

Neither Canadian securities commissions nor the United States Securities and Exchange Commission nor state securities commissions have approved the proposed arrangement involving BCE Inc. and Teleglobe Inc. (the "Arrangement"), or passed on the merits or fairness of the Arrangement, or determined if this notice of special meeting and management information circular is adequate or accurate. Any representation to the contrary is a criminal offence.



**NOTICE OF SPECIAL MEETING
AND
MANAGEMENT INFORMATION CIRCULAR
OF
TELEGLOBE INC.**

**ARRANGEMENT INVOLVING
BCE INC.
AND
TELEGLOBE INC.**

SEPTEMBER 27, 2000



September 27, 2000

Dear Shareholder:

As you are probably aware, BCE Inc. and Teleglobe Inc. have signed an agreement relating to the acquisition by BCE of all of the outstanding common shares of Teleglobe not already held by BCE or its affiliates. This agreement was supported by the other principal shareholders of Teleglobe, Telesystem Telecom Ltd. (Sirois Group) and Mr. Kenny A. Troutt. This proposed acquisition requires the approval of the Teleglobe common shareholders. For that purpose, you are invited to attend a special meeting of the holders of common shares of Teleglobe to be held on Tuesday, October 31, 2000 at 10:00 a.m. (Montréal time) at the Queen Elizabeth Hotel, 900 René-Lévesque Blvd. West, Montréal, Québec, Galerie 1.

More specifically, the meeting has been called to seek approval for a proposed arrangement under the *Canada Business Corporations Act* involving Teleglobe and BCE as described in the accompanying notice of special meeting and management information circular.

The following are the most important terms of the proposed arrangement:

- Each Teleglobe common share will be exchanged for total consideration equivalent to 0.91 of a BCE common share (including Cdn\$0.10 in cash);
- Teleglobe shareholders may elect to receive cash (including the Cdn\$0.10 in cash referred to above) in lieu of BCE common shares for up to 20% of the total consideration to be received by them;
- Each Teleglobe option that has not been exercised prior to the effective date of the proposed arrangement will continue in full force and effect on the same terms, but from and after the effective date of the proposed arrangement, will entitle the holder to receive upon exercise, 0.91 of a BCE common share;
- An eligible Teleglobe shareholder, depending on the circumstances, may obtain a tax-deferred rollover for Canadian income tax purposes. However, the proposed arrangement will **not** qualify as a tax-free reorganization for U.S. income tax purposes; and
- The resolution approving the arrangement must be approved by two-thirds of the votes cast at the meeting by holders of common shares present in person or by proxy and by a majority of the votes cast by holders of common shares other than BCE and its affiliates and other related persons. The arrangement is also subject to the approval of the Québec Superior Court.

The circular provides a detailed description of the proposed arrangement and includes other information to assist you in considering the matters to be voted upon, including the recommendation of the Teleglobe board and the factors it considered in its analysis. **The Teleglobe board unanimously recommends that Teleglobe shareholders vote in favour of the proposed arrangement.**

Among the factors considered by the Teleglobe board was the opinion of Lehman Brothers Inc., the independent financial advisor to the Special Committee of the Teleglobe board, that the consideration payable under the proposed arrangement is fair, from a financial point of view, to the Teleglobe shareholders. A copy of this opinion is included as Annex "E" to the circular. Please read the circular carefully and, if you require assistance, do not hesitate to consult your financial or professional advisors.

We cordially invite you to attend the meeting in person and the Teleglobe board and the management of Teleglobe consider your presence at the meeting to be important. **We would appreciate your taking the time now to complete, sign, date and return BOTH the enclosed proxy (printed on green paper) AND letter of transmittal (printed on blue paper) in accordance with the instructions set out therein and in the circular,** so that your common shares can be voted at the meeting in accordance with your instructions and that the consideration you have elected to receive can be sent to you if the proposed arrangement is approved.

On behalf of the Teleglobe board of directors and my colleagues, I would like to take this opportunity to thank you for the support you have shown as shareholders of Teleglobe.

Yours very truly,

A handwritten signature in black ink, appearing to read "André Bourbonnais". The signature is written in a cursive, flowing style.

André Bourbonnais,
Co-Chief Executive Officer
and Executive Vice-President,
Chief Legal Officer &
Corporate Secretary

QUESTIONS AND ANSWERS

The following questions and answers have been compiled from questions frequently asked of the investor relations departments of both BCE and Teleglobe since the proposed Arrangement was first publicly announced on February 15, 2000. Information in this Section is qualified in its entirety by the more detailed information contained in the Circular, in the Annexes attached thereto and in the documents incorporated therein by reference. Teleglobe Shareholders are urged to read the Circular, the Annexes attached thereto and the documents incorporated therein by reference carefully and in their entirety. Certain capitalized words and terms used below are defined in the Glossary of Terms.

1. What do I need to do now?

Vote your Teleglobe Common Shares by filling out the green proxy form included with the Circular so that your shares may be represented at the Meeting. It is not necessary for you to attend the Meeting to vote your shares if you complete, sign and return the green proxy form as prescribed, although you are welcome to attend. You should also complete and return the blue Letter of Transmittal together with the certificates for your Teleglobe Common Shares in the envelope enclosed with the Circular so that you can receive the consideration payable under the Arrangement, if approved.

Submission of a blue Letter of Transmittal does not constitute a vote for purposes of the Meeting. To vote at the Meeting, Teleglobe Shareholders must either be present in person or complete, sign and return the green proxy form.

2. What are Teleglobe Shareholders being asked to vote on?

Teleglobe Shareholders are being asked to approve a corporate transaction under the CBCA known as an arrangement, pursuant to which, if approved, each Teleglobe Common Share will be exchanged for total consideration equivalent to 0.91 of a BCE Common Share (including a Cdn\$0.10 cash portion). Teleglobe Shareholders will also have the right to elect to receive cash in lieu of BCE Common Shares for up to 20% of the total consideration to be received by them.

3. Why should I vote for the Arrangement?

The Teleglobe Board of Directors recommends that Teleglobe Shareholders vote in favour of the Arrangement, based upon the recommendation of the Special Committee and the opinion of the Independent Financial Advisor as to the fairness from a financial point of view of the consideration payable under the Arrangement. The primary benefits of the Arrangement are that:

- the Arrangement will allow Teleglobe Shareholders to convert the value of their investment in Teleglobe into an ownership interest in BCE;
- the Arrangement will give Teleglobe Shareholders the opportunity to realize up to 20% of the total value of their Teleglobe investment in cash;
- converting the Teleglobe Common Shares into an equity interest in BCE will allow Teleglobe Shareholders to reduce the risk of a decline in the value of their investment in Teleglobe by decreasing their exposure to Teleglobe;
- BCE is Canada's largest communications company with greater financing and management capabilities than Teleglobe;
- BCE's current dividend policy is to pay Cdn\$1.20 in yearly dividends on the BCE Common Shares; and
- the BCE Common Shares are a more liquid investment than the Teleglobe Common Shares.

4. What is a plan of arrangement?

A plan of arrangement is a statutory procedure under Canadian corporate law which, upon shareholder and court approvals being obtained, permits companies to engage in restructurings. A plan of arrangement is frequently used where a corporate transaction has many steps that must occur in a particular sequence that would not be practicable to organize under statutory provisions lacking the arrangement provision's flexibility.

5. How was the consideration to be received by Teleglobe Shareholders determined?

The consideration was arrived at through arm's length negotiations between BCE and Teleglobe and between BCE and the Significant Shareholders.

6. When is the Arrangement likely to occur?

It is presently anticipated that, if approved, the Arrangement will become effective on November 1, 2000.

Assuming such an Effective Date, the following are the key dates relating to the Arrangement:

Effective Time:	12:01 a.m. on Wednesday, November 1, 2000.
Meeting Date:	Tuesday, October 31, 2000.
Election Date:	Tuesday, October 31, 2000.
Publication of BCE WATP (as such term is explained in the answer to Question 12 below):	Thursday, October 26, 2000.
Calculation of BCE WATP (as such term is explained in the answer to Question 12 below):	Wednesday, October 25, 2000.

7. When must I be a Teleglobe Shareholder in order to receive the consideration under the Arrangement?

Each holder of record of Teleglobe Common Shares at the Effective Time will be entitled to receive the consideration under the Arrangement.

8. What will I have to do as a Teleglobe Shareholder to receive the share certificates representing my BCE Common Shares?

A blue Letter of Transmittal is being mailed together with the Circular. To receive BCE Common Shares, you will have to complete and return the blue Letter of Transmittal, together with the certificate(s) for your Teleglobe Common Shares in the envelope enclosed with this Circular, specifying the whole number of Teleglobe Common Shares that you desire to have exchanged for either the Share Elected Consideration or the Cash Elected Consideration. Teleglobe Shareholders who do not return a duly completed Letter of Transmittal by the Election Date will be deemed to have made the Share Election. Teleglobe Shareholders whose shares are held in the name of their broker or other nominee should contact their broker or other nominee for assistance in completing the Letter of Transmittal.

9. When will I receive the share certificates representing my BCE Common Shares?

Assuming the Arrangement becomes effective on November 1, 2000, the Depositary will commence mailing by first class insured mail to Teleglobe Shareholders as soon as practicable thereafter, which is expected to be on November 9, 2000, share certificate(s) representing BCE Common Shares to which Teleglobe Shareholders are entitled along with cheque(s) representing (a) the cash component of the Cash Elected Consideration or Share Elected Consideration and (b) payment for the value of any fractional BCE Common Share. In addition, Teleglobe Shareholders may elect in the enclosed blue Letter of Transmittal to pick-up their share certificate(s) and cheque(s) at any time on or after November 9, 2000 at the offices of the Depositary indicated in the Letter of Transmittal.

10. What will I receive if I make the Share Election?

The following table illustrates the consideration to be received by a holder of 100 Teleglobe Common Shares who makes (or is deemed to make) the Share Election (assuming that the "BCE WATP" (as such term is explained in the answer to Question 12 below) equals Cdn\$35):

BCE WATP (in Cdn\$)	Number of Whole BCE Common Shares	Value of BCE Common Shares (based on BCE WATP)* (in Cdn\$)	Total Cash (rounded to nearest whole Cdn\$)*	Value of Total Consideration (rounded to nearest whole Cdn\$)*
\$35	90	\$3,150	\$35	\$3,185

* The assumption that the value of a BCE Common Share is equal to the BCE WATP and rounding to the nearest whole dollar are for illustrative purposes only. On the Effective Date, the price of a BCE Common Share may not be the same as the BCE WATP and the cash consideration to be received by Teleglobe Shareholders will be calculated to the nearest Cdn\$0.01.

A sample calculation of the consideration to be received by Teleglobe Shareholders who make the Share Election is set out in Annex “K” to the Circular.

11. What will I receive if I make the Cash Election?

The following table illustrates the consideration to be received by a holder of 100 Teleglobe Common Shares who makes the Cash Election for the Maximum Cash Consideration and would therefore receive 20% of the consideration in cash (assuming that the BCE WATP equals Cdn\$35):

BCE WATP (in Cdn\$)	Number of Whole BCE Common Shares	Value of BCE Common Shares (based on BCE WATP)* (in Cdn\$)	Total Cash (rounded to nearest whole Cdn\$)*	Value of Total Consideration (rounded to nearest whole Cdn\$)*
\$35	72	\$2,520	\$665	\$3,185

* The assumption that the value of a BCE Common Share is equal to the BCE WATP and rounding to the nearest whole dollar are for illustrative purposes only. On the Effective Date, the price of a BCE Common Share may not be the same as the BCE WATP and the cash consideration to be received by Teleglobe Shareholders will be calculated to the nearest Cdn\$0.01.

A sample calculation of the consideration to be received by Teleglobe Shareholders who make the Cash Election is also set out in Annex “K” to the Circular.

Teleglobe Shareholders who do not make a valid Cash Election will be deemed to have made the Share Election. Teleglobe Shareholders who make a valid Cash Election but who do not specify the Elected Cash Amount will be deemed to have elected an Elected Cash Amount equal to the Maximum Cash Consideration and will accordingly receive cash consideration for each Teleglobe Common Share equal to Cdn\$0.10 plus the Maximum Cash Consideration.

12. What is the “BCE WATP”?

The “BCE WATP” is the designated value of the BCE Common Shares used to determine the consideration payable to Teleglobe Shareholders under the Arrangement. It is the weighted average trading price of the BCE Common Shares on the TSE for the ten trading days ending on the fifth Business Day immediately preceding the Effective Date, rounded to the nearest cent. Assuming the Arrangement becomes effective on November 1, 2000, the BCE WATP will be calculable on October 25, 2000, will be published by press release on October 26, 2000 and will be the weighted average trading price of the BCE Common Shares on the TSE for the ten trading days commencing on October 12, 2000 and ending October 25, 2000.

13. In what currency will the Elected Cash Amount be paid?

The Elected Cash Amount is calculated in Canadian dollars and will be paid in Canadian dollars, unless the U.S. Dollar Election is made. Teleglobe Shareholders who make the U.S. Dollar Election in the Letter of Transmittal will be entitled to receive the Elected Cash Amount (as well as other cash payments to which they are entitled) in U.S. dollars from BCE in an amount calculated as the U.S. dollar equivalent of the comparable Canadian dollar amount.

14. What approvals are required for the Arrangement to become effective?

The principal approval required (in addition to shareholder approvals) will be that of the Court which, under the CBCA, must approve the fairness of the Arrangement. This “fairness hearing” is scheduled to be held in Montréal, Québec on November 1, 2000, provided that the Teleglobe Shareholders have approved the Arrangement by a two-thirds majority of those present or represented by proxy and voting at the Meeting and by a majority of the votes cast by Teleglobe Shareholders, other than BCE and its affiliates and other related persons.

The Notice of Motion for the hearing in connection with the approval of the Arrangement by the Court is contained in Annex “C” to the Circular and should be read for more detailed information in respect of the hearing.

15. What happens if the Arrangement is not approved by Teleglobe Shareholders or the Court?

In such event, BCE will make the Alternative Offer within 15 days of the Meeting Date or the Court hearing date. The Alternative Offer will be made to all of the Teleglobe Shareholders to acquire all of the Teleglobe Common Shares not already owned by BCE and its affiliates for the same consideration as is being offered under the Arrangement. Each Teleglobe Shareholder will be entitled to elect to receive the Share Elected Consideration or the Cash Elected Consideration for each Teleglobe Common Share acquired by BCE under the Alternative Offer. The Alternative Offer would not be subject to a minimum tender condition, but would otherwise be subject to substantially the same conditions as contemplated for the Arrangement. The treatment of Teleglobe Options under the Alternative Offer would be similar to that under the Arrangement. Teleglobe Shareholders would also be entitled to make the Holdco Election, Joint Tax Election and U.S. Dollar Election under the Alternative Offer.

16. What are the principal obligations of the Significant Shareholders?

The Troutt Group owns 45,801,797 Teleglobe Common Shares representing approximately 18% of the outstanding Teleglobe Common Shares. The Sirois Group owns 22,629,966 Teleglobe Common Shares representing approximately 9% of the outstanding Teleglobe Common Shares. The Troutt Group and the Sirois Group have entered into agreements with BCE requiring the Troutt Group to vote all Teleglobe Common Shares owned by it, and the Sirois Group to vote 19,566,894 of the Teleglobe Common Shares owned by it, in favour of the Arrangement and not to exercise any Dissent Rights. In addition, in the event BCE makes the Alternative Offer, the Troutt Group and the Sirois Group have agreed to tender to and not withdraw from the Alternative Offer the 65,368,691 Locked-Up Shares.

17. What would be the ownership position of BCE combined with the Locked-Up Shares?

BCE and its affiliates would own, when combined with the Locked-Up Shares, 124,029,419 Teleglobe Common Shares, representing approximately 49% of the issued and outstanding Teleglobe Common Shares.

18. What is the Canadian tax impact of the Arrangement for residents of Canada?

Whether the Share Election or Cash Election is made, the disposition of Teleglobe Common Shares by a Teleglobe Shareholder to BCE pursuant to the Arrangement will be a taxable disposition generally giving rise to a capital gain (or capital loss) to the extent that the sum of the cash and the fair market value of the BCE Common Shares received by the Teleglobe Shareholder on the Effective Date of the Arrangement exceeds (or is exceeded by) the adjusted cost base of the Teleglobe Common Shares to the Teleglobe Shareholder and any reasonable costs of disposition.

Taxable Shareholders may (depending upon the holder's particular circumstances) obtain a full or partial tax-deferred rollover for Canadian income tax purposes by entering into a Joint Tax Election with BCE and filing it with the appropriate tax authorities. A Taxable Shareholder who wishes to take advantage of the rollover treatment must, in the Letter of Transmittal, certify that the holder is a Taxable Shareholder, and must ensure that BCE, through the Depositary, receives a duly completed Tax Election Filing Package by no later than January 15, 2001.

Teleglobe Shareholders considering entering into a Joint Tax Election should consult their own financial and tax advisers. A Taxable Shareholder who wishes to enter into a Joint Tax Election with BCE should read Annex "I" attached to the Circular which sets out the requisite procedures. As set out in Annex "I", such shareholder will be required:

1. to specify in the Letter of Transmittal that such shareholder wishes to obtain a Tax Election Filing Package;
2. to execute and return to the Depositary a duly completed Tax Election Filing Package on or before January 15, 2001; and
3. to file, after the Tax Election Filing Package is returned by the Depositary to such shareholder, following execution thereof by BCE, the Tax Election Filing Package with the relevant tax authorities on a timely basis, as explained in Annex "I".

With respect to item 3 above, BCE, through the Depositary, will be obliged to execute and return to such shareholder the Tax Election Filing Package within 60 days of the date it is received from a Taxable Shareholder, as

long as the Depositary receives the Tax Election Filing Package from such shareholder on or before January 15, 2001 as set out in item 2 above.

19. What is the Canadian tax impact of the Arrangement for non-residents of Canada?

Teleglobe Shareholders who are non-residents of Canada generally will not be subject to Canadian tax in respect of any capital gain realized on the disposition of Teleglobe Common Shares to BCE pursuant to the Arrangement.

20. What is the United States tax impact of the Arrangement?

The Arrangement will **not** qualify as a tax-free reorganization for U.S. federal income tax purposes and will therefore constitute a taxable transaction to U.S. Holders generally giving rise to a gain (or loss) to the extent that the sum of the cash and fair market value of the BCE Common Shares received exceeds (or is exceeded by) the U.S. Holder's adjusted tax basis in the Teleglobe Common Shares exchanged therefor. Any gain or loss recognized will be capital gain or loss if the Teleglobe Common Shares are held as a capital asset at the Effective Date. In the event that any recognized gain or loss is treated as capital gain or loss, it will constitute long-term capital gain or loss if the U.S. Holder has held the Teleglobe Common Shares for more than one year at the Effective Date and will be short-term capital gain or loss if the U.S. Holder has held the Teleglobe Common Shares for one year or less.

21. What happens to the Teleglobe Third Series Preferred Shares?

The Teleglobe Third Series Preferred Shares will be unaffected by the Arrangement except that, in accordance with their terms, each Teleglobe Third Series Preferred Share will no longer be convertible into Teleglobe Common Shares but will instead become exchangeable with Teleglobe into BCE Common Shares.

22. What happens to the Teleglobe Options?

Each Teleglobe Option that has not been exercised prior to the Effective Date will continue in full force and effect on the same terms (including as to vesting and termination), but from and after the Effective Time, will entitle the holder to receive upon exercise, 0.91 of a BCE Common Share at an effective exercise price per whole BCE Common Share equal to the quotient obtained by dividing (x) the exercise price per Teleglobe Common Share under that Teleglobe Option in effect immediately prior to the Effective Time by (y) 0.91, disregarding fractions.

23. Will I be entitled to receive BCE dividends and participate in BCE's Dividend Reinvestment Plan if the Arrangement is completed?

As a shareholder of BCE, you will be entitled to receive BCE dividends. In addition, you will be entitled to participate in BCE's Shareholder Dividend Reinvestment Plan and Stock Purchase Plan (the "**DRP**") and re-invest dividends in BCE Common Shares. The DRP was established by BCE to enable eligible BCE Shareholders to acquire additional BCE Common Shares through the re-investment of cash dividends paid on BCE Common Shares and the making of optional cash payments (not exceeding Cdn\$20,000 in each twelve-month period ending October 15). No price discount is offered to participants in the DRP, although the DRP allows BCE Shareholders to increase their investment in BCE Common Shares without brokerage costs.

Teleglobe Shareholders who wish to participate in the DRP after the Effective Date should contact Montreal Trust Company at 1-800-561-0934 (toll free in Canada and the U.S.) or (514) 982-7666 (in Montréal).

NOTICE OF SPECIAL MEETING OF TELEGLOBE COMMON SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a special meeting (the “**Meeting**”) of holders of common shares of Teleglobe Inc. (“**Teleglobe**”) will be held at the Queen Elizabeth Hotel, 900 Blvd. René-Lévesque ouest, Montréal, Québec, Galerie 1, on October 31, 2000 at 10:00 a.m., Montréal time, for the following purposes:

1. to consider and, if deemed advisable, to pass with or without variation, a special resolution (the “**Arrangement Resolution**”), the text of which is set forth in Annex “A” to the accompanying management information circular (the “**Circular**”), approving an arrangement pursuant to Section 192 of the *Canada Business Corporations Act*, all as more particularly described in the Circular (the “**Arrangement**”); and
2. to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

BY ORDER OF THE BOARD OF DIRECTORS



André Bourbonnais,
Co-Chief Executive Officer and
Executive Vice-President,
Chief Legal Officer & Corporate Secretary

September 27, 2000
Montréal, Québec

If you are not able to be present at the Meeting, please exercise your right to vote by signing and returning the enclosed green form of proxy to Montreal Trust Company (or, if you are a U.S. resident, to The Bank of Nova Scotia Trust Company of New York) in the enclosed envelope or by facsimile at (514) 982-7653 so as to arrive not later than 5:00 p.m. (Montréal time) on October 27, 2000 or, if the Meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and holidays) before the time the adjourned or postponed Meeting is to be reconvened or held. Proxies may also be deposited with the scrutineers of the Meeting, to the attention of the Chairman of the Meeting, immediately prior to the commencement of the Meeting, or any adjournment or postponement thereof.

Registered holders of common shares of Teleglobe have been granted the right to dissent in respect of the Arrangement Resolution attached as Annex “A” to the Circular. If the Arrangement becomes effective, a registered holder of common shares of Teleglobe who dissents will be entitled to be paid the fair value of such common shares if the Corporate Secretary of Teleglobe, at 1000 de La Gauchetière ouest, Montréal, Québec H3B 4X5, shall have received from such dissenting shareholder at or prior to the Meeting, a written objection to the Arrangement Resolution and the dissenting shareholder shall have otherwise complied with the dissent procedures (which are described in the Circular under the heading “The Arrangement — Dissenting Shareholder Rights” and in Annex “H” to the Circular). Failure to comply strictly with such dissent procedures may result in the loss or unavailability of your right to dissent.



**MANAGEMENT INFORMATION CIRCULAR
OF
TELEGLOBE INC.**

**ARRANGEMENT INVOLVING
BCE INC.
AND
TELEGLOBE INC.**

SEPTEMBER 27, 2000

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SUMMARY INFORMATION

The following is a summary of the contents of this Circular. This summary is provided for convenience only and the information contained in this summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing or referred to elsewhere in this Circular, including the Annexes hereto. Capitalized words and terms used in this summary are defined in the Glossary of Terms. Unless otherwise indicated, the information contained in this Circular is presented as at August 31, 2000.

The Companies

Teleglobe

Teleglobe is a global telecommunications carrier reaching approximately 240 countries and territories and providing a broad range of international and domestic long distance telecommunications services such as Internet connectivity, data transmission, broadcast, voice and other value-added services on a wholesale and retail basis. Teleglobe is currently offering services in two principal market segments: (i) the international telecommunications services industry and (ii) the North American domestic long distance industry.

The Teleglobe Common Shares are listed and posted for trading on the TSE and the NYSE.

BCE

BCE is Canada's largest communications company. Through its operations in communications services, BCE provides residential and business customers in Canada with wireline and wireless communications products and applications, satellite communications and direct-to-home television services, systems integration expertise, electronic commerce solutions, Internet access and high-speed data services and directories. BCE also has an extensive international presence through BCI and its existing investment in Teleglobe.

The BCE Common Shares are currently listed and posted for trading on the TSE, NYSE, the London Stock Exchange and the Swiss Stock Exchange.

The Arrangement

Pursuant to the terms of the Plan of Arrangement, each Teleglobe Common Share will be exchanged for total consideration equivalent to 0.91 of a BCE Common Share, Cdn\$0.10 of which will be paid in cash. Teleglobe Shareholders may elect to receive cash in lieu of BCE Common Shares for up to 20% of the total consideration to be received by them, inclusive of the Cdn\$0.10 per share referred to above. See "The Arrangement — Elections under the Arrangement — Share Elected Consideration or Cash Elected Consideration".

Each Teleglobe Option that has not been exercised prior to the Effective Date will continue in full force and effect from and after the Effective Date on the same terms existing prior to the Effective Date (including as to vesting and termination) but from and after the Effective Date, each Teleglobe Option will entitle the holder to receive upon its exercise in accordance with its terms, 0.91 of a BCE Common Share at an exercise price for that portion of a BCE Common Share equal to the exercise price per Teleglobe Common Share under that Teleglobe Option (with the result that the effective exercise price per whole BCE Common Share will be equal to the quotient obtained by dividing (x) the exercise price per Teleglobe Common Share under that Teleglobe Option in effect immediately prior to the Effective Date by (y) 0.91, disregarding fractions). See "The Arrangement — Treatment of Convertible Securities — Teleglobe Options".

The Teleglobe Third Series Preferred Shares will be unaffected by the Arrangement except that, in accordance with their terms, each Teleglobe Third Series Preferred Share will no longer be convertible into Teleglobe Common Shares but will instead become exchangeable with Teleglobe into BCE Common Shares. See "The Arrangement — Treatment of Convertible Securities — Teleglobe Third Series Preferred Shares".

Recommendation of Teleglobe Board of Directors

The Teleglobe Board of Directors unanimously recommends that Teleglobe Shareholders vote in favour of the Arrangement Resolution to approve the Arrangement. See "Special Factors and Background to the Arrangement — Recommendation of Teleglobe Special Committee and Teleglobe Board of Directors".

Court Approval and Completion of the Arrangement

An arrangement under the CBCA requires approval by a court of competent jurisdiction. On September 21, 2000, Teleglobe obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters. A copy of the Interim Order is attached as Annex "B" to this Circular.

Subject to the approval of the Arrangement by the Teleglobe Shareholders at the Meeting, the hearing in respect of the Final Order is scheduled to take place on November 1, 2000. The Court will consider, among other things, the fairness and reasonableness of the Arrangement. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit.

Assuming the Final Order is granted and the other conditions to closing contained in the Support Agreement are satisfied or waived, it is anticipated that the following will occur: the steps set forth in the Plan of Arrangement will be completed; Articles of Arrangement for Teleglobe will be filed with the Director to give effect to the Arrangement; and the various other documents necessary to consummate the transactions contemplated under the Support Agreement will be executed and delivered.

Special Meeting

The Meeting will be held at 10:00 a.m. (Montréal time) on October 31, 2000 at the Queen Elizabeth Hotel, 900 Blvd. René-Lévesque ouest, Montréal, Québec, Galerie 1.

The Meeting has been called to ask Teleglobe Shareholders to consider and, if deemed advisable, to pass the Arrangement Resolution.

Each Teleglobe Registered Shareholder on the Record Date is entitled to attend the Meeting in person or by proxy and to cast one vote for each Teleglobe Common Share held by it on the Record Date, save that if such a holder subsequently transfers the ownership of such share and the transferee establishes that it owns such share and demands not later than 10 days before the Meeting that its name be included in the shareholders' list, such transferee is entitled to vote such share at the Meeting. See "General Proxy Information — Record Date and Entitlement to Vote".

Required Votes to Approve the Arrangement

Subject to any further order of the Court, the Arrangement Resolution must be approved by the affirmative vote of at least two-thirds of the votes cast thereon by Teleglobe Shareholders, and by at least a majority of the votes cast thereon by Teleglobe Shareholders including the Significant Shareholders but excluding Persons whose Teleglobe Common Shares may be excluded from the minority approval of the Arrangement under the Policies (including BCE, its affiliates and the directors and senior officers thereof).

Dissent Rights

Teleglobe Registered Shareholders, other than (i) Holdcos in respect of which a Holdco Election has been made or (ii) Teleglobe Shareholders or Holdco Shareholders who either vote in favour of the Plan of Arrangement, enter into a Holdco Agreement or make a Cash Election, Share Election (other than a deemed Share Election), Holdco Election or U.S. Dollar Election, have the right to dissent in respect of the Arrangement Resolution upon strict compliance with the terms of the Interim Order and Section 190 of the CBCA. Persons who are Non-Registered Holders or other Teleglobe Shareholders who wish to dissent should be aware that only a registered holder of Teleglobe Common Shares is entitled to dissent and that there are tax consequences to the exercise of Dissent Rights. See "The Arrangement — Dissenting Shareholder Rights", Annex "H" to this Circular and "Income Tax Considerations".

Conditions to the Arrangement

In addition to the Court and Teleglobe Shareholder approvals described above, the completion of the Arrangement is subject to the satisfaction or waiver by BCE on or before the Effective Date of certain other conditions described under "The Arrangement — Conditions to the Arrangement — Other Conditions", including that Teleglobe Shareholders holding in excess of 5% of the Teleglobe Common Shares outstanding immediately prior to the Meeting shall not have exercised Dissent Rights at or prior to the Meeting.

Elections under the Arrangement

Share Elected Consideration or Cash Elected Consideration

A Letter of Transmittal is being mailed together with this Circular to each Person who was a holder of Teleglobe Common Shares on the Record Date. Each such holder (and each holder of record of Teleglobe Common Shares on or prior to the Election Date), will have the right to submit a Letter of Transmittal to the Depository or the U.S. Forwarding Agent specifying the whole number of Teleglobe Common Shares that such Person desires to have exchanged for either the Share Elected Consideration or the Cash Elected Consideration.

The Letter of Transmittal also permits Teleglobe Shareholders who elect to receive the Cash Elected Consideration to specify the amount per share that such holder wishes to receive in cash, which amount may not exceed the Maximum Cash Consideration (which, including the Cdn\$0.10 in cash payable for each Teleglobe Common Share, may not exceed 20% of the total consideration to be received). Not later than two Business Days prior to the Election Date, Teleglobe will issue a press release announcing the BCE WATP and the Maximum Cash Consideration available per Teleglobe Common Share.

Teleglobe Shareholders in respect of which the Cash Election has not been duly elected shall be deemed to have elected the Share Election in respect of all of their Teleglobe Common Shares. Teleglobe Shareholders who make a valid Cash Election but who do not specify the Elected Cash Amount will be deemed to have elected an Elected Cash Amount equal to the Maximum Cash Consideration.

Any Cash Election will have been properly made only if the Depositary or U.S. Forwarding Agent has received at its respective designated offices (as set forth in the Letter of Transmittal enclosed herewith), by 5:00 p.m., Montréal time, on the Election Date, a Letter of Transmittal properly completed and signed and accompanied by the certificates of the Teleglobe Common Shares to which the Letter of Transmittal relates, properly endorsed or otherwise in proper form for transfer. See “The Arrangement — Elections under the Arrangement — Share Elected Consideration or Cash Elected Consideration”.

Holdco Election

Holdco Shareholders may jointly make the Holdco Election in respect of all Teleglobe Common Shares held by a Holdco, prior to the Holdco Election Deadline, to have all issued and outstanding Holdco Shares transferred to BCE in exchange for either the Cash Elected Consideration or the Share Elected Consideration. For greater certainty, the Cash Elected Consideration or Share Elected Consideration received for the Holdco Shares shall be identical to the Cash Elected Consideration or the Share Elected Consideration which such Holdco would have been entitled to receive if the Teleglobe Common Shares held by such Holdco were acquired directly by BCE under the Plan of Arrangement.

Each Holdco Shareholder that has made the Holdco Election will be required to enter into a Holdco Agreement with BCE providing for the acquisition by BCE of all issued and outstanding Holdco Shares and containing the representations and warranties, terms and conditions and indemnities set out in Appendix A to the Plan of Arrangement. Failure of any Holdco Shareholder to properly make a Holdco Election on or prior to the Holdco Election Deadline or failure of Holdco Shareholders to properly enter into a Holdco Agreement will disentitle such shareholders to the Holdco Election. See “The Arrangement — Elections under the Arrangement — Holdco Election”.

U.S. Dollar Election

Teleglobe Shareholders and Holdco Shareholders will have the option to elect in the Letter of Transmittal or in the Holdco Agreement to receive the Elected Cash Amount as well as other cash payments to which they are entitled in U.S. dollars from BCE in an amount calculated as the U.S. dollar equivalent of the comparable Canadian dollar amount, using the weighted average rate of exchange for Canadian dollars to U.S. dollars, for the U.S. dollars transferred by BCE to the Depositary to fund the U.S. Dollar Election.

Support Agreement

Teleglobe and BCE agreed to implement the Arrangement in accordance with the Support Agreement and the Plan of Arrangement. If the Arrangement Resolution is approved at the Meeting, Teleglobe will take the necessary steps to obtain the Final Order approving the Arrangement as soon as is reasonably practicable. If the Final Order is obtained, subject to the satisfaction or waiver of the conditions to the Arrangement described above, Teleglobe will file Articles of Arrangement and the other documents required to give effect to the Arrangement. The Arrangement will become effective at the Effective Time.

BCE agreed in the Support Agreement to provide any financial assistance required by Teleglobe on or prior to completion of the Acquisition with respect to all of Teleglobe’s spending needs or to agree to a reduction in spending by Teleglobe upon the reasonable request of the Teleglobe Board of Directors. Pursuant to the Support Agreement, BCE invested US\$100 million in Teleglobe on June 21, 2000. See “Agreements Concerning the Acquisition — The Support Agreement — Commitments of BCE”.

In the event that (i) the Plan of Arrangement is not approved by the requisite votes of the Teleglobe Shareholders, (ii) the Arrangement is not completed because Teleglobe Shareholders holding in excess of 5% of the

Teleglobe Common Shares outstanding immediately prior to the Meeting exercise Dissent Rights at or prior to the Meeting, or (iii) the Court does not grant the Final Order, BCE will make the Alternative Offer within 15 days to all of the Teleglobe Shareholders to acquire all of the Teleglobe Common Shares not held by it or its affiliates for the same consideration and on the same basis as under the Plan of Arrangement. The Alternative Offer would not be subject to a minimum tender condition but would otherwise be subject to the same conditions as contemplated under the Arrangement. See “Agreements Concerning the Acquisition — The Support Agreement — Alternative Offer”.

The Support Agreement imposes limitations on the solicitation by Teleglobe of alternative Acquisition Proposals and provides for the payment to BCE of a termination fee in certain circumstances. See “Agreements Concerning the Acquisition — The Support Agreement — Non-Solicitation of Competing Proposals” and “Agreements Concerning the Acquisition — The Support Agreement — Termination Fee”.

Income Tax Considerations

Canadian Federal Income Tax Considerations

The disposition of Teleglobe Common Shares to BCE pursuant to the Arrangement will constitute a taxable disposition generally giving rise to a capital gain (or capital loss) to the extent that the sum of the cash and the fair market value of the BCE Common Shares received on the date of the disposition exceeds (or is exceeded by) the adjusted cost base of the Teleglobe Common Shares to the Teleglobe Shareholder and any reasonable costs of disposition.

Certain Teleglobe Shareholders or Holdco Shareholders may (depending upon the holder’s particular circumstances) obtain a full or partial tax-deferred rollover for Canadian income tax purposes in respect of a disposition pursuant to the Arrangement, by entering into a Joint Tax Election and filing it with the appropriate tax authorities. A Taxable Shareholder or Holdco Shareholder who qualifies to make the Joint Tax Election with BCE and who wishes to take advantage of the rollover treatment must, in the Letter of Transmittal accompanying the Circular or in the Holdco Agreement, as applicable, certify that the holder is a Taxable Shareholder or a Holdco Shareholder, and must ensure BCE, through the Depository, receives a duly completed Tax Election Filing Package by no later than January 15, 2001.

Teleglobe Shareholders who are non-residents of Canada generally will not be subject to tax in respect of any capital gain realized on the disposition of Teleglobe Common Shares to BCE pursuant to the Arrangement. See “Income Tax Considerations — Certain Canadian Federal Income Tax Considerations”.

United States Federal Income Tax Considerations

The Arrangement will **not** qualify as a tax-free reorganization for U.S. federal income tax purposes and will therefore constitute a taxable transaction. Upon the Arrangement becoming effective, each U.S. Holder will recognize gain or loss in an amount equal to the difference, if any, between (i) the aggregate consideration received by such U.S. Holder pursuant to the Plan of Arrangement (i.e., the sum of the cash and aggregate fair market value of BCE Common Shares received by such U.S. Holder) and (ii) such U.S. Holder’s adjusted tax basis in the Teleglobe Common Shares exchanged therefor. Any gain or loss recognized by a U.S. Holder of Teleglobe Common Shares will be capital gain or loss if such shares are held by the U.S. Holder as a capital asset at the Effective Date. In the event that any such recognized gain or loss is treated as capital gain or loss, it will constitute long-term capital gain or loss if the U.S. Holder has held the Teleglobe Common Shares for more than one year at the Effective Date and will be short-term capital gain or loss if the U.S. Holder has held the Teleglobe Common Shares for one year or less. See “Income Tax Considerations — Certain United States Federal Income Tax Considerations”.

