2014 | \$ change |
|--|--------------|--------------|-------------|---------------|---------------|------------|
| <i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i> | | | | | | |
| Net earnings | 542 | 594 | (52) | 2,730 | 2,718 | 12 |
| Adjustments to reconcile net earnings to cash flows from operating activities | | | | | | |
| Severance, acquisition and other costs | 152 | 58 | 94 | 446 | 216 | 230 |
| Depreciation and amortization | 867 | 852 | 15 | 3,420 | 3,452 | (32) |
| Post-employment benefit plans cost | 96 | 93 | 3 | 391 | 377 | 14 |
| Net interest expense | 223 | 236 | (13) | 900 | 921 | (21) |
| Loss (gains) on investments | 1 | 6 | (5) | (72) | (10) | (62) |
| Income taxes | 188 | 221 | (33) | 924 | 929 | (5) |
| Contributions to post-employment benefit plans | (317) | (428) | 111 | (566) | (683) | 117 |
| Payments under other post-employment benefit plans | (19) | (19) | - | (75) | (73) | (2) |
| Severance and other costs paid | (44) | (44) | - | (190) | (190) | - |
| Interest paid | (229) | (233) | 4 | (911) | (907) | (4) |
| Income taxes paid (net of refunds) | (154) | (180) | 26 | (672) | (743) | 71 |
| Acquisition and other costs paid | (159) | (68) | (91) | (292) | (131) | (161) |
| Net change in operating assets and liabilities | 363 | 439 | (76) | 241 | 365 | (124) |
| Cash flows from operating activities | 1,510 | 1,527 | (17) | 6,274 | 6,241 | 33 |
| Bell Aliant dividends paid to BCE | - | - | - | - | 95 | (95) |
| Capital expenditures | (958) | (1,076) | 118 | (3,626) | (3,717) | 91 |
| Cash dividends paid on preferred shares | (37) | (40) | 3 | (150) | (134) | (16) |
| Cash dividends paid by subsidiaries to non-controlling interest | (8) | (1) | (7) | (41) | (145) | 104 |
| Acquisition and other costs paid | 159 | 68 | 91 | 292 | 131 | 161 |
| Voluntary defined benefit pension plan contribution | 250 | 350 | (100) | 250 | 350 | (100) |
| Bell Aliant Free Cash Flow | - | 5 | (5) | - | (77) | 77 |
| Free Cash Flow | 916 | 833 | 83 | 2,999 | 2,744 | 255 |
| Bell Aliant free cash flow, excluding dividends paid | - | (5) | 5 | - | (18) | 18 |
| Business acquisitions | (25) | (8) | (17) | (311) | (18) | (293) |
| Acquisition and other costs paid | (159) | (68) | (91) | (292) | (131) | (161) |
| Voluntary defined benefit pension plan contribution | (250) | (350) | 100 | (250) | (350) | 100 |
| Business dispositions | - | (4) | 4 | 409 | 720 | (311) |
| Acquisition of spectrum licences | (1) | - | (1) | (535) | (566) | 31 |
| Other investing activities | (36) | 13 | (49) | (51) | 11 | (62) |
| (Decrease) increase in notes payable and bank advances | (596) | (132) | (464) | 76 | 469 | (393) |
| Increase in securitized trade receivables | - | - | - | 10 | - | 10 |
| Issue of long-term debt | 996 | 2 | 994 | 1,498 | 1,428 | 70 |
| Repayment of long-term debt | (1,107) | (445) | (662) | (2,084) | (1,113) | (971) |
| Privatization of Bell Aliant | - | (185) | 185 | - | (989) | 989 |
| Issue of common shares | 888 | 6 | 882 | 952 | 49 | 903 |
| Common shares issuance cost | (35) | - | (35) | (35) | - | (35) |
| Repurchase of shares for settlement of share-based payments | (41) | (10) | (31) | (138) | (83) | (55) |
| Cash dividends paid on common shares | (552) | (481) | (71) | (2,169) | (1,893) | (276) |
| Other financing activities | (7) | (6) | (1) | (32) | (29) | (3) |
| | (925) | (1,673) | 748 | (2,952) | (2,513) | (439) |
| Net (decrease) increase in cash and cash equivalents | (9) | (840) | 831 | 47 | 231 | (184) |
| Cash and cash equivalents at beginning of period | 622 | 1,406 | (784) | 566 | 335 | 231 |
| Cash and cash equivalents at end of period | 613 | 566 | 47 | 613 | 566 | 47 |
| Other information | | | | | | |
| Free cash flow per share ⁽³⁾ | \$ 1.07 | \$ 1.01 | \$ 0.06 | \$ 3.54 | \$ 3.46 | \$ 0.08 |
| Annualized cash flow yield ⁽³⁾ | 6.5% | 6.1% | 0.4 pts | 6.5% | 6.1% | 0.4 pts |