The foregoing is a brief summary of certain Canadian and United States federal income tax consequences of the Arrangement only. Teleglobe Shareholders are urged to consult their own tax advisors to determine the particular tax consequences to them of a disposition of Teleglobe Common Shares pursuant to the Arrangement.

GLOSSARY OF TERMS

“Acquisition” means the proposed acquisition by BCE of all of the Teleglobe Common Shares not currently owned by it or its affiliates in accordance with the Support Agreement, whether by way of the Arrangement or the Alternative Offer.

“Acquisition Proposal” means any inquiries from or submission of proposals or offers from any Person, relating to any liquidation, dissolution, recapitalization, merger, amalgamation or acquisition or purchase of all or a material portion of the assets of, or any equity interest (including Teleglobe Common Shares) in, Teleglobe or any of its subsidiaries or other similar transaction or business combination involving Teleglobe or any of its subsidiaries.

“Alternative Offer” has the meaning ascribed thereto in “Agreements Concerning the Acquisition — The Support Agreement — Alternative Offer”.

“Amended Transaction” has the meaning ascribed thereto in “Special Factors and Background to the Arrangement — General — Amendment to Original Support Agreement”.

“ARC” means an advance ruling certificate issued by the Commissioner under Section 102 of the Competition Act.

“Arrangement” means the proposed arrangement under the provisions of Section 192 of the CBCA on the terms and conditions set forth in the Plan of Arrangement and any amendment thereto made in accordance with the Plan of Arrangement, a copy of which is attached as Annex “D” to this Circular.

“Arrangement Resolution” means the special resolution approving the Arrangement, the full text of which is set out in Annex “A” to this Circular.

“Articles of Arrangement” means the articles of arrangement of Teleglobe in respect of the Arrangement that are required by the CBCA to be sent to the Director after the Final Order is granted.

“BCE” means BCE Inc.

“BCE Board of Directors” means the board of directors of BCE.

“BCE Common Shares” means common shares in the capital of BCE.

“BCE Material Adverse Effect” means an event, circumstance or fact which would have a material adverse effect on the business, operations (including results of operations), assets, properties or condition (financial or otherwise) of BCE and its subsidiaries taken as a whole, excluding an event that applies to the telecommunications industry generally.

“BCE Shareholders” means holders of BCE Common Shares.

“BCE WATP” means the weighted average trading price of the BCE Common Shares on the TSE for the ten trading days ending on the fifth Business Day immediately preceding the Effective Date or the day on which BCE first takes up Teleglobe Common Shares under the Alternative Offer, as applicable, in either case rounded to the nearest cent, with amounts less than Cdn\$0.005 being rounded down and amounts equal to or greater than Cdn\$0.005 being rounded up.

“BCI” means Bell Canada International Inc.

“Bell Nexxia” means BCE Nexxia Inc., carrying on business under the trade name Bell Nexxia™.

“Business Day” means a day other than a Saturday, Sunday or day on which Canadian chartered banks are authorized or required by law to be closed in Montréal, Québec.

“Canadian Income Tax Legislation” means the Canadian Tax Act and other corresponding provincial income tax legislation.

“Canadian Securities Authorities” means the securities commissions or similar authorities in the provinces and territories of Canada.

“Canadian Tax Act” means the *Income Tax Act* (Canada), as amended.

“Cash Consideration Elected Share” means a Teleglobe Common Share or a Holdco Share in respect of which a Teleglobe Shareholder or Holdco Shareholder has made a Cash Election.

“Cash Elected Consideration” means the consideration to be received by a Teleglobe Shareholder or a Holdco Shareholder for each whole Cash Consideration Elected Share consisting of: (a) an amount in cash equal to

(i) Cdn\$0.10 plus (ii) the Elected Cash Amount; and (b) a portion of a BCE Common Share determined as follows: $[(0.91 \times \text{BCE WATP}) - \text{Elected Cash Amount} - \text{Cdn}\$0.10] \div \text{BCE WATP}$ (expressed to three decimal places with amounts less than 0.0005 being rounded down and amounts equal to or greater than 0.0005 being rounded up, in each case to the nearest one-thousandth of a BCE Common Share).

“**Cash Election**” means the election of a Teleglobe Shareholder in the Letter of Transmittal, or a Holdco Shareholder in the Holdco Agreement, to receive the Cash Elected Consideration (up to the Maximum Cash Consideration) in respect of a Teleglobe Common Share or a Holdco Share.

“**CBCA**” means the *Canada Business Corporations Act*, as amended.

“**CCRA**” means the Canada Customs and Revenue Agency.

“**CDS**” means The Canadian Depository for Securities Limited.

“**Circular**” means this management information circular, including the Glossary of Terms and all annexes thereto.

“**Code**” means the United States Revenue Code of 1986, as amended.

“**Commissioner**” means the Commissioner of Competition under the Competition Act.

“**Common Share Conversion Number**” has the meaning ascribed thereto in “The Arrangement — Treatment of Convertible Securities — Teleglobe Third Series Preferred Shares”.

“**Competition Act**” means the *Competition Act* (Canada), as amended.

“**Court**” means the Superior Court of Québec, District of Montréal.

“**CRTC**” means the Canadian Radio-television and Telecommunications Commission.

“**CTV**” means CTV Inc.

“**CVMQ**” means the Commission des valeurs mobilières du Québec.

“**Demand for Payment**” means a written notice to Teleglobe by a Dissenting Shareholder demanding payment of the fair value of its Teleglobe Common Shares in compliance with the Dissent Procedures.

“**Depositary**” means Montreal Trust Company.

“**Director**” means the Director appointed pursuant to Section 260 of the CBCA.

“**Dissent Procedures**” means the dissent procedures described under “The Arrangement — Dissenting Shareholder Rights” and set out in Annex “H” to this Circular.

“**Dissent Rights**” means the right of a Teleglobe Registered Shareholder to dissent in respect of the Arrangement in compliance with the Dissent Procedures.

“**Dissenting Shareholder**” means a Teleglobe Registered Shareholder who complies with the Dissent Procedures.

“**Effective Date**” means the effective date of the Arrangement, being the date shown on the certificate of arrangement to be issued by the Director giving effect to the Arrangement, which is anticipated to be November 1, 2000.

“**Effective Time**” means 12:01 a.m. (Montréal time) on the Effective Date.

“**Elected Amount**” has the meaning ascribed thereto in “Joint Tax Election” set out in Annex “I” to this Circular.

“**Elected Cash Amount**” means the amount specified by a Teleglobe Shareholder in the Letter of Transmittal or by a Holdco Shareholder in the Holdco Agreement as the amount of cash per Teleglobe Common Share or Holdco Share which such Teleglobe Shareholder or Holdco Shareholder elects to receive in cash, which amount may not exceed the Maximum Cash Consideration and which, together with the minimum of Cdn\$0.10 per share cash consideration and any cash per share paid in lieu of a fractional BCE Common Share, will be the cash consideration per Teleglobe Common Share which such shareholder will receive under the Plan of Arrangement.

“**Election Date**” means the close of business on the Business Day immediately preceding the Effective Date, being the time by which the Cash Election, the Share Election (other than a deemed Share Election) and the U.S. Dollar Election must be made.

“**Excel**” means Excel Communications, Inc.

“Excel Merger” means the merger of North Merger Sub Corporation, a wholly-owned subsidiary of Teleglobe, with and into Excel on November 10, 1998.

“FCC” means the United States Federal Communications Commission.

“Final Order” means the final order of the Court approving the Arrangement as such order may be amended by the Court at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed.

“GlobeSystem” means the five-year projected US\$5 billion investment announced by Teleglobe on May 10, 1999 to build GlobeSystemTM, a globally integrated Internet, data, video and voice network. Once completed, GlobeSystem is expected to provide carriers, Internet service providers, business customers and content providers, direct network access from 160 major cities worldwide to deliver a broad range of services.

“GPV” means Goodman Phillips & Vineberg S.E.N.C., counsel to Teleglobe and to the Special Committee.

“Holdco” means any corporation which (i) was incorporated under the laws of Canada on or after February 1, 2000, (ii) has never had any assets other than Teleglobe Common Shares, (iii) has no liabilities whatsoever, and (iv) on the Effective Date has, as its only issued and outstanding securities, a number of Holdco Shares equal to the number of Teleglobe Common Shares which are owned by such Holdco.

“Holdco Agreement” has the meaning ascribed thereto in “The Arrangement — Elections under the Arrangement — Holdco Election”.

“Holdco Election” means the option of Holdco Shareholders who indirectly hold Teleglobe Common Shares through a Holdco to participate in the Arrangement by depositing all of the issued and outstanding Holdco Shares (in lieu of such Teleglobe Common Shares) to the Arrangement, for consideration identical to the consideration that would have been received if such Teleglobe Common Shares had been deposited directly under the Arrangement.

“Holdco Election Deadline” means 5:00 p.m. (Montréal time) on the day which is seven Business Days immediately preceding the Meeting Date, which day is, unless the Meeting is adjourned or postponed, October 20, 2000.

“Holdco Shareholder” means a holder of Holdco Shares who is a resident of Canada for the purposes of the Canadian Tax Act. A Canadian partnership that holds shares in a Holdco is also a Holdco Shareholder if all members of the partnership would be Holdco Shareholders if such members held the Holdco Shares directly.

“Holdco Shares” means the common shares in the capital of a Holdco in respect of which a valid Holdco Election is made.

“Independent Financial Advisor” means Lehman Brothers, Inc., the independent financial advisor to the Special Committee.

“Interim Order” means the interim order of the Court providing for, among other things, the calling and holding of the Meeting, a copy of which is attached as Annex “B” to this Circular.

“IRS” means the United States Internal Revenue Service.

“Joint Tax Election” means a joint election between a Taxable Shareholder (or Holdco Shareholder) and BCE under subsection 85(1) (where the Taxable Shareholder or Holdco Shareholder is not a partnership) or subsection 85(2) (where the Taxable Shareholder or Holdco Shareholder is a partnership) of the Canadian Income Tax Legislation in respect of (i) a disposition of the Taxable Shareholder’s Teleglobe Common Shares pursuant to the Arrangement; or (ii) a disposition of Holdco Shares of a Holdco by a Holdco Shareholder pursuant to the Holdco Election.

“Lehman Opinion” has the meaning ascribed thereto in “Special Factors and Background to the Arrangement — Opinion of Teleglobe’s Independent Financial Advisor”, a copy of which is attached as Annex “E” to this Circular.

“Letter of Transmittal” means the Letter of Transmittal in the form accompanying this Circular (printed on blue paper).

“Locked-Up Shares” has the meaning ascribed thereto in “Agreements Concerning the Acquisition — Agreements with Significant Shareholders”.

“Lock-Up Agreements” means, collectively, the agreement among BCE and the members of the Sirois Group, and the agreement among BCE and the members of the Troutt Group, each dated as of February 15, 2000 and amended on June 18, 2000 (with the Lock-Up Agreement with the Sirois Group being further amended on September 8, 2000), pursuant to which, among other things, the Significant Shareholders have agreed to support the transactions contemplated by the Support Agreement.

“Maximum Cash Consideration” means, for each Teleglobe Common Share or Holdco Share to be acquired by BCE pursuant to the Plan of Arrangement, the product obtained by multiplying (i) 0.91 by (ii) 0.20 by (iii) the BCE WATP, and subtracting Cdn\$0.10 from such product.

“Meeting” means the special meeting of Teleglobe Shareholders, including any adjournment or postponement thereof, called and to be held in accordance with the Interim Order for the purpose of considering the Arrangement.

“Meeting Date” means October 31, 2000.

“New Nortel Common Shares” has the meaning ascribed thereto in “Information Concerning BCE — Recent Developments — Nortel Spin-Off”.

“Non-Registered Holder” means a Person who is a beneficial owner, and not a registered holder, of Teleglobe Common Shares.

“Nortel” means Nortel Networks Corporation.

“Nortel Spin-Off” means the plan of arrangement involving Nortel and BCE which was effective May 1, 2000 and involved the indirect distribution to BCE Shareholders of most of BCE’s interest in Nortel, as described under “Information Concerning BCE — Recent Developments — Nortel Spin-Off”.

“Notice of Dissent” means a written objection to the Arrangement Resolution by a Dissenting Shareholder.

“Notifiable Transaction” means a transaction subject to the notification requirements of the Competition Act.

“NYSE” means The New York Stock Exchange, Inc.

“Orbcomm” means ORBCOMM Global, L.P.

“Original Lock-Up Agreements” has the meaning ascribed thereto in “Special Factors and Background to the Arrangement — General — Original Support Agreement”.

“Original Support Agreement” has the meaning ascribed thereto in “Special Factors and Background to the Arrangement — General — Original Support Agreement”.

“Original Transaction” has the meaning ascribed thereto in “Special Factors and Background to the Arrangement — General — Original Support Agreement”.

“OSC” means the Ontario Securities Commission.

“Person” includes any individual, firm, partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, governmental entity, syndicate or other entity, whether or not having legal status.

“Plan of Arrangement” means the plan of arrangement substantially in the form and content of Annex “D” to this Circular and any amendments or variations thereto.

“Policies” means Rule 61-501 and Policy Q-27.

“Policy Q-27” means Policy Statement No. Q-27 of the CVMQ, together with the notice of the CVMQ dated December 14, 1999 in which the CVMQ expressed its intention to conform Policy Q-27 to Rule 61-501.

“Record Date” means September 18, 2000.

“Rule 61-501” means Rule 61-501 of the OSC and its companion policy.

“SEC” means the United States Securities and Exchange Commission.

“Share Consideration Elected Share” means a Teleglobe Common Share or a Holdco Share for which a Teleglobe Shareholder or Holdco Shareholder has made or is deemed to have made a Share Election.

“Share Elected Consideration” means the consideration to be received by a Teleglobe Shareholder or a Holdco Shareholder for each whole Share Consideration Elected Share consisting of (i) Cdn\$0.10 cash plus (ii) that

portion of a BCE Common Share determined as follows: $[(\text{BCE WATP} \times 0.91) - \text{Cdn}\$0.10] \div \text{BCE WATP}$ (expressed to three decimal places with amounts less than 0.0005 being rounded down and amounts equal to or greater than 0.0005 being rounded up, in each case to the nearest one-thousandth of a BCE Common Share).

“Share Election” means the election of a Teleglobe Shareholder in the Letter of Transmittal, or of a Holdco Shareholder in the Holdco Agreement, to receive the Share Elected Consideration in respect of a Teleglobe Common Share or a Holdco Share; provided, however, that a Teleglobe Shareholder or Holdco Shareholder shall be deemed to have made a Share Election in the event that such shareholder has not made either a valid Share Election or a valid Cash Election.

“Significant Shareholders” means, collectively, the members of the Sirois Group and the members of the Troutt Group.

“Sirois Group” means Charles Sirois and Telesystem Telecom Ltd.

“Special Committee” means the special committee of the Teleglobe Board of Directors.

“Support Agreement” means the support agreement between Teleglobe and BCE made as of February 15, 2000, as amended on June 18, 2000, providing for the terms and conditions on which BCE has agreed to acquire all of the Teleglobe Common Shares not already owned by BCE or its affiliates.

“Tax Election Date” means January 15, 2001.

“Tax Election Filing Package” has the meaning ascribed thereto in the Letter of Transmittal.

“Taxable Shareholder” means a Teleglobe Shareholder (other than a Holdco in respect of which a Holdco Election is made) who is (i) a resident of Canada for the purposes of the Canadian Income Tax Legislation and who is not exempt from tax under the Canadian Income Tax Legislation, (ii) a non-resident of Canada for the purposes of the Canadian Income Tax Legislation whose Teleglobe Common Shares are taxable Canadian property to such Teleglobe Shareholder and the Teleglobe Shareholder is not exempt from Canadian tax in respect of any gain realized on the disposition of the Teleglobe Common Shares by reason of an exemption contained in the Canadian Income Tax Legislation or an applicable income tax treaty or convention to which Canada is a party. A partnership that holds Teleglobe Common Shares is also a Taxable Shareholder if one or more members of the partnership would be Taxable Shareholders if such members held the Teleglobe Common Shares directly.

“Teleglobe” means Teleglobe Inc. and, where applicable, includes its operating subsidiaries.

“Teleglobe Articles” means the Articles of Amalgamation of Teleglobe dated January 1, 1999, as amended.

“Teleglobe Board of Directors” means the board of directors of Teleglobe.

“Teleglobe Common Shares” means common shares in the capital of Teleglobe.

“Teleglobe Fourth Series Preferred Shares” means the redeemable convertible fourth series preferred shares in the capital of Teleglobe.

“Teleglobe Material Adverse Effect” means an event, circumstance or fact which would have a material adverse effect on the business, operations (including results of operations), assets, properties or condition (financial or otherwise) of Teleglobe and its subsidiaries taken as a whole, excluding an event that applies to the telecommunications industry generally.

“Teleglobe New Credit Facilities” has the meaning ascribed thereto in “Information Concerning Teleglobe — Recent Developments — Teleglobe New Credit Facilities”.

“Teleglobe Option” means an option to acquire Teleglobe Common Shares granted prior to the Effective Date pursuant to a Teleglobe Option Plan.

“Teleglobe Optionee” means the holder of a Teleglobe Option.

“Teleglobe Option Plans” means the Teleglobe 1999 Stock Option Plan, the Excel Telecommunications, Inc. 1995 Stock Option Plan, the Excel Communications, Inc. 1997 Stock Option Plan, the Excel Communications, Inc. Director Stock Option Plan with Ronald A. McDougall, the Excel Communications, Inc. 1997 Director Stock Option Plan, the Telco Communications Group, Inc. Amended and Restated 1994 Stock Option Plan and the Excelcom, Inc. 1997 Director Stock Option Plan, in each case as amended.

“**Teleglobe Original Credit Facilities**” has the meaning ascribed thereto in “Special Factors and Background to the Arrangement — General — Amendment to Original Support Agreement”.

“**Teleglobe Registered Shareholder**” means a registered holder of Teleglobe Common Shares.

“**Teleglobe Shareholders**” means the holders of Teleglobe Common Shares.

“**Teleglobe Third Series Preferred Shares**” means the 5.40% redeemable convertible third series preferred shares in the capital of Teleglobe.

“**Troutt Group**” means Kenny A. Troutt, Troutt Family Trust — Separate Trust Estate of Kenny A. Troutt, Troutt Family Trust — Community Property, Kenny A. Troutt Investment Partnership, Ltd., Lisa E. Troutt Children’s Trust, Kenny A. Troutt Children’s Trust and KAT Children’s Trust II.

“**TSE**” means The Toronto Stock Exchange.

“**U.S. Dollar Election**” means the option of Teleglobe Shareholders and Holdco Shareholders to receive the cash portion of the consideration payable under the Arrangement in U.S. dollars as described under “The Arrangement — Elections under the Arrangement — U.S. Dollar Election”.

“**U.S. Exchange Act**” means the United States *Securities Exchange Act of 1934*, as amended.

“**U.S. Forwarding Agent**” means The Bank of Nova Scotia Trust Company of New York.

“**U.S. Holder**” has the meaning ascribed thereto in “Income Tax Considerations — Certain United States Federal Income Tax Considerations”.

“**U.S. Securities Act**” means the United States *Securities Act of 1933*, as amended.

“**1987 Agreement**” has the meaning ascribed thereto in “Information Concerning Teleglobe — Directors and Officers”.

REPORTING CURRENCIES AND ACCOUNTING PRINCIPLES

All financial statements of Teleglobe incorporated by reference or contained in this Circular are reported in U.S. dollars and have been prepared in accordance with U.S. generally accepted accounting principles. Teleglobe's financial statements, reported in U.S. dollars and prepared in accordance with Canadian generally accepted accounting principles, are also incorporated by reference herein.

All financial statements of BCE incorporated by reference or contained in this Circular are reported in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles. Teleglobe Shareholders should note, however, that BCE prepares a reconciliation of earnings reported in accordance with U.S. generally accepted accounting principles, as set forth in Note 19 to its audited comparative annual consolidated financial statements for the fiscal year ended December 31, 1999, which are incorporated herein by reference, and in its Form 6-K filings with the SEC for the first and second quarters ended March 31 and June 30, 2000, respectively.

INVESTMENT CONSIDERATIONS, CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND RISK FACTORS

Certain statements included or incorporated by reference in this Circular, which describe BCE's and Teleglobe's intentions, expectations or predictions, are subject to important risks and uncertainties. All statements, other than statements of historical fact, included in this Circular or incorporated by reference in this Circular that address activities, events or developments that BCE or Teleglobe expects or anticipates will or may occur in the future, including such things as the effect that the Arrangement will have on the market value of BCE Common Shares; the expected Effective Date; the expected date the Depositary will mail share certificates and cash; BCE's intention to provide to Teleglobe up to an additional US\$900 million in financing to support GlobeSystem; the Cdn\$5 billion long-term debt financing which BCE intends to raise or, in the event that such financing is not in place at the Effective Date, the short-term bridge financing that BCE intends to obtain; the receipt of regulatory approvals in connection with, and the expected benefits of, the acquisition of CTV; BCE's intention to make an offer to acquire the Teleglobe Third Series Preferred Shares; the anticipated receipt of regulatory approvals; the risk that the Commissioner will challenge the Acquisition within three years of its completion or that a challenge to the consummation of the Acquisition on antitrust grounds will be made; the anticipated growth of BCE, Teleglobe and their respective subsidiaries, including Internet-related and data growth; the existence of growth opportunities presented by the new Internet-economy and converging technologies; the size and ranking of BCE as a Canadian corporation; the business strategies and measures to implement those strategies; the competitive strengths, goals and expansion of BCE, Teleglobe and their respective subsidiaries' businesses and operations; references to future success or increase in share value; and other such matters are forward-looking statements. When used in this Circular, the words "estimate", "project", "anticipate", "expect", "intend", "believe" and similar expressions are intended to identify forward-looking statements.

These forward-looking statements are based on certain assumptions and analyses made by BCE and Teleglobe, respectively, in light of their experiences and their perceptions of historical trends, current conditions and expected future developments, as well as other factors they believe are appropriate in the circumstances. However, whether actual future results and developments will conform with their expectations and predictions is subject to a number of risks and uncertainties, including the significant considerations discussed in this Circular or incorporated by reference in this Circular, any of which could cause actual results to differ materially from the forward-looking statements.

With respect to BCE and Teleglobe, these risks and uncertainties include: the risks that the Arrangement will not be completed due, in particular, to the non-approval by the Court or the failure to meet any of the other conditions of the Arrangement; any difficulties in integrating the operations of BCE and Teleglobe, including achieving expected synergies from the integration; the failure of the capital markets to recognize, in whole or in part, the combined value of BCE's and Teleglobe's assets; the GlobeSystem initiative requiring more capital than anticipated to complete or not being completed in time or not providing the anticipated benefits or insufficient financing being available to Teleglobe to complete GlobeSystem; the inability of GlobeSystem to expand its business as expected; the inability of BCE to raise long-term debt financing of Cdn\$5 billion; reductions in traffic on Teleglobe's network; Teleglobe's actual results differing materially from management's projections; the operating results of companies acquired by BCE, including Teleglobe and CTV, adversely affecting BCE's financial results;

BCE's stock price volatility; the completion of BCE's joint venture with the Thomson Corporation and The Woodbridge Company Limited by the first quarter of 2001 or that it will never be completed due to various reasons; the projected pro forma revenues of the new company to be formed with the Thomson Corporation and The Woodbridge Company Limited; the Internet-economy growing at a slower pace than anticipated; risks of new, or changes to existing, laws or regulations in jurisdictions where BCE and Teleglobe operate and, in particular, changes in laws or regulations governing the Internet and Internet commerce; risks of damage awards in pending or future litigation; increasing competition in the telecommunications industry and, more specifically, the potential significant impact on BCE's growth prospects resulting from competitors' reactions to BCE's strategies especially with the advent of competition in the Canadian local telephony market; the availability and cost of capital and the significant level of expenditures required to maintain quality of service; the availability of, and ability to recruit and retain, key personnel and qualified employees; the inability to further identify, develop and achieve commercial success for new products, services and technologies; the impact of consolidations in the telecommunications industry; volatility in the market price of the BCE Common Shares due to various factors including BCE announcements, variations between BCE's actual and anticipated financial results and volatility in the market price of the shares of technology companies in general; the fact that there can be no assurance that BCE and Teleglobe will be able to grow through acquisitions; customer demand for telephone access lines, optional services, wireless services, basic long distance services and new and emerging services, including e-commerce applications and entertainment services; the inability to further identify, develop and achieve commercial success for new products, services and technologies; the impact of rapid technological and market change; general industry and market conditions and growth rates; international growth and global economic conditions, particularly in emerging markets and including interest rate and currency exchange rate fluctuations; liberalization of foreign ownership restriction regulations; the impact of consolidations in the telecommunications industry; the opportunities (or lack thereof) that may be presented to and pursued by BCE and Teleglobe; the failure by BCE or Teleglobe to achieve its strategic objectives and other factors.

Many of these factors are beyond the control of BCE, Teleglobe and their respective subsidiaries. Consequently, all of the forward-looking statements made in this Circular or the documents incorporated by reference herein are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by BCE or Teleglobe will be realized.

CANADIAN/U.S. DOLLAR EXCHANGE RATES

Except where otherwise indicated, all dollar amounts set forth in this Circular are expressed in Canadian dollars and "\$" and "Cdn\$" shall mean Canadian dollars. The following table sets forth (i) the noon rates of exchange for the Canadian dollar, expressed in Canadian dollars per United States dollar, in effect at the end of the periods indicated, (ii) the average noon exchange rates for such periods, and (iii) the high and low exchange rates during such periods, based on the rates quoted by the Bank of Canada.

<u>Canadian Dollar per U.S. dollar</u>	<u>June 16, 2000 through August 31, 2000</u>	<u>Year Ended December 31,</u>		
		<u>1999</u>	<u>1998</u>	<u>1997</u>
Noon rate at end of period	Cdn\$1.4722	Cdn\$1.4433	Cdn\$1.5305	Cdn\$1.4291
Average noon rate for period	1.4795	1.4858	1.4831	1.3844
High for period	1.4641	1.5475	1.5845	1.4399
Low for period	1.4907	1.4420	1.4040	1.3345

On June 16, 2000, the last Business Day preceding the announcement of the Amended Transaction, the rate of exchange based on the noon rate as quoted by the Bank of Canada was Cdn\$1.4704.

INFORMATION CONCERNING BCE AND ITS AFFILIATES

All information contained or incorporated by reference in this Circular relating to BCE, its directors, officers and affiliates or the BCE Common Shares is based solely upon information provided to Teleglobe by BCE or upon publicly available information, without independent verification by Teleglobe. As such, Teleglobe assumes no responsibility for the information in this Circular relating to BCE, its directors, officers and affiliates and to the BCE Common Shares.

SPECIAL FACTORS AND BACKGROUND TO THE ARRANGEMENT

General

BCE currently owns indirectly approximately 23% of the outstanding Teleglobe Common Shares and has maintained a significant investment in Teleglobe since it first acquired Teleglobe Common Shares shortly after Teleglobe's privatization in April of 1987.

The primary purpose of the Acquisition is to allow BCE to acquire all of the Teleglobe Common Shares that BCE and its affiliates do not already own. The Acquisition is an important component of BCE's strategy to provide itself access to an integrated global communications and data/Internet provider. BCE's objective is to leverage its position as Canada's largest communications company to expand globally. The Acquisition will provide BCE with a platform for international growth through Teleglobe's extensive global data/Internet network that has direct connections with businesses in over 100 countries. BCE intends to continue the expansion of Teleglobe's Internet infrastructure through the continued development of GlobeSystem, which is expected to provide 160 cities around the world with scalable broadband service platforms by the end of 2004.

Original Support Agreement

Teleglobe has been considering a number of strategic alternatives since the completion of the Excel Merger in November of 1998, including the possibility of BCE substantially increasing its investment in Teleglobe and/or other investors taking significant minority positions in Teleglobe. On November 4, 1999, the Teleglobe Board of Directors mandated the management of Teleglobe and the Independent Financial Advisor to conduct a strategic review of Teleglobe's business and competitive position in the telecommunications industry and to recommend alternatives and transactions for consideration by the Teleglobe Board of Directors.

During the months of November and December 1999, and January 2000, the management of Teleglobe, together with the Independent Financial Advisor, reviewed and analyzed information relating to the business, operations and financial performance of Teleglobe and had limited discussions with a number of parties regarding possible business combinations or acquisition structures. See "Special Factors and Background to the Arrangement — Alternatives Considered".

In December 1999, Mr. Jean Monty, Chief Executive Officer of BCE and Mr. Charles Sirois, then Chairman and Chief Executive Officer of Teleglobe and a Significant Shareholder, had informal discussions concerning the basis upon which BCE might be prepared to increase its investment in Teleglobe, including the potential acquisition by BCE of all of the Teleglobe Common Shares not owned by it or its affiliates.

During January 2000, Mr. Sirois continued to have discussions with representatives of BCE regarding the basis upon which BCE would be willing to pursue the acquisition of Teleglobe. On January 21, 2000, Teleglobe and BCE entered into a confidentiality and standstill agreement pursuant to which Teleglobe agreed to make available to BCE certain information relating to Teleglobe so that BCE could determine whether it was interested in pursuing an acquisition transaction with Teleglobe. In late January 2000, Mr. Sirois informed Kenny A. Troutt, another Significant Shareholder, of the existence of the ongoing discussions with BCE and, thereafter, BCE conducted discussions with Mr. Troutt regarding the basis upon which the Troutt Group would be willing to sell Teleglobe Common Shares to BCE and otherwise participate in a transaction pursuant to which BCE would acquire all of the Teleglobe Common Shares not owned by BCE and its affiliates.

On February 1, 2000, BCE provided Mr. Sirois with a written preliminary indication of its interest in acquiring all of the Teleglobe Common Shares not held by it. Between February 1 and February 4, 2000, the management of Teleglobe had meetings with BCE management to clarify the scope of such indication of interest. On February 5, 2000, the Teleglobe Board of Directors met informally, without the BCE nominees being present, and was apprised of BCE's indication of interest. At that meeting, the Independent Financial Advisor reported to the Teleglobe Board of Directors on its activities regarding the evaluation of potential strategic alternatives and the management of Teleglobe was requested to keep the Teleglobe Board of Directors apprised of further developments. Given the state of the discussions with BCE, the Teleglobe Board of Directors determined that it was premature to form a special committee at that time. Between February 5 and February 12, 2000, negotiations continued between BCE, the Significant Shareholders and Teleglobe management.

On February 12, 2000, the Teleglobe Board of Directors appointed the members of Teleglobe's Corporate Governance Committee, comprised of Messrs. Gregory Oliver (Chairman), Edward (Ted) Medland, A. Michael

Hainsfurther and Arnold Steinberg, as the Special Committee, to evaluate any proposal received from BCE, and to make recommendations to the Teleglobe Board of Directors in respect of such proposal. Also on February 12, 2000, the Special Committee formally engaged the Independent Financial Advisor to assist it in discharging its mandate and also retained RBC Dominion Securities Inc. to provide additional advice to the Special Committee regarding BCE. The Special Committee also retained Stikeman Elliott, Montréal, and Simpson Thacher & Bartlett, New York, as its legal advisors.

Until February 15, 2000 (inclusively), BCE, Teleglobe, Kenny A. Troutt and Charles Sirois and their respective legal and financial advisors negotiated the terms of a support agreement (the “**Original Support Agreement**”) and of lock-up agreements (the “**Original Lock-Up Agreements**”) for the proposed acquisition by BCE of the Teleglobe Common Shares not held by it or its affiliates, including the consideration to be offered to Teleglobe Shareholders.

On February 14 and 15, 2000, the Special Committee met with its legal counsel, the Independent Financial Advisor and others it considered appropriate to discuss the terms upon which BCE was prepared to proceed with the Acquisition, including the proposed consideration to be offered to Teleglobe Shareholders consisting at that time of, for each Teleglobe Common Share, that portion of a BCE Common Share obtained by dividing Cdn\$48.41 by the BCE WATP, subject to a “collar” of a minimum of 0.85 of a BCE Common Share per Teleglobe Common Share (which would be the consideration if the BCE WATP exceeded Cdn\$56.95 per share) and a maximum of 0.97 of a BCE Common Share per Teleglobe Common Share (which would be the consideration if the BCE WATP was below Cdn\$49.91 per share) (the “**Original Transaction**”). At these meetings, the Special Committee heard representations from the Significant Shareholders as to their intentions and from Teleglobe management regarding the strategic rationale for the Acquisition, the risks involved in pursuing Teleglobe’s strategy on a stand-alone basis, including the additional financial and management resources required to achieve Teleglobe’s business plan, the competitive nature of the telecommunications industry, the necessity to proceed quickly with the implementation of a strategic alternative given Teleglobe’s financial condition and short-term prospects and the limited alternatives for business combinations with other potential strategic partners. The Independent Financial Advisor presented its financial analysis of the Original Transaction and advised the Special Committee that, in its opinion, as of February 15, 2000, the consideration to be offered under the Original Transaction to the Teleglobe Shareholders was fair, from a financial point of view, to the Teleglobe Shareholders (other than BCE, its affiliates and the Significant Shareholders). The Special Committee, after careful consideration, determined to recommend to the Teleglobe Board of Directors that it approve the Original Transaction and approve the entering into of the Original Support Agreement.

On February 15, 2000, the Teleglobe Board of Directors met to consider the Original Transaction and, having received the recommendation of the Special Committee and the Independent Financial Advisor’s opinion as to the Original Transaction’s fairness from a financial point of view to the Teleglobe Shareholders (other than BCE, its affiliates and the Significant Shareholders) and having considered other factors considered relevant, the Teleglobe Board of Directors (excluding the BCE nominees to the Teleglobe Board of Directors who were not present for the discussion and Mr. Sirois, Mr. Troutt and Mr. Bruno Ducharme, an executive of an affiliate of the Sirois Group, each of whom refrained from voting) unanimously approved the Original Transaction and the Original Support Agreement.

The Original Support Agreement contained representations and warranties regarding the Teleglobe business (including the absence of material adverse changes as of February 15, 2000), covenants of Teleglobe to operate its business in the ordinary course pending completion of the Original Transaction and an acknowledgement of the parties’ intention to realize the Original Transaction on a tax-deferred basis for Canadian and United States income tax purposes. The Original Support Agreement also provided that if either party determined, acting in good faith and based on third-party tax advice, that the Original Transaction could not be effected on a tax-deferred basis for United States income tax purposes, BCE would be required to proceed with an alternative transaction and would be required to offer cash for up to 20% of the total consideration payable to the Teleglobe Shareholders. The Original Support Agreement also contemplated the resignation of Mr. Sirois as Chairman and Chief Executive Officer of Teleglobe and the appointment of Mr. Monty as Chairman of Teleglobe, effective on February 15, 2000.

After the close of markets on February 15, 2000, BCE and Teleglobe announced that they had entered into the Original Support Agreement, and that BCE and each of the Troutt Group and the Sirois Group had entered into the

Original Lock-Up Agreements, providing for the terms and conditions on which the Original Transaction would proceed.

On March 8, 2000, the Special Committee resolved to terminate the mandate of Stikeman Elliott, Montréal, as its Canadian legal advisor in light of that firm's representation of BCE in connection with its acquisition of CTV. The Special Committee then retained the services of GPV as Canadian legal advisor for purposes of the Acquisition.

Amendment to Original Support Agreement

In March 2000, Teleglobe commenced discussions with its banking syndicate to amend certain terms and conditions of its existing term and revolving credit facilities (the "**Teleglobe Original Credit Facilities**"). By the end of April 2000, it became apparent that, in light of the expected financial results of Teleglobe for the first quarter ending March 31, 2000, certain covenants contemplated by the proposed amendment would significantly limit Teleglobe's borrowing capacity under the Teleglobe Original Credit Facilities. Teleglobe then initiated separate discussions with its banking syndicate to request that Teleglobe be relieved from its obligation to comply with certain financial covenants in order to allow Teleglobe to re-negotiate the Teleglobe Original Credit Facilities. Representatives of BCE were aware of and participated in a number of such discussions.

On May 5, 2000, Teleglobe's banking syndicate agreed to the relief requested and in connection with obtaining this relief, BCE confirmed to Teleglobe's banking syndicate that, notwithstanding the expected financial results of Teleglobe for the first quarter ended March 31, 2000, it intended to complete the Acquisition.

During the week of May 8, 2000, BCE initiated informal discussions with the Significant Shareholders concerning the appropriateness of adjusting the collar prices and/or the minimum and maximum share exchange ratios under the Original Transaction. Mr. Oliver, the Chairman of the Special Committee, was advised of such discussions. On May 15 and 16, 2000, the Special Committee met with the Independent Financial Advisor and GPV to review this possibility but, at the request of BCE, deferred reaching any formal decision on the subject pending further assessment of the situation by BCE.

On May 17, 2000, Teleglobe reported its financial results for the first quarter ended March 31, 2000 and announced that its banking syndicate had agreed to relieve Teleglobe from the obligation to meet certain financial covenants which would not have been met as a result of the first quarter results, pending re-negotiation of the Teleglobe Original Credit Facilities which Teleglobe expected would occur by the end of the third quarter. Pending this re-negotiation, the financing available under the Teleglobe Original Credit Facilities was to be limited to US\$750 million.

Also during the period of April to May 2000, seven senior executives of Teleglobe and its subsidiaries (in addition to Mr. Sirois who had stepped down as Chairman and Chief Executive Officer on February 15, 2000) were replaced by the Teleglobe Board of Directors because of, among other things, Teleglobe's unsatisfactory financial performance. In light of the pending Acquisition, it was deemed appropriate to fill these positions with officers recommended by BCE, most of whom were existing or former employees of BCE or its affiliates.

During the same period, BCE, Teleglobe, the Special Committee, Kenny A. Troutt and their respective advisors, in accordance with their obligations under the Original Support Agreement and the Original Lock-Up Agreements, considered whether it was possible to structure the Original Transaction so that it would not be taxable to U.S. resident shareholders of Teleglobe for United States federal income tax purposes. In light of Teleglobe's deteriorating financial performance and the expectation that BCE would have to provide direct and indirect financial support to Teleglobe prior to and after the closing of the Original Transaction, it became increasingly apparent that the transaction could not be structured on a tax-deferred basis for U.S. resident shareholders under U.S. tax law.

On June 7, 2000, after further discussions between Teleglobe, its banking syndicate and BCE concerning the re-negotiation of the Teleglobe Original Credit Facilities, BCE senior executives approached Teleglobe senior executives to explore making an adjustment to the consideration under the Original Transaction. BCE advised Teleglobe that it believed that an adjustment was appropriate in light of the fact that financial or other support from BCE would likely be required prior to completion of the Acquisition in order for Teleglobe to maintain the timely development of the GlobeSystem program. BCE's position was that financial or other support of this nature was not contemplated by the Original Support Agreement and that maintaining Teleglobe's capital spending program was required under the Original Support Agreement. Teleglobe senior management promptly referred the discussions to the Special Committee and on June 9, 2000, the Special Committee asked its Chairman, Mr. Oliver, to meet with

BCE representatives to gain a more detailed understanding of BCE's position. On the same day, Mr. Oliver, together with representatives of GPV and a senior executive of Teleglobe, met with BCE's representatives. BCE reiterated its position to Mr. Oliver.

At a meeting of the Special Committee held on June 11, 2000, the Special Committee, after having obtained the advice of GPV, determined to review with BCE and Teleglobe management what, if any, circumstances could give rise to an adjustment to the terms of the Original Transaction and, contemporaneously therewith, to negotiate with BCE the revised terms of the Acquisition should the Special Committee determine that an adjustment would be appropriate in the circumstances. The Special Committee mandated GPV to conduct this review as well as an analysis of the parties' respective legal rights and obligations under the Original Support Agreement, and mandated Mr. Oliver, aided by the Independent Financial Advisor, GPV and management of Teleglobe, to commence negotiations with BCE concerning a possible adjustment to the consideration under the Original Transaction.

On June 12, 2000, both BCE and Teleglobe issued a press release stating that BCE was in negotiations with the Special Committee and the Significant Shareholders regarding a possible adjustment to the consideration under the Original Transaction.

Between June 12 and June 16, 2000, GPV interviewed 13 present and former members of Teleglobe management and representatives of BCE and of others to ascertain the factual circumstances as they prevailed on February 15, 2000 and what, if any, changes had occurred since then, in order to allow the Special Committee to make a fully informed decision concerning a possible adjustment to the consideration under the Original Transaction. During this period, representatives of BCE and of the Special Committee discussed possible amendments to the terms of the Original Transaction and the Original Support Agreement.

On June 17, 2000, the Special Committee met with GPV and the Independent Financial Advisor to review the findings of GPV, the position of the Significant Shareholders and the status of negotiations with BCE. At that meeting, the Special Committee was advised that the Significant Shareholders would agree to an amendment to the share exchange ratio, provided it was acceptable to the Significant Shareholders and the Special Committee. GPV reported on its findings and legal analysis and the Independent Financial Advisor made a presentation to the Special Committee assessing the implications of an amendment based on varying assumptions and parameters. The Special Committee determined to continue negotiations with BCE provided that certain minimum terms and conditions would be agreed to by BCE, including: (i) removing all conditions to the completion of the Acquisition relating to Teleglobe or its business and affairs; (ii) the provision by BCE of any financial assistance required by Teleglobe prior to the completion of the Acquisition; (iii) the acceleration of the timetable for completion of the Acquisition; and (iv) the removal of the collar and the adoption of a fixed share exchange ratio acceptable to the Special Committee.

Negotiations continued on June 18, 2000 and further to those negotiations, BCE agreed that, in exchange for a reduction in the consideration payable under the Original Transaction to a total consideration equivalent to 0.91 of a BCE Common Share per Teleglobe Common Share (including Cdn\$0.10 in cash), it would be prepared to (i) remove all conditions to the completion of the Acquisition relating to Teleglobe or its business and affairs, (ii) agree to provide any financial assistance required by Teleglobe prior to the completion of the Acquisition or agree to a reduction in spending by Teleglobe upon the reasonable request of the Teleglobe Board of Directors, (iii) immediately invest US\$100 million in Teleglobe, and (iv) accelerate the timetable for completion of the Acquisition (the "**Amended Transaction**"). See "Agreements Concerning the Acquisition — The Support Agreement".

Contemporaneously with the negotiations taking place between BCE and the Special Committee, negotiations were held between BCE and the Significant Shareholders, who agreed to support the Amended Transaction and to modify the Original Lock-Up Agreements accordingly. See "Agreements Concerning the Acquisition — Agreements with Significant Shareholders".

Later on June 18, 2000, the Special Committee reviewed with GPV and the Independent Financial Advisor the proposed adjustment to the consideration to be offered to Teleglobe Shareholders and the proposed amendments to the Original Support Agreement. The Independent Financial Advisor delivered its opinion that, as of June 18, 2000, the consideration to be offered under the Amended Transaction was fair, from a financial point of view, to Teleglobe Shareholders (other than BCE, its affiliates and the Significant Shareholders). See "Special Factors and Background to the Arrangement — Opinion of Teleglobe's Independent Financial Advisor". After consideration of

the advice from the Independent Financial Advisor, the Special Committee unanimously determined that the Amended Transaction was fair, from a financial point of view, to the Teleglobe Shareholders (other than BCE, its affiliates and the Significant Shareholders). On the basis of this determination and after consideration of the advice from GPV, amongst other reasons, the Special Committee unanimously resolved to recommend the approval of the Amended Transaction to the Teleglobe Board of Directors. See “Special Factors and Background to the Arrangement — Recommendation of Teleglobe Special Committee and Teleglobe Board of Directors”.

In the evening of June 18, 2000, the Teleglobe Board of Directors met to consider the Amended Transaction and proposed amendments to the Original Support Agreement. Representatives of the Independent Financial Advisor and GPV also attended the meeting. The Teleglobe Board of Directors, having received the unanimous recommendation of the Special Committee, the advice of GPV and the Independent Financial Advisor’s opinion as to the fairness, from a financial point of view, to Teleglobe Shareholders of the consideration to be offered under the Amended Transaction, determined that the Amended Transaction is in the best interest of Teleglobe and is fair to Teleglobe Shareholders (other than BCE, its affiliates and the Significant Shareholders). Accordingly, the Teleglobe Board of Directors approved the entering into of an agreement amending the Original Support Agreement to provide for the Amended Transaction. See “Special Factors and Background to the Arrangement — Recommendation of Teleglobe Special Committee and Teleglobe Board of Directors”.

Alternatives Considered

Prior to reaching a decision to agree to the Acquisition, Teleglobe, with the assistance of the Independent Financial Advisor, considered a number of strategic alternatives, including (i) selling a significant minority participation in Teleglobe, (ii) forming an international strategic alliance, (iii) a business proposal received from a third party, and (iv) the issuance of tracking stock and/or the spin-off to existing Teleglobe Shareholders or through an initial public offering of certain operations of Teleglobe. Teleglobe, with the assistance of the Independent Financial Advisor, also solicited expressions of interest from other potential strategic partners. The sale of a minority investment in Teleglobe was not pursued since it did not contemplate the purchase of all of the Teleglobe Common Shares and none of the discussions with respect to the other alternatives progressed beyond a preliminary stage, with the exception of the restructuring alternative described in (iv) above, with respect to which Teleglobe management performed extensive analyses and which was submitted for consideration by the Teleglobe Board of Directors. This alternative was ultimately rejected in favour of the Acquisition as it addressed only specific aspects of Teleglobe’s business and requirements.

The primary benefit to Teleglobe of the proposed Acquisition was that it involved 100% of the Teleglobe Common Shares not held by BCE or its affiliates and was expected to be consummated within approximately one year while allowing Teleglobe to immediately gain access to management resources and enhancing Teleglobe’s financing capabilities in order to pursue Teleglobe’s business plan. In addition, Teleglobe expected that its association with BCE would generally make it easier for Teleglobe to address the competitive challenges which it would face in the near term. See “Special Factors and Background to the Arrangement — Recommendation of Teleglobe Special Committee and Teleglobe Board of Directors”.

Prior to reaching its decision to pursue the proposed Arrangement, BCE considered simply maintaining its existing ownership interest in Teleglobe or increasing its ownership interest in Teleglobe but not above 50%. BCE rejected these alternatives, since they would have made it more difficult for BCE to be in full control of the evolution and development of Teleglobe as a global expansion tool, and to avail itself of potential future options to pursue its own expansion plans. See “Special Factors and Background to the Arrangement — General”. Implementing the business arrangements between BCE and Teleglobe that are needed to achieve this objective without purchasing the interests of the Teleglobe Shareholders (other than BCE and its affiliates) would be difficult in view of the conflicts of interest which could arise between BCE and Teleglobe in such circumstances.

Benefits and Detriments of the Arrangement

To BCE

The primary benefit of the Arrangement to BCE is the fact that the Arrangement will result in Teleglobe becoming, directly and indirectly, a wholly-owned subsidiary of BCE, thereby providing BCE with the opportunity to achieve its business objectives described under “Special Factors and Background to the Arrangement — General”. The detriments of the completion of the Arrangement for BCE will be the requirement for BCE to pay up

to approximately Cdn\$1.25 billion in cash (assuming all Teleglobe Shareholders elect the Maximum Cash Consideration and a BCE WATP of Cdn\$35) to complete the Arrangement and dilution of the BCE Common Shares resulting from the Arrangement. There are also certain risks associated with the Arrangement. See “Investment Considerations, Cautionary Statement Regarding Forward-Looking Statements and Risk Factors”.

To Teleglobe Shareholders

Teleglobe believes that the Arrangement will result in the following benefits to the Teleglobe Shareholders (other than BCE, its affiliates and the Significant Shareholders):

- (a) converting the value of their investment in Teleglobe into an ownership interest in BCE (and, in certain situations, to so convert on a tax-deferred basis) thereby (i) having the ability to participate in future earnings or growth, if any, of BCE or benefit from increases, if any, in the value of BCE Common Shares and (ii) continuing to participate indirectly in Teleglobe’s future growth or earnings, if any, albeit to a lesser extent;
- (b) being able to realize up to 20% of the value of their investment in Teleglobe in cash, at the option of the holder;
- (c) reducing the risk of a decline in the value of their investment in Teleglobe as a result of Teleglobe’s deteriorating financial performance by decreasing the exposure to Teleglobe through an investment in BCE Common Shares;
- (d) the fact that BCE is Canada’s largest communications company with greater financing and management capabilities than Teleglobe;
- (e) the BCE Common Shares are a more liquid investment than Teleglobe Common Shares; and
- (f) the current dividend policy of BCE to pay Cdn\$1.20 in yearly dividends on the BCE Common Shares.

The primary detriment to Teleglobe Shareholders of the completion of the Arrangement is that they will cease to have any direct ownership interest in Teleglobe and will cease to participate directly in any future earnings or growth, if any, of Teleglobe. In addition, certain Teleglobe Shareholders will recognize a taxable event upon the completion of the Arrangement. See “Income Tax Considerations”.

Recommendation of Teleglobe Special Committee and Teleglobe Board of Directors

On June 18, 2000, the Special Committee unanimously concluded that the Amended Transaction and consequently the Arrangement were fair to the Teleglobe Shareholders (other than BCE, its affiliates and the Significant Shareholders) and recommended approval by the Teleglobe Board of Directors of the Arrangement, the Support Agreement and the transactions contemplated thereby. In reaching its conclusion, the Special Committee obtained the advice of GPV and the Independent Financial Advisor, completed a detailed examination of the process leading to the execution of the Support Agreement (including the amendment thereto), examined the terms and conditions of the Arrangement, the Support Agreement and the Lock-Up Agreements, had discussions with senior management of Teleglobe with respect to, among other things, the business, financial condition and prospects of Teleglobe, reviewed the information provided by Teleglobe, had discussions with the professional advisors to Teleglobe, and examined all other documents and information that the Special Committee, GPV and the Independent Financial Advisor considered relevant to review in order to make a recommendation with respect to the Arrangement. The Special Committee regularly consulted with GPV and the Independent Financial Advisor during the course of its analysis of Teleglobe and evaluation of the Acquisition. The Special Committee believes that the analyses performed by the Independent Financial Advisor in connection with rendering its opinion as to the fairness of the consideration offered are reasonable. In reaching its conclusion, the Special Committee considered and relied upon, among other things, the following factors:

- (a) the terms, conditions and structure of the Arrangement, including the share exchange ratio and the fact that such terms and conditions resulted from active arm’s length negotiations between Teleglobe, the Special Committee (with the assistance of the Independent Financial Advisor and GPV), the Significant Shareholders and BCE;
- (b) the terms of the Support Agreement oblige BCE to make the Alternative Offer if the Arrangement does not receive the necessary shareholder or court approvals or if the Arrangement is not consummated

because Dissenting Shareholders exercise Dissent Rights in respect of more than 5% of the Teleglobe Common Shares;

- (c) the terms, conditions and structure of the Alternative Offer, including the fact that the Alternative Offer would have no minimum tender condition;
- (d) the fact that the Significant Shareholders entered into the Lock-Up Agreements;
- (e) the fact that in order to be effective, the Arrangement must be approved by both two-thirds of the votes cast at the Meeting by Teleglobe Shareholders and by a majority of the votes cast at the Meeting by Teleglobe Shareholders other than Persons whose Teleglobe Common Shares may be excluded from the minority approval of the Arrangement under the Policies, including BCE, its affiliates and the directors and senior officers thereof, and must also be approved by the Court which will determine the fairness of the Arrangement;
- (f) the fact that Teleglobe Shareholders who oppose the Arrangement may, upon compliance with certain conditions, exercise Dissent Rights and receive from Teleglobe the fair value for the Teleglobe Common Shares in respect of which such Dissent Rights are exercised;
- (g) the reports and analyses of the Independent Financial Advisor and, with respect to the Original Transaction, of RBC Dominion Securities Inc., including the opinions from the Independent Financial Advisor dated February 15, 2000 and June 18, 2000 as to the fairness from a financial point of view to the Teleglobe Shareholders (other than BCE, its affiliates and the Significant Shareholders) of the consideration to be offered under the Original Transaction and under the Arrangement, respectively;
- (h) the fact that senior management of Teleglobe was of the view that entering into the Support Agreement was in the best interest of Teleglobe and the Teleglobe Shareholders (other than BCE, its affiliates and the Significant Shareholders);
- (i) its determination that the consideration per Teleglobe Common Share to be received under the Arrangement was greater than the value likely to be realized from alternative transactions with other potential strategic partners, from continued operation as an independent company, from liquidation of Teleglobe pursuant to an asset sale strategy or from any other strategic option considered by or available to Teleglobe;
- (j) the fact that no suitable alternative to the Acquisition had been identified by Teleglobe management or the Independent Financial Advisor;
- (k) its assessment of Teleglobe's management resources, business, assets, financial condition, results of operations and future prospects, including the risks inherent in pursuing Teleglobe's existing business plan on a stand-alone basis;
- (l) the then current economic, industry and market conditions affecting Teleglobe;
- (m) historical market prices and trading information with respect to the Teleglobe Common Shares and the BCE Common Shares;
- (n) the fact that the Arrangement provides Teleglobe Shareholders with the opportunity to receive up to 20% of the total consideration in cash as well as to benefit from future earnings, distributions or growth of BCE, should these events occur;
- (o) the fact that BCE is Canada's largest communications company and the BCE Common Shares are more liquid than the Teleglobe Common Shares;
- (p) its assessment of BCE's greater ability to raise the additional capital and marshal the human resources required to pursue Teleglobe's existing business plan on a timely basis;
- (q) the potential operational synergies to be derived from the inclusion of Teleglobe in the BCE group of companies;
- (r) its assessment that the BCE Common Shares to be received upon completion of the Arrangement were undervalued considering their then trading price; and

- (s) the fact that certain Teleglobe Shareholders resident in Canada who file a Joint Tax Election may exchange their Teleglobe Common Shares for BCE Common Shares upon completion of the Arrangement on a tax-deferred basis in Canada, thereby deferring a taxable gain.

The Special Committee also considered (a) the terms of the Support Agreement which permit the Teleglobe Board of Directors to respond, if required in accordance with its fiduciary duties, to unsolicited proposals by third parties that would, if consummated in accordance with their terms, result in a more favourable transaction than the Arrangement and (b) that interested third parties would not, as a result of the Support Agreement, be precluded from subsequently proposing a more favourable transaction (provided that Teleglobe would be required to pay a termination fee in the event the Teleglobe Board of Directors recommended in favour of such third party), even though the Special Committee recognized that these rights might be of limited benefit given the terms of the Lock-Up Agreements.

More particularly, in reaching its conclusion to recommend an amendment to the Original Support Agreement, the Special Committee considered and relied upon, amongst other things, the following factors in addition to the factors mentioned above:

- (a) the removal of the collar originally contemplated by the Support Agreement;
- (b) the increased certainty of completion of the Acquisition due to the fact that the obligation of BCE to consummate the Arrangement would no longer be subject to any condition relating to Teleglobe or its business and affairs (including any financial and fiscal matters);
- (c) the fact that BCE irrevocably agreed to provide any financial assistance required by Teleglobe or to agree to a reduction in spending prior to the completion of the Acquisition and to immediately invest US\$100 million in Teleglobe;
- (d) the fact that BCE agreed to confirm to Teleglobe's bankers its irrevocable undertaking to complete the Acquisition pursuant to the terms of the Support Agreement; and
- (e) the fact that the timetable for completion of the Arrangement was accelerated from what had been initially contemplated by Teleglobe and BCE.

Additionally, the Special Committee considered the following negative factors, which it viewed as insufficient to outweigh the positive factors in its assessment of whether to amend the Original Support Agreement, namely that: (i) following the announcement of the first quarter results of Teleglobe, BCE had publicly reaffirmed its commitment to conclude the Acquisition; (ii) several key Teleglobe executives were existing or former employees in the BCE group of companies; and (iii) it was unclear pursuant to the Original Support Agreement whether BCE's position regarding the provision of financial assistance to Teleglobe or the failure to maintain the capital spending program was legally correct.

The foregoing discussion of the information and factors considered and evaluated by the Special Committee is not intended to be exhaustive of all factors considered by the Special Committee. In addition, in reaching the conclusion that the Arrangement is fair to Teleglobe Shareholders (other than BCE, its affiliates and the Significant Shareholders) and to recommend approval of the Support Agreement and the transactions contemplated thereby, the Special Committee did not find it practical to and did not assign any relative or specific weight to the different factors which were considered and individual members may have given differing weights to different factors. The Special Committee was unanimous in its recommendation to the Teleglobe Board of Directors that the Arrangement and the Support Agreement be approved.

After careful consideration of the Special Committee's conclusions, the Independent Financial Advisor's opinion as to the fairness, from a financial point of view, to Teleglobe Shareholders (other than BCE, its affiliates and the Significant Shareholders) of the consideration to be offered under the Arrangement, the advice of GPV and the other factors considered and relied upon by the Special Committee, the Teleglobe Board of Directors has determined that the Arrangement is in the best interest of Teleglobe and is fair to Teleglobe Shareholders (other than BCE, its affiliates and the Significant Shareholders) and unanimously (excluding the BCE nominees who were not present for the discussion and Mr. Sirois, Mr. Troutt and Mr. Ducharme, each of whom refrained from voting) recommended that Teleglobe Shareholders vote in favour of the Arrangement Resolution.

The Teleglobe Board of Directors therefore recommends that Teleglobe Shareholders vote in favour of the Arrangement Resolution attached as Annex "A" to this Circular to approve the Arrangement.

Opinion of Teleglobe's Independent Financial Advisor

The Independent Financial Advisor was retained to act as financial advisor to the Special Committee in connection with evaluating the Acquisition. On June 18, 2000, the Independent Financial Advisor rendered its oral opinion (subsequently confirmed in writing) to the Special Committee and the Teleglobe Board of Directors that as of such date, and, based upon and subject to certain matters stated therein, the consideration to be offered to the Teleglobe Shareholders (other than BCE, its affiliates and the Significant Shareholders) in the Acquisition is fair from a financial point of view.

The full text of the Independent Financial Advisor's written opinion, dated June 18, 2000 (the "Lehman Opinion") is attached as Annex "E" to this Circular. Teleglobe Shareholders are urged to read the Lehman Opinion for a discussion of the assumptions made, procedures followed, factors considered and limitations on the review undertaken by the Independent Financial Advisor in rendering the Lehman Opinion. The following is a summary of the Lehman Opinion.

The Independent Financial Advisor's advisory services and opinion were provided for the information and assistance of the Special Committee and the Teleglobe Board of Directors in connection with its consideration of the Acquisition. The Lehman Opinion is not intended to be and does not constitute a recommendation to any Teleglobe Shareholder as to how it should vote on the Arrangement Resolution. The Independent Financial Advisor was not requested to opine as to, and the Lehman Opinion does not address, Teleglobe's underlying business decision to proceed with or effect the Acquisition. The Independent Financial Advisor did not determine the consideration for the Acquisition. In addition, the Independent Financial Advisor did not opine as to the prices at which BCE Common Shares may trade at any time prior to or following the consummation of the Acquisition, and the Lehman Opinion should not be viewed as providing any assurance that the market value of BCE Common Shares to be held by the Teleglobe Shareholders after the consummation of the Acquisition will be in excess of the market value of the Teleglobe Common Shares owned by such shareholders at any time prior to the announcement or consummation of the Acquisition.

In arriving at its opinion, the Independent Financial Advisor reviewed and analyzed:

- (a) the Support Agreement, the Lock-Up Agreements and the specific terms of the Acquisition;
- (b) publicly available information concerning Teleglobe and BCE that the Independent Financial Advisor believed to be relevant to its analysis, including the Forms 40-F of BCE and Teleglobe for the fiscal year ended December 31, 1999 and the Forms 6-K of BCE and Teleglobe for the three months ended March 31, 2000;
- (c) publicly available information on each of the investments and publicly traded securities owned by BCE;
- (d) financial and operating information with respect to the business, operations and prospects of Teleglobe furnished to the Independent Financial Advisor by Teleglobe, including the expected results for the quarter ended June 30, 2000 and certain financial projections prepared by the management of Teleglobe;
- (e) financial and operating information with respect to the business, operations and prospects of BCE furnished to the Independent Financial Advisor by BCE;
- (f) a trading history of the Teleglobe Common Shares from February 11, 1999 to June 18, 2000 and a comparison of such trading history with those of other companies deemed relevant by the Independent Financial Advisor;
- (g) a trading history of the BCE Common Shares from February 11, 1999 to June 18, 2000 and a comparison of such trading history with those of other companies deemed relevant by the Independent Financial Advisor;
- (h) a comparison of the historical financial results and present financial condition of Teleglobe with those of other companies deemed relevant by the Independent Financial Advisor and a comparison of the historical financial results and present financial condition of BCE with those of other companies deemed relevant by the Independent Financial Advisor;
- (i) third party research analysts' earnings estimates, valuation analysis, target prices and investment recommendations for Teleglobe and BCE including a comparison of analysts' estimates of the earnings of Teleglobe with Teleglobe's actual results for the quarter ended March 31, 2000 and estimated results for

the quarter ended June 30, 2000 and for the remainder of 2000 as provided to the Independent Financial Advisor by management of Teleglobe;

- (j) a comparison of the financial terms of the Acquisition with the financial terms of certain other transactions deemed relevant by the Independent Financial Advisor;
- (k) the potential pro forma financial effects of a combination of the businesses of Teleglobe and BCE; and
- (l) the results of prior efforts to solicit indications of interest from third parties with respect to a business combination or other strategic transaction with Teleglobe.

In addition, the Independent Financial Advisor had discussions with the managements of Teleglobe and BCE concerning their respective businesses, operations, assets, financial conditions and prospects and undertook such other studies, analyses and investigations as it deemed appropriate.

In arriving at its opinion, the Independent Financial Advisor assumed and relied upon the accuracy and completeness of the financial and other information used by it without assuming any responsibility for independent verification of such information and also relied upon the assurances of management of Teleglobe and BCE that they were not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the financial forecasts of Teleglobe furnished to the Independent Financial Advisor by Teleglobe, upon the advice of Teleglobe, the Independent Financial Advisor assumed that such forecasts were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Teleglobe as to the future financial performance of Teleglobe. However, given that Teleglobe's recent financial performance had not met management's projections, creating a trend inconsistent with those projections and the necessity for a substantial improvement in financial performance for Teleglobe to meet its projections in the future, the Independent Financial Advisor also prepared and considered more conservative financial projections based upon the strong possibility that Teleglobe would under-perform management's projection in the future. The Independent Financial Advisor discussed these adjusted projections with the management of Teleglobe who agreed with the appropriateness of the use of such adjusted projections in performing the Independent Financial Advisor's analysis. In arriving at its opinion, with the consent of Teleglobe, the Independent Financial Advisor was not provided with and did not have any access to any financial projections of BCE, and instead, based upon the advice of BCE and the express consent of Teleglobe, the Independent Financial Advisor assumed that the publicly available estimates of research analysts were a reasonable basis upon which to evaluate and analyze the future financial performance of BCE and that BCE would perform substantially in accordance with such estimates. The Independent Financial Advisor did not conduct a physical inspection of the properties and facilities of Teleglobe or BCE and did not make or obtain any evaluations or appraisals of the assets or liabilities of Teleglobe or BCE. The Lehman Opinion is necessarily based upon market, economic and other conditions as they existed and could be evaluated on and the information made available to the Independent Financial Advisor as of the date of the Lehman Opinion.

In arriving at its opinion, the Independent Financial Advisor did not ascribe a specific range of value to Teleglobe or BCE, but rather made its determination as to the fairness, from a financial point of view, to the Teleglobe Shareholders (other than BCE, its affiliates and the Significant Shareholders) of the consideration to be offered in the Acquisition on the basis of financial and comparative analysis. The preparation of a fairness opinion involves various determinations as to the most appropriate and relevant methods of financial and comparative analysis and the application of those methods to the particular circumstances, and therefore, such an opinion is not readily susceptible to summary description. Furthermore, in arriving at its opinion, the Independent Financial Advisor did not attribute any particular weight to any analysis or factor considered by it, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, the Independent Financial Advisor believes that its analyses must be considered as a whole and that considering any portion of such analyses and factors, without considering all analyses and factors as a whole, could create a misleading or incomplete view of the process underlying the Lehman Opinion. In its analyses, the Independent Financial Advisor made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of BCE and Teleglobe. None of BCE, Teleglobe, the Independent Financial Advisor or any other Person assumes responsibility if future results are materially different from those discussed. Any estimates contained in these analyses were not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favourable than as set forth therein. In addition, analyses relating to the value of businesses do not purport to be appraisals or to reflect the prices at which businesses actually may be sold.

The following is a summary of the material financial analyses used by the Independent Financial Advisor in connection with providing the Lehman Opinion to the Special Committee and the Teleglobe Board of Directors. Certain of the summaries of financial analyses include information presented in tabular format. In order to fully understand the financial analyses used by the Independent Financial Advisor, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. In particular, you should note that in applying the various valuation methods to the particular circumstances of BCE, Teleglobe, and the Acquisition, the Independent Financial Advisor made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, the analyses listed in the tables and described below must be considered as a whole. Considering any portion of such analyses and of the factors considered, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying the Lehman Opinion.

Valuation of Teleglobe

Purchase Price Ratio Analysis

The purchase price ratio analysis provides enterprise value multiples of key operating statistics for a range of transaction values. Based on a range of implied equity values per share and the corresponding implied enterprise values of Teleglobe (calculated as the consideration offered for the fully-diluted common equity and short- and long-term debt, and subtracting cash and cash equivalents), the Independent Financial Advisor calculated the ratio of enterprise value to revenue and earnings before interest, taxes, depreciation and amortization (“EBITDA”) derived from Teleglobe’s financial projections prepared by Teleglobe management.

The Independent Financial Advisor performed the purchase price ratio analysis over a range of implied Teleglobe equity values per share from Cdn\$25.00 to Cdn\$45.00. The following table presents the ranges of the ratios of enterprise value to actual 1999 and projected 2000 and 2001 revenue and EBITDA for the range of implied Teleglobe equity values per share set forth above:

<u>Metric</u>	<u>Enterprise Value Multiples Based on Implied Teleglobe Equity Value Per Share of:</u>	
	<u>Cdn\$25.00</u>	<u>Cdn\$45.00</u>
1999A Revenue	1.9x	3.2x
2000E Revenue.....	2.1x	3.4x
2001E Revenue ⁽¹⁾	2.1x	3.5x
1999A EBITDA	17.1x	28.2x
2000E EBITDA	35.6x	58.6x
2001E EBITDA ⁽¹⁾	25.0x	41.1x

(1) As adjusted for Scenario I described under “Discounted Cash Flow Analysis” below.

Comparable Company Trading Analysis

The comparable company trading analysis provides a market valuation benchmark based on the common stock trading multiples of selected comparable companies. For this analysis, the Independent Financial Advisor reviewed the public stock market trading multiples for the following selected companies that the Independent Financial Advisor deemed comparable to Teleglobe: AT&T Corp. (pro forma for the pending acquisition of MediaOne Group Inc.), WorldCom, Inc. (pro forma for the pending acquisition of Sprint Corp.), Broadwing Inc., Global Crossing, Ltd., Qwest Communications International Inc. (pro forma for the pending acquisition of U S WEST, Inc.), Williams Communications Group, Inc., Call-Net Enterprises, Inc., GTS Corporation and PSINet Inc. (the “Comparable Companies”). Using publicly available information, the Independent Financial Advisor calculated and analyzed the enterprise value multiples of (i) EBITDA and (ii) EBITDA divided by the estimated compound annual EBITDA growth from 2000 to 2003 (“Growth Adjusted EBITDA”) for each Comparable Company. The projected EBITDA and EBITDA compound annual growth rates for the Comparable Companies were based on publicly available research analysts’ estimates.

The Independent Financial Advisor concluded that the average and median EBITDA multiples for the Comparable Companies for the calendar year 2000 were 56.7x and 12.5x, respectively, and that the average and median Growth Adjusted EBITDA multiples for the Comparable Companies for the calendar year 2000 were 0.60x and 0.46x, respectively. Applying these median EBITDA and Growth Adjusted EBITDA multiples to Teleglobe’s

projected EBITDA and Growth Adjusted EBITDA for calendar year 2000, as estimated by Teleglobe management, yielded Teleglobe equity values per share of Cdn\$5.83 and Cdn\$26.46, respectively.

Because of the inherent differences between the businesses, operations, financial conditions and prospects of Teleglobe and of the Comparable Companies, the Independent Financial Advisor believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the analysis, and accordingly, also made qualitative judgments concerning differences between the financial and operating characteristics of Teleglobe and Comparable Companies that would affect the public trading values of Teleglobe and the Comparable Companies.

Comparable Transaction Analysis

The comparable transaction analysis provides a market benchmark based on the consideration paid in selected comparable transactions. For this analysis, the Independent Financial Advisor reviewed publicly available information to determine the purchase prices and multiples paid in certain transactions that were publicly announced since January 1, 1997 in the telecommunications industry involving target companies which were similar to Teleglobe in terms of business mix, product portfolio, and/or markets served.

The Independent Financial Advisor calculated the enterprise value of the relevant transactions and applied it to certain financial criteria (including revenue and EBITDA) of the acquired business for the last twelve months (“LTM”) and one-year forward periods from the announcement of each transaction. The following table presents the LTM and one-year forward revenue and EBITDA multiples for the selected transactions and the Teleglobe equity value per share derived from the enterprise value yielded by multiplying each multiple by the appropriate Teleglobe operating statistic (based on Teleglobe management’s projections in the case of forward-looking information):

<u>Metric</u>	<u>Median Enterprise Value Multiple of Comparable Transactions</u>	<u>Implied Teleglobe Price per Share</u>
LTM Revenue	3.7x	Cdn\$44.25
One-year Forward Revenue	3.1x	Cdn\$40.43
LTM EBITDA	21.5x	Cdn\$11.11
One-year Forward EBITDA	16.2x	Cdn\$ 8.98

Because the reasons for and the circumstances surrounding each of the transactions analyzed were so diverse and because of the inherent differences in the businesses, operations, financial conditions and prospects of Teleglobe and those of the companies included in the comparable transactions group, the Independent Financial Advisor believed that a purely quantitative comparable transaction analysis would not be particularly meaningful in the context of the Acquisition. The Independent Financial Advisor believed that the appropriate use of a comparable transaction analysis in this instance would involve qualitative judgments concerning the differences between the characteristics of these transactions and the acquisition which would affect the acquisition values of the acquired companies and Teleglobe.

Sum of the Parts Analysis

The Independent Financial Advisor performed a “sum of the parts” analysis of Teleglobe by valuing each individual business segment individually and deriving therefrom a range of values for Teleglobe as a whole. The Teleglobe business segments considered were the global telephony business, the global data network business, Excel and Teleglobe’s holdings in public and private companies. Using various methodologies that the Independent Financial Advisor deemed appropriate for each business segment analyzed, the analysis indicated a range of equity values per Teleglobe Common Share ranging from approximately Cdn\$16 to Cdn\$22 per share.

Discounted Cash Flow Analysis

The discounted cash flow analysis provides a net present valuation of the projected after-tax unlevered free cash flows (defined as operating cash flow available after working capital, capital spending, tax and other operating requirements) based upon Teleglobe management’s financial projections. Utilizing such financial projections, the Independent Financial Advisor calculated a range of present values for Teleglobe using a range of after-tax discount rates from 11% to 13% and a terminal value based upon a range of multiples of estimated EBITDA in 2004 from

10x to 12x. The Independent Financial Advisor also undertook a discounted cash flow analysis based upon Teleglobe management's projections adjusted for the following adverse future events:

- Scenario I: Teleglobe's Internet Data Center ("IDC") Plan is not implemented
- Scenario II: The projected EBITDA Margin of the Excel group of companies is reduced by 25% from 2000 to 2004
- Scenario III: The projected EBITDA Margin of the Teleglobe Communications Corporation group of companies (excluding IDC) is reduced by 25% from 2000 to 2004
- Scenario IV: Each of the above events occurs

The following table presents the implied equity values of the Teleglobe Common Shares based upon the midpoint of the discount rates (12%) and the range of the terminal values both for Teleglobe management's projections without adjustment and for such projections as adjusted for Scenario IV:

<u>Management's Projections Without Adjustment</u>	<u>Management's Projections Adjusted for Scenario IV</u>
Cdn\$26.01 — Cdn\$33.30	Cdn\$8.28 — Cdn\$11.72

Acquisition Premium Analysis

The Independent Financial Advisor examined the premiums paid for target company shares in certain transactions in which shares of publicly-traded telecommunications companies were acquired, over the pre-announcement stock prices of such companies. In addition, the Independent Financial Advisor calculated a range of Teleglobe Common Share prices based on the price of the Teleglobe Common Shares and a range of assumed acquisition premiums.

The Independent Financial Advisor examined premiums paid over pre-announcement stock prices one day, one week and one month prior to the announcement in 26 selected transactions. In aggregate, such analysis indicated relevant median acquisition premiums between approximately 27% and 47%. Based on closing prices of the Teleglobe Common Shares on the TSE of Cdn\$40.50, Cdn\$39.59 and Cdn\$37.39, the prices one day, one week and one month prior to February 1, 2000, by applying the appropriate premium the Independent Financial Advisor calculated a range of prices for the Teleglobe Common Shares of approximately Cdn\$51.00 to Cdn\$55.00.

Valuation of BCE

Sum of the Parts Trading Analysis

The Independent Financial Advisor performed a "sum of the parts" analysis of BCE by valuing each individual holding of BCE and deriving therefrom a range of values for BCE as a whole. The BCE holdings that were valued were Bell Canada, Manitoba Telecom Services Inc., Teleglobe, Aliant Inc., Bell ExpressVu Inc., Telesat Canada, TMI Communications and Company Limited Partnership, CTV, BCE Emergis Inc., CGI Group Inc., Nortel (post-Nortel Spin-Off), BCI and BCE's other holdings in public and private companies. Using various methodologies that the Independent Financial Advisor deemed appropriate for each holding analyzed, the analysis indicated a range of equity values per BCE Common Share ranging from approximately Cdn\$34.00 to Cdn\$76.00 per share.