Consolidated Cash Flow Data - Historical Trend

| (In millions of Canadian dollars, except where otherwise indicated) (unaudited) | TOTAL | | | | | TOTAL | | | | |
|---|----------------|--------------|--------------|----------------|--------------|----------------|----------------|--------------|----------------|------------|
| | 2015 | Q4 15 | Q3 15 | Q2 15 | Q1 15 | 2014 | Q4 14 | Q3 14 | Q2 14 | Q1 14 |
| Net earnings | 2,730 | 542 | 791 | 814 | 583 | 2,718 | 594 | 703 | 707 | 714 |
| Adjustments to reconcile net earnings to cash flows from operating activities | | | | | | | | | | |
| Severance, acquisition and other costs | 446 | 152 | 46 | 24 | 224 | 216 | 58 | 66 | 54 | 38 |
| Depreciation and amortization | 3,420 | 867 | 860 | 854 | 839 | 3,452 | 852 | 855 | 879 | 866 |
| Post-employment benefit plans cost | 391 | 96 | 96 | 96 | 103 | 377 | 93 | 91 | 94 | 99 |
| Net interest expense | 900 | 223 | 225 | 229 | 223 | 921 | 236 | 225 | 226 | 234 |
| (Gains) losses on investments | (72) | 1 | 19 | (94) | 2 | (10) | 6 | - | (4) | (12) |
| Income taxes | 924 | 188 | 271 | 290 | 175 | 929 | 221 | 241 | 236 | 231 |
| Contributions to post-employment benefit plans | (566) | (317) | (76) | (92) | (81) | (683) | (428) | (82) | (85) | (88) |
| Payments under other post-employment benefit plans | (75) | (19) | (18) | (18) | (20) | (73) | (19) | (18) | (18) | (18) |
| Severance and other costs paid | (190) | (44) | (45) | (52) | (49) | (190) | (44) | (40) | (38) | (68) |
| Interest paid | (911) | (229) | (225) | (230) | (227) | (907) | (233) | (214) | (231) | (229) |
| Income taxes paid (net of refunds) | (672) | (154) | (66) | (119) | (333) | (743) | (180) | (92) | (110) | (361) |
| Acquisition and other costs paid | (292) | (159) | (33) | (48) | (52) | (131) | (68) | (33) | (16) | (14) |
| Net change in operating assets and liabilities | 241 | 363 | 33 | 187 | (342) | 365 | 439 | 180 | 156 | (410) |
| Cash flows from operating activities | 6,274 | 1,510 | 1,878 | 1,841 | 1,045 | 6,241 | 1,527 | 1,882 | 1,850 | 982 |
| Bell Aliant dividends paid to BCE | - | - | - | - | - | 95 | - | 47 | 48 | - |
| Capital expenditures | (3,626) | (958) | (927) | (914) | (827) | (3,717) | (1,076) | (975) | (937) | (729) |
| Cash dividends paid on preferred shares | (150) | (37) | (37) | (37) | (39) | (134) | (40) | (31) | (31) | (32) |
| Cash dividends paid by subsidiaries to non-controlling interest | (41) | (8) | (26) | (7) | - | (145) | (1) | (69) | (68) | (7) |
| Acquisition and other costs paid | 292 | 159 | 33 | 48 | 52 | 131 | 68 | 33 | 16 | 14 |
| Voluntary defined benefit pension plan contribution | 250 | 250 | - | - | - | 350 | 350 | - | - | - |
| Bell Aliant Free Cash Flow | - | - | - | - | - | (77) | 5 | (53) | (63) | 34 |