Research Analysts' Views

The Independent Financial Advisor analyzed research analysts' price targets for BCE Common Shares after the public announcement of the Nortel Spin-Off, which indicated a selected range for 12-month price targets for BCE Common Shares of approximately Cdn\$42.00 to Cdn\$55.00 per share. The Independent Financial Advisor also reviewed the range of premiums for the 12-month target prices for the BCE Common Shares to the prices on the date of each report, which indicated a range of such premiums of approximately 16% to 53%.

Qualifications of Independent Financial Advisor

The Independent Financial Advisor is an internationally recognized investment banking firm and, as part of its investment banking activities, is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. The Teleglobe Board of Directors and the Special Committee selected the Independent Financial Advisor because of its expertise,

reputation and familiarity with Teleglobe, BCE and the telecommunications industry generally and because its investment banking professionals have substantial experience in transactions comparable to the Acquisition.

As compensation for its services in connection with the Acquisition, Teleglobe has agreed to pay the Independent Financial Advisor a fee of US\$15 million, of which US\$5 million was paid upon delivery of the fairness opinion relating to the Original Transaction and the remainder of which is payable upon the closing of the Acquisition. The fee of the Independent Financial Advisor was negotiated with Teleglobe. In addition, Teleglobe has agreed to reimburse the Independent Financial Advisor for reasonable out-of-pocket expenses incurred in connection with the Acquisition and to indemnify the Independent Financial Advisor for certain liabilities that may arise out of its engagement by Teleglobe and the rendering of the Lehman Opinion. The Independent Financial Advisor has previously rendered investment banking services to Teleglobe and its predecessor and received customary fees for such services.

In the ordinary course of its business, the Independent Financial Advisor may actively trade in the debt or equity securities of Teleglobe and BCE for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities.

Fairness Considerations by BCE

General

Because BCE and its affiliates (as such term is defined in the U.S. Exchange Act) own approximately 23% of the outstanding Teleglobe Common Shares and because three members of the current Teleglobe Board of Directors have been nominated by BCE, BCE may be deemed to be an affiliate of Teleglobe for the purposes of Rule 13e-3 of the U.S. Exchange Act. As a result, BCE is required, under Rule 13e-3, to state whether it reasonably believes that the Arrangement is fair to unaffiliated Teleglobe Shareholders (i.e., the Teleglobe Shareholders other than BCE and its affiliates and the directors and executive officers of BCE and its affiliates).

BCE IS MAKING THE STATEMENTS INCLUDED IN THIS SECTION SOLELY FOR THE PURPOSES OF COMPLYING WITH THE REQUIREMENTS OF RULE 13E-3 AND RELATED RULES UNDER THE U.S. EXCHANGE ACT. BCE EXPRESSLY DOES NOT UNDERTAKE ANY FIDUCIARY RELATIONSHIP OR FIDUCIARY OBLIGATION TO THE TELEGLOBE SHAREHOLDERS (OTHER THAN ANY OBLIGATION UNDER THE U.S. FEDERAL SECURITIES LAWS). MOREOVER, BCE DID NOT CONSIDER THE FAIRNESS OF THE ARRANGEMENT TO UNAFFILIATED TELEGLOBE SHAREHOLDERS IN DETERMINING TO ENTER INTO THE ACQUISITION.

BCE has concluded that the Arrangement is procedurally fair to the unaffiliated Teleglobe Shareholders for the following reasons:

- (a) the recommendation and approval of the Arrangement by the Special Committee and the Teleglobe Board of Directors (including a majority of directors who are neither affiliated with BCE nor officers of Teleglobe) described under “Special Factors and Background to the Arrangement — Recommendation of Teleglobe Special Committee and Teleglobe Board of Directors”;
- (b) the fairness opinion of the Independent Financial Advisor described under “Special Factors and Background to the Arrangement — Opinion of Teleglobe’s Independent Financial Advisor” and the fact that the retention of the Independent Financial Advisor to advise the Special Committee and the Teleglobe Board of Directors in representing the interests of Teleglobe Shareholders (other than BCE, its affiliates and the Significant Shareholders), has been approved by the Teleglobe Board of Directors, including all directors who are neither affiliated with BCE nor officers of Teleglobe;
- (c) the fact that the Significant Shareholders, Teleglobe’s two largest shareholders other than BCE, have agreed to vote their Locked-Up Shares in favour of the Arrangement and to accept the consideration offered under the Arrangement;
- (d) the fact that the principal terms of the Arrangement were established through arm’s length negotiations with Teleglobe, the Special Committee and the Significant Shareholders;
- (e) the fact that the members of the Special Committee and the Teleglobe Board of Directors are experienced and sophisticated in business and financial matters and were well informed about the business and operations of Teleglobe;

- (f) the fact that during the negotiations of the Support Agreement, the interests of the other Teleglobe Shareholders were represented by the Special Committee and its legal and financial advisors;
- (g) the fact that the Arrangement can only be completed if approved by the Court, and the Court will determine the fairness of the Arrangement; and
- (h) the fact that in order for the Arrangement to be approved, at least two-thirds of the votes cast on the Arrangement Resolution by Teleglobe Shareholders, and at least a majority of the votes cast thereon by the Teleglobe Shareholders (other than by Persons whose Teleglobe Common Shares may be excluded from the minority approval of the Arrangement under the Policies, including BCE, its affiliates and the directors and senior officers thereof), must be voted in favour of the Arrangement Resolution.

BCE reached its conclusion concerning fairness of the Arrangement to the unaffiliated Teleglobe Shareholders on the basis of the foregoing reasons, despite the fact that the Independent Financial Advisor advised both the Special Committee and the Teleglobe Board of Directors and was not retained to act solely on behalf of unaffiliated Teleglobe Shareholders.

BCE has concluded that the Arrangement is substantively fair to the unaffiliated Teleglobe Shareholders because of the fact that the Significant Shareholders, Teleglobe's two largest shareholders other than BCE and its affiliates, have agreed under the Lock-up Agreements to vote their Locked-Up Shares in favour of the Arrangement and to accept the consideration offered under the Arrangement.

BCE's belief as to the substantive fairness of the Arrangement to the unaffiliated Teleglobe Shareholders on the basis of the agreement by the Significant Shareholders to vote their Locked-up Shares in favour of the Arrangement and to accept the consideration offered under the Arrangement is predicated on the fact that the Significant Shareholders are financially sophisticated in BCE's view, are represented on the Teleglobe Board of Directors and are knowledgeable concerning Teleglobe and its business, were free to choose or not to choose to vote in favour of the Arrangement and accept the consideration under the Arrangement, and will receive the same consideration as the other unaffiliated holders of Teleglobe Common Shares in the Arrangement in respect of each Teleglobe Common Share currently owned. BCE believes that these facts and the active involvement and arm's length negotiation by the Significant Shareholders adequately support BCE's belief as to the substantive fairness of the Arrangement to the unaffiliated Teleglobe Shareholders despite the fact that BCE's belief as to the substantive fairness of the Arrangement to the unaffiliated Teleglobe Shareholders was not based upon and BCE did not consider: current or historical market prices of the Teleglobe Common Shares; the net book value of the Teleglobe Common Shares; the going concern or liquidation value of Teleglobe; the purchase prices previously paid by BCE or affiliates for Teleglobe Common Shares; the substance of the Lehman Opinion described under "Special Factors and Background to the Arrangement — Opinion of Teleglobe's Independent Financial Advisor" or the BCE Fairness Opinions described under "Fairness Considerations by BCE — Opinions of BCE's Financial Advisors"; or any firm offer, of which BCE is aware, made by any unaffiliated person during the past two years for any merger or consolidation of Teleglobe, the sale or other transfer of all or any substantial part of the assets of Teleglobe, or any purchase of Teleglobe's securities that would enable the purchaser to exercise control of Teleglobe. BCE has not considered, and expresses no view as to, whether any of the factors upon which its belief was not based is or is not material to, or should be considered by, any Teleglobe Shareholder.

The above factors are not intended to be exhaustive. In light of the number and variety of factors, it was not practicable for BCE to assign relative weights to the foregoing factors and accordingly relative weights were not assigned.

Opinions of BCE's Financial Advisors

On February 15, 2000, Morgan Stanley Canada Limited and CIBC World Markets Inc. ("CIBC World Markets"), BCE's financial advisors, rendered opinions (the "BCE Fairness Opinions") to the BCE Board of Directors that, as at that date, the consideration to be paid to the Teleglobe Shareholders pursuant to the Original Support Agreement was fair, from a financial point of view, to BCE. These opinions, described in more detail below, are directed to the BCE Board of Directors and relate to the fairness from a financial point of view to BCE as at February 15, 2000 of the consideration to be paid by BCE to Teleglobe Shareholders under the Original Support Agreement. The BCE Fairness Opinions are subject to the assumptions and qualifications contained therein. Unlike the Lehman Opinion which has been rendered as at June 18, 2000 (see "Special Factors and Background to the Arrangement — Opinion of Teleglobe's Independent Financial Advisor"), the BCE financial advisors have not been

requested by BCE to update the BCE Fairness Opinions to reflect any developments or facts arising after February 15, 2000, have not been provided with any information which would enable them to do so and have not performed any work with respect to the BCE Fairness Opinions since February 15, 2000. Accordingly, the BCE Fairness Opinions do not address the fairness of the consideration offered to the unaffiliated Teleglobe Shareholders under the Arrangement. While BCE's financial advisors provided financial advice to BCE in negotiating with Teleglobe and the Significant Shareholders the consideration to be offered to Teleglobe Shareholders (other than BCE and its affiliates) in connection with the Acquisition, BCE's financial advisors did not determine the consideration for the Acquisition.

THE BCE FAIRNESS OPINIONS ARE BEING INCLUDED IN THIS CIRCULAR SOLELY FOR THE PURPOSE OF COMPLYING WITH THE REQUIREMENTS OF RULE 13E-3 AND RELATED RULES UNDER THE U.S. EXCHANGE ACT. ALTHOUGH TELEGLOBE SHAREHOLDERS ARE NOT PRECLUDED FROM RELYING ON THE BCE FAIRNESS OPINIONS, THE BCE FAIRNESS OPINIONS ARE DIRECTED TO THE BCE BOARD OF DIRECTORS AND RELATE TO THE FAIRNESS FROM A FINANCIAL POINT OF VIEW TO BCE AS AT FEBRUARY 15, 2000 OF THE CONSIDERATION TO BE PAID BY BCE TO TELEGLOBE SHAREHOLDERS UNDER THE ORIGINAL SUPPORT AGREEMENT. IN ADDITION, TELEGLOBE SHAREHOLDERS SHOULD CONSIDER THE FACT THAT THE BCE FINANCIAL ADVISORS DID NOT CONSIDER AND THE BCE FAIRNESS OPINIONS DO NOT ADDRESS THE FAIRNESS OF THE CONSIDERATION UNDER THE ARRANGEMENT TO THE UNAFFILIATED TELEGLOBE SHAREHOLDERS AND THEREFORE BCE, THE SPECIAL COMMITTEE AND THE TELEGLOBE BOARD OF DIRECTORS BELIEVE THAT THE BCE FAIRNESS OPINIONS SHOULD NOT BE CONSIDERED OR RELIED UPON BY TELEGLOBE SHAREHOLDERS IN DECIDING WHETHER OR HOW TO VOTE ON THE ARRANGEMENT RESOLUTION.

Opinion of Morgan Stanley

BCE retained Morgan Stanley Dean Witter ("**Morgan Stanley**") to act as its financial advisor in connection with the Original Transaction and related matters based upon Morgan Stanley's qualifications, expertise and reputation. On February 15, 2000, Morgan Stanley delivered its opinion to the BCE Board of Directors that, as of such date and based upon the procedures and subject to the assumptions and qualifications set forth in the written opinion of Morgan Stanley dated February 15, 2000 (the "**Morgan Stanley Opinion**"), the consideration to be paid to Teleglobe Shareholders pursuant to the Original Support Agreement was fair, from a financial point of view, to BCE.

The Morgan Stanley Opinion is directed to the BCE Board of Directors and the fairness of the consideration, from a financial point of view, to BCE. The Morgan Stanley Opinion does not address any aspect of the Acquisition (other than the fairness of the consideration, from a financial point of view, to BCE pursuant to the Original Support Agreement) nor does it address the fairness of the consideration to the Teleglobe Shareholders pursuant to the Arrangement or the Original Support Agreement or constitute a recommendation as to whether or not the Teleglobe Shareholders should vote in favour of the Arrangement. The summary of the Morgan Stanley Opinion set forth below is qualified in its entirety by reference to the full text of such opinion set out in Annex "F" to this Circular.

In arriving at its opinion, Morgan Stanley:

- (a) reviewed certain publicly available financial statements and other information of Teleglobe and BCE;
- (b) reviewed certain internal financial statements and other financial and operating data concerning Teleglobe prepared by the management of Teleglobe;
- (c) analyzed certain financial projections prepared by the management of Teleglobe;
- (d) discussed the past and current operations and financial condition and the prospects of Teleglobe with senior executives of Teleglobe;
- (e) analyzed certain internal financial statements and other financial operating data concerning BCE prepared by the management of BCE;
- (f) analyzed certain financial projections prepared by the management of BCE;

- (g) discussed the past and current operations and financial condition and the prospects of BCE, including information relating to certain strategic, financial and operational benefits anticipated from the Acquisition, with senior executives of BCE and analyzed the pro forma impact of the Acquisition on BCE earnings per share, consolidated capitalization and financial ratios;
- (h) reviewed the reported prices and trading activity for the Teleglobe Common Shares and the BCE Common Shares;
- (i) compared the financial performance of Teleglobe and the prices and trading activity of the Teleglobe Common Shares with that of certain other comparable publicly-traded companies and their securities;
- (j) participated in discussions and negotiations among representatives of Teleglobe and BCE and their financial and legal advisors;
- (k) reviewed the draft Original Support Agreement, the draft Original Lock-Up Agreements and certain related documents; and
- (l) performed such other analyses and considered such other factors as Morgan Stanley deemed appropriate.

In rendering its opinion, Morgan Stanley assumed and relied upon, without independent verification, the accuracy and completeness of the information reviewed by Morgan Stanley for the purposes of the Morgan Stanley Opinion. With respect to the financial projections including information relating to the strategic financial and operational benefits anticipated from the Acquisition, Morgan Stanley assumed that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of the future financial performance of Teleglobe. Morgan Stanley did not make any independent valuation or appraisal of the assets or liabilities of Teleglobe, nor was Morgan Stanley furnished with any such appraisals. The Morgan Stanley Opinion was necessarily based on economic, market and other conditions as in effect on, and the information made available to Morgan Stanley as of, the date of the Morgan Stanley Opinion.

The consideration to be paid to the holders of Teleglobe Common Shares pursuant to the Original Support Agreement and the Arrangement was determined through negotiations between Teleglobe and BCE and was approved on behalf of BCE by the BCE Board of Directors.

Morgan Stanley is an internationally recognized investment banking and advisory firm. As part of its investment banking business, Morgan Stanley is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuation for estate, corporate and other purposes. Morgan Stanley has advised BCE that, in the ordinary course of its business, Morgan Stanley and its affiliates may actively trade the debt and equity securities or senior loans of BCE and Teleglobe for their own account and for the accounts of customers and, accordingly, may at any time hold a long or short term position in such securities.

Morgan Stanley acted as financial advisor to the BCE Board of Directors in connection with the Acquisition and will receive a fee for its services. In the past two years, Morgan Stanley has provided financial advisory and financing services for BCE and has received fees for the rendering of those services (including the fees to which it will be entitled upon completion of the Acquisition and other transactions) aggregating approximately US\$44.5 million. Morgan Stanley and its affiliates may maintain relationships with BCE and Teleglobe in the future.

Opinion of CIBC World Markets

BCE retained CIBC World Markets to act as one of its financial advisors in connection with the Original Transaction and related matters based upon the qualifications, expertise and reputation of CIBC World Markets. On February 15, 2000, CIBC World Markets delivered an opinion to the BCE Board of Directors that, as of such date and based upon the procedures and subject to the assumptions and qualifications set forth in its written opinion dated February 15, 2000 (the “**CIBC World Markets Opinion**”), the exchange ratios pursuant to the Original Support Agreement were fair from a financial point of view to BCE.

BCE has not requested CIBC World Markets to update the CIBC World Markets Opinion to reflect any facts or developments arising subsequent to February 15, 2000 and CIBC World Markets has not updated such opinion.

The CIBC World Markets Opinion is addressed to the BCE Board of Directors and does not address any aspect of the transaction, other than the fairness of the exchange ratios, from a financial point of view, to BCE

pursuant to the Original Support Agreement. The CIBC World Markets Opinion does not address the fairness of the exchange ratios to the Teleglobe Shareholders or constitute a recommendation as to whether or not the Teleglobe Shareholders should vote in favour of the Arrangement. The summary of the CIBC World Markets Opinion set forth below is qualified in its entirety by reference to the full text of such opinion set out in Annex “F” to this Circular.

The CIBC World Markets Opinion was provided for the use of the BCE Board of Directors and should not be construed as a recommendation to any Teleglobe Shareholder as to whether to vote in favour of the Arrangement. The CIBC World Markets Opinion states that it may not be used by any person or relied upon by any person other than the BCE Board of Directors without the express prior written consent of CIBC World Markets. Pursuant to a letter agreement dated January 27, 2000 between BCE and CIBC World Markets, CIBC World Markets expressly disclaimed any liability by reason of the use of the CIBC World Markets Fairness Opinion by any person other than the BCE Board of Directors. Whether or not the CIBC World Markets Opinion could be relied upon by any person to support a claim against CIBC World Markets is an issue that, if asserted, would be resolved by a court of competent jurisdiction. The availability of a defence would have no effect on the rights or responsibilities of BCE, the BCE Board of Directors or CIBC World Markets under applicable United States federal securities laws.

In connection with preparing and rendering the CIBC World Markets Opinion, CIBC World Markets has reviewed, and where it considered appropriate, relied upon (without verifying independently the completeness or accuracy of), among other things:

- (a) the draft Original Support Agreement dated February 15, 2000;
- (b) the draft Original Lock-Up Agreements dated February 15, 2000;
- (c) annual reports, including audited financial statements for Teleglobe and BCE for the fiscal years ended December 31, 1997 and 1998 and the unaudited financial statements for Teleglobe for the fiscal year ended December 31, 1999;
- (d) annual information forms for Teleglobe and BCE for the fiscal years ended December 31, 1997 and 1998;
- (e) discussions with members of the management of Teleglobe and BCE and their major subsidiaries concerning their current business operations, financial condition, results and prospects;
- (f) the unaudited interim reports of Teleglobe and BCE for the first three quarters of fiscal 1999;
- (g) Teleglobe’s fiscal 1999 and 2000 consolidated budget as well as those of its major subsidiaries;
- (h) financial projections for Teleglobe for the fiscal years 2000 to 2004 including supporting documentation and analysis;
- (i) certain other internal information, primarily financial in nature, concerning the business, assets, liabilities and prospects of Teleglobe and BCE and their subsidiaries, including information relating to certain strategic, financial, operational and other benefits anticipated from the Original Transaction and analyses of the pro forma impacts on the earnings and capitalization of BCE;
- (j) discussions with members of senior management of BCE and Bell Canada regarding their views and analysis concerning past and current business operations, financial condition, and prospects of Teleglobe;
- (k) information and analysis on Teleglobe, BCE and other companies, including data relating to public market trading levels and private market transaction multiples;
- (l) discussions with CIBC World Markets industry analysts and review of other industry analysts’ reports;
- (m) a copy of the written presentation which senior management of BCE was to deliver to the BCE Board of Directors for review in connection with its evaluation of the Original Transaction; and
- (n) such other information, analyses and discussions as CIBC World Markets considered necessary or appropriate in the circumstances.

In rendering its opinion, CIBC World Markets assumed and relied upon, without independent verification, the accuracy and completeness of the information reviewed by CIBC World Markets for the purposes of the CIBC World Markets Opinion. With respect to the financial projections including information relating to the strategic, financial and operational benefits anticipated from the Original Transaction, CIBC World Markets assumed that they were reasonably prepared on bases reflecting the best currently available estimates and judgments

of the future financial performance of Teleglobe. CIBC World Markets did not make any independent valuation or appraisal of the assets or liabilities of Teleglobe, nor was CIBC World Markets furnished with any such appraisals. The CIBC World Markets Opinion was necessarily based on economic, market and other conditions as in effect on, and the information made available to CIBC World Markets as of, February 15, 2000.

The exchange ratios, pursuant to the Original Support Agreement and the Acquisition, were determined through negotiations between Teleglobe and BCE and were approved on behalf of BCE by the BCE Board of Directors.

The BCE Board of Directors retained CIBC World Markets based upon its experience and expertise. CIBC World Markets is an internationally recognized investment banking and advisory firm. As part of its investment banking business, CIBC World Markets is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuation for estate, corporate and other purposes. CIBC World Markets has advised BCE that, in the ordinary course of its business as an investment banking and advisory firm, CIBC World Markets and its affiliates may actively trade the debt and equity securities or senior loans of BCE and Teleglobe for their own account and for the accounts of customers and, accordingly, may at any time hold a long or short term position in such securities.

CIBC World Markets will receive a fee for its services in acting as a financial advisor to BCE in connection with the Original Transaction. During the past two years, CIBC World Markets has provided financial advisory and financing services for BCE and its affiliates, and has received fees for the rendering of those services (including the fees to which it will be entitled upon completion of the Acquisition and other transactions) aggregating approximately Cdn\$19.8 million. CIBC World Markets and its affiliates may maintain relationships with BCE and Teleglobe and their respective affiliates in the future.

Purpose and Plans for Teleglobe after the Acquisition

As discussed elsewhere in this Circular, BCE intends to cause Teleglobe to continue the expansion of Teleglobe's data/Internet infrastructure, including investing up to an additional US\$900 million in Teleglobe, as required, to assist Teleglobe with the completion of GlobeSystem. See "Information Concerning Teleglobe — Recent Developments — Teleglobe New Credit Facilities". BCE also intends to integrate Teleglobe's head office personnel with certain companies in the BCE group which will result in management changes at Teleglobe.

Except as disclosed in this Circular, BCE does not have, as of the date of this Circular, any specific plans or proposals for Teleglobe after the completion of the Acquisition. However, upon completion of the Acquisition, in conjunction with Teleglobe directors, management and employees, BCE will continue its review of Teleglobe, including Teleglobe's business plans, assets, operations, policies, dividend policy, indebtedness, management, personnel and organizational and capital structure and consider which changes, if any, would be desirable to best organize and integrate the activities of Teleglobe into the BCE group of companies. These changes may involve the sale of assets or one or more businesses of Teleglobe, the sale of a minority interest in Teleglobe or its subsidiaries, or the termination, or combination with affiliates of BCE, of certain business lines of Teleglobe and its subsidiaries. BCE expressly reserves the right to make any changes that it deems necessary or appropriate in light of its continuing review or in light of future developments. Except as disclosed in this Circular, BCE currently has no specific plans or proposals that would result in an extraordinary transaction involving Teleglobe or its subsidiaries, such as a merger, reorganization, liquidation, sale or transfer of a material amount of assets, or any material changes to Teleglobe's present corporate structure or business, the composition of its management, its indebtedness or capitalization or the de-listing of the Teleglobe Third Series Preferred Shares.

At the Effective Time, the Teleglobe Articles will be amended so that they will no longer contain provisions relating to the election of certain directors to the Teleglobe Board of Directors. See "Information Concerning Teleglobe — Directors and Officers". Accordingly, after the Arrangement the entire Teleglobe Board of Directors will be elected by BCE and its affiliates. The BCE nominees may include Persons who are directors or officers of BCE or its affiliates, as well as Persons who are currently directors of Teleglobe. No decisions on the specifics relating to the future composition of the Teleglobe Board of Directors have been made.

In addition, following the Effective Date, Teleglobe will be a wholly-owned subsidiary of BCE and its affiliates and Teleglobe's future dividend policy will be based on criteria established by BCE and its nominees to the Teleglobe Board of Directors.

THE ARRANGEMENT

Arrangement Mechanics

The Arrangement consists of the following steps, which will occur as at the Effective Time on the Effective Date in the following order:

- (a) Each Teleglobe Common Share (other than those held by BCE, its affiliates, the Dissenting Shareholders or any Holdco in respect of which a valid Holdco Election has been made) that is a Cash Consideration Elected Share, and each Holdco Share that is a Cash Consideration Elected Share, will be transferred to BCE in exchange for the Cash Elected Consideration. See “The Arrangement — Elections under the Arrangement — Share Elected Consideration or Cash Elected Consideration”.
- (b) Contemporaneously with the transfer described in (a) above, each Teleglobe Common Share (other than those held by BCE, its affiliates, the Dissenting Shareholders or any Holdco in respect of which a valid Holdco Election has been made) that is a Share Consideration Elected Share, and each Holdco Share that is a Share Consideration Elected Share, will be transferred to BCE in exchange for the Share Elected Consideration. See “The Arrangement — Elections under the Arrangement — Share Elected Consideration or Cash Elected Consideration”.
- (c) The Teleglobe Articles will be amended and restated to remove the restrictions in the Teleglobe Articles relating to the nomination of directors of Teleglobe and the restrictions on the entering into of certain transactions unless approved by at least two-thirds of the entire Teleglobe Board of Directors (disregarding vacancies). See “Information Concerning Teleglobe — Directors and Officers”.
- (d) Each Teleglobe Option will be dealt with as described under “The Arrangement — Treatment of Convertible Securities — Teleglobe Options”.

The full particulars of the Arrangement are contained in the Plan of Arrangement attached as Annex “D” to this Circular.

Treatment of Convertible Securities

Teleglobe Options

As of August 31, 2000, there were outstanding 17,479,640 Teleglobe Options to acquire 17,479,640 Teleglobe Common Shares and Teleglobe expects to issue prior to the Effective Time up to an additional 1,000,000 Teleglobe Options to purchase up to 1,000,000 Teleglobe Common Shares. Pursuant to the Arrangement, each Teleglobe Option (including each unvested Teleglobe Option) that has not been exercised prior to the Effective Time will continue in full force and effect from and after the Effective Time on the same terms existing prior to the Effective Time (including as to vesting and termination) provided that from and after the Effective Time, each unexercised Teleglobe Option will entitle its holder to receive upon its exercise in lieu of a Teleglobe Common Share, 0.91 of a BCE Common Share (subject to any anti-dilution provisions applicable to such Teleglobe Options) at an exercise price for 0.91 of a BCE Common Share equal to the exercise price per Teleglobe Common Share under that Teleglobe Option in effect immediately prior to the Effective Time (subject to any anti-dilution provisions applicable to such Teleglobe Options), with the result that the effective exercise price per whole BCE Common Share will be equal to the quotient obtained by dividing (x) the exercise price per Teleglobe Common Share under that Teleglobe Option in effect immediately prior to the Effective Time by (y) 0.91, disregarding fractions. BCE will assume Teleglobe’s obligations to issue shares upon the exercise of Teleglobe Options, and will be entitled to Teleglobe’s rights, under the Teleglobe Option Plans, to receive the exercise price upon the exercise of Teleglobe Options. No further options will be granted under the Teleglobe Option Plans following the Effective Time. In addition, following the Effective Time and subject to obtaining necessary approvals, certain amendments to the Teleglobe Option Plans may be made in order to reflect the fact that the Teleglobe Options will then be exercisable for BCE Common Shares and to conform certain administrative provisions of the Teleglobe Option Plans to BCE’s existing stock option plans.

Fractional BCE Common Shares will not be issued by BCE upon the exercise of Teleglobe Options and no cash compensation in lieu of fractional BCE Common Shares will be paid to Teleglobe Optionees. Upon the exercise of Teleglobe Options which would result in the issuance of a fractional BCE Common Share (the “**BCE Fractional Option Share**”), the Teleglobe Optionee will be entitled to subscribe for that additional fraction of a BCE Common Share (the “**Additional Fractional Share**”) which, together with the BCE Fractional Option Share,

would result in a whole BCE Common Share being issued. The price payable for the Additional Fractional Share shall be equal to the product obtained by multiplying (a) the Additional Fractional Share by (b) the Market Value of a BCE Common Share on the second trading day prior to the date of the exercise of such Teleglobe Options. The foregoing right to subscribe for an Additional Fractional Share will be exercisable only if, immediately after exercise of such Teleglobe Options, the Teleglobe Optionee would no longer hold any Teleglobe Options expiring on the date of expiry of the Teleglobe Options just exercised.

“Market Value” of a BCE Common Share means, for Teleglobe Options with an exercise price denominated in Canadian dollars, the closing price of the BCE Common Shares on the TSE on the relevant day and, for Teleglobe Options with an exercise price denominated in U.S. dollars, the closing price of the BCE Common Shares on the NYSE on the relevant day.

By way of example, a Teleglobe Optionee holding 125 Teleglobe Options with an exercise price of Cdn\$25 per Teleglobe Common Share would be entitled to receive 113 BCE Common Shares upon payment of the aggregate exercise price of Cdn\$3,125 at an exercise price per whole BCE Common Share of Cdn\$27.47 (being the quotient obtained by dividing Cdn\$25 by 0.91, disregarding fractions). As a result of this exercise, there would be a 0.75 fractional BCE Common Share which the Teleglobe Optionee would not be entitled to receive or be compensated for. However, the Teleglobe Optionee would be entitled to subscribe for the Additional Fractional Share which, together with such 0.75 fractional BCE Common Share, would result in a whole BCE Common Share being issued. Thus, assuming a Market Value of a BCE Common Share of Cdn\$35 at the time of the exercise of the Teleglobe Option, upon payment of a further Cdn\$8.75 for a further 0.25 of a BCE Common Share, the Teleglobe Optionee would be entitled to receive one additional BCE Common Share.

Teleglobe Third Series Preferred Shares

The Teleglobe Third Series Preferred Shares are cumulative, redeemable preferred shares in the capital of Teleglobe which are entitled to dividends at a quarterly rate of Cdn\$0.3375 per share and the principal terms of which are described in “Information Concerning Teleglobe — Description of Teleglobe Share Capital — Teleglobe Third Series Preferred Shares”.

On and after April 1, 2001, Teleglobe may redeem at any time for cash the Teleglobe Third Series Preferred Shares in whole or in part, at Teleglobe’s option, for Cdn\$25 per share plus accrued but undeclared dividends (the “**Redemption Price**”) or may, subject to the approval of the TSE, convert each such share into that number of Teleglobe Common Shares (the “**Common Share Conversion Number**”) determined by dividing Cdn\$25 (plus all accrued but undeclared dividends to the date of conversion) by the greater of (i) Cdn\$3 and (ii) 95% of the weighted average trading price of the Teleglobe Common Shares on the TSE for the 20 consecutive trading days ending on the fourth day immediately prior to the date specified for conversion or, if such day is not a trading day on the TSE, then the last trading day on the TSE ending immediately prior to such fourth day (the “**Trading Period**”). On or after May 1, 2001, subject to Teleglobe’s right on 40 calendar days’ notice prior to the conversion date to redeem for the Redemption Price or to find substitute purchasers at the Redemption Price for the Teleglobe Third Series Preferred Shares to be converted (the “**Redemption Right**”), each Teleglobe Third Series Preferred Share is convertible at the option of the holder on 60 calendar days’ notice (the “**Notice Period**”) on the first day of February, May, August and November of each year into that number of Teleglobe Common Shares equal to the Common Share Conversion Number.

The Teleglobe Third Series Preferred Shares will be unaffected by the Arrangement. However, the Teleglobe Third Series Preferred Shares will no longer be convertible into Teleglobe Common Shares. Instead, as a result of the Arrangement and in accordance with their terms, each Teleglobe Third Series Preferred Share will be exchangeable with Teleglobe (the “**Exchange Right**”) at the option of Teleglobe or the holder of Teleglobe Third Series Preferred Shares (the “**Exchangeable Shareholder**”), on and after the dates and subject to the conditions described above, into that portion of a BCE Common Share determined by dividing (a) Cdn\$25 (plus all accrued but undeclared dividends to the date of exchange) by (b) the greater of (i) Cdn\$3 and (ii) 95% of the weighted average trading price of the BCE Common Shares on the TSE for the Trading Period (the “**BCE Common Share Conversion Number**”).

In the event that (i) the Teleglobe Third Series Preferred Shares are not redeemed by Teleglobe prior to May 1, 2001, (ii) a holder of Teleglobe Third Series Preferred Shares (the “**Exercising Holder**”) exercises the Exchange Right described above to receive BCE Common Shares in exchange for all or part of the Exercising

Holder's Teleglobe Third Series Preferred Shares (the "**Exchangeable Shares**"), (iii) Teleglobe does not exercise its Redemption Right to redeem the Exchangeable Shares for the Redemption Price or to find a substitute purchaser for the Exchangeable Shares to be so exchanged by the Exercising Holder and (iv) such Exercising Holder is resident in Canada and holds the Exchangeable Shares as capital property for the purposes of the Canadian Tax Act, it is BCE's current intention to make an offer (a "**Third Series Preferred Share Offer**") to such Exercising Holder during the Notice Period to acquire each Exchangeable Share for that portion of a BCE Common Share equal to the BCE Common Share Conversion Number held by such Exercising Holder. The Third Series Preferred Share Offer, if made, would permit certain Exercising Holders who choose to accept such offer to defer the recognition of a capital gain or a deemed dividend for purposes of the Canadian Tax Act, which may otherwise occur if such Exercising Holders were to exercise the Exchange Right. See "Income Tax Considerations — Certain Canadian Federal Income Tax Considerations — Residents of Canada — Dispositions Pursuant to a Third Series Preferred Share Offer or the Exchange Right".

BCE is not required to make a Third Series Preferred Share Offer under the terms of the Teleglobe Third Series Preferred Shares or otherwise. While it is BCE's current intention to make a Third Series Preferred Share Offer in the circumstances described above, this intention may change at any time without notice to holders of Teleglobe Third Series Preferred Shares. The decision to make a Third Series Preferred Share Offer will be in the sole discretion of the BCE Board of Directors, whose determination on whether or not to make such an offer will be subject to considerations relating to the best interests of BCE and its shareholders. **Holders of Teleglobe Third Series Preferred Shares should not rely on BCE's statement of current intention in deciding whether to continue to hold Teleglobe Third Series Preferred Shares. BCE's statement of current intention is not intended to impose any legally binding obligation on BCE, to add to or change any of the existing rights, terms or conditions with respect to the Teleglobe Third Series Preferred Shares, or to provide any holder of Teleglobe Third Series Preferred Shares with any rights or remedies against BCE, and holders of Teleglobe Third Series Preferred Shares should not regard BCE's statement of intention with respect to a Third Series Preferred Share Offer as a promise or agreement of any kind whatsoever.** In addition, the making of a Third Series Preferred Share Offer would also be subject to obtaining required regulatory approvals (including those of any stock exchanges and securities regulatory authorities). Accordingly, there can be no assurance that a Third Series Preferred Share Offer will be made in the circumstances described above.

Teleglobe Fourth Series Preferred Shares

The Teleglobe Fourth Series Preferred Shares will not be affected by the Arrangement. See "Information Concerning Teleglobe — Recent Developments — Investment by BCE in Teleglobe Fourth Series Preferred Shares".

Elections under the Arrangement

Share Elected Consideration or Cash Elected Consideration

A blue Letter of Transmittal is being mailed together with this Circular to each Person who was a Teleglobe Shareholder on the Record Date. Each Teleglobe Shareholder (and each Teleglobe Shareholder of record on or prior to the Election Date) who wishes to receive either the Cash Elected Consideration or Share Elected Consideration must submit a Letter of Transmittal to the Depositary or the U.S. Forwarding Agent. The Letter of Transmittal will permit a Teleglobe Shareholder to specify the whole number of Teleglobe Common Shares that such Person desires to have exchanged for either the Share Elected Consideration or the Cash Elected Consideration. Holdco Shareholders need not submit a Letter of Transmittal, as the number of Holdco shares that such Person desires to have exchanged for the Share Elected Consideration or Cash Elected Consideration will be specified in the Holdco Agreement. See "Holdco Election" below.

The Letter of Transmittal also permits Teleglobe Shareholders who elect the Cash Elected Consideration to specify the amount per share (in addition to the Cdn\$0.10 cash) that such holder wishes to receive in cash, which amount may not exceed the Maximum Cash Consideration.

If no Letter of Transmittal is received on or prior to the Election Date with respect to Teleglobe Common Shares, or if BCE or the Depositary determines that any election was not properly made with respect to any Teleglobe Common Shares, and such shares are not held by a Holdco in respect of which a valid Holdco Election

has been made, such shares will be deemed to be Share Consideration Elected Shares and will be exchanged for the Share Elected Consideration.

Not later than two Business Days prior to the Election Date, Teleglobe will issue a press release announcing the BCE WATP and the Maximum Cash Consideration available per Teleglobe Common Share. **Teleglobe Shareholders who make a valid Cash Election but who do not specify the Elected Cash Amount will be deemed to have elected an Elected Cash Amount equal to the Maximum Cash Consideration and will accordingly receive cash consideration for each Teleglobe Common Share equal to Cdn\$0.10 plus the Maximum Cash Consideration.**

The following table illustrates the consideration to be received by a holder of 100 Teleglobe Common Shares (or 100 Holdco Shares) who makes (or is deemed to make) the Share Election (assuming that the BCE WATP equals Cdn\$35):

BCE WATP (in Cdn\$)	Number of Whole BCE Common Shares	Value of BCE Common Shares (based on BCE WATP)* (in Cdn\$)	Total Cash (rounded to the nearest whole Cdn\$)*	Value of Total Consideration (rounded to the nearest whole Cdn\$)*
\$35	90	\$3,150	\$35	\$3,185

* The assumption that the value of a BCE Common Share is equal to the BCE WATP and rounding to the nearest whole dollar are for illustrative purposes only. On the Effective Date, the price of a BCE Common Share may not be the same as the BCE WATP and the cash consideration to be received by Teleglobe Shareholders will be calculated to the nearest Cdn\$0.01.