| Free Cash Flow | 2,999 | 916 | 921 | 931 | 231 | 2,744 | 833 | 834 | 815 | 262 |
| Bell Aliant free cash flow, excluding dividends paid | - | - | - | - | - | (18) | (5) | 6 | 15 | (34) |
| Business acquisitions | (311) | (25) | (2) | (284) | - | (18) | (8) | (10) | - | - |
| Acquisition and other costs paid | (292) | (159) | (33) | (48) | (52) | (131) | (68) | (33) | (16) | (14) |
| Voluntary defined benefit pension plan contribution | (250) | (250) | - | - | - | (350) | (350) | - | - | - |
| Business dispositions | 409 | - | 2 | 407 | - | 720 | (4) | 186 | - | 538 |
| Acquisition of spectrum licences | (535) | (1) | (5) | (429) | (100) | (566) | - | - | (453) | (113) |
| Other investing activities | (51) | (36) | (13) | (7) | 5 | 11 | 13 | 1 | 2 | (5) |
| Increase (decrease) in notes payable and bank advances | 76 | (596) | 555 | (574) | 691 | 469 | (132) | 443 | (443) | 601 |
| Increase (reduction) in securitized trade receivables | 10 | - | (305) | 315 | - | - | - | - | - | - |
| Issue of long-term debt | 1,498 | 996 | - | - | 502 | 1,428 | 2 | 1,243 | 150 | 33 |
| Repayment of long-term debt | (2,084) | (1,107) | (108) | (723) | (146) | (1,113) | (445) | (117) | (136) | (415) |
| Privatization of Bell Aliant | - | - | - | - | - | (989) | (185) | (804) | - | - |
| Issue of common shares | 952 | 888 | 7 | 19 | 38 | 49 | 6 | 2 | 9 | 32 |
| Common shares issuance cost | (35) | (35) | - | - | - | - | - | - | - | - |
| Repurchase of shares for settlement of share-based payments | (138) | (41) | (11) | (13) | (73) | (83) | (10) | (8) | (31) | (34) |
| Cash dividends paid on common shares | (2,169) | (552) | (551) | (547) | (519) | (1,893) | (481) | (480) | (480) | (452) |
| Other financing activities | (32) | (7) | (4) | (3) | (18) | (29) | (6) | (7) | (2) | (14) |
| | (2,952) | (925) | (468) | (1,887) | 328 | (2,513) | (1,673) | 422 | (1,385) | 123 |
| Net increase (decrease) in cash and cash equivalents | 47 | (9) | 453 | (956) | 559 | 231 | (840) | 1,256 | (570) | 385 |
| Cash and cash equivalents at beginning of period | 566 | 622 | 169 | 1,125 | 566 | 335 | 1,406 | 150 | 720 | 335 |
| Cash and cash equivalents at end of period | 613 | 613 | 622 | 169 | 1,125 | 566 | 566 | 1,406 | 150 | 720 |
| Other information | | | | | | | | | | |
| Free cash flow per share | \$ 3.54 | \$ 1.07 | \$ 1.09 | \$ 1.11 | \$ 0.27 | \$ 3.46 | \$ 1.01 | \$ 1.06 | \$ 1.05 | \$ 0.34 |
| Annualized cash flow yield | 6.5% | 6.5% | 6.3% | 6.3% | 6.0% | 6.1% | 6.1% | 6.5% | 6.6% | 7.0% |

Accompanying Notes

Beginning January 1, 2015, we report our results in three segments: Bell Wireless, Bell Wireline and Bell Media. Our reporting structure reflects how we manage our business and how we classify our results for planning and measuring performance.