The following table illustrates the consideration to be received by a holder of 100 Teleglobe Common Shares (or 100 Holdco Shares) who makes the Cash Election for the Maximum Cash Consideration (assuming that the BCE WATP equals Cdn\$35):

BCE WATP (in Cdn\$)	Number of Whole BCE Common Shares	Value of BCE Common Shares (based on BCE WATP)* (in Cdn\$)	Total Cash (rounded to the nearest whole Cdn\$)*	Value of Total Consideration (rounded to the nearest whole Cdn\$)*
\$35	72	\$2,520	\$665	\$3,185

* The assumption that the value of a BCE Common Share is equal to the BCE WATP and rounding to the nearest whole dollar are for illustrative purposes only. On the Effective Date, the price of a BCE Common Share may not be the same as the BCE WATP and the cash consideration to be received by Teleglobe Shareholders will be calculated to the nearest Cdn\$0.01.

See Annex “K” to this Circular for sample calculations of the consideration to be received pursuant to the Cash Election and the Share Election.

Any Cash Election by a Teleglobe Shareholder will have been properly made only if the Depository or U.S. Forwarding Agent has received at its respective designated offices (as set forth in the Letter of Transmittal enclosed herewith), by 5:00 p.m., Montréal time, on the Election Date, a Letter of Transmittal which the Depository determines in its discretion to be properly completed and signed and accompanied by the certificates of the Teleglobe Common Shares to which the Letter of Transmittal relates, properly endorsed or otherwise in proper form for transfer.

Any Teleglobe Shareholder who has made an election by submitting a Letter of Transmittal to the Depository or U.S. Forwarding Agent may revoke such election by written notice or by filing a later-dated Letter of Transmittal received by the Depository or U.S. Forwarding Agent prior to 5:00 p.m., Montréal time, on the Election Date. In addition, all Letters of Transmittal will be automatically revoked if the Depository or U.S. Forwarding Agent is notified in writing by BCE and Teleglobe that the Arrangement will not proceed. If a Letter of Transmittal is revoked, the certificate or certificates for the Teleglobe Common Shares to which the Letter of Transmittal relates will be promptly returned to the Teleglobe Shareholder that submitted the same to the Depository or U.S. Forwarding Agent, unless the Teleglobe Shareholder specifies otherwise in the Letter of Transmittal.

Holdco Election

Holdco Shareholders who hold Teleglobe Common Shares indirectly through a Holdco may jointly elect to have all issued and outstanding Holdco Shares transferred to BCE in exchange for either the Cash Elected Consideration or the Share Elected Consideration by making a valid Holdco Election. For greater certainty, the Cash Elected Consideration or Share Elected Consideration received for such Holdco Shares shall be identical to the Cash Elected Consideration or the Share Elected Consideration which such Holdco would have been entitled to

receive if the Teleglobe Common Shares held by such Holdco were acquired directly by BCE under the Plan of Arrangement.

Holdco Shareholders may make the Holdco Election by providing notice thereof in writing on or prior to the Holdco Election Deadline to the Depository at its offices at 1800 McGill College Avenue, Montréal, Québec H3A 3K9, Attention: Reorganization Department. Each Holdco Shareholder that has made the Holdco Election will be required to enter into a share purchase agreement (the “**Holdco Agreement**”) with BCE providing for the acquisition by BCE of all issued and outstanding Holdco Shares and containing such representations and warranties, terms and conditions and indemnities as BCE may reasonably request, including, without limitation, the representations and warranties, terms and conditions and indemnities set out in Appendix A to the Plan of Arrangement. The Holdco Agreement will also require the Holdco Shareholders to arrange for the provision of a legal opinion of such holders’ legal counsel in form and from counsel acceptable to BCE, acting reasonably. Each Holdco Shareholder will be entitled to elect in the Holdco Agreement to exchange all of the Holdco Shares held by such Holdco Shareholder for either the Share Elected Consideration or the Cash Elected Consideration. Holdco Shareholders who elect the Cash Elected Consideration will be entitled in the Holdco Agreement to specify the amount per share (in addition to the Cdn\$0.10 cash) that such holder wishes to receive in cash, which amount may not exceed the Maximum Cash Consideration. **Failure of any holder of Holdco Shares to properly make a Holdco Election on or prior to the Holdco Election Deadline or failure of Holdco Shareholders to properly enter into a Holdco Agreement will disentitle all Holdco Shareholders of such Holdco to the Holdco Election.**

The Holdco Agreement will provide that the closing of the purchase and sale of the Holdco Shares will be completed in escrow (the “**Escrow Holdco Closing**”) in Montréal, Québec or Toronto, Ontario not less than two Business Days prior to the Effective Time and become effective at the Effective Time. At the Escrow Holdco Closing, the Holdco Shareholder will be required to deliver the certificate or certificates representing the Holdco Shares as well as all other documents required to be delivered by such Holdco Shareholder pursuant to the Holdco Agreement. All documents delivered at the Escrow Holdco Closing will be held in escrow by the Depository until the Effective Time. All documents deposited by the Holdco Shareholders at the Escrow Holdco Closing will be returned to the Holdco Shareholders in the event that the Arrangement does not proceed.

U.S. Dollar Election

Teleglobe Shareholders will have the option to elect on the Letter of Transmittal, and Holdco Shareholders will have the option to elect in the Holdco Agreement, in respect of the Teleglobe Common Shares or Holdco Shares held by such shareholder, to receive the entire cash component (the “**Canadian Dollar Amount**”) of the Share Elected Consideration or Cash Elected Consideration, as the case may be, which such shareholder is entitled to receive under the Arrangement in U.S. dollars (the “**U.S. Dollar Election**”). The amount of such U.S. dollars payment will be the amount calculated as the U.S. dollar equivalent to the Canadian Dollar Amount using the weighted average rate of exchange for Canadian dollars to U.S. dollars for the U.S. dollars transferred by BCE to the Depository to fund the U.S. Dollar Election. **Teleglobe Shareholders and Holdco Shareholders who do not properly complete a U.S. Dollar Election will receive the cash component of the Share Elected Consideration or Cash Elected Consideration, as the case may be, in Canadian dollars.** U.S. holders of Teleglobe Common Shares should consider any U.S. federal income tax consequences that may be relevant to making or not making a U.S. Dollar Election. See “Income Tax Considerations — Certain United States Federal Income Tax Considerations — Exchange of Amounts in Non-U.S. Currency”.

Teleglobe Shareholders and Holdco Shareholders electing the U.S. Dollar Election should be aware that the value of the consideration they will receive will fluctuate in accordance with the Canadian dollar to U.S. dollar exchange ratio.

Other

The determination of the Depository as to whether elections have been properly made or revoked and when elections and revocations were received by it will be binding. The Depository may, with the mutual agreement of BCE and Teleglobe, make such rules as are consistent with the Arrangement for the implementation of the elections contemplated by the Arrangement and as are necessary or desirable fully to effect such elections.

The instructions for making elections, exchanging certificates representing Teleglobe Common Shares and depositing such share certificates with the Depository or U.S. Forwarding Agent are set out in the Letter of Transmittal.

Assuming the Arrangement becomes effective on November 1, 2000, the Depository will commence mailing by first class insured mail to Teleglobe Shareholders as soon as practicable thereafter, which is expected to be on or about November 9, 2000, share certificates representing BCE Common Shares to which Teleglobe Shareholders are entitled along with cheques representing (a) the cash component of the Cash Elected Consideration or Share Elected Consideration and (b) payment for the value of any fractional BCE Common Share. In addition, Teleglobe Shareholders may elect in the Letter of Transmittal to pick up such share certificates and cheques at any time on or after November 9, 2000 at the offices of the Depository indicated in the Letter of Transmittal.

Fractional Shares

Under the Arrangement, no certificates representing fractional BCE Common Shares will be issued. Holders of Teleglobe Common Shares will receive, in lieu of any fractional BCE Common Share otherwise issuable to them, a cash payment equal to the amount obtained by multiplying the fraction of the BCE Common Share otherwise issuable by the BCE WATP.

Conditions to the Arrangement

Court Approval

An arrangement under the CBCA requires approval by a court of competent jurisdiction. On September 21, 2000, Teleglobe obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters. A copy of the Interim Order is attached as Annex “B” to this Circular.

Subject to the approval of the Arrangement by the Teleglobe Shareholders at the Meeting, the hearing in respect of the Final Order is scheduled to take place on November 1, 2000 at 9:00 a.m. (Montréal time) in the Court at 1 Notre-Dame Street East, Montréal, Québec. Any Teleglobe Shareholder who wishes to present evidence or argument at such hearing must file and deliver an appearance, and all material on which it relies, in accordance with the rules of the Court and the provisions of the Interim Order. The Court will consider, among other things, the fairness and reasonableness of the Arrangement. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit.

Assuming the Final Order is granted and the other conditions to the Arrangement contained in the Support Agreement are satisfied or waived, it is anticipated that Articles of Arrangement for Teleglobe will be filed with the Director to give effect to the Arrangement and the various other documents necessary to consummate the transactions contemplated under the Support Agreement will be executed and delivered.

Required Votes to Approve the Arrangement

Subject to any further order of the Court, the Arrangement Resolution must be approved by the affirmative vote of at least two-thirds of the votes cast thereon (and for this purpose, any spoiled votes, illegible votes, defective votes and abstentions shall be considered not to be votes cast) by Teleglobe Shareholders, present in person or by proxy at the Meeting, and by the affirmative vote of at least a majority of the votes cast thereon by Teleglobe Shareholders including the Significant Shareholders but excluding Persons whose Teleglobe Common Shares may be excluded from the minority approval of the Arrangement under the Policies, including BCE, its affiliates and the directors and senior officers thereof. See “Regulatory Matters — OSC Rule 61-501 and CVMQ Policy Q-27” and “General Proxy Information — Record Date and Entitlement to Vote”.

Other Conditions

The Arrangement is also subject to the satisfaction or waiver by BCE on or before the Effective Date of the following conditions precedent:

- (a) neither the Commissioner nor his authorized representative shall have advised BCE that the Commissioner intends to make an application under section 92 of the Competition Act in respect of the Acquisition and neither the Commissioner nor any of his representatives shall have made such an application;

- (b) (i) no act, action, suit or proceeding shall have been threatened or taken before or by any domestic or foreign court or tribunal or governmental agency or other regulatory authority or administrative agency or commission or by any elected or appointed public official or private Person (including, without limitation, any individual, corporation, firm, group or other entity) in Canada or elsewhere, whether or not having the force of law, and (ii) no law, regulation or policy shall have been proposed, enacted, promulgated or applied:
 - (A) to cease trade, enjoin, prohibit or impose material limitations or conditions on the Acquisition or the right of BCE to own or exercise full rights of ownership of the Teleglobe Common Shares or any of them; or
 - (B) which, if the Acquisition were consummated, (x) would require Teleglobe or any of its subsidiaries to dispose of a material asset, impose material limitations or conditions on the business or operations of Teleglobe and its subsidiaries, or impose material fines or penalties on Teleglobe or any of its subsidiaries and (y) such disposition, limitations, fines or penalties would reasonably be expected to have a Teleglobe Material Adverse Effect or a BCE Material Adverse Effect;
- (c) there shall not exist any prohibition at law against the making of the Acquisition; and
- (d) Teleglobe Shareholders holding in excess of 5% of the Teleglobe Common Shares outstanding immediately prior to the Meeting shall not have exercised Dissent Rights at or prior to the Meeting.

Source of Funds

The total amount of funds required by BCE to satisfy the cash component of the Cash Elected Consideration and the Share Elected Consideration will depend on (i) the number of Teleglobe Shareholders who make the Cash Election, (ii) the Elected Cash Amount elected by such Teleglobe Shareholders, and (iii) the BCE WATP. Assuming that each Teleglobe Shareholder elected to receive cash under the Acquisition in an amount equal to the Maximum Cash Consideration and assuming a BCE WATP of Cdn\$35, the total amount of cash required by BCE would be approximately Cdn\$1.25 billion, excluding expenses of the Acquisition, the cash payments to be made by BCE to Teleglobe Shareholders in lieu of any fractional BCE Common Shares otherwise issuable to them and payments by Teleglobe to Dissenting Shareholders, if any. BCE intends to fund the cash component of the consideration payable under the Acquisition through a combination of (a) currently available cash and (b) a portion of the approximately Cdn\$5 billion which BCE intends to raise under long-term debt financing. BCE expects this long-term debt financing to be in place before the end of this year. In the event that this financing is not in place at the Effective Date, BCE intends to obtain short-term bridge financing which would be repaid with a portion of the proceeds from the long-term debt financing. Neither the terms of the long-term debt financing nor the terms of any such short-term bridge financing that may be obtained have been determined as at the date of this Circular. The obligation of BCE to complete the Acquisition is not conditional on obtaining any such financing.

Expenses of the Arrangement

The total estimated expenses of the Arrangement are as follows:

Payments to employees resulting from change of control	Cdn\$40.0 million
Investment banking and advisory fees and expenses	Cdn\$34.0 million
Legal fees and expenses	Cdn\$3.8 million
Printing, mailing and proxy solicitation fees, meeting expenses and filing fees	Cdn\$3.4 million
Accounting fees and expenses	Cdn\$650,000
Miscellaneous	Cdn\$350,000

All out-of-pocket expenses incurred in connection with the Arrangement and the transactions contemplated thereby, including legal fees, financial advisory fees and all disbursements by advisors, shall be paid by the party incurring such expenses. Of the total estimated expenses of approximately Cdn\$82.2 million, approximately Cdn\$63.8 million are the responsibility of Teleglobe.

Stock Exchange Listings

The BCE Common Shares are listed on the TSE, NYSE and the Swiss Stock Exchange and are currently listed on the London Stock Exchange.

As soon as possible following the Effective Date, Teleglobe will apply to have the Teleglobe Common Shares de-listed from the TSE and NYSE. In addition, if the Arrangement is completed, the Teleglobe Common Shares may be deregistered under Section 12(g) (4) of the U.S. Exchange Act and Teleglobe may no longer be required to file periodic reports under Section 15(d) of the U.S. Exchange Act.

The TSE has conditionally approved the listing on the Effective Date of the BCE Common Shares to be issued in connection with the Arrangement subject to fulfilling all of the requirements of the TSE.

Resale of BCE Common Shares Received in the Arrangement

Canada

Subject to the receipt of certain regulatory approvals (which Teleglobe and BCE believe will be obtained), the BCE Common Shares issuable to Teleglobe Shareholders under the Arrangement and the BCE Common Shares issuable upon the exercise of Teleglobe Options following the Effective Date will be freely tradeable in or into Canada through appropriately registered dealers provided the following conditions are met at the time of such transaction: (i) at the time of the trade, BCE has been a reporting issuer for at least twelve months; (ii) the selling shareholder does not hold (alone or in combination with others) more than 20% of the outstanding voting securities of BCE and does not otherwise hold a sufficient number of any securities of BCE to affect materially the control of BCE; (iii) if the selling shareholder is in a “special relationship” (as defined below) with BCE, the selling shareholder has reasonable grounds to believe that BCE is not in default of any requirements under applicable Canadian securities laws; (iv) certain disclosures are made to the applicable Canadian Securities Authorities (which BCE will make promptly following the Effective Time); (v) no unusual effort is made to prepare the market or create a demand for the BCE Common Shares; and (vi) no extraordinary commission or consideration is paid in respect of the transaction in the BCE Common Shares.

For the above purposes, a selling shareholder is in a “special relationship” with BCE if, among other things, the selling shareholder is:

- (a) a director, officer or employee of BCE;
- (b) a director or senior officer of a subsidiary of BCE;
- (c) a person or company who beneficially owns, directly or indirectly, or exercises control or direction over, voting securities carrying more than 10% of the voting rights attached to all voting securities of BCE; or
- (d) a director or senior officer of a company referred to in (c) above.

United States

BCE Common Shares issued to a Teleglobe Shareholder pursuant to the Arrangement may be resold without restriction under the U.S. Securities Act, except for BCE Common Shares issued to any Person who is an affiliate of BCE following consummation of the Arrangement or who was an affiliate of Teleglobe or BCE prior to consummation of the Arrangement. Shareholders who are affiliates of BCE after consummation of the Arrangement may publicly sell BCE Common Shares in the United States only in compliance with the restrictions of Rule 144 under the U.S. Securities Act. Shareholders who are not affiliates of BCE but were affiliates of BCE or Teleglobe prior to consummation of the Arrangement may publicly sell BCE Common Shares in the United States following consummation of the Arrangement only in compliance with the restrictions of Rule 145 under the U.S. Securities Act. In addition, these affiliates may publicly sell BCE Common Shares outside the United States in compliance with the restrictions of Regulation S under the U.S. Securities Act. For these purposes, an “affiliate” is any Person that directly or indirectly controls, or is controlled by or is under common control with BCE or Teleglobe, as the case may be. Holders who may be affiliates for these purposes should consult their own legal advisors prior to the sale of BCE Common Shares.

BCE Common Shares issuable upon exercise of Teleglobe Options will be registered under the U.S. Securities Act through the filing of a registration statement on Form S-8. Shares so registered, when issued upon exercise of such options (other than shares issued to any affiliate of BCE), will be eligible to be resold publicly in the United States without restriction. BCE currently expects that the necessary registration statement will become effective

concurrently with the Arrangement, and that holders of Teleglobe Options will be able to exercise such options for freely tradeable BCE Common Shares as soon as the Arrangement becomes effective. Affiliates of BCE who receive BCE Common Shares upon exercise of Teleglobe Options may publicly sell these shares in the United States only in compliance with the restrictions of Rule 144 under the U.S. Securities Act and outside the United States in compliance with the restrictions of Regulation S.

Accounting Treatment of the Acquisition

The Acquisition will be accounted for by BCE under the “purchase” method of accounting in accordance with Canadian generally accepted accounting principles. Therefore, BCE will treat the Acquisition as a purchase of an approximately 77% interest in Teleglobe.

Comparison of Shareholder Rights

Teleglobe and BCE are both governed by the CBCA. Accordingly the Teleglobe Common Shares and BCE Common Shares have similar rights, privileges, restrictions and conditions. In particular, in both cases the rights to the receipt of dividends and the receipt of the remaining property of the corporation upon liquidation, dissolution or winding-up are subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of BCE or Teleglobe ranking prior to the BCE or Teleglobe Common Shares, respectively. See “Selected Historical and Pro Forma Financial Information — Selected Historical and Pro Forma Capitalization” for a description of the respective capital structure of BCE and Teleglobe prior to the Arrangement and after giving effect thereto.

Eligibility for Investment in Canada

The BCE Common Shares are, as of the date hereof, eligible investments without resort to the so-called “basket” provisions, or their purchase will not be prohibited, in each case subject to general investment provisions and restrictions and, in certain cases, subject to prudent investment standards and the satisfaction of additional requirements relating to investment or lending policies, standards, procedures or goals, under or by the following statutes and, where applicable, the regulations thereunder:

- (i) *Insurance Companies Act* (Canada);
- (ii) *Trust and Loan Companies Act* (Canada);
- (iii) *Pension Benefits Standards Act, 1985* (Canada);
- (iv) *Supplemental Pension Plans Act* (Québec), for a plan governed thereby; and
- (v) *Cooperative Credit Associations Act* (Canada).

Provided they are listed on a prescribed stock exchange (which currently includes the TSE), the BCE Common Shares will be qualified investments under the Canadian Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit sharing plans and may be held by such plans subject to the terms of the particular plan trust. BCE Common Shares will not be foreign property to such plans, registered pension plans or other entities to whom Part XI of the Canadian Tax Act applies.

Dissenting Shareholder Rights

Section 190 of the CBCA provides shareholders with the right to dissent from certain resolutions of a corporation which effect extraordinary corporate transactions or fundamental corporate changes. The Interim Order expressly provides Teleglobe Shareholders with the right to dissent from the Arrangement Resolution pursuant to Section 190 of the CBCA and the Plan of Arrangement. Any Teleglobe Shareholder who dissents from the Arrangement Resolution in compliance with Section 190 of the CBCA and the Plan of Arrangement will be entitled, in the event the Arrangement becomes effective, to be paid by Teleglobe the fair value of the Teleglobe Common Shares held by such Dissenting Shareholder determined as of the close of business on the day before the Arrangement Resolution is adopted.

Section 190 provides that a shareholder may only make a claim under that Section with respect to all the shares of a class held by the shareholder on behalf of any one beneficial owner and registered in the shareholder’s name. One consequence of this provision is that a **holder of Teleglobe Common Shares may only exercise the right to dissent under Section 190 in respect of Teleglobe Common Shares which are registered in that holder’s name.**

In many cases, shares beneficially owned by a Person are registered either: (a) in the name of an intermediary that the Non-Registered Holder deals with in respect of the shares (such as banks, trust companies, securities dealers and brokers, trustees or administrators of self-administered registered retirement savings plans, registered retirement income funds, registered educational savings plans and similar plans, and their nominees); or (b) in the name of a clearing agency (such as CDS) of which the intermediary is a participant. Accordingly, a Non-Registered Holder will not be entitled to exercise the right to dissent under Section 190 directly (unless the Teleglobe Common Shares are re-registered in the Non-Registered Holder's name). A Non-Registered Holder who wishes to exercise the right to dissent should immediately contact the intermediary with whom the Non-Registered Holder deals in respect of its Teleglobe Common Shares and either: (i) instruct the intermediary to exercise the right to dissent on the Non-Registered Holder's behalf (which, if the Teleglobe Common Shares are registered in the name of CDS or other clearing agency, would require that the Teleglobe Common Shares first be re-registered in the name of the intermediary); or (ii) instruct the intermediary to re-register the Teleglobe Common Shares in the name of the Non-Registered Holder, in which case the Non-Registered Holder would have to exercise the right to dissent directly.

A Teleglobe Registered Shareholder who wishes to dissent must provide to Teleglobe at or prior to the Meeting, a Notice of Dissent. The filing of a Notice of Dissent does not deprive a Teleglobe Registered Shareholder of the right to vote at the Meeting; however, the CBCA provides, in effect, that a Teleglobe Registered Shareholder who has submitted a Notice of Dissent and who votes in favour of the Arrangement Resolution will no longer be considered a Dissenting Shareholder with respect to that class of shares voted in favour of the Arrangement Resolution. The CBCA does not provide, and Teleglobe will not assume, that a vote against or abstention from the Arrangement Resolution constitutes a Notice of Dissent, but a Teleglobe Registered Shareholder need not vote its Teleglobe Common Shares against the Arrangement Resolution in order to dissent. Similarly, the revocation of a proxy conferring authority on the proxy holder to vote in favour of the Arrangement Resolution does not constitute a Notice of Dissent; however, any proxy granted by a Teleglobe Registered Shareholder who intends to dissent, other than a proxy that instructs the proxy holder to vote against the Arrangement Resolution, should be validly revoked (see "General Proxy Information — Revocation of Proxies") in order to prevent the proxy holder from voting such Teleglobe Common Shares in favour of the Arrangement Resolution and thereby causing the Teleglobe Shareholder to forfeit its right to dissent.

Teleglobe Registered Shareholders, other than (i) Holdcos in respect of which a Holdco Election has been made or (ii) Teleglobe Shareholders or Holdco Shareholders who vote in favour of the Plan of Arrangement, enter into a Holdco Agreement or make a Cash Election, Share Election (other than a deemed Share Election), Holdco Election or U.S. Dollar Election, have the right to dissent in respect of the Arrangement Resolution.

Teleglobe is required, within 10 days after the Teleglobe Shareholders adopt the Arrangement Resolution, to notify each Dissenting Shareholder that the Arrangement Resolution has been adopted. Such notice is not required to be sent to any Teleglobe Shareholder who has withdrawn its Notice of Dissent.

A Dissenting Shareholder who has not withdrawn its Notice of Dissent must then, within 20 days after receipt of notice that the Arrangement Resolution has been adopted or, if the Dissenting Shareholder does not receive such notice, within 20 days after it learns that the Arrangement Resolution has been adopted, send to Teleglobe a Demand for Payment, containing its name and address, the number of Teleglobe Common Shares in respect of which it dissents, and a demand for payment of the fair value of such Teleglobe Common Shares. Within 30 days after sending a Demand for Payment, the Dissenting Shareholder must send to Teleglobe or its transfer agent the certificates representing the Teleglobe Common Shares in respect of which it dissents. A Dissenting Shareholder who fails to send certificates representing the Teleglobe Common Shares in respect of which it dissents forfeits its right to dissent. Teleglobe or its transfer agent will endorse on any share certificate received from a Dissenting Shareholder a notice that the holder is a Dissenting Shareholder and will forthwith return the share certificates to the Dissenting Shareholder.

After sending a Demand for Payment, a Dissenting Shareholder ceases to have any rights as a holder of the Teleglobe Common Shares in respect of which the shareholder has dissented other than the right to be paid the fair value of such shares as determined under Section 190, unless: (i) the Dissenting Shareholder withdraws the Demand for Payment before Teleglobe makes an Offer to Pay; (ii) Teleglobe fails to make a timely written offer to the Dissenting Shareholder to pay such Dissenting Shareholder the fair value of such Dissenting Shareholder's Teleglobe Common Shares (an "Offer to Pay") and the Dissenting Shareholder withdraws its Demand for

Payment; or (iii) the directors of Teleglobe revoke the Arrangement Resolution, in all of which cases the Dissenting Shareholder's rights as a shareholder are reinstated.

Teleglobe is required, not later than seven days after the later of the Effective Date and the date on which Teleglobe receives a Demand for Payment from a Dissenting Shareholder, to send such Dissenting Shareholder an Offer to Pay for its Teleglobe Common Shares in an amount considered by the Teleglobe Board of Directors to be the fair value thereof, accompanied by a statement showing the manner in which such fair value was determined. Every Offer to Pay must be on the same terms. Teleglobe must pay for the Teleglobe Common Shares of a Dissenting Shareholder within 10 days after an Offer to Pay has been accepted by such Dissenting Shareholder, but any such offer lapses if Teleglobe does not receive an acceptance thereof within 30 days after the Offer to Pay has been made.

If Teleglobe fails to make an Offer to Pay for a Dissenting Shareholder's Teleglobe Common Shares, or if a Dissenting Shareholder fails to accept an offer which has been made, Teleglobe may, within 50 days after the Effective Date or within such further period as the Court may allow, apply to the Court to fix a fair value for the Teleglobe Common Shares of Dissenting Shareholders. If Teleglobe fails to apply to the Court, a Dissenting Shareholder may apply to the Court for the same purpose within a further period of 20 days or within such further period as the Court may allow. A Dissenting Shareholder is not required to give security for costs in such an application.

Upon an application to the Court, all Dissenting Shareholders whose Teleglobe Common Shares have not been purchased by Teleglobe will be joined as parties and bound by the decision of the Court, and Teleglobe will be required to notify each affected Dissenting Shareholder of the date, place and consequences of the application and of its right to appear and be heard in person or by counsel. Upon any such application to the Court, the Court may determine whether any Person is a Dissenting Shareholder who should be joined as a party, and the Court will then fix a fair value for the Teleglobe Common Shares of all Dissenting Shareholders. The final order of the Court will be rendered against Teleglobe in favour of each Dissenting Shareholder and for the amount of the fair value of its Teleglobe Common Shares as fixed by the Court. The Court may, in its discretion, allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder from the Effective Date until the date of payment. An application by either Teleglobe or a Dissenting Shareholder must be made to the Superior Court of Québec.

In the event the Court determines that any Teleglobe Shareholder is not entitled to avail itself of the Dissent Rights, that Teleglobe Shareholder will be deemed to have participated in the Arrangement on the same basis as any non-dissenting Teleglobe Shareholder as at and from the Effective Date and shall be entitled to receive the Share Elected Consideration for each of its Teleglobe Common Shares.

The foregoing is only a summary of the dissenting shareholder provisions of the CBCA and the Plan of Arrangement, which are technical and complex. A complete copy of Section 190 of the CBCA is attached as Annex "H" to this Circular. It is recommended that any Teleglobe Shareholder wishing to avail itself of its Dissent Rights under those provisions seek legal advice as failure to comply strictly with the provisions of the CBCA and the Plan of Arrangement may prejudice the right of dissent. For a general summary of certain Canadian federal income tax implications to a Dissenting Shareholder, see "Income Tax Considerations — Certain Canadian Federal Income Tax Considerations — Residents of Canada — Dissenting Shareholders" and "Income Tax Considerations — Certain Canadian Federal Income Tax Considerations — Non-Residents of Canada — Dissenting Shareholders". For a general summary of certain United States federal income tax implications to a Dissenting Shareholder that is a U.S. Holder, see "Income Tax Considerations — Certain United States Federal Income Tax Considerations — Tax Considerations with Respect to the Arrangement". **Should Teleglobe Shareholders holding in excess of 5% of the Teleglobe Common Shares outstanding immediately prior to the Meeting exercise Dissent Rights at or prior to the Meeting, the Arrangement may not take place, in which event BCE would be required to make the Alternative Offer within 15 days of the Meeting Date. See "The Arrangement — Conditions to the Arrangement — Other Conditions" and "Agreements Concerning the Acquisition — The Support Agreement — Alternative Offer".**

SELECTED HISTORICAL AND PRO FORMA FINANCIAL INFORMATION

The following tables set forth certain historical consolidated financial information as at and for the years ended December 31, 1998 and 1999 and as at and for the six months ended June 30, 2000, as well as certain *pro forma* financial information for the year ended December 31, 1999 and as at and for the six months ended June 30, 2000. The historical consolidated financial information is extracted from and should be read in conjunction with the unaudited condensed consolidated financial statements of BCE for the second quarter ended June 30, 2000 and the audited comparative annual consolidated financial statements of BCE for the fiscal year ended December 31, 1999 and the unaudited consolidated financial statements of Teleglobe for the second quarter ended June 30, 2000 and the comparative annual audited consolidated financial statements of Teleglobe for the fiscal year ended December 31, 1999 (see note 1), all of which are incorporated by reference into and form part of this Circular. The *pro forma* consolidated financial information gives effect to the Arrangement and has been extracted from and should be read in conjunction with the *pro forma* consolidated financial statements of BCE contained in Annex "G" of this Circular. The *pro forma* financial information does not give effect to the expected synergies and operational improvements expected to be realized as a result of the combination of Teleglobe with the BCE group of companies.

Selected Historical and Pro Forma Financial Information

	Year ended		Year ended December 31, 1999			Six months ended June 30, 2000		
	December 31, 1998		Teleglobe ⁽¹⁾	BCE	Pro Forma	Teleglobe ⁽¹⁾	BCE	Pro Forma
	Teleglobe ⁽¹⁾	BCE	Teleglobe ⁽¹⁾	BCE	Pro Forma	Teleglobe ⁽¹⁾	BCE	Pro Forma
(millions of Canadian dollars, except per share amounts)								
Statement of Operations Data								
<i>Canadian generally accepted accounting principles</i>								
Operating revenues	\$2,519	\$27,207	\$ 4,269	\$14,214	\$18,483	\$ 1,826	\$ 8,435	\$10,261
Net operating revenues (expenses)	317	2,146	206	2,179	2,171	(638)	1,554	809
Earnings (loss) from continuing operations before extraordinary item	192	4,598	10	5,459	4,811	(483)	160	(406)
Net earnings (loss)	(64)	4,598	10	5,459	4,811	(483)	4,215	(406)
<i>United States generally accepted accounting principles</i>								
Earnings (loss) from continuing operations before extraordinary item	22	2,667	30	5,251	4,828	(416)	(179)	(720)
Net earnings (loss)	22	2,667	30	5,251	4,828	(416)	(1,103)	(720)
Balance Sheet Data								
<i>Canadian generally accepted accounting principles</i>								
Current assets	1,354	2,780	1,661	5,507	—	1,713	3,961	5,674
Noncurrent assets	7,676	29,390	7,844	31,453	—	8,644	32,280	41,736
Current liabilities	1,408	5,802	1,285	5,543	—	2,345	7,491	11,136
Noncurrent liabilities	1,272	11,365	2,355	11,065	—	2,189	14,907	17,096
Non-controlling interest	—	1,358	6	2,460	—	174	3,240	3,535
Other selected financial data								
<i>Canadian generally accepted accounting principles</i>								
Earnings (loss) per common share from continuing operations before extraordinary item	1.26	7.07	0.01	8.35	6.01	(1.91)	0.18	(0.57)
Net earnings (loss) per common share	(0.49)	7.07	0.01	8.35	6.01	(1.91)	6.48	(0.57)
Book value per share as of most recent balance sheet date	—	—	—	—	—	21.14 ⁽³⁾	14.43	18.22
Ratio of earnings to fixed charges ⁽²⁾	4.39	4.89	1.44	5.93	4.57	— ⁽³⁾	2.23	0.98
<i>United States generally accepted accounting principles</i>								
Earnings (loss) per common share from continuing operations before extraordinary item	0.06	4.18	0.09	8.17	6.15	(1.64)	(0.28)	(0.91)
Net earnings (loss) per common share	0.06	4.18	0.09	8.17	6.15	(1.64)	(1.71)	(0.91)
Book value per share as of most recent balance sheet date	—	—	—	—	—	6.23	9.25	13.98
Ratio of earnings to fixed charges ⁽²⁾	1.61	3.85	1.89	5.81	4.43	— ⁽³⁾	1.85	0.73

Selected Historical and Pro Forma Capitalization

	At June 30, 2000		
	Teleglobe Actual ⁽¹⁾	BCE Actual	Pro Forma
	(in millions of Canadian dollars)		
Long-term debt (excluding current portion)	\$1,959	\$10,999	\$12,958
Future income taxes and other long-term liabilities	230	3,908	4,138
Non-controlling interest	174	3,240	3,535
Preferred shares	268	1,300	1,300
Common shareholders' equity			
Common shares	5,847	6,820	11,860
Contributed surplus	—	997	997
Retained earnings (deficit)	(468)	1,554	1,554
Currency translation adjustment	2	(68)	(68)
Total capitalization	\$8,012	\$28,750	\$36,274

- (1) Teleglobe's financial statements are prepared in accordance with Canadian generally accepted accounting principles using U.S. dollars as the reporting currency. Teleglobe's statements of operations for the years ended December 31, 1998 and 1999 and for the six-month period ended June 30, 2000 have been converted at the rate of 1.4831, 1.4858 and 1.4669 respectively (Canadian dollar per U.S. dollar) being the average Canadian to U.S. dollar conversion rate for each of these periods. Teleglobe's balance sheets at December 31, 1998 and 1999 and at June 30, 2000 have been converted at the rate of 1.5305, 1.4433 and 1.4793 respectively (Canadian dollar per U.S. dollar) being the Canadian to U.S. dollar conversion rate at each of these dates.
- (2) For the purpose of calculating the ratio of earnings to fixed charges, earnings consist of net earnings before income taxes, non-controlling interest, extraordinary items and certain fixed charges. Fixed charges consist of interest expense, capitalized interest, amortization of deferred financing costs, that portion of rental expense representative of the interest factor in operating leases and preferred stock dividend requirements of majority owned subsidiaries.
- (3) The ratio of earnings to fixed charges is negative.

AGREEMENTS CONCERNING THE ACQUISITION

The Support Agreement

On February 15, 2000, BCE and Teleglobe entered into the Original Support Agreement setting out the terms on which BCE agreed to acquire all of the Teleglobe Common Shares not already owned by it or its affiliates. The Original Support Agreement was amended on June 18, 2000 to amend the consideration payable to Teleglobe Shareholders in connection with the Acquisition, remove any condition precedent to the completion of the Acquisition relating to Teleglobe or its business and affairs (including any financial and fiscal matters), provide for BCE's irrevocable commitment to provide any financial assistance required by Teleglobe prior to the completion of the Acquisition or to agree to a reduction in spending by Teleglobe, and accelerate the timetable for completion of the Arrangement. The following is a summary of the material terms of the Support Agreement and is qualified in its entirety by reference to the text of the Support Agreement, a copy of which is available upon request at the registered office of Teleglobe.

The Arrangement and the Effective Time of the Arrangement

Teleglobe and BCE agreed to implement the Arrangement in accordance with the Support Agreement and the Plan of Arrangement, subject to the satisfaction or waiver by BCE of the conditions precedent described under "The Arrangement — Conditions to the Arrangement — Other Conditions". If the Arrangement Resolution is approved by the requisite votes of Teleglobe Shareholders at the Meeting, Teleglobe will take the necessary steps to obtain the Final Order approving the Arrangement as soon as is reasonably practicable. If the Final Order is obtained, subject to the satisfaction or waiver of the conditions to the Arrangement, Teleglobe will file Articles of Arrangement and the other documents required to give effect to the Arrangement. The Arrangement will become effective at the Effective Time. See "The Arrangement" for a more detailed description of the Arrangement.