- (1) Throughout this report, *we, us, our, the company* and *BCE* mean, as the context may require, either BCE Inc. or, collectively, BCE Inc., its subsidiaries, joint arrangements and associates; and *Bell Aliant* means, as the context may require, until December 31, 2014, either Bell Aliant Inc. or, collectively, Bell Aliant Inc. and its subsidiaries and associates, or, after December 31, 2014 and up to, and including, June 30, 2015, either Bell Aliant Regional Communications Inc. or, collectively, Bell Aliant Regional Communications Inc. and its subsidiaries and associates.
- (2) On October 31, 2014, BCE completed the acquisition of all the issued and outstanding shares of Bell Aliant that it did not already own, therefore eliminating the 55.9% ownership interest held by non-controlling interest. Beginning January 1, 2015, the results of operation of our former Bell Aliant segment are included within our Bell Wireless and Bell Wireline segments, with prior periods restated for comparative purposes.

(3) **Non-GAAP Financial Measures**

Adjusted EBITDA and Adjusted EBITDA margin

The terms Adjusted EBITDA and Adjusted EBITDA margin do not have any standardized meaning under International Financial Reporting Standards (IFRS). Therefore, they are unlikely to be comparable to similar measures presented by other issuers.

We define Adjusted EBITDA as operating revenues less operating costs (including post-employment benefit plans service cost). We define Adjusted EBITDA margin as Adjusted EBITDA divided by operating revenues.

We use Adjusted EBITDA and Adjusted EBITDA margin to evaluate the performance of our businesses as they reflect their ongoing profitability. We believe that certain investors and analysts use Adjusted EBITDA to measure a company's ability to service debt and to meet other payment obligations or as a common measurement to value companies in the telecommunications industry. We believe that certain investors and analysts also use Adjusted EBITDA and Adjusted EBITDA margin to evaluate the performance of our businesses. Adjusted EBITDA also is one component in the determination of short-term incentive compensation for all management employees.

Adjusted EBITDA and Adjusted EBITDA margin have no directly comparable IFRS financial measure. Alternatively, Adjusted EBITDA may be reconciled to net earnings as shown in this document.

Adjusted net earnings and Adjusted earnings per share (EPS)

The terms Adjusted net earnings and Adjusted EPS do not have any standardized meaning under IFRS. Therefore, they are unlikely to be comparable to similar measures presented by other issuers.

We define Adjusted net earnings as net earnings attributable to common shareholders before severance, acquisition and other costs, net (gains) losses on investments, and early debt redemption costs. We define Adjusted EPS as Adjusted net earnings per BCE common share.

Accompanying Notes

We use Adjusted net earnings and Adjusted EPS and we believe that certain investors and analysts use these measures, among other ones, to assess the performance of our businesses without the effects of severance, acquisition and other costs, net (gains) losses on investments, and early debt redemption costs, net of tax and non-controlling interest. We exclude these items because they affect the comparability of our financial results and could potentially distort the analysis of trends in business performance. Excluding these items does not imply they are non-recurring.

The most comparable IFRS financial measures are net earnings attributable to common shareholders and EPS.

Free Cash Flow, Free Cash Flow per share and Annualized Cash Flow Yield

The terms Free Cash Flow, Free Cash Flow per share and Annualized Cash Flow Yield do not have any standardized meaning under IFRS. Therefore, they are unlikely to be comparable to similar measures presented by other issuers.

As of November 1, 2014, BCE's Free Cash Flow includes 100% of Bell Aliant's Free Cash Flow rather than cash dividends received from Bell Aliant. We define Free Cash Flow as cash flows from operating activities, excluding acquisition and other costs paid (which include significant litigation costs) and voluntary pension funding, less capital expenditures, preferred share dividends and dividends paid by subsidiaries to non-controlling interest.

Prior to November 1, 2014, Free Cash Flow was defined as cash flows from operating activities, excluding acquisition and other costs paid (which include significant litigation costs) and voluntary pension funding, plus dividends received from Bell Aliant, less capital expenditures, preferred share dividends, dividends paid by subsidiaries to non-controlling interest and Bell Aliant Free Cash Flow.

We define Free Cash Flow per share as follows:

Free Cash Flow

Average number of common shares outstanding

We define Annualized Cash Flow Yield as follows:

Trailing 12-month Free Cash Flow

Number of common shares outstanding at end of period multiplied by share price at end of period

We consider Free Cash Flow, Free Cash Flow per share and Annualized Cash Flow Yield to be important indicators of the financial strength and performance of our businesses because they show how much cash is available to pay dividends, repay debt and reinvest in our company.

We believe that certain investors and analysts use Free Cash Flow to value a business and its underlying assets. We believe that certain investors and analysts also use Free Cash Flow, Free Cash Flow per share and Annualized Cash Flow Yield to evaluate the financial strength and performance of our businesses.

For Free Cash Flow, the most comparable IFRS financial measure is cash flows from operating activities.

Net Debt

The term Net Debt does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers.

We define Net Debt as debt due within one year plus long-term debt and 50% of preferred shares less cash and cash equivalents. We include 50% of outstanding preferred shares in our Net Debt as it is consistent with the treatment by certain credit rating agencies.

We consider Net Debt to be an important indicator of the company's financial leverage because it represents the amount of debt that is not covered by available cash and cash equivalents. We believe that certain investors and analysts use Net Debt to determine a company's financial leverage.

Net Debt has no directly comparable IFRS financial measure, but rather is calculated using several asset and liability categories from the statements of financial position, as shown in this document.

Net Debt Leverage Ratio

The Net Debt Leverage Ratio does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers. We use, and believe that certain investors and analysts use, the Net Debt Leverage Ratio as a measure of financial leverage.

The Net Debt Leverage Ratio represents Net Debt divided by Adjusted EBITDA. For the purposes of calculating our Net Debt Leverage Ratio, Adjusted EBITDA is twelve-month trailing Adjusted EBITDA.

Adjusted EBITDA to Net Interest Expense Ratio

The Ratio of Adjusted EBITDA to Net Interest Expense does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers. We use, and believe that certain investors and analysts use, the Adjusted EBITDA to Net Interest Expense Ratio as a measure of financial health of the company.

Adjusted EBITDA to net interest expense represents Adjusted EBITDA divided by net interest expense. For the purposes of calculating our Adjusted EBITDA to Net Interest Expense Ratio, Adjusted EBITDA is twelve-month trailing Adjusted EBITDA. Net interest expense is twelve-month trailing net interest expense as shown in our statements of cash flows and 50% of declared preferred share dividends as shown in our income statements.

(4) Key Performance Indicators (KPIs)

In addition to the Non-GAAP Financial Measures described previously, we use a number of KPIs to measure the success of our strategic imperatives. These KPIs are not accounting measures and may not be comparable to similar measures presented by other issuers.

Capital Intensity is capital expenditures divided by operating revenues.

Average revenue per user or subscriber (ARPU) represents the measurement of certain service revenues divided by the average subscriber base for the specified period.

Churn is the rate at which existing subscribers cancel their services, expressed as a percentage. Churn is calculated as the number of subscribers disconnected divided by the average subscriber base. It is a measure of monthly customer turnover.

Cost of acquisition (COA) is also referred to as subscriber acquisition costs. COA represents the total cost associated with acquiring a customer and includes costs such as hardware discounts, marketing and distribution costs. This measure is expressed per gross activation during the period.