Acceptance of Teleglobe Business and Affairs on an "As Is, Where Is" Basis

BCE confirmed to Teleglobe that it had the full opportunity to make such investigations with respect to Teleglobe as it deemed necessary and to become familiar with the business and affairs of Teleglobe and that it was fully aware of same. BCE agreed to accept the business and affairs of Teleglobe (including all financial and fiscal matters relating thereto) on an "as is, where is" basis, subject to the conditions to the Arrangement described under "The Arrangement — Conditions to the Arrangement".

Time of the Essence

BCE and Teleglobe acknowledged that time is of the essence of the Support Agreement, that BCE has completed its due diligence with respect to Teleglobe to BCE's satisfaction and that BCE and Teleglobe will use their respective best efforts to realize the Plan of Arrangement in accordance with the provisions of the Support Agreement and in accordance with a prescribed timetable.

Commitments of BCE

BCE agreed to confirm to Teleglobe's bankers its irrevocable undertaking to complete the Acquisition pursuant to the terms of the Support Agreement. This confirmation was provided to Teleglobe's bankers in connection with Teleglobe obtaining the Teleglobe New Credit Facilities on July 24, 2000 as described under "Information Concerning Teleglobe — Recent Developments — Teleglobe New Credit Facilities". BCE also irrevocably agreed in the Support Agreement to provide any financial assistance required by Teleglobe on or prior to the completion of the Acquisition with respect to all of Teleglobe's spending needs or to agree to a reduction in spending by Teleglobe upon the reasonable request of the Teleglobe Board of Directors (whether or not the BCE nominees to the Teleglobe Board of Directors vote against the making of such request). BCE acknowledged that any breach of Teleglobe's covenants under its existing debt obligations would not entitle BCE to terminate the Support Agreement. Pursuant to the Support Agreement, BCE invested US\$100 million in Teleglobe on June 21, 2000 by way of a loan which was converted on June 30, 2000 into 4,000,000 Teleglobe Fourth Series Preferred Shares, which BCE intends to convert into Teleglobe Common Shares immediately following completion of the Arrangement as described under "Information Concerning Teleglobe — Recent Developments — Investment by BCE in Teleglobe Fourth Series Preferred Shares".

Alternative Offer

In the event that (i) the Plan of Arrangement is not approved by the requisite votes of the Teleglobe Shareholders, (ii) the Arrangement is not completed because Teleglobe Shareholders holding in excess of 5% of the Teleglobe Common Shares outstanding immediately prior to the Meeting exercise Dissent Rights at or prior to the Meeting, or (iii) the Court does not grant the Final Order, BCE will make an offer (the "**Alternative Offer**") to all of the Teleglobe Shareholders to acquire any and all of the Teleglobe Common Shares for the same consideration and on the same basis as under the Plan of Arrangement. If the Alternative Offer is made, each Teleglobe Shareholder would be entitled to make the Cash Election, the Share Election, the U.S. Dollar Election, the Holdco Election and the Joint Tax Election under the Alternative Offer on the same terms and conditions as such elections are available under the Arrangement, and Teleglobe Shareholders and Holdco Shareholders would be deemed to have elected to receive the Share Elected Consideration in the same circumstances as such shareholders are deemed to have made such election under the Arrangement. See "The Arrangement — Elections under the Arrangement" and "Income Tax Considerations — Certain Canadian Federal Income Tax Considerations — Residents of Canada — Joint Tax Election". The treatment of Teleglobe Options under the Alternative Offer would be similar to that under the Arrangement.

The Alternative Offer would be made within 15 days following the earlier of (i) the Meeting Date, if the Teleglobe Shareholders fail to approve the Plan of Arrangement or the Arrangement is not completed because Teleglobe Shareholders holding in excess of 5% of the Teleglobe Common Shares exercise Dissent Rights, or (ii) the date of the Court hearing on the Final Order, if the Final Order approving the Plan of Arrangement is not obtained. The Alternative Offer would not be subject to a minimum tender condition. The Alternative Offer would be subject to the same conditions to completion as the Plan of Arrangement described in the section entitled "The Arrangement — Conditions to the Arrangement" above (except for the maximum dissent condition described under paragraph (d) of that section) and otherwise be in conformity with the provisions of the Support Agreement. It is contemplated that the Alternative Offer would expire 21 Business Days following the date on which it would be made.

Non-Solicitation of Competing Proposals

On and after February 15, 2000, Teleglobe agreed not to, directly or indirectly: (i) make, solicit, initiate or encourage an Acquisition Proposal; or (ii) participate in any discussions or negotiations regarding, or furnish to any other Person any information with respect to, or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any other Person to do or seek to do any of the foregoing.

The foregoing does not prevent the Teleglobe Board of Directors or Teleglobe from responding to any *bona fide* written Acquisition Proposal made by a third party for which adequate financial arrangements have been made that the Teleglobe Board of Directors has determined in good faith and in the proper discharge of its fiduciary duties (after receiving advice from its financial and legal advisors) would, if consummated in accordance with its terms, result in a transaction that is more favourable to Teleglobe Shareholders than the Arrangement or the Alternative Offer, as applicable (any such offer or proposal being referred to as a “**Superior Proposal**”) and providing information to such a third party, subject to the execution by such third party of a confidentiality agreement that is no less favourable to Teleglobe than the confidentiality and standstill agreement entered into by BCE and Teleglobe.

Teleglobe agreed that it will not enter into any agreement regarding any other Acquisition Proposal (a “**Proposed Agreement**”) without providing BCE with an opportunity to amend the Support Agreement and the Arrangement or the Alternative Offer, as applicable, to provide for at least equivalent financial terms to those included in the Proposed Agreement as determined by the Teleglobe Board of Directors, acting in good faith in accordance with its fiduciary duties. Teleglobe agreed to provide BCE with a copy of any Proposed Agreement as executed by the party making such Acquisition Proposal not less than 48 hours prior to its proposed execution by Teleglobe. In the event that BCE agrees to amend the Support Agreement and the Arrangement or the Alternative Offer, as applicable, as provided above, Teleglobe has covenanted not to enter into the Proposed Agreement.

Termination

The Support Agreement may be terminated (a) by mutual consent of BCE and Teleglobe; or (b) by BCE if any condition of the Arrangement or the Alternative Offer, as applicable, shall not be satisfied or waived at the relevant time.

In the event BCE is required to proceed with the Alternative Offer, the Support Agreement may be terminated, in addition to the reasons referred to above:

- (i) by either BCE or Teleglobe, after the 120th day following the mailing date of the Alternative Offer, if BCE has not taken up and paid for Teleglobe Common Shares deposited under the Alternative Offer by such date; provided that if BCE’s take-up and payment for Teleglobe Common Shares deposited under the Alternative Offer is delayed by: (A) an injunction or order made by a court or regulatory authority of competent jurisdiction or (B) BCE not having obtained any regulatory waiver, consent or approval which is necessary to permit BCE to take up and pay for Teleglobe Common Shares deposited under the Alternative Offer, then, provided that such injunction or order is being contested or appealed or such regulatory waiver, consent or approval is being actively sought, as applicable, the Support Agreement may not be terminated by Teleglobe until the fifth business day following the date on which such injunction or order ceases to be in effect or such waiver, consent or approval is obtained, as applicable; or
- (ii) by Teleglobe, if BCE does not mail the Alternative Offer within the time contemplated by the Support Agreement.

Termination Fee

If at any time after the execution of the Support Agreement:

- (a) the Teleglobe Board of Directors has withdrawn or changed any of its recommendations or determinations relating to the Acquisition in a manner adverse to BCE for any reason (other than (i) the failure by BCE to comply in any material respect with its representations, warranties and covenants contained in the Support Agreement or (ii) the occurrence of a change having a BCE Material Adverse Effect) or has resolved to do so prior to the expiry of the Support Agreement; or
- (b) the Teleglobe Board of Directors fails to reaffirm its recommendation by press statement within 48 hours after the public announcement of any Acquisition Proposal (or sooner, in the event that the Acquisition is scheduled to be completed within such 48-hour period); or
- (c) a Superior Proposal is publicly announced, proposed, offered or made to the Teleglobe Shareholders or to Teleglobe and the period during which Teleglobe Common Shares may be deposited under the Alternative Offer expires and (x) insufficient Teleglobe Common Shares have been tendered to the Alternative Offer to enable BCE and its affiliates to own more than 50% of the outstanding Teleglobe Common Shares (an “**Insufficient Tender**”), or (y) an Insufficient Tender exists and another Person has

acquired sufficient securities of Teleglobe such that the Teleglobe Common Shares held by such Person represent *de facto* control of Teleglobe;

then Teleglobe shall forthwith pay to BCE the sum of Cdn\$300 million; provided, however, that no fee shall be payable if there has occurred any change having a BCE Material Adverse Effect.

Indemnification of Directors

BCE agreed that until six years after the completion of the Acquisition, BCE will cause Teleglobe or any successor to Teleglobe to maintain Teleglobe's current directors' and officers' insurance policy or an equivalent policy subject in either case to terms and conditions no less advantageous to the directors and officers of Teleglobe than those contained in the policy in effect on February 15, 2000, for all present and former directors and officers of Teleglobe, covering claims made prior to or within six years after the completion of the Acquisition, provided that such insurance remains available to Teleglobe or such successor on commercially reasonable terms. BCE also agreed that after the expiration of such six-year period it will use reasonable commercial efforts to cause such directors and officers to be covered under its then existing directors and officers insurance policy, if any. BCE also agreed, and agreed to cause Teleglobe (or its successor), to indemnify the directors and officers of Teleglobe against any losses, claims, damages, or liabilities to which they may become subject as a result of the Support Agreement or the transactions contemplated thereby, and to reimburse the directors and officers of Teleglobe for any and all expenses reasonably incurred by them in connection with investigating or defending any action or claim (including legal counsel, out-of-pocket expenses and the reasonable value of their time). BCE and Teleglobe agreed that such indemnity would be to the fullest extent to which BCE and Teleglobe are permitted to indemnify such officers and directors under applicable law and would survive the termination of the Support Agreement.

Agreements with Significant Shareholders

The Troutt Group collectively owns 45,801,797 Teleglobe Common Shares representing approximately 18% of the outstanding Teleglobe Common Shares, and the Sirois Group collectively owns 22,629,966 Teleglobe Common Shares, representing approximately 9% of the issued and outstanding Teleglobe Common Shares. On February 15, 2000, BCE entered into the Original Lock-Up Agreements with the Significant Shareholders, setting out the terms on which BCE agreed to acquire all Teleglobe Common Shares owned by the Troutt Group and 19,566,894 of the Teleglobe Common Shares owned by the Sirois Group. The Teleglobe Common Shares subject to the Lock-Up Agreements are collectively referred to as the "**Locked-Up Shares**". These agreements were amended on June 18, 2000 in connection with the amendment to the Original Support Agreement and on September 8, 2000 the Lock-Up Agreement with the Sirois Group was further amended to conform the treatment of the Teleglobe Options of Charles Sirois thereunder to changes to the Teleglobe Option Plans made by Teleglobe and approved by the TSE as described under "Information Concerning Teleglobe — Recent Developments — Severance Plans". In the September 8, 2000 amendment, the Sirois Group also covenanted to vote in favour of the Arrangement a further 3,063,072 Teleglobe Common Shares which had been pledged to a third party pursuant to certain exchangeable debentures to the extent that the Sirois Group has the right to vote such shares. The material terms and provisions of the Lock-Up Agreements entered into by BCE with the Troutt Group and the Sirois Group are summarized below. This summary is a summary only and is qualified in its entirety by reference to the text of the Lock-Up Agreements, copies of which are available at www.sec.gov.

Under the Lock-Up Agreements, BCE agreed to make the Acquisition on the terms and subject to the conditions contained in the Lock-Up Agreements, and the Significant Shareholders irrevocably agreed, (i) to vote the Locked-Up Shares in favour of the Arrangement and, in the case of the Sirois Group, to vote the other 3,063,072 Teleglobe Common Shares owned by the Sirois Group in favour of the Arrangement to the extent that it has any voting rights therein on the Meeting Date; (ii) to deliver to BCE no later than ten days prior to the Meeting Date a duly executed proxy, which proxy shall be irrevocable, in favour of BCE voting in favour of the Arrangement; and (iii) not to exercise any Dissent Rights. BCE, the Troutt Group and the Sirois Group agreed that the form of the Acquisition, the timing of the Acquisition and related matters, and the consideration to be received by Teleglobe Shareholders under the Acquisition would be as set forth in and governed by the Support Agreement. BCE and the Significant Shareholders also acknowledged that time is of the essence of the Support Agreement and that BCE has completed its due diligence with respect to Teleglobe to BCE's satisfaction and BCE agreed that it would use its reasonable best efforts to realize the Arrangement in accordance with the provisions of the Support Agreement and

the prescribed timetable specified therein. See “Agreements Concerning the Acquisition — The Support Agreement”.

The Significant Shareholders also agreed that, until the earlier of the termination of the Lock-Up Agreements and the latest time that the Alternative Offer is open for acceptance, they: (a) except to the extent permitted under the Lock-Up Agreements, will not take any action, directly or indirectly, which may in any way adversely affect the success of the Acquisition, but, unless such a vote would be contrary to other provisions of the Lock-Up Agreements, otherwise may continue to vote the Locked-Up Shares as they see fit; (b) will not sell, transfer or encumber in any way any Locked-Up Shares or Teleglobe Options or relinquish or modify their right to vote any Locked-Up Shares or any other securities of Teleglobe; and (c) will not, directly or indirectly, (i) make, solicit, initiate or encourage any Acquisition Proposal or (ii) participate in any discussions or negotiations regarding, or furnish to any other Person any information with respect to, or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any other Person to do or seek to do any of the foregoing.

The provisions of (a) and (c) above do not prevent any Significant Shareholder who is a member of the Teleglobe Board of Directors from responding in his capacity as a member of the Teleglobe Board of Directors to any *bona fide* written Acquisition Proposal made by a third party to Teleglobe or the Teleglobe Board of Directors, providing information to such third party or taking any action referred to in (a) above in his capacity as a member of the Teleglobe Board of Directors if, acting in good faith and upon the advice of the legal and financial advisors of the Teleglobe Board of Directors where appropriate, the failure to do so would be inconsistent with such Significant Shareholder’s fiduciary duties as a member of the Teleglobe Board of Directors. However, in no event would such fiduciary obligation of a Significant Shareholder affect his obligation to vote his Locked-Up Shares in favour of the Arrangement (or deposit his Locked-Up Shares to the Alternative Offer as described below) pursuant to the terms of the Lock-Up Agreements.

The Lock-Up Agreements also provide that in the event that (i) the Plan of Arrangement is not approved by the requisite votes of the Teleglobe Shareholders, (ii) the Arrangement is not completed because Teleglobe Shareholders holding in excess of 5% of the Teleglobe Common Shares outstanding immediately prior to the Meeting exercise Dissent Rights at or prior to the Meeting, or (iii) the Court does not grant the Final Order, BCE will make the Alternative Offer described under “Agreements Concerning the Acquisition — The Support Agreement — Alternative Offer”. The Lock-Up Agreements will terminate if the Alternative Offer is not mailed on or before the date by which BCE is required to mail the Alternative Offer to Teleglobe Shareholders, unless the mailing of the Alternative Offer is delayed by (i) an injunction or order made by a court or regulatory authority of competent jurisdiction or (ii) BCE not having obtained any regulatory waiver, consent or approval which is necessary to permit BCE to mail the Alternative Offer, in which case, provided such injunction or order is being contested or appealed or such regulatory waiver, consent or approval is being actively sought, as applicable, the deadline for mailing of the Alternative Offer by BCE will be extended until the earlier of November 30, 2000 and the fifth Business Day following the date on which such injunction or order ceases to be in effect or such waiver, consent or approval is obtained, as applicable. Notwithstanding the foregoing, any such termination of the Lock-Up Agreements shall not prejudice the rights of a party thereto as a result of a breach by any other party of its obligations thereunder.

In the event BCE makes the Alternative Offer, the Significant Shareholders have agreed, except as set forth below, to irrevocably tender to and not withdraw from the Alternative Offer the Locked-Up Shares. BCE has agreed to take up and pay for the Locked-Up Shares deposited under the Alternative Offer in accordance with the terms of the Alternative Offer within the periods required by law and upon the conditions of the Alternative Offer having been satisfied or waived. BCE has also agreed that it will take up and pay for the Locked-Up Shares within 120 days of the date that the Alternative Offer is mailed to Teleglobe Shareholders, subject to extension in certain circumstances.

The Lock-Up Agreements provide that, subject to extension in the circumstances described below, if the Locked-Up Shares have not been taken up and paid for by BCE prior to the close of business on the 120th day following the mailing of the Alternative Offer, then the Significant Shareholders may withdraw the Locked-Up Shares from the Alternative Offer, upon which the Lock-Up Agreements shall terminate in respect of any such Significant Shareholder that has so withdrawn its Locked-Up Shares. The Lock-Up Agreements provide that, notwithstanding any other provision thereof, if any action to be taken under the Lock-Up Agreements (which would

include the taking up and paying for Locked-Up Shares under the Alternative Offer by BCE) is delayed by reason of (x) an injunction or order made by a court or regulatory authority of competent jurisdiction or (y) any regulatory waiver, consent or approval which is necessary to the taking of such action not having been obtained, then provided that such injunction or order is being contested or appealed or such regulatory waiver, consent or approval is being actively sought, as applicable, the time stipulated in the Lock-Up Agreements for the taking of such action will be automatically extended until the earlier of May 31, 2001 and the fifth Business Day following the date on which such injunction or order ceases to be in effect or such waiver, consent or approval is obtained, as applicable.

REGULATORY MATTERS

Competition Act (Canada)

Under the Competition Act, certain transactions involving the acquisition of voting shares of a corporation that carries on an operating business in Canada require prior notification to the Commissioner. If a transaction is a Notifiable Transaction, notification must be made either on the basis of a short-form filing (in respect of which there is a 14-day statutory waiting period) or a long-form filing (in respect of which there is a 42-day statutory waiting period). The decision as to whether to make a short-form or long-form filing is at the discretion of the parties; however, if a short-form filing is made, the Commissioner may, within the 14-day waiting period, require that the parties make a long-form filing, thereby extending the waiting period for a further 42 days following receipt of the long-form filing.

A Notifiable Transaction may not be completed until the applicable statutory waiting period has expired. However, the Commissioner's review of a Notifiable Transaction may take longer than the statutory waiting period. As a result of, or during, the Commissioner's review of a Notifiable Transaction, the Commissioner may decide to: (a) challenge the Notifiable Transaction, if the parties insist on proceeding with it without addressing the Commissioner's concerns, by seeking an order from the Competition Tribunal (i) prohibiting the completion of the Notifiable Transaction on an interim basis, if he believes he requires more time to complete his review, or on a permanent basis, if he concludes that the Notifiable Transaction is likely to substantially lessen or prevent competition, (ii) requiring the divestiture of shares or assets or the dissolution of the Notifiable Transaction, if it has been completed or (iii) with the consent of the Person against whom the order is directed, requiring that Person to take any other action; (b) issue a "no action" letter stating that the Commissioner does not intend to challenge the Notifiable Transaction at that time but retains the authority to do so within three years from the date that the Notifiable Transaction was substantially completed; or (c) issue an ARC. Where an ARC is issued and the Notifiable Transaction to which the ARC relates is substantially completed within one year after the ARC is issued, the Commissioner cannot seek an order of the Competition Tribunal in respect of the Notifiable Transaction solely on the basis of information that is the same or substantially the same as the information on the basis of which the ARC was issued.

As the Arrangement is a Notifiable Transaction, Teleglobe and BCE filed a short-form notification to the Commissioner on May 4, 2000. Also on May 4, 2000, BCE formally requested that an ARC be issued or in lieu of an ARC that an opinion letter be issued confirming that the Commissioner does not intend to bring an application before the Competition Tribunal pursuant to Section 92 of the Competition Act (i.e. a "no action" letter). The 14-day statutory waiting period expired on May 19, 2000 and the parties are therefore entitled to close the transaction. Neither an ARC nor an opinion letter has been received at this time. As noted above, in the absence of an ARC, the Commissioner retains the authority to challenge the Acquisition within three years of its completion. However, BCE and Teleglobe believe that the risk of such action is remote.

Hart-Scott-Rodino Antitrust Improvements Act of 1976 (United States)

Under the *Hart-Scott-Rodino Antitrust Improvements Act of 1976* (the "HSR Act"), certain transactions, including the Arrangement, may not be consummated unless notification has been given and certain information has been furnished to the United States Federal Trade Commission (the "FTC") and the Antitrust Division and the specified waiting period either expires or is terminated prior to the expiration date by the FTC and the Antitrust Division. Teleglobe and BCE filed the required Notification and Report Forms under the HSR Act with the FTC and the Antitrust Division on April 3, 2000. The 30-day waiting period under the HSR Act expired on May 3, 2000.

Notwithstanding that the waiting period under the HSR Act has expired, there can be no assurance that a challenge to the consummation of the Acquisition on antitrust grounds will not be made. BCE and Teleglobe believe that the risk of such action is remote.

FCC and State Public Utilities Commissions

Teleglobe affiliates hold authorizations pursuant to Section 214 of the U.S. Communication Act of 1934 for the provision of international telecommunications services and for the landing of international submarine cables. On March 30, 2000, BCE and Teleglobe filed with the FCC the required transfer of control applications with respect to (1) the Section 214 authorizations to provide international telecommunications services; and (2) submarine cable landing licenses. Additionally, Teleglobe and BCE filed foreign carrier affiliation notifications with respect to their U.S. and foreign carrier affiliations. On May 17, 2000, the FCC granted the applications of the various Teleglobe subsidiaries conditional upon the issuance of written orders granting the transfer of control of the various cable landing licenses. On August 9, 2000, the FCC issued its approval regarding the cable landing licenses in Memorandum Opinion and Order, DA 00-1805, thereby concluding the transfer of control proceedings before the FCC.

It should be noted that the applications before the FCC proceeded on the basis that the applicants agreed to be classified as dominant carriers on the U.S. — Canada route with respect to certain international services, principally voice. However nothing prohibits the applicants from making a further petition to the FCC for reclassification to non-dominant status at a later date. The practical effect of this classification on Teleglobe's operations is not considered to be significant.

Teleglobe has also filed transfer of control applications on behalf of its subsidiaries in each U.S. state where prior approval of the transaction was required, and anticipates receiving such requisite approvals prior to the Effective Date.

CRTC

Teleglobe currently has a one-third voting equity interest in 3554538 Canada Inc. which, in turn, has a 55% voting equity interest in Look Communications Inc., a wireless broadband carrier which offers Internet services and is also licensed by the CRTC to distribute television signals using MDS technology (multiunit distribution system @ 2.5GHz).

Pursuant to the CRTC's Broadcasting Distribution Regulations, BCE is required to seek the CRTC's prior approval for a change in control of the indirect voting equity interest held by Teleglobe in Look Communications Inc. BCE applied to the CRTC for such approval on September 8, 2000, and expects to receive CRTC approval for the change in indirect control of Look Communications Inc. prior to the Effective Date. In the event that the CRTC proceeding has not been completed by that date, BCE intends to put Teleglobe's indirect interest in Look Communications Inc. into the hands of a CRTC approved trustee which will allow the Acquisition to proceed independently from the CRTC's approval process.

Regulatory Approvals In Other Countries

Applications for or notifications of transfer of control of Teleglobe's international operations (excluding Canada and the U.S.) have been made and are in various stages of completion. It is not expected that any applications for transfer of control requiring prior approval of a foreign regulatory body will pose an impediment to completion of the Arrangement by the Effective Date.

OSC Rule 61-501 and CVMQ Policy Q-27

The Arrangement is a "going private transaction" and a "related party transaction" within the meaning of the Policies. The Policies establish rules which are intended to ensure that transactions, such as the Arrangement, are both substantively and procedurally fair to minority shareholders.

The Policies provide that a corporation proposing to carry out such a transaction is required, in most circumstances, to prepare a valuation of the subject matter of the transaction and to provide to the holders of such securities a summary of such valuation, unless specified circumstances exist and are fully disclosed in the proxy materials.

Pursuant to the provisions of the Policies, an exemption from the formal valuation requirements is available for certain transactions in which the consideration is at least equal in value to, and is in the same form as, the highest consideration agreed to with one or more selling securityholders of the issuer in arm's length negotiations.

The Acquisition is exempt from the formal valuation requirements of the Policies by virtue of the negotiations between BCE and the Significant Shareholders of the consideration to be received by Teleglobe Shareholders in connection with the Acquisition. At the time the Lock-Up Agreements were entered into, the Significant Shareholders, with whom BCE negotiated at arm's length, collectively beneficially owned or exercised control or direction over and agreed to sell to BCE approximately 25% of the outstanding Teleglobe Common Shares. At the same time, the Troutt Group itself beneficially owned or exercised control or direction over, and agreed to sell to BCE, approximately 23% of the issued and outstanding Teleglobe Common Shares not owned by BCE and by Persons acting jointly or in concert with BCE. See "Agreements Concerning the Acquisition — Agreements with Significant Shareholders". In addition, the Lock-Up Agreements contain representations and warranties of each of the Significant Shareholders stating that: (a) each such Significant Shareholder had full knowledge of and access to information concerning Teleglobe and its securities such that the underlying value of Teleglobe was a material factor considered by them in entering into the Lock-Up Agreements; (b) in agreeing to the price to be paid by BCE under the Acquisition, there were no non-financial factors or factors peculiar to each such Significant Shareholder which were considered relevant to such Significant Shareholder in assessing such price or that had the effect of reducing the price that would have otherwise been considered acceptable to such Significant Shareholder; and (c) each such Significant Shareholder had no knowledge of any material non-public information in respect of Teleglobe or the Teleglobe Common Shares which was not disclosed generally and that, if disclosed, could reasonably have been expected to affect the consideration payable under the Lock-Up Agreements. BCE has certified to Teleglobe that since the entering into of the Lock-Up Agreements, BCE, after reasonable inquiry, does not know of any material non-public information in respect of Teleglobe or the Teleglobe Common Shares that has not been disclosed generally and could reasonably be expected to increase the value of the Teleglobe Common Shares.

To the knowledge of Teleglobe, there are no "prior valuations" (within the meaning of that term under applicable securities laws) of Teleglobe or any of its material assets or securities which were prepared by or for Teleglobe within the 24 months preceding the date hereof.

The Policies also provide that a "going private transaction" or a "related party transaction" such as the Arrangement must be approved by not less than a majority of the votes cast by "minority security holders" in respect of the Arrangement Resolution. Under the Policies, as applied to the Arrangement, the "minority security holders" of Teleglobe would exclude BCE, its affiliates and the directors and senior officers of BCE. The Policies allow the votes of the Significant Shareholders in favour of the Arrangement to be counted as part of the "minority approval" as the Significant Shareholders will be treated identically under the Arrangement to all other Teleglobe Shareholders and will not receive, directly or indirectly, as a consequence of the Arrangement, consideration of greater value than that received by all other Teleglobe Shareholders under the Arrangement.

INCOME TAX CONSIDERATIONS

Teleglobe Shareholders should note that all income tax considerations mentioned herein with respect to the Teleglobe Common Shares are identical to the income tax considerations should BCE proceed to the Alternative Offer, except with respect to the Dissent Rights.

Certain Canadian Federal Income Tax Considerations

In the opinion of GPV, the following is a summary of the principal Canadian federal income tax considerations under the Canadian Tax Act generally applicable to a Teleglobe Shareholder in respect of (i) the disposition of Teleglobe Common Shares pursuant to the Arrangement, (ii) the acquisition of BCE Common Shares pursuant to the Arrangement and (iii) the possible exchange of Teleglobe Third Series Preferred Shares into BCE Common Shares under a Third Series Preferred Share Offer or under the Exchange Right.

The summary is based on the current provisions of the Canadian Tax Act, the regulations thereunder, and counsel's understanding of the current published administrative and assessing practices of the CCRA. The summary takes into account all specific proposals to amend the Canadian Tax Act (the "Tax Proposals") and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, although there is no certainty that such proposals will be enacted in the form proposed, if at all. The summary does

not otherwise take into account or anticipate any changes in law, whether by judicial, governmental or legislative decision or action or changes in administrative and assessing practices of the CCRA, nor does it take into account, except as specifically noted, provincial, territorial or foreign income tax legislation or considerations. The provisions of provincial income tax legislation vary from province to province in Canada and in some cases differ from federal income tax legislation.

The summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice or representations to any particular holder of Teleglobe Common Shares or Teleglobe Third Series Preferred Shares. This summary does not apply to Teleglobe Optionees. Accordingly, all such holders should consult their own tax advisors with respect to their particular circumstances, including the application and effect of the income and other tax laws of any country, province, state or local tax authority.

This summary does not apply to Holdco Shareholders who accept the Arrangement through the Holdco Election. Acceptance of the Arrangement through the Holdco Election may have income tax consequences to a particular Holdco Shareholder which are not described herein. Holdco Shareholders wishing to avail themselves of the Holdco Election should consult their own tax advisors regarding the tax consequences of using the Holdco Election and of entering into a Joint Tax Election in respect of the transfer of Holdco Shares.

For the purposes of the Canadian Tax Act, all amounts must be expressed in Canadian dollars, including dividends, adjusted cost base and proceeds of disposition; amounts denominated in United States dollars must be converted into Canadian dollars based on the United States dollar exchange rate prevailing generally at the time such amounts arise.

Residents of Canada

This part of the summary is generally applicable to a Teleglobe Shareholder who, for purposes of the Canadian Tax Act, is, or is deemed to be, resident in Canada, deals at arm's length with Teleglobe and BCE, is not affiliated with Teleglobe or BCE, is not a specified financial institution or financial institution (to which the mark-to-market rules may be applicable) and holds Teleglobe Common Shares as capital property. Teleglobe Common Shares generally will be considered capital property to a Teleglobe Shareholder unless the Teleglobe Shareholder holds such Teleglobe Common Shares in the course of carrying on a business, or the Teleglobe Shareholder has acquired them in a transaction or transactions considered to be an adventure or concern in the nature of trade.

Certain Teleglobe Shareholders whose Teleglobe Common Shares might not otherwise qualify as capital property may, in certain circumstances, treat Teleglobe Common Shares as capital property by making the election permitted by subsection 39(4) of the Canadian Tax Act. Teleglobe Shareholders to whom the Teleglobe Common Shares are not capital property should consult their own tax advisors regarding their particular circumstances including, in the case of certain financial institutions, the potential application to them of the mark to market rules in the Canadian Tax Act as the following discussion does not apply to such holders.

Dispositions Pursuant to the Arrangement

Non-Rollover Transaction. A Teleglobe Shareholder who disposes of Teleglobe Common Shares to BCE pursuant to the Arrangement will, unless such holder is eligible to make and does make a Joint Tax Election as discussed below, realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base of the Teleglobe Common Shares to the Teleglobe Shareholder. For this purpose the proceeds of disposition will equal the sum of the cash received (including cash received in lieu of fractional shares) and the aggregate fair market value of the BCE Common Shares received as at the Effective Time. At the Effective Time, the price of a BCE Common Share may not be the same as the BCE WATP.

In the absence of the Joint Tax Election referred to above, the holder's cost of the BCE Common Shares received for the Teleglobe Common Shares will be equal to their fair market value as at the Effective Time. For the purpose of determining the holder's adjusted cost base of BCE Common Shares, the holder's cost of the BCE Common Shares received pursuant to the Arrangement will be averaged with the holder's adjusted cost base of all BCE Common Shares already held by such holder as capital property and which were acquired after December 31, 1971 (and not otherwise deemed to have been held on December 31, 1971).

Taxation of Capital Gain or Capital Loss. Subject to transitional rules contained in the February 28, 2000 federal budget which can render pre-February 28, 2000 transactions relevant to post-February 27, 2000 transactions,

two-thirds of the amount of any capital gain (a “**taxable capital gain**”) realized by a Teleglobe Shareholder in a taxation year on the disposition or deemed disposition of Teleglobe Common Shares must be included in computing the Teleglobe Shareholder’s income for the year, and two-thirds of the amount of any capital loss (an “**allowable capital loss**”) realized by the Teleglobe Shareholder in a taxation year must be deducted from any taxable capital gains realized by the Teleglobe Shareholder in the year. Any excess of allowable capital losses over taxable capital gains for a taxation year may generally be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any following taxation year against net taxable capital gains realized in such years to the extent and subject to the limitations prescribed in the Canadian Tax Act. Generally, where (as a result of the February 28, 2000 federal budget) such allowable capital losses are used to offset net taxable capital gains in another taxation year for which the capital gains inclusion rate is different, the amount of the allowable capital losses is adjusted to match the inclusion rate in effect for the taxation year in which the losses are being applied. Capital gains realized by an individual Teleglobe Shareholder may give rise to alternative minimum tax, depending upon the individual Teleglobe Shareholder’s circumstances.

A Teleglobe Shareholder that is a Canadian-controlled private corporation throughout the relevant taxation year may be liable to pay an additional refundable tax of 6²/₃% on taxable capital gains.

A capital loss otherwise arising on the disposition of Teleglobe Common Shares by a Teleglobe Shareholder which is a corporation may in certain circumstances be reduced by the amount of the dividends, if any, received or deemed to have been received on such Teleglobe Common Shares. Similar rules apply where a corporation is a member of a partnership or beneficiary of a trust which owns Teleglobe Common Shares or where a trust or partnership of which a corporation is a beneficiary or member is a member of a partnership or a beneficiary of a trust that owns Teleglobe Common Shares. Teleglobe Shareholders to whom these rules may be relevant should consult their own advisors.

Rollover Transaction. A Teleglobe Shareholder who is a Taxable Shareholder and who makes a Joint Tax Election with BCE, will be considered to have disposed of its Teleglobe Common Shares for proceeds of disposition equal to the amount at which such Taxable Shareholder and BCE elect in the Joint Tax Election. The proceeds of disposition so determined in the Joint Tax Election will be used in determining whether a Teleglobe Shareholder realizes a capital gain or capital loss on the disposition pursuant to the Arrangement, as discussed above. There are detailed rules set out in the Canadian Tax Act prescribing limits as to the amount at which a Taxable Shareholder and BCE can elect in a Joint Tax Election. Provided that at the time of the disposition, the Taxable Shareholder’s adjusted cost base of the Teleglobe Common Shares equals or exceeds the fair market value of the cash consideration payable to such Taxable Shareholder, the latter may elect so as to not realize a capital gain on the disposition for purposes of the Canadian Tax Act. The aggregate cost to the Taxable Shareholder of the BCE Common Shares received as consideration for the disposition of the Teleglobe Common Shares will be equal to the amount by which the proceeds of disposition of the Teleglobe Common Shares disposed of by the holder exceeds the total fair market value at the time of the disposition of the Cash Consideration received on the exchange. For the purpose of determining the holder’s adjusted cost base of BCE Common Shares, the holder’s cost of the BCE Common Shares received pursuant to the Arrangement will be averaged with the cost of all BCE Common Shares already held by such holder as capital property and which were acquired after December 31, 1971 (and not otherwise deemed to have been held on December 31, 1971).

In general, the elected amount cannot be less than: (i) the fair market value of the amount of any cash received by the Taxable Shareholder pursuant to the Arrangement (including cash received in lieu of fractional shares); or (ii) the lesser of the adjusted cost base of such Teleglobe Common Shares to such Teleglobe Shareholder and the fair market value of such Teleglobe Shareholder’s Teleglobe Common Shares at the Effective Time. In addition, the elected amount cannot be greater than the fair market value of such Teleglobe Shareholder’s Teleglobe Common Shares at such time. Elected amounts which do not otherwise comply with the foregoing limitation will be automatically adjusted under the Canadian Tax Act so that they are in compliance. As well, under the *Taxation Act* (Québec), the elected amount for Québec tax purposes must be the same amount as that jointly elected by the Taxable Shareholder and BCE for purposes of the Canadian Tax Act. For the procedure to be followed by a Taxable Shareholder in making a Joint Tax Election, refer to Annex “I” attached to this Circular.

Unless a Joint Tax Election is made, Taxable Shareholders may, as described above under the subheading “Non-Rollover Transaction”, realize capital gains or losses on the disposition of their Teleglobe Common Shares

pursuant to the Arrangement. Consequently, Teleglobe Shareholders should consult their own tax advisors as to whether they should make a Joint Tax Election.

Joint Tax Election

A Taxable Shareholder who wishes to enter into a Joint Tax Election with BCE should read Annex “I” attached to this Circular which sets out the requisite procedures. As set out in Annex “I”, such shareholder will be required:

1. to specify in the Letter of Transmittal that such shareholder wishes to obtain a Tax Election Filing Package;
2. to execute and return to the Depository a duly completed Tax Election Filing Package on or before January 15, 2001; and
3. to file, after receiving back the Tax Election Filing Package from the Depository, following execution thereof by BCE, the Tax Election Filing Package with the relevant tax authorities on a timely basis, as explained in Annex “I”.

With respect to item 3, above, BCE, through the Depository, will be obliged to execute and return to such shareholder the Tax Election Filing Package within 60 days of the date it is received from a Taxable Shareholder, as set out in item 2 above.

Dissenting Shareholders

A Teleglobe Shareholder who exercises Dissent Rights and receives a cash payment equal to the fair market value of its Teleglobe Common Shares will be deemed to have received a dividend equal to the amount by which the payment (other than an amount in respect of interest awarded by a court) exceeds the paid-up capital of the Dissenting Shareholder’s shares and will realize a capital gain (or a capital loss) to the extent that the paid-up capital of such shares, net of any reasonable costs of disposition, exceeds (or is exceeded by) the aggregate adjusted cost base of the relevant shares. Following the Effective Date, Dissenting Shareholders will be advised of the estimated paid-up capital for purposes of the Canadian Tax Act of a Teleglobe Common Share immediately before the Effective Time.

The income tax treatment accorded to any deemed dividend received by a Dissenting Shareholder will be that normally accorded to taxable dividends received by such Dissenting Shareholder on shares of a taxable corporation resident in Canada. In respect of certain corporations, subsection 55(2) of the Canadian Tax Act provides that where a corporate holder of shares receives a dividend in specified circumstances, all or part of such dividend may be treated as a capital gain from the disposition of capital property. Dissenting Shareholders which are corporations should consult their own tax advisors for advice with respect to the potential application of these provisions.

Interest awarded to a Dissenting Shareholder by a Court will be included in such Dissenting Shareholder’s income for purposes of the Canadian Tax Act.

In addition, subject to transitional rules contained in the February 28, 2000 federal budget which can render pre-February 28, 2000 transactions relevant to post-February 27, 2000 transactions, such a holder will be required to include two-thirds of the amount of any resulting capital gain (a “**taxable capital gain**”) in income, and will be required to deduct two-thirds of the amount of any resulting capital loss (an “**allowable capital loss**”) against taxable capital gains realized in the year of disposition. As noted above, any capital loss otherwise determined for a Teleglobe Shareholder which is a corporation may be reduced by dividends received on such shares, including any such deemed dividend, to the extent and under the circumstances described in the Canadian Tax Act. See above discussion of “Taxation of Capital Gain or Capital Loss”.

Dispositions Pursuant to a Third Series Preferred Share Offer or the Exchange Right

Where an Exchangeable Shareholder disposes of Teleglobe Third Series Preferred Shares to BCE under a Third Series Preferred Share Offer in exchange for BCE Common Shares, for purposes of the Canadian Tax Act, such Exchangeable Shareholder will be deemed to have disposed of the Teleglobe Third Series Preferred Shares for proceeds of disposition equal to the aggregate adjusted cost base thereof to such Exchangeable Shareholder immediately before the exchange and to have acquired the BCE Common Shares received in exchange therefor at an aggregate cost equal to such aggregate adjusted cost base, unless the Exchangeable Shareholder chooses to report

any portion of the capital gain or capital loss arising on such disposition in computing income for the year of disposition. Under the current administrative practice of the CCRA, an Exchangeable Shareholder who receives cash of Cdn\$200 or less in lieu of a fraction of a BCE Common Share may either reduce the adjusted cost base of the Exchangeable Shareholder's BCE Common Shares by the amount of such cash or include the gain or loss on the disposition of the fractional BCE Common Share in computing income.

If Teleglobe Third Series Preferred Shares of an Exchangeable Shareholder are exchanged with Teleglobe under the Exchange Right for BCE Common Shares (for example, if the Third Series Preferred Share Offer is not made), for purposes of the Canadian Tax Act, such Exchangeable Shareholder will be deemed to have received a dividend equal to the amount, if any, by which the fair market value of the BCE Common Shares received by such Exchangeable Shareholder and any cash for fractional shares exceeds the paid-up capital of the Teleglobe Third Series Preferred Shares at such time as computed for purposes of the Canadian Tax Act. Following the Notice Period, such Exchangeable Shareholders will be advised of the estimated paid-up capital for purposes of the Canadian Tax Act of a Teleglobe Third Series Preferred Share immediately before the exercise of the Exchange Right. Such Exchangeable Shareholder will be deemed to have received proceeds of disposition equal to the difference between the fair market value of the BCE Common Shares received by such Exchangeable Shareholder and the amount of the deemed dividend for purposes of computing under the Canadian Tax Act the capital gain or capital loss arising on the disposition of the Teleglobe Third Series Preferred Shares to Teleglobe. The income tax treatment accorded to any deemed dividend received by an Exchangeable Shareholder, other than certain Exchangeable Shareholders that are specified financial institutions, will be that normally accorded to taxable dividends received by such Exchangeable Shareholder on shares of a taxable corporation resident in Canada. In respect of certain corporations, subsection 55(2) of the Canadian Tax Act provides that where a corporate holder of shares receives a dividend in specified circumstances, all or part of such dividend may be treated as a capital gain from the disposition of capital property. Exchangeable Shareholders which are corporations should consult their own tax advisors for advice with respect to the potential application of these provisions in the event of a disposition under the Exchange Right.

Any capital loss arising on a disposition of the Teleglobe Third Series Preferred Shares may in certain circumstances be reduced by the amount of any dividends, including deemed dividends, which have been received on the Teleglobe Third Series Preferred Shares (analogous rules apply to a partnership or trust of which a corporation is a member or beneficiary). The cost of BCE Common Shares acquired by the Exchangeable Shareholder will be averaged with the cost of all other BCE Common Shares already held by the Exchangeable Shareholder immediately prior to the disposition as capital property and which were acquired after December 31, 1971 (and not otherwise deemed to have been held on December 31, 1971) for the purpose of determining thereafter the adjusted cost base of each BCE Common Share held by such Exchangeable Shareholder.

Non-Residents of Canada

The following summary is generally applicable to a Teleglobe Shareholder who, for purposes of the Canadian Tax Act, has not been and will not be resident, or deemed to be resident, in Canada, deals at arm's length with Teleglobe and BCE, is not affiliated (within the meaning of the Canadian Tax Act) with Teleglobe or BCE, holds Teleglobe Common Shares as capital property and does not use or hold, and is not deemed to use or hold, Teleglobe Common Shares in connection with carrying on a business in Canada at any time. Teleglobe Common Shares will generally be considered to be capital property to a holder unless such shares are held in the course of carrying on a business or were acquired by the holder in a transaction or transactions considered to be an adventure or concern in the nature of trade. Furthermore, this summary does not apply to a non-resident Teleglobe Shareholder which carries on an insurance business in Canada and elsewhere, in respect of Teleglobe Common Shares that are effectively connected with the non-resident Teleglobe Shareholder's Canadian insurance business or that are "designated insurance property" as defined in the Canadian Tax Act.

The following discussion assumes that the Teleglobe Common Shares will not constitute "taxable Canadian property" for any non-resident Teleglobe Shareholder, and as a consequence, such Teleglobe Shareholder will be treated in accordance with the discussion which follows. Generally, a Teleglobe Common Share will not be taxable Canadian property to a non-resident if, at the time of the disposition, the shares are listed on a prescribed stock exchange (which currently includes the TSE), and the non-resident Teleglobe Shareholder, Persons with whom the non-resident Teleglobe Shareholder does not deal at arm's length or the non-resident Teleglobe Shareholder together with such Persons, has not owned (taking into account any interest in or option in respect of the shares)

25% or more of the shares of any class or series of Teleglobe at any time within five years preceding the Effective Date.

A non-resident Teleglobe Shareholder will not be subject to tax under the Canadian Tax Act on any capital gain realized on a disposition of Teleglobe Common Shares to BCE under the Arrangement.

Dissenting Shareholders

A non-resident who exercises Dissent Rights and becomes entitled to a payment equal to the fair value of its Teleglobe Common Shares (a “**Dissenting Non-Resident Shareholder**”) will be deemed to have received a dividend equal to the amount by which the amount of such entitlement, net of any interest awarded by a Court, exceeds the paid-up capital of such shares. Following the Effective Date, Dissenting Non-Resident Shareholders will be advised of the estimated paid-up capital for purposes of the Canadian Tax Act of a Teleglobe Common Share immediately before the Effective Time. Under the Canadian Tax Act, dividends paid, or deemed to be paid, by a Canadian corporation to a non-resident are subject to withholding tax at the rate of 25%, but such rate may be reduced under the provisions of any tax treaty between Canada and the country of the Dissenting Non-Resident Shareholder’s residence. For United States residents, the treaty-reduced rate generally applicable is 15%. If a Dissenting Non-Resident Shareholder receives interest consequent upon the exercise of Dissent Rights, such amount will be subject to Canadian withholding tax at the rate of 25%. Such rate may be reduced under the provisions of an applicable tax treaty or convention. For United States residents, the treaty reduced rate generally applicable is 10%.

Tax Considerations Regarding BCE Common Shares

Dividends for Shareholders Resident of Canada

Dividends (including dividends invested in BCE Common Shares under BCE’s Shareholder Dividend Reinvestment Plan and Stock Purchase Plan) and deemed dividends on BCE Common Shares will be included in the recipient’s income for purposes of the Canadian Tax Act. Such dividends received by an individual holder will be subject to the gross-up and dividend tax credit rules in the Canadian Tax Act. A holder that is a corporation will include such dividends in computing its income and generally will be entitled to deduct the amount of such dividends in computing its taxable income. A holder that is a “private corporation” as defined in the Canadian Tax Act and any other corporation resident in Canada and controlled by or for the benefit of an individual or a related group of individuals, may be liable under Part IV of the Canadian Tax Act to pay a refundable tax of 33½% on dividends received or deemed to be received on the BCE Common Shares to the extent such dividends are deductible in computing the holder’s taxable income.

Dividends for Non-Residents of Canada

Dividends (including dividends invested in BCE Common Shares under BCE’s Shareholder Dividend Reinvestment Plan and Stock Purchase Plan) paid or credited or deemed to be paid or credited on the BCE Common Shares to non-residents of Canada will be subject to a non-resident withholding tax under the Canadian Tax Act at the rate of 25%, subject to reduction under the provisions of an applicable tax treaty or convention. For United States residents, the treaty-reduced rate generally applicable is 15%.

Taxable Canadian Property

If the Teleglobe Common Shares which are disposed of to BCE pursuant to the Arrangement constitute taxable Canadian property to their holder and if permitted, such holder enters into a Joint Tax Election, the BCE Common Shares received by such holder will constitute taxable Canadian property.

Certain United States Federal Income Tax Considerations

The following is a summary which has been prepared by Goodman Phillips & Vineberg, New York, of certain principal U.S. federal income tax considerations generally applicable to a U.S. Holder (as defined below) of Teleglobe Common Shares who exchanges such shares for BCE Common Shares and cash pursuant to the Plan of Arrangement. The summary is limited to the U.S. federal income tax consequences applicable to a U.S. Holder who holds Teleglobe Common Shares or BCE Common Shares as a capital asset. The summary does not address all potentially relevant U.S. federal income tax matters and it does not address consequences particular to Persons

subject to special provisions of U.S. federal income tax law, such as those described below as excluded from the definition of a U.S. Holder. In addition, the summary does not cover any state, local or non-U.S. tax consequences.

This summary is based on the provisions of the Code, final, temporary and proposed Treasury Regulations issued thereunder, and administrative and judicial interpretations thereof, all as in effect as of the date hereof, but all of which are subject to change (possibly on a retroactive basis) and to differing interpretations. There can be no assurance that the IRS will not take a contrary view, and no ruling from the IRS has been or will be sought.

The tax discussion set forth below is included for general information only. It is not intended to be, nor should it be construed to be, legal or tax advice to any particular U.S. Holder. Moreover, this summary does not apply to Teleglobe Optionees. Accordingly, U.S. Holders of Teleglobe Common Shares are advised to consult their own U.S. tax advisors to determine the particular tax consequences to them of the Plan of Arrangement, and of acquiring, exchanging, holding, or disposing of Teleglobe Common Shares or BCE Common Shares, including the application and effect of any state, local or non-U.S. tax laws.

As noted herein, a “U.S. Holder” includes a citizen or resident of the United States, a corporation or partnership created or organized under the laws of the United States or any political subdivision thereof, a trust the income of which is taxable in the United States irrespective of source, or a holder of Teleglobe Common Shares or BCE Common Shares otherwise subject to U.S. federal income tax on a net income basis in respect of such shares. A U.S. Holder does not include, and this discussion does not address the tax consequences to, persons subject to special provisions of U.S. federal income tax law, such as tax-exempt organizations, qualified retirement plans, financial institutions, insurance companies, real estate investment trusts, regulated investment companies, broker-dealers, non-resident alien individuals, or non-U.S. corporations whose ownership of Teleglobe Common Shares or BCE Common Shares is not effectively connected with the conduct of a trade or business in the United States, shareholders who acquired their stock through the exercise of employee stock options or otherwise as compensation, Teleglobe Optionees and shareholders who hold their Teleglobe Common Shares or BCE Common Shares as ordinary assets and not as capital assets.

Tax Considerations with Respect to the Arrangement

The Arrangement will not qualify as a tax-deferred reorganization for U.S. federal income tax purposes and will therefore constitute a taxable transaction. Upon the Arrangement each U.S. Holder (including Dissenting Shareholders) will recognize gain or loss in an amount equal to the difference, if any, between (i) the aggregate consideration received by such U.S. Holder pursuant to the Plan of Arrangement (i.e., the sum of the cash and aggregate fair market value, at the Effective Time, of BCE Common Shares received by such U.S. Holder) and (ii) such U.S. Holder’s adjusted tax basis in the Teleglobe Common Shares exchanged therefor. At the Effective Time, the fair market value of a BCE Common Share may not be the same as the BCE WATP. Any gain or loss recognized by a U.S. Holder of Teleglobe Common Shares will be capital gain or loss if such shares are held by the U.S. Holder as a capital asset at the Effective Date (or other applicable date in the case of Dissenting Shareholders). In the event that any such recognized gain or loss is treated as capital gain or loss, it will constitute long-term capital gain or loss if the U.S. Holder has held the Teleglobe Common Shares for more than one year at the Effective Date (or other applicable date in the case of Dissenting Shareholders) and will be short-term capital gain or loss if the U.S. Holder has held the Teleglobe Common Shares for one year or less. Gains and losses are netted and combined according to special rules in arriving at the overall capital gain or loss for a particular taxable year. Under current law, corporations generally are taxed at the same rates on capital gains as on ordinary income (with a maximum tax rate of 35%). With certain exceptions, the highest tax rate on long-term capital gains of individuals (or estates or trusts) currently is 20% while the highest tax rate on ordinary income and short-term capital gains of individuals (or estates or trusts) currently is 39.6%. Deductions for net capital losses are subject to significant limitations. For U.S. Holders who are individuals, any unused portion of such net capital loss may be carried over to be used in later taxable years until such net capital loss is thereby exhausted. For U.S. Holders which are corporations (other than corporations subject to subchapter S of the Code), an unused net capital loss may be carried back three years from the loss year and carried forward five years from the loss year to be offset against capital gains until such net capital loss is thereby exhausted. Capital gains or losses recognized by a U.S. Holder on the Share Exchange generally will be treated as arising from U.S. sources.

U.S. Holders who are Dissenting Shareholders should note that, for Canadian income tax purposes, a portion of the proceeds they receive for their shares may be treated as a dividend subject to Canadian withholding taxes. See

“Income Tax Considerations — Certain Canadian Federal Income Tax Considerations — Non-Residents of Canada — Dissenting Shareholders”. U.S. Holders who are considering exercising their dissent rights should consult their U.S. tax advisors on the rules that may limit their ability to credit any Canadian income taxes so withheld.

A U.S. Holder who exchanges Teleglobe Common Shares for BCE Common Shares and cash pursuant to the Arrangement and a U.S. Holder who is a Dissenting Shareholder may be subject to backup withholding at a rate of 31% on the cash portion of the consideration received unless, at the time it surrenders Teleglobe Common Shares in the Arrangement, it provides its taxpayer identification number and certifies that the number is correct or properly certifies that it is awaiting a taxpayer identification number, or unless an exemption is demonstrated to apply. Backup withholding is not an additional tax. Amounts so withheld can be refunded or credited against the U.S. federal income tax liability of the U.S. Holder, provided appropriate information is forwarded to the IRS.

Tax Considerations Regarding the Ownership of BCE Common Shares

U.S. Holder's Tax Basis and Holding Period in BCE Common Shares

A U.S. Holder's initial tax basis in the BCE Common Shares acquired pursuant to the Plan of Arrangement will be deemed to be equal to the fair market value thereof at the Effective Date. A U.S. Holder's holding period for the BCE Common Shares acquired pursuant to the Plan of Arrangement will begin on the day after the Effective Date.

Distributions on BCE Common Shares

U.S. Holders receiving distributions (including constructive distributions) with respect to the BCE Common Shares will be required to include in gross income for U.S. federal income tax purposes the gross amount of such distributions to the extent that BCE has current or accumulated earnings and profits as of the taxable year end of the distribution, without reduction for any Canadian income tax withheld from such distributions. Such Canadian tax withheld from distributions to a U.S. Holder generally may be credited, subject to certain limitations, against the U.S. Holder's U.S. federal income tax liability or, alternatively, may be deducted in computing the U.S. federal taxable income by a U.S. Holder who itemizes deductions. (For additional details, see the discussion below under “Foreign Tax Credit.”) To the extent that distributions exceed current or accumulated earnings and profits of BCE, they will be treated first as a return to capital up to the U.S. Holder's adjusted tax basis in the BCE Common Shares, and thereafter as gain from the sale and exchange of such shares. Preferred tax rates for long-term capital gains are applicable to a U.S. Holder who is an individual (or an estate or trust). There are currently no preferential tax rates for long-term capital gains for a U.S. Holder that is a corporation. Dividends paid on BCE Common Shares generally will not be eligible for the dividends received deduction.

Foreign Tax Credit

A U.S. Holder who pays (or has withheld from distributions) Canadian income tax with respect to the ownership of BCE Common Shares may be entitled, at the election of the U.S. Holder, to either a deduction or a tax credit for such foreign tax paid or withheld. Generally, it will be more advantageous to claim a credit because a credit reduces U.S. federal income taxes on a dollar-for-dollar basis, while a deduction merely reduces the amount of the U.S. Holder's income subject to tax. This election is made on a year-by-year basis and generally applies to all foreign income taxes paid by (or withheld from) the U.S. Holder during that year. There are significant and complex limitations which affect the utilization of foreign tax credits by U.S. Holders, among which is the general limitation that the credit cannot exceed the proportionate share of the U.S. Holder's U.S. federal income tax liability which the U.S. Holder's foreign source income bears to such U.S. Holder's worldwide taxable income. In the determination of the application of this limitation, the various items of income and deduction may be classified into foreign and domestic sources. Detailed rules govern this classification of income into foreign and domestic sources. There are further limitations on the foreign tax credit for certain types of income such as “passive income”, “high withholding tax interest”, “financial services income”, and certain other categories of income. The availability of the foreign tax credit and the application of various limitations on the credit are fact specific and U.S. Holders of BCE Common Shares are urged to consult their own U.S. tax advisors regarding their individual circumstances with respect to foreign tax credit considerations.

Disposition of BCE Common Shares

For U.S. federal income tax purposes, a U.S. Holder will recognize gain or loss upon the sale, exchange or other disposition of BCE Common Shares equal to the difference, if any, between (i) the aggregate consideration received by the U.S. Holder (i.e., the amount of cash plus the fair market value of any property received by the U.S. Holder) and (ii) the U.S. Holder's adjusted tax basis in the BCE Common Shares. The gain or loss will be capital gain or loss if the BCE Common Shares are a capital asset in the hands of the U.S. Holder, and will constitute long-term capital gain or loss if the U.S. Holder has held such shares for more than one year, or short-term capital gain or loss if the U.S. Holder has held such shares for one year or less, at the time of their disposition. Gains and losses are netted and combined according to special rules in arriving at the overall capital gain or loss for a particular taxable year.

Under current law, corporations generally are taxed at the same rates on capital gains as on ordinary income (with a maximum tax rate of 35%). With certain exceptions, the highest tax rate on long-term capital gains of individuals (or estates or trusts) currently is 20% while the highest tax rate on ordinary income and short-term capital gains of individuals (or estates or trusts) currently is 39.6%. Deductions for net capital losses are subject to significant limitations. For U.S. Holders who are individuals, any unused portion of such net capital loss may be carried over to be used in later taxable years until such net capital loss is thereby exhausted. For U.S. Holders which are corporations (other than corporations subject to subchapter S of the Code), an unused net capital loss may be carried back three years from the loss year and carried forward five years from the loss year to be offset against capital gains until such net capital loss is thereby exhausted. Capital gains or losses recognized by a U.S. Holder on a disposition of BCE Common Shares generally will be treated as arising from U.S. sources.

Exchange of Amounts in Non-U.S. Currency

Any Canadian dollars received by a U.S. Holder (including a Dissenting Shareholder) in connection with the Arrangement or on the sale, exchange or other disposition of BCE Common Shares will generally have a tax basis equal to their U.S. dollar value on the date on which such U.S. Holder recognizes a gain or loss with respect to the underlying transaction in accordance with such U.S. Holder's method of accounting. Any Canadian dollars or obligations denominated in Canadian dollars which are received by a U.S. Holder in respect of dividends on the BCE Common Shares will have a tax basis equal to their U.S. dollar value on the date of receipt. A U.S. Holder who does not immediately convert such Canadian dollars or Canadian dollar denominated obligations into U.S. dollars will recognize an exchange gain or loss on the subsequent sale or other disposition of the Canadian dollars in an amount equal to the difference, if any, between the amount realized on such sale or other disposition and such U.S. Holder's adjusted tax basis in the Canadian dollars, and such gain or loss will be characterized as ordinary income or loss. Accordingly, U.S. Holders of Teleglobe Common Shares may wish to consider making a U.S. Dollar Election to receive the Elected Cash Amount as well as other cash payments to which they are entitled in U.S. dollars. See "The Arrangement — Elections under the Arrangement — U.S. Dollar Election".

State and Local Tax Considerations

In addition to the U.S. federal income tax considerations discussed above, U.S. Holders may be subject to certain state and local tax consequences as a result of the Arrangement and their ownership of Teleglobe Common Shares or BCE Common Shares. Accordingly, U.S. Holders are urged to consult their own U.S. tax advisors with respect to such state and local tax considerations.

INFORMATION CONCERNING TELEGLOBE

General

Teleglobe is a global telecommunications carrier reaching approximately 240 countries and territories and providing a broad range of international and domestic long distance telecommunications services such as Internet connectivity, data transmission, broadcast, voice and other value-added services on a wholesale and retail basis. Teleglobe is currently offering services in two principal market segments: (i) the international telecommunications services industry; and (ii) the North American domestic long distance industry.

Teleglobe is a corporation existing under the CBCA, with its head office located at 1000, rue de La Gauchetière ouest, Montréal, Québec H3B 4X5, Telephone (514) 868-8124, Fax (514) 868-7719, website Teleglobe.com.

Recent Developments

Investment by BCE in Teleglobe Fourth Series Preferred Shares

On June 21, 2000, as required by the terms of the Support Agreement, BCE contributed US\$100 million to Teleglobe by way of a loan. On June 30, 2000, BCE converted such loan into 4,000,000 Teleglobe Fourth Series Preferred Shares. The Teleglobe Fourth Series Preferred Shares will not be affected by the Arrangement. BCE intends to convert the Teleglobe Fourth Series Preferred Shares into Teleglobe Common Shares immediately following the completion of the Arrangement. Assuming an exercise of such conversion right on August 31, 2000, 5,017,276 Teleglobe Common Shares, representing approximately 1.93% of the issued and outstanding Teleglobe Common Shares (including the Teleglobe Common Shares issued pursuant to the conversion of the Teleglobe Fourth Series Preferred Shares), would have been issued to BCE as a result of such conversion. See “Information Concerning Teleglobe — Description of Teleglobe Share Capital — Teleglobe Fourth Series Preferred Shares”.

Teleglobe New Credit Facilities

Effective July 24, 2000, Teleglobe entered into new 364-day revolving credit facilities for an aggregate amount of US\$1.25 billion with a group of lenders (the “**Teleglobe New Credit Facilities**”). On August 8, 2000, Teleglobe repaid all amounts outstanding under the Teleglobe Original Credit Facilities and such facilities were terminated. As of August 31, 2000, an aggregate of approximately US\$577 million had been drawn under the Teleglobe New Credit Facilities. In connection with the entering into of the Teleglobe New Credit Facilities, BCE confirmed to the lenders: (i) its irrevocable undertaking to complete the Acquisition pursuant to the terms of the Support Agreement; (ii) that within 30 days of the end of each quarter during the term of the Teleglobe New Credit Facilities (up to the quarter ending on June 30, 2000), BCE would provide whatever financial assistance is required so that Teleglobe will meet the financial covenant provided for in the Teleglobe New Credit Facilities for such quarter; and (iii) that until maturity of the Teleglobe New Credit Facilities, BCE would from time to time inject or cause to be injected into Teleglobe by way of equity or quasi-equity sufficient funds, as required, to enable Teleglobe to meet at all times cash operating shortfalls or cash shortfalls, if any, in funding its capital expenditures program as approved by the Teleglobe Board of Directors and BCE; provided, however, that the financial commitment of BCE to Teleglobe is limited to US\$900 million, exclusive of the US\$100 million that BCE contributed to Teleglobe on June 21, 2000. The Teleglobe New Credit Facilities provide: (i) that a termination of the Support Agreement for any reason or the failure to complete the Acquisition by December 31, 2000 will constitute an event of default under the Teleglobe New Credit Facilities; and (ii) that Teleglobe will not be permitted to make any distribution with respect to any shares of any capital stock or other equity securities issued by Teleglobe prior to the Effective Date, other than dividends payable to the holders of Teleglobe Third Series Preferred Shares.

Severance Plans

On March 14, 2000, May 16, 2000 and September 12, 2000, the Human Resources Committee of the Teleglobe Board of Directors approved certain protection and retention policies for the Teleglobe corporate officers and employees and the Teleglobe Communications Corporation and Excel group of companies’ officers and employees, which were subsequently approved by the Teleglobe Board of Directors. Each of these policies includes a protection plan and a retention plan.

The protection plan provides for certain special severance amounts to be paid to the Teleglobe corporate and the Teleglobe Communications Corporation group of companies officers and employees in the event of a termination of employment directly related to the Acquisition (defined as a resignation after a significant change in employment conditions, or a termination of employment for any reason other than (i) dismissal for cause or (ii) voluntary termination other than after a significant change in employment conditions, during a period ending 18 months after the Effective Date (a “**Termination**”)).

The protection plan also provides that in the event of the Termination of any Teleglobe Optionee, all Teleglobe Options held by such Teleglobe Optionee, whether exercisable or not at such time, shall become exercisable and may be exercised during the period ending on the later of (i) one year after such Termination, and (ii) 90 days after the Effective Date. On May 8, 2000, the TSE approved the protection plan as it relates to the vesting of the Teleglobe Options, provided that such plan would not have the effect of extending the exercise period of any Teleglobe Option beyond its original expiry date.

The retention plan consists of bonuses offered to selected individuals in each of the corporate, Teleglobe Communications Corporation and Excel groups whose involvement prior to the Effective Date is deemed critical. The bonuses will be equivalent to 25% to 75% of base salary depending on the individual and will be paid either at the Effective Date, on December 31, 2000, three months after the Effective Date or on April 1, 2001, conditional on the individuals concerned meeting performance expectations and still being employees of Teleglobe at the end of the period covered by the retention plan (unless a Termination has occurred). These bonuses will be paid in cash to the corporate group individuals, in cash and/or restricted stock and/or Teleglobe Options to the Teleglobe Communications Corporation group individuals and in restricted stock to the Excel group individuals, with the restricted stock portion vesting on December 31, 2001 for the vast majority of individuals or at a later date for certain grants made to Teleglobe Communications Corporation senior executives.

Orbcomm

On July 21, 2000, Teleglobe Mobile Partners (“TMP”), a then indirect subsidiary of Teleglobe and a partner in Orbcomm, advised Orbcomm that it had no further equity funding available for Orbcomm.

On August 4, 2000, Teleglobe and TMP entered into a memorandum of understanding with Orbital Sciences Corporation (“Orbital”) and Orbital Communications Corporation (“OCC”), a subsidiary of Orbital, to set out the terms of an interim financing package that was expected to provide Orbcomm with up to US\$17 million in debt financing from an indirect subsidiary of Teleglobe.

In consideration for the financing, Orbital agreed to dismiss lawsuits filed against Teleglobe and BCE on June 27, 2000 and to waive any rights and recourses against Teleglobe and its subsidiaries pursuant to various agreements currently in force. The memorandum of understanding also provides that Orbital and Teleglobe will cooperate to (i) actively pursue potential new investors in Orbcomm and (ii) work with creditors to restructure Orbcomm debt.

The memorandum of understanding provides that effective upon the implementation of any plan of reorganization, any equity in Orbcomm left to the current partners (OCC and TMP) will be shared 60% to OCC and 40% to TMP.

TMP, the general partner of Orbcomm, is ultimately owned by Mobile Holdings LLC, a Delaware limited liability company in which, prior to September 13, 2000, Teleglobe owned indirectly a 50% voting member manager interest and 100% of the non-voting member interest. On September 13, 2000, Teleglobe transferred its indirect interest in Orbcomm to 3799468 Canada Inc., a wholly-owned subsidiary of BCE.

On September 15, 2000, Orbcomm filed for reorganization and bankruptcy protection under Chapter 11 of the United States Bankruptcy Code.

Litigation

On or about July 27, 2000, several class action lawsuits were filed in the United States District Court for the Southern District of New York against Teleglobe and certain former officers of Teleglobe alleging that certain misrepresentations were made between February 11, 1999 and July 29, 1999. Teleglobe considers these lawsuits to be without merit and will defend itself vigorously.

Description of Teleglobe Share Capital

The Teleglobe Articles provide that Teleglobe is authorized to issue an unlimited number of Teleglobe Common Shares and an unlimited number of preferred shares. The following describes the terms and conditions of the outstanding shares of Teleglobe.

Teleglobe Common Shares

Teleglobe Shareholders are entitled to one vote per Teleglobe Common Share on all matters voted on at all meetings of shareholders, except meetings at which only the holders of another specified class or series of shares are entitled to vote.

Subject to the prior rights of any other shares of Teleglobe ranking senior to the Teleglobe Common Shares, Teleglobe Shareholders are entitled to participate equally, share for share, in any dividend, whether in cash, shares or otherwise, which may be declared or paid on the Teleglobe Common Shares and are entitled to receive the

remaining property of Teleglobe upon any distribution or liquidation, dissolution or winding-up of Teleglobe, whether voluntary or involuntary.

There were 254,667,843 Teleglobe Common Shares issued and outstanding as of August 31, 2000.

Teleglobe Third Series Preferred Shares

The Teleglobe Third Series Preferred Shares are non-voting except under certain circumstances when the holders are entitled to one vote per share.

The Teleglobe Third Series Preferred Shares rank on a parity with all other preferred shares of Teleglobe and in priority to all other shares of Teleglobe with respect to payment of dividends and with respect to distribution of assets in the event of liquidation, dissolution or winding-up of Teleglobe.

The Teleglobe Third Series Preferred Shares are cumulative, redeemable preferred shares in the capital of Teleglobe which are entitled to dividends at a quarterly rate of Cdn\$0.3375 per share.

On and after April 1, 2001, Teleglobe may redeem at any time for cash the Teleglobe Third Series Preferred Shares in whole or in part, at Teleglobe's option, for Cdn\$25 per share plus accrued but undeclared dividends or may, subject to the approval of the TSE, convert each such share into that number of Common Shares equal to the Common Share Conversion Number. On or after May 1, 2001, subject to Teleglobe's right on 40 calendar days' notice prior to the conversion date to redeem for cash or to find substitute purchasers for the Teleglobe Third Series Preferred Shares to be converted, each Teleglobe Third Series Preferred Share is convertible at the option of the holder on 60 calendar days' notice on the first day of February, May, August and November of each year into that number of Common Shares equal to the Common Share Conversion Number.

For the purposes of the preceding paragraph, "**Common Shares**" means such Teleglobe Common Shares as currently constituted and any shares resulting from a reclassification of the Teleglobe Common Shares or which result from a capital reorganization of Teleglobe or a consolidation, amalgamation or merger of Teleglobe with or into any other corporation (other than a capital reorganization, consolidation, amalgamation or merger which does not result in any reclassification of the Teleglobe Common Shares or a change of the Teleglobe Common Shares into other shares or securities).

There were 5,000,000 Teleglobe Third Series Preferred Shares issued and outstanding as of August 31, 2000.

Teleglobe Fourth Series Preferred Shares

The Teleglobe Fourth Series Preferred Shares are non-voting except under certain circumstances when the holders are entitled to one vote per share.

The Teleglobe Fourth Series Preferred Shares rank on a parity with all other preferred shares of Teleglobe and in priority to all other shares of Teleglobe with respect to payment of dividends and with respect to distribution of assets in the event of liquidation, dissolution or winding-up of Teleglobe.

No dividend may be declared and made payable on the Teleglobe Common Shares unless an equal and rateable dividend has been declared and made payable on the Teleglobe Fourth Series Preferred Shares.

The Teleglobe Fourth Series Preferred Shares are redeemable preferred shares in the capital of Teleglobe and are convertible at the holder's option.

The Teleglobe Fourth Series Preferred Shares may be redeemed at any time at the option of Teleglobe by the payment by Teleglobe to the holder of an amount in cash for each Teleglobe Fourth Series Preferred Share so redeemed equal to US\$25 plus an amount equal to 6.25% per annum thereon less all dividends declared and paid thereon, up to but excluding the date fixed for redemption. Subject to Teleglobe's option to redeem the Teleglobe Fourth Series Preferred Shares, to any applicable approvals of the TSE and to the provisions of any shares of Teleglobe ranking prior to or *pari passu* with the Teleglobe Fourth Series Preferred Shares, the holder may convert at any time any Teleglobe Fourth Series Preferred Share into fully paid and non-assessable Teleglobe Common Shares at a ratio equal to the number obtained when (i) US\$25 plus an amount equal to 6.25% per annum thereon less all declared and paid dividends thereon up to but excluding the date fixed for conversion, per Teleglobe Fourth Series Preferred Share, is divided by (ii) (A) if the Teleglobe Common Shares trade on the TSE, the higher of: (a) the weighted average trading price of all Teleglobe Common Shares on the TSE for the 20 consecutive trading days ending on the trading day immediately prior to the date of the notice of conversion and (b) the weighted

average trading price of all Teleglobe Common Shares on the TSE for the trading day immediately prior to date of the notice of conversion, in each case converted into U.S. dollars using the noon buying rate in New York City for cable transfers in Canadian dollars as certified for customs purposes by the U.S. Federal Reserve Bank on the trading day immediately prior to the date of the notice of conversion or (B) if the Teleglobe Common Shares do not trade on the TSE, the amount in (i) is to be divided by the market value in U.S. dollars of the Teleglobe Common Shares as determined in good faith by the Teleglobe Board of Directors.

There were 4,000,000 Teleglobe Fourth Series Preferred Shares issued and outstanding as of August 31, 2000, all of which are owned by BCE.

Dividends and Dividend Policies

Dividends are paid on the Teleglobe Common Shares if, as and when declared by the Teleglobe Board of Directors, subject to the conditions mentioned herein. Pursuant to the terms of the Teleglobe New Credit Facilities, Teleglobe is not permitted to make any distribution prior to the Effective Date with respect to any shares of any capital stock or other equity securities issued by Teleglobe, other than dividends payable to the holders of Teleglobe Third Series Preferred Shares. Pursuant to the terms of the Support Agreement, until the earlier of the appointment or election to the Teleglobe Board of Directors of persons designated by BCE who represent the majority of the directors of Teleglobe and the termination of the Support Agreement, unless BCE or the Chairman of the Teleglobe Board of Directors shall otherwise agree, Teleglobe shall not declare, set aside or pay any dividend or other distribution payable in cash, stock, property or otherwise with respect to the Teleglobe Common Shares, other than dividends paid in the ordinary course and consistent with past practice. During the past two years, Teleglobe declared and paid a quarterly dividend of Cdn\$0.085 per Teleglobe Common Share and Cdn\$0.3375 per Teleglobe Third Series Preferred Share. Teleglobe last declared such a dividend on the Teleglobe Common Shares on March 31, 2000.

Trading History

The Teleglobe Common Shares are listed and posted for trading on the TSE and NYSE. The volume of trading and price ranges of the Teleglobe Common Shares on the TSE and NYSE are set forth in the following table for the periods indicated:

<u>TSE</u>	<u>High (Cdn\$)</u>	<u>Low (Cdn\$)</u>	<u>Volume</u>
1998			
3 rd quarter	45.05	36.00	26,542,220
4 th quarter	56.50	30.05	26,574,904
1999			
1 st quarter	62.00	42.80	35,785,818
2 nd quarter	50.40	39.15	26,700,024
3 rd quarter	44.00	20.05	37,450,652
4 th quarter	39.25	22.60	23,004,114
2000			
1 st quarter	52.40	31.85	66,336,471
2 nd quarter	40.20	27.00	124,507,330
3 rd quarter (to August 31, 2000)	33.20	28.25	21,518,620

<u>NYSE</u>	<u>High (US\$)</u>	<u>Low (US\$)</u>	<u>Volume</u>
1998			
3 rd quarter	29.63	23.31	9,637,200
4 th quarter	36.63	18.94	16,271,000
1999			
1 st quarter	40.94	28.75	19,894,900
2 nd quarter	32.56	26.75	16,708,800
3 rd quarter	29.94	14.81	9,584,400
4 th quarter	26.69	15.56	8,538,100
2000			
1 st quarter	37.00	21.81	16,533,300
2 nd quarter	27.19	18.13	7,154,300
3 rd quarter (to August 31, 2000)	22.44	19.00	2,752,400

Directors and Officers

See Annex “J” to this Circular for information regarding directors and officers of Teleglobe.

Pursuant to an agreement entered into between BCE and Teleglobe on May 7, 1987, as amended (the “**1987 Agreement**”), BCE is entitled to propose a number of nominees to the Teleglobe Board of Directors such that the number of such nominees as the proportion of the total number of the directors on the Teleglobe Board of Directors shall be at least equal to the proportion of the total number of issued and outstanding Teleglobe Common Shares held by BCE and its majority-owned affiliates to the total number of issued and outstanding Teleglobe Common Shares (without rounding-up). See also “Information Concerning Teleglobe — Material Contracts with BCE and Its Affiliates”.

Following the Excel Merger, seven new individuals were appointed to the Teleglobe Board of Directors (the “**Excel Directors**”) in accordance with the terms of the Teleglobe Articles. The other directors, except for one individual who was jointly appointed, were designated as the “**Teleglobe Directors**”. The Teleglobe Articles provide that for a period of five years after the effective date of the Excel Merger, the Teleglobe Directors and the Excel Directors shall, in connection with any meeting of shareholders of Teleglobe involving an election of directors, be entitled to nominate a certain number of individuals in the following manner:

- (a) the Teleglobe Directors are entitled to nominate five qualified individuals (or such greater number equal to or, subject to the 34% requirement in sub-paragraph (b) below, greater than the number of individuals nominated pursuant to such sub-paragraph (b) below) to stand for election at any such meeting (such directors to become the “Teleglobe Directors” for the purposes of subsequent shareholders’ meetings);
- (b) the Excel Directors are entitled to nominate five qualified individuals (or such greater number to ensure that the nominees of Excel Directors represent at least 34% of the total number of directors comprising the entire Teleglobe Board of Directors) to stand for election at any such meeting (such directors to become the “Excel Directors” for the purposes of subsequent shareholders’ meetings); and
- (c) the Teleglobe Directors and the Excel Directors are entitled to jointly nominate up to three qualified individuals to stand for election at any such meeting.

After such five-year period, ending on November 10, 2003, the Teleglobe Board of Directors will not be subject to any specific provisions in the Teleglobe Articles relating to its composition. These provisions will be repealed pursuant to the Plan of Arrangement. See “The Arrangement — Arrangement Mechanics”.

Ownership and Trading of Teleglobe Common Shares

As of August 31, 2000, none of the directors and senior officers of Teleglobe nor any of their associates (as such term is defined in the U.S. Exchange Act) beneficially owned any Teleglobe Common Shares except as set forth below:

Person	Number of Teleglobe Common Shares (including any Teleglobe Options)	Percentage of all Teleglobe Common Shares (assuming exercise of all Teleglobe Options)
André Bourbonnais	97,022	less than 1%
Michael T. Boychuk	500	less than 1%
Derek H. Burney	1,142	less than 1%
Lisa Choate ⁽¹⁾	40,883	less than 1%
Jacques Deforges	55,573	less than 1%
Bruno Ducharme	1,762	less than 1%
François Gauvin	53,700	less than 1%
Christina Gold	400,000	less than 1%
Jean-Pierre Gratton	37,724	less than 1%
A. Michael Hainsfurther	1,594	less than 1%
Dominique Jacquet	154,042	less than 1%
Michel Lalande	24,280	less than 1%
François Laurin	113,282	less than 1%
T. Allan McArtor	28,759	less than 1%
C. Edward Medland	25,536	less than 1%
Jean C. Monty	10,000	less than 1%
Marvin C. Moses Trust ⁽²⁾	2,831	less than 1%
Moses Family Limited Partnership ⁽²⁾	1,000	less than 1%
Carmand Normand	5,847	less than 1%
Gregory S. Oliver	2,098	less than 1%
Charles Sirois ⁽³⁾	23,205,138	8.53%
Stephen R. Smith ⁽⁴⁾	6,143,923	2.26%
H. Arnold Steinberg	88,139	less than 1%
Guthrie J. Stewart	438,774	less than 1%
Kenny A. Troutt ⁽⁵⁾	45,191,672	16.61%
John M. Zrno ⁽⁶⁾	3,094	less than 1%

(1) 2,033 of these shares are owned by John Geider, Ms. Choate's husband.

(2) An associate of Marvin C. Moses.

(3) Telesystem Ltd., a company controlled by Mr. Sirois, holds 22,629,966 of these shares indirectly through Telesystem Telecom Ltd.

(4) 665,000 of these shares are owned by Sarah R. Smith, the wife of Mr. Smith, and 4,812,620 of these shares are owned by Austex Enterprises, Ltd., a company controlled by Mr. Smith.

(5) 27,956,979 of these shares are owned through the Troutt Family Trust, a trust of which Kenny A. Troutt is the sole trustee, and 17,059,693 are beneficially owned by Kenny A. Troutt. Excluded from the number shown above are 72,421 Teleglobe Common Shares owned by Lisa E. Troutt Children's Trust, 72,421 shares owned by Kenny A. Troutt Children's Trust and 640,283 shares owned by KAT Children's Trust II, of which Mr. Steven Troutt, the brother of Kenny A. Troutt, is the sole trustee. Mr. Kenny A. Troutt disclaims beneficial ownership, control or direction over such shares. The Troutt Family Trust has granted options to purchase up to an aggregate of 190,197 of its Teleglobe Common Shares to two employees of Excel. The options are exercisable at an exercise price of US\$10 per share and expire on February 13, 2009 and September 14, 2009, respectively.

(6) 1,500 of these shares are owned by the John M. Zrno Family, L.P.

Teleglobe has been advised that all of the individuals listed above intend to vote the Teleglobe Common Shares owned by them in favour of the Arrangement Resolution, except for Mr. Smith who has not yet communicated his intention.

No securities of Teleglobe have been traded during the 60-day period preceding the date of the Circular by directors or senior officers of Teleglobe or by any of their associates (as such term is defined in the U.S. Exchange Act), except as set forth below:

<u>Person</u>	<u>Position</u>	<u>Number of Teleglobe Common Shares</u>	<u>Price per Teleglobe Common Share</u>	<u>Details of Trade</u>
Stephen R. Smith ⁽¹⁾	Director	100,000	US\$20.1875	Market Sale
Stephen R. Smith ⁽¹⁾	Director	950,000	N/A	Gift
Stephen R. Smith ⁽¹⁾	Director	100,000	US\$20.4375	Market Sale

(1) All such trades were from the holdings of Austex Enterprises, Ltd., a company controlled by Mr. Smith.

In addition, the trustee under employee stock ownership plans of Teleglobe makes purchases on the market in the normal course of business for the purposes of such plans to which various Teleglobe officers participate.

Executive Compensation

The information with respect to the remuneration of executive officers, officers and directors of Teleglobe which appears under the headings “Remuneration of Directors and Executive Officers” and “Report on Executive Compensation by the Human Resources Committee” on pages 8 to 12 and 15 to 18, respectively, of the Teleglobe management proxy circular dated May 12, 2000 is hereby incorporated by reference.

Indebtedness of Directors, Executive Officers and Senior Officers

The information with respect to the indebtedness of directors, executive officers and senior officers of Teleglobe which appears on page 14 of the Teleglobe management proxy circular dated May 12, 2000 under the heading “Indebtedness of Directors, Executive Officers and Senior Officers” is hereby incorporated by reference. The indebtedness referred to therein has been repaid and the individual is no longer employed by Teleglobe.

Directors’ and Officers’ Liability Insurance

Teleglobe maintains insurance protection against liability incurred by its officers and directors as well as those of its subsidiaries in the performance of their duties. The entire premium, which amounted to approximately US\$650,000 for the 1999 fiscal year is paid by Teleglobe. The aggregate limit of liability in respect to any and all claims is US\$125 million. The policy provides for the indemnification of directors and officers in the case of claims for which Teleglobe has not indemnified or is not permitted by law to indemnify them, and for the reimbursement of Teleglobe, subject to a deductible of US\$100,000 for claims other than securities law violation claims and US\$250,000 for securities law violation claims, in the case of claims for which it has indemnified or was permitted to indemnify the directors or officers involved.

Previous Distributions of Teleglobe Common Shares

During the last two years, Teleglobe distributed Teleglobe Common Shares (other than Teleglobe Common Shares issued following the exercise of Teleglobe Options) as follows:

- (a) on March 15, 1999, 163,902 Teleglobe Common Shares were issued to an affiliate of BCE for an aggregate consideration of Cdn\$7,002,083 pursuant to the terms of the 1987 Agreement, which provides that BCE is entitled, subject to certain conditions, to maintain at least a 20% ownership interest in Teleglobe. (See “Information Concerning Teleglobe — Material Contracts with BCE and Its Affiliates”);
- (b) on November 13, 1998, 5,400,000 Teleglobe Common Shares were issued to an affiliate of BCE for an aggregate consideration of Cdn\$218,160,000 pursuant to the terms of the 1987 Agreement; and
- (c) on November 10, 1998, 117,628,876 Teleglobe Common Shares were issued to the former holders of Excel common stock in connection with the Excel Merger.

In addition, on June 30, 2000, Teleglobe issued 4,000,000 Teleglobe Fourth Series Preferred Shares to BCE for an aggregate consideration of US\$100 million. These shares are convertible into Teleglobe Common Shares at BCE’s option. See “Information Concerning Teleglobe — Description of Teleglobe Share Capital — Teleglobe Fourth Series Preferred Shares”. See also “Information Concerning Teleglobe — Recent Developments — Investment by BCE in Teleglobe Fourth Series Preferred Shares”.

Material Contracts with BCE and Its Affiliates

The following is a description of material contracts entered into between BCE and its affiliates and Teleglobe and its affiliates, excluding contracts described elsewhere in this Circular.

1987 Agreement

On May 7, 1987, as amended on June 14, 1998, Teleglobe and BCE entered into the 1987 Agreement. The 1987 Agreement permits BCE, at its option, to maintain at least a 20% equity interest in Teleglobe. Teleglobe has agreed to make provision, in connection with all of its public or private offerings of Teleglobe Common Shares, or securities convertible into Teleglobe Common Shares (other than pursuant to any continuous offering plans (including employee stock option or savings plans)) for the simultaneous purchase by BCE at the same price of such additional Teleglobe Common Shares or other securities as may be necessary to permit BCE and its affiliates to maintain at least a 20% equity interest in Teleglobe on a fully-diluted basis. In addition, BCE can maintain its 20% equity interest in any given year in which, pursuant to the issuance of Teleglobe Common Shares or convertible securities under any continuous offering plans, the equity interest of BCE and its affiliates (on a fully-diluted basis) has decreased below 20%. The 1987 Agreement also provides for the nomination of a certain number of nominees to the Teleglobe Board of Directors. See “Information Concerning Teleglobe — Directors and Officers”.

Interconnection Arrangements

Teleglobe maintains ongoing commercial business relationships with certain of BCE’s affiliates, including Bell Canada, Aliant Inc. and Bell Nexxia. For a number of years, Bell Canada has been Teleglobe’s principal customer for its outbound international voice services, Teleglobe’s principal source of revenues, and Bell Canada has been Teleglobe’s principal supplier for the termination in Canada of inbound international voice traffic routed on the Teleglobe network. The current agreement governing such exchange of traffic has been entered into as of January 1, 1999 between Teleglobe and Bell Canada, certain operating affiliates of Aliant Inc., MTS Communications Inc. and Saskatchewan Telecommunications (the “**Interconnection Agreement**”). During the course of 1999, all of the foregoing carriers, other than Bell Canada, assigned their respective interests in the Interconnection Agreement to Bell Nexxia. Effective June 1, 2000, the Interconnection Agreement was amended to provide, amongst other things, for the following:

- (a) prior to December 31, 2000 (the termination of the initial term of the Interconnection Agreement), the parties will negotiate the terms and conditions of new arrangements governing the interconnection and exchange of telecommunications traffic and any other outstanding matters that may need to be addressed by the parties at such time. In the event the parties cannot agree upon such terms and conditions, the Interconnection Agreement, as amended, will be extended and will terminate on December 31, 2002;
- (b) effective June 1, 2000, Bell Canada and Bell Nexxia have agreed, subject to certain exceptions, to route all of their respective Canadian originating international direct distance dialed and operator handled telephone traffic (other than traffic terminating in the United States) to Teleglobe at certain prescribed rates;
- (c) effective June 1, 2000, Teleglobe has agreed to route all of its foreign originating international direct distance dialed and operator handled telephone traffic (other than traffic originating from the United States) terminating in all provinces of Canada other than British Columbia and Alberta to Bell Canada and Bell Nexxia at certain prescribed rates; and
- (d) in the event the Acquisition is not completed, the parties will revert to the terms and conditions of the original Interconnection Agreement and the foregoing amendments will cease to have any force or effect.

Other material interconnection arrangements include:

- (a) an agreement with respect to the licensing, joint offering, routing and pricing of the home country direct service known as “Canada Direct” entered into as of January 1, 1999 between Teleglobe and each of the carriers parties to the Interconnection Agreement, including Bell Canada. Subject to earlier termination rights, this agreement will terminate on December 31, 2002; and
- (b) two agreements entered into as of January 1, 1998, as amended, among Teleglobe, Stentor Resource Centre Inc., each of the carriers parties to the Interconnection Agreement, including Bell Canada, and certain other carriers, pursuant to which Teleglobe leases certain digital capacity of the Canadian fibre optic network of such carriers. These agreements, for which Bell Canada acts as account representative for the carriers parties thereto, will terminate on January 14, 2005.

Right of First Refusal

On February 19, 1999, Kenny A. Troutt and BCE entered into a letter agreement whereby Kenny A. Troutt granted BCE a right of first refusal in respect of up to 20 million Teleglobe Common Shares held by Kenny A. Troutt and certain other members of the Troutt Group, a portion of which have already been offered or sold to BCE pursuant to this right of first refusal. Pursuant to this agreement, in the event that Kenny A. Troutt or the applicable member of the Troutt Group (the “**Seller**”) wishes to sell or otherwise dispose of such Teleglobe Common Shares, the Seller must provide BCE with written notice of such intention. This right of first refusal does not apply to (a) donations to charitable organizations, (b) transfers to certain family trusts or other entities controlled by Kenny A. Troutt and (c) sales or conversions of shares of Teleglobe in relation to a business combination (including a merger, recapitalization, share exchange, tender offer or takeover bid) to which Teleglobe is a party or in which Teleglobe is the subject. The letter agreement is subject to certain other customary terms and conditions and will terminate upon the completion of the Arrangement.

Management Services Agreement

Effective July 1, 2000, Teleglobe and its affiliate, Teleglobe Communications Services Inc. (“**TCS**”), entered into an agreement with Bell Nexxia pursuant to which TCS retained Bell Nexxia to perform contract management services on its behalf for some of its existing retail contracts in Canada for international telecommunications services (the “**TCS Agreement**”). Pursuant to the TCS Agreement, which is scheduled to terminate on December 31, 2000, Bell Nexxia acts as the primary interface and representative with TCS’ customers in respect of sales support and customer service engineering support for TCS’ contracts while TCS continues to provide technical, billing and accounts receivable support. During the term of the TCS Agreement, Teleglobe and TCS have agreed not to renew, modify or extend any of the contracts subject to the TCS Agreement and acknowledged that Bell Nexxia may solicit customers, including TCS customers, for the purpose of selling Bell Nexxia’s or its affiliate’s products and services. The TCS Agreement provides that if revenues generated by the TCS contracts during the term of the TCS Agreement are less than anticipated by the parties, Bell Nexxia will rebate to TCS an amount equal to 5% of the shortfall (provided the shortfall is not due to Teleglobe’s acts or omissions). In consideration of Bell Nexxia providing such services, TCS agreed to pay Bell Nexxia a fee each month in an amount equal to 3% of the total actual revenues billed or billable by TCS for such month pursuant to the TCS contracts.

Documents Incorporated by Reference

Teleglobe is a reporting issuer in all applicable Canadian jurisdictions. The following documents filed with the Canadian Securities Authorities are specifically incorporated by reference into, and form an integral part of this Circular:

- (a) the annual information form of Teleglobe for the year ended December 31, 1999 dated May 16, 2000;
- (b) the management proxy circular of Teleglobe dated May 12, 2000 relating to the annual and special meeting of shareholders of Teleglobe held on June 19, 2000;
- (c) the unaudited consolidated financial statements of Teleglobe for the first quarter ending March 31, 2000;
- (d) the unaudited consolidated financial statements of Teleglobe for the second quarter ending June 30, 2000;
- (e) the comparative annual audited consolidated financial statements of Teleglobe and the notes thereto, prepared in accordance with U.S. generally accepted accounting principles for the fiscal year ended

December 31, 1999 together with the auditors' report thereon and management's discussion and analysis of financial results found at pages 28 through 48 of the Teleglobe 1999 annual report;

- (f) the comparative annual audited consolidated financial statements of Teleglobe and the notes thereto, prepared in accordance with Canadian generally accepted accounting principles for the fiscal year ended December 31, 1999 together with the auditors' report thereon and management's discussion and analysis of financial results found at pages 3 to 42 of the supplement to the Teleglobe 1999 annual report; and
- (g) the material change reports of Teleglobe dated February 18, 2000 and July 7, 2000.

Any material change reports, comparative interim financial statements, annual comparative financial statements together with the auditor's report thereon and information circulars filed by Teleglobe with the Canadian Securities Authorities after the date of the Circular and prior to the Effective Time shall be deemed to be incorporated by reference into, and form an integral part of, this Circular.

Any statement contained in a document incorporated, or deemed to be incorporated by reference, herein shall be deemed to be modified or superseded for purposes of the Circular 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 herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Circular.

Information has been incorporated by reference in this Circular from documents filed with the Canadian Securities Authorities. Copies of the documents incorporated herein by reference may be obtained on request without charge from the corporate secretary of Teleglobe at Teleglobe Inc., 1000, rue de La Gauchetière ouest, Montréal, Québec H3B 4X5 or through SEDAR at www.sedar.com.

INFORMATION CONCERNING BCE

General

BCE is Canada's largest communications company. Through its operations in communications services, BCE provides residential and business customers in Canada with wireline and wireless communications products and applications, satellite communications and direct-to-home television services, systems integration expertise, electronic commerce solutions, Internet access and high-speed data services and directories. BCE also has an extensive international presence through BCI and its existing ownership in Teleglobe.

BCE is a corporation existing under the CBCA, with its head office located at 1000, rue de La Gauchetière ouest, Suite 3700, Montréal, Québec H3B 4Y7, Telephone 1-800-339-6353, Fax (514) 786-3970, website bce.ca.

Recent Developments

Joint Venture with Thomson and Woodbridge

On September 15, 2000, BCE, the Thomson Corporation ("Thomson") and The Woodbridge Company Limited ("Woodbridge") announced the creation of a multimedia company which will provide the delivery of integrated information, communications and entertainment services through print, television and the Internet. BCE will own 70.1% of the new company and will contribute CTV and associated properties, including its interest in NetStar Communications Inc., its 71% interest in Sympatico-Lycos Inc., which includes "sympatico.ca" and city sites such as Montrealplus.com and Toronto.com, and BCE's 23% interest in ExtendMedia Inc., a company specializing in converging TV and Internet content. Thomson will own 20% of the new company and will contribute The Globe and Mail, certain Internet sites (including Globe Interactive) and, subject to CRTC approval, 50% of ROBTv, a Canadian specialty business news channel. Woodbridge, the holding company of the Thomson family, will own 9.9% of the new company and will contribute Cdn\$385 million.

The new company will be headquartered in Toronto and will employ 4,000 people in offices and news bureaus across Canada and will have projected pro forma revenues of approximately Cdn\$1.3 billion. The transaction is expected to be completed in the first quarter of 2001, and, in addition to customary conditions, is subject to approval by the CRTC of BCE's acquisition of CTV.

Acquisition of CTV

On April 6, 2000, BCE completed the acquisition of substantially all of the outstanding common shares of CTV for cash consideration of approximately Cdn\$2.3 billion. BCE is seeking CRTC approval for its acquisition of CTV, and a hearing regarding this matter began on September 18, 2000. The purpose of the CTV acquisition is to significantly enhance BCE's consumer strategy of providing its customers with integrated information, communications and entertainment (ICE) services. BCE expects the strength of the CTV brand, its strong programming line-up and its award-winning expertise in the areas of news and sports to position BCE as a leading player in the converging broadcasting and new media industries.

As per the voting trust agreement approved by the CRTC, CTV common shares acquired by BCE have been transferred to a trustee until such time as the CRTC regulatory approvals required for the CTV acquisition are received by BCE. The CTV acquisition will be accounted for using the purchase method, except that during the time that the CTV common shares are held by the trustee, the investment in CTV will be accounted for using the equity method. As part of the CRTC approval process, an additional \$230 million will be spent over the course of the licence period on initiatives that will benefit the broadcasting industry.

CTV is Canada's largest private sector television broadcasting network and has a strong local presence across Canada. The acquisition of CTV should complement BCE's investments in Sympatico and Bell ExpressVu. CTV owns and operates 25 television stations in Ontario, Saskatchewan, Alberta, British Columbia, Nova Scotia and New Brunswick. Of these stations, 18 are affiliates of CTV Television Network, six are CBC affiliate television stations and one, CIVT, Vancouver, is an independent television station. CTV also owns ASN, a satellite-to-cable programming undertaking, and has ownership interests in and manages five specialty cable television services, The Sports Network, The Comedy Network, Outdoor Life Network, CTV Newsnet and, pending the disposition as required by the CRTC (as described below) CTV Sportsnet. These specialty channels derive revenue both from advertising and from subscription payments set at a monthly rate per subscriber as determined by contract with the distributor of the service. CTV also has a 12% interest in History Television Inc., and holds a license for an additional specialty service, TalkTV, which is scheduled to launch in September 2000. CTV also has a controlling interest in a Sports Specials/Pay-Per-View licence.

CTV acquired, on March 5, 1999, a 68.46% interest in NetStar Communications Inc., which in turn owns The Sports Network Inc., Le Réseau des sports (RDS) Inc. and an 80% indirect interest in 2953285 Canada Inc., which carries on business under the name "Discovery Channel". NetStar Communications Inc. owns a 24.95% interest in Viewer's Choice Canada Inc. Through its indirect wholly-owned subsidiary Dome Productions Inc., NetStar Communications Inc. operates one of the largest mobile production facilities in Canada. This acquisition has been approved by the CRTC, however, as a condition of such approval, the CRTC has required that CTV dispose of its interest in CTV Sportsnet.

Nortel Spin-Off

On May 1, 2000, BCE announced that it had completed its divestiture of most of its holdings in Nortel by way of plan of arrangement. The plan of arrangement provided for what is referred to in Canada as a "butterfly" reorganization of BCE and the exchange of all of the common shares of Nortel for common shares of New Nortel Inc. In essence, on May 1, 2000, BCE Shareholders had their BCE Common Shares divided into two classes of shares, one class representing the value of the investment in Nortel by BCE that was indirectly distributed to the BCE Shareholders and the other representing the net value of all of BCE's non-Nortel assets plus the value of the Nortel investment that was retained by BCE. Through a complex series of exchanges, the shares representing the value of the Nortel investment to be distributed was ultimately transferred to New Nortel Inc. and BCE Shareholders received approximately 1.57 common shares of New Nortel Inc. on a post-split basis for each BCE Common Share held. BCE Shareholders also continued to own a BCE Common Share, which represented the value of an interest in BCE's remaining assets. Also as part of the Nortel Spin-Off, on May 1, 2000 the public shareholders of Nortel exchanged their existing common shares of Nortel on a share-for-share basis for common shares of New Nortel Inc. As a result, all common shares of Nortel are owned by New Nortel Inc. New Nortel Inc.'s name was thereafter changed to *Nortel Networks Corporation* (in French *Corporation Nortel Networks*) and Nortel Networks' name was changed to *Nortel Networks Limited* (in French *Corporation Nortel Networks Limitée*).

On the effective date of the Nortel Spin-Off, the public shareholders of Nortel owned approximately 63% of the common shares of New Nortel Inc. (the “**New Nortel Common Shares**”), while approximately 35% were owned by the BCE Shareholders and the remaining approximately 2% or approximately 60 million New Nortel Common Shares were retained by BCE.

Hedging Program

On July 6, 2000, BCE announced that it had entered into forward contracts to hedge its exposure to fluctuations in the market price of its remaining holdings of New Nortel Common Shares. As a result of these contracts, approximately 46.4 million of these shares were hedged at an average price of approximately Cdn\$90 per share. In addition, BCE announced that it may, from time to time depending on market conditions, enter into additional derivative transactions with respect to an additional 7.1 million of its New Nortel Common Shares. The remaining balance of 6.5 million New Nortel Common Shares owned by BCE have been reserved to hedge BCE’s exposure to outstanding stock appreciation rights relating to New Nortel Common Shares which have been granted under BCE’s option plans.

BCE intends to use the value of its hedged New Nortel Common Shares to secure long-term debt financing, with such forward contracts becoming part of BCE’s long-term financing arrangements. BCE intends to raise net proceeds of approximately Cdn\$5 billion in long-term debt financing, leveraging 53.5 million of its New Nortel Common Shares. The precise terms and conditions of this long-term debt financing have not yet been determined.

BCE Shareholder Rights Plans

At the annual and special meeting of BCE Shareholders held on April 26, 2000, the holders of BCE Common Shares voted to approve BCE’s shareholder rights plan, which had been adopted by the BCE Board of Directors on February 23, 2000. The BCE shareholder rights plan is designed to encourage the fair treatment of BCE Shareholders in connection with any unsolicited offer for BCE. More information concerning the BCE shareholder rights plan is contained in the material change report of BCE dated May 9, 2000 which is incorporated by reference into and forms part of this Circular.

Description of BCE Share Capital

The restated articles of incorporation of BCE provide that BCE is authorized to issue an unlimited number of common shares, first preferred shares and second preferred shares.

BCE Common Shares

BCE Shareholders are entitled to one vote per BCE Common Share on all matters voted on at all meetings of shareholders, except meetings at which only the holders of another specified class or series of shares are entitled to vote.

Subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of BCE ranking prior to the BCE Common Shares, BCE Shareholders are entitled to receive any dividends payable by BCE in money, property or by the issue of fully paid shares of BCE, as may be declared by the BCE Board of Directors on the BCE Common Shares and the right to receive the remaining property of BCE upon liquidation, dissolution or winding-up thereof, if any, after payment of all debts and liabilities.

There were 644,706,530 BCE Common Shares issued and outstanding as of August 31, 2000.

BCE Preferred Shares

The articles of BCE authorize the BCE Board of Directors to issue the first preferred shares and second preferred shares in one or more series and to fix the number of shares of each series, and the conditions attaching to them. No second preferred shares are issued and outstanding. All of the first preferred shares are non-voting except under certain circumstances when the holders are entitled to one vote per share and are convertible at the holder’s option.

The first preferred shares, which are cumulative and redeemable, rank on a parity with each other and in priority to all other shares of BCE with respect to payment of dividends and with respect to distribution of assets in the event of liquidation, dissolution or winding-up of BCE, whether voluntary or involuntary, or any other distribution of assets for the purpose of winding up its affairs. Other than the Series P cumulative redeemable first

preferred shares (which are not currently convertible), the outstanding first preferred shares are convertible into different series of first preferred shares. For more information concerning the issued and outstanding first preferred shares, see Note 15 to the audited 1999 comparative annual consolidated financial statements of BCE for the year ended December 31, 1999, which are incorporated by reference herein for additional details.

There were 52,000,000 first preferred shares issued and outstanding as of August 31, 2000.

Dividends and Dividend Policies

Dividends will be paid on the BCE Common Shares if, as and when declared by the BCE Board of Directors. BCE currently intends to pay an annual aggregate dividend of Cdn\$1.20 per BCE Common Share, down from Cdn\$1.36 per BCE Common Share to take into account the recently completed distribution of the New Nortel Common Shares to the BCE Shareholders. On May 27, 1998, August 27, 1998, November 26, 1998, February 23, 1999, May 26, 1999, August 25, 1999 and November 25, 1999, BCE declared a Cdn\$0.34 dividend per BCE Common Share. On February 23, 2000, BCE declared its first quarterly dividend of Cdn\$0.34 per BCE Common Share and declared its second quarterly dividend of Cdn\$0.30 per BCE Common Share paid on July 15, 2000 to holders of BCE Common Shares of record on June 15, 2000. Thereafter, quarterly dividends will be paid if, as and when declared by the BCE Board of Directors. The record date and payment date for the next quarterly dividend, if any, declared on the BCE Common Shares will precede the Effective Date and, accordingly, Teleglobe Shareholders will not be entitled to participate in any such dividend.

BCE Shareholders are also entitled to participate in BCE's Shareholder Dividend Reinvestment Plan and Stock Purchase Plan (the "**DRP**"). The **DRP** was established by BCE to enable eligible BCE Shareholders to acquire additional BCE Common Shares through the re-investment of cash dividends paid on BCE Common Shares and the making of optional cash payments (not exceeding Cdn\$20,000 in each twelve-month period ending October 15) under the **DRP**. Any BCE Common Shares acquired under the **DRP** are, at BCE's option, either existing BCE Common Shares purchased by BCE on the open market through the TSE or newly issued BCE Common Shares purchased directly from BCE. The price at which the BCE Common Shares are purchased is, for open market purchases, the average of the actual cost (excluding brokerage commissions, fees and service charges) incurred by the **DRP** agent to purchase such shares during an "Investment Period" (as defined below) and, for direct purchases from BCE, the weighted average price of all board lot trades of BCE Common Shares on the TSE during the three trading days immediately preceding an Investment Period on which at least a board lot of BCE Common Shares was traded. In the case of BCE Common Shares to be purchased from BCE, "**Investment Period**" means the first business day following the 15th day of each month. In the case of open market purchases, Investment Period means, to the extent deemed practicable by the **DRP** agent, with respect to a month during which there is a dividend payment date for the BCE Common Shares, a maximum period of five business days commencing on the trade date for transactions which settle on such dividend payment date and, with respect to any other month, the first business day following the 15th day of such month. No price discount is offered to participants.

Teleglobe Shareholders who wish to participate in the **DRP** after the Effective Date should contact Montreal Trust Company at 1-800-561-0934 (toll free in Canada and the U.S.) or (514) 982-7666 (in Montréal).

Trading History

The BCE Common Shares are listed and posted for trading on the TSE, NYSE, the London Stock Exchange and the Swiss Stock Exchange. The volume of trading and price ranges of the BCE Common Shares on the TSE and NYSE are set forth in the following table for the periods indicated:

<u>TSE</u>	<u>High (Cdn\$)</u>	<u>Low (Cdn\$)</u>	<u>Volume</u>
1998			
3 rd quarter	67.20	41.95	125,563,927
4 th quarter	58.50	39.75	117,137,653
1999			
1 st quarter	70.75	56.75	114,322,764
2 nd quarter	77.00	65.70	87,697,819
3 rd quarter	78.10	67.15	80,179,275
4 th quarter	136.00	71.35	130,532,456
2000			
1 st quarter	200.20	113.00	204,310,205
2 nd quarter*	183.25	31.80	342,253,388
3 rd quarter (to August 31, 2000)	37.55	32.22	90,033,647
<u>NYSE</u>	<u>High (US\$)</u>	<u>Low (US\$)</u>	<u>Volume</u>
1998			
3 rd quarter	45.13	27.56	11,851,300
4 th quarter	38.00	25.63	14,598,900
1999			
1 st quarter	46.75	37.31	11,960,600
2 nd quarter	51.06	44.06	9,583,900
3 rd quarter	52.69	45.06	8,425,000
4 th quarter	98.31	48.50	26,757,100
2000			
1 st quarter	137.50	77.75	86,236,600
2 nd quarter*	126.25	21.06	79,667,600
3 rd quarter (to August 31, 2000)	25.31	21.69	18,404,600

* On May 1, 2000, BCE and Nortel completed the Nortel Spin-Off. Accordingly, the trading of the BCE Common Shares after May 1, 2000 reflects the BCE Common Shares after distribution of New Nortel Common Shares to BCE Shareholders as described under "Information Concerning BCE — Recent Developments — Nortel Spin-Off".

Directors and Officers

See Annex "J" to this Circular for information regarding directors and officers of BCE and certain related companies.

Ownership and Trading of Teleglobe Common Shares

As at August 31, 2000, BCE indirectly owns 58,660,728 Teleglobe Common Shares, representing approximately 23% of the outstanding Teleglobe Common Shares, of which 54,660,728 Teleglobe Common Shares are owned by 129201 Canada Inc. and 4,000,000 Teleglobe Common Shares are owned by 3632709 Canada Inc.

No Teleglobe Common Shares have been purchased by BCE during the two-year period preceding the date of this Circular, except as set out below:

- (a) On June 14, 1998, BCE purchased 11,000,000 shares of Excel common stock from eight individual Excel shareholders for an aggregate purchase price of US\$264,000,000.
- (b) Between October 15 and November 5, 1998, BCE, through an indirect subsidiary, purchased through the open market 2,301,500 Teleglobe Common Shares for an aggregate purchase price of Cdn\$89,931,958.

- (c) Between October 15 and November 27, 1998, BCE, through an indirect subsidiary, purchased through the open market 421,700 shares of Excel common stock and pursuant to a private agreement purchased another 550,000 shares of Excel common stock for an aggregate purchase price of US\$22,579,272.
- (d) On December 7, 1998, in connection with the Excel merger, BCE exchanged 11,521,700 shares of Excel common stock for 10,196,704 Teleglobe Common Shares. On December 8, 1998, BCE exchanged the remaining 450,000 shares of Excel common stock for 398,250 Teleglobe Common Shares.
- (e) On November 13, 1998, BCE exercised its pre-emptive rights under the 1987 Agreement and subscribed indirectly through an indirect subsidiary for 5,400,000 Teleglobe Common Shares for an aggregate purchase price of Cdn\$218,160,000.
- (f) On February 26, 1999, BCE, through an indirect subsidiary, purchased 4,000,000 Teleglobe Shares from Troutt Family Trust — Separate Trust Estate of Kenny A. Troutt pursuant to a private agreement for an aggregate purchase price of US\$118,000,000.
- (g) On March 15, 1999, BCE through an indirect subsidiary, subscribed for 163,902 Teleglobe Common Shares in order to complete the exercise of the pre-emptive right under the 1987 Agreement for an aggregate purchase price of Cdn\$7,002,083.
- (h) On November 23, 1999, BCE, through an indirect subsidiary, purchased 4,000,000 Teleglobe Common Shares from the Troutt Family Trust — Separate Trust Estate of Kenny A. Troutt for an aggregate purchase price of US\$87,000,000.

As of August 31, 2000, none of the directors and senior officers of BCE and its affiliates nor any of their associates (as such terms are defined in the U.S. Exchange Act) beneficially owned any Teleglobe Common Shares except as set forth below:

<u>Person</u>	<u>Number of Teleglobe Common Shares (including any Teleglobe Options)</u>	<u>Percentage of all Teleglobe Common Shares (assuming exercise of all Teleglobe Options)</u>
Jean C. Monty	10,000	less than 1%
Guy Saint-Pierre	300	less than 1%
Michael T. Boychuk	500	less than 1%
Barry W. Pickford	300	less than 1%
Pierre J. Blouin	200	less than 1%
Bernard A. Courtois	700	less than 1%
Tomasz S. Hope	200	less than 1%
Sylvie Lalande	600	less than 1%
Normand Tremblay	350	less than 1%

Teleglobe has been advised that all of the individuals listed above intend to vote the Teleglobe Common Shares owned by them in favour of the Arrangement Resolution.

No securities of Teleglobe have been traded during the 60-day period preceding the date of this Circular by BCE or its affiliates (as such term is defined in the U.S. Exchange Act) or by directors or senior officers of BCE or such affiliates, or, to the best knowledge of the directors and senior officers of BCE, by any associate of a director or senior officer of BCE, any Person who beneficially owns, directly or indirectly, more than 10% of any class of equity securities of BCE or such affiliates, or any Person acting jointly or in concert with BCE and such affiliates.

Documents Incorporated by Reference

BCE is a reporting issuer in all applicable Canadian jurisdictions. The following documents filed with the Canadian Securities Authorities are specifically incorporated by reference into, and form an integral part of this Circular:

- (a) the annual information form of BCE for the year ended December 31, 1999 dated March 7, 2000;
- (b) the unaudited condensed consolidated financial statements of BCE for the first quarter ending March 31, 2000 together with management's discussion and analysis of financial results;

- (c) the unaudited condensed consolidated financial statements of BCE for the second quarter ending June 30, 2000 together with management's discussion and analysis of financial results;
- (d) the audited comparative annual consolidated financial statements of BCE and the notes thereto for the fiscal year ended December 31, 1999, together with the auditor's report thereon and management's discussion and analysis of financial results found at pages 18 through 36 of the BCE 1999 annual report;
- (e) the management proxy circular of BCE dated February 29, 2000 relating to the annual and special meeting of BCE held on April 26, 2000 and the notice of application and joint arrangement circular supplementing such circular dated February 29, 2000 relating to the Nortel Spin-Off; and
- (f) material change reports of BCE filed:
 - (i) February 4, 2000 relating to the Nortel Spin-Off;
 - (ii) February 25, 2000 relating to the Original Transaction and Lock-Up Agreements;
 - (iii) March 6, 2000 relating to the adoption on February 23, 2000 by the BCE Board of Directors of a shareholder rights plan;
 - (iv) May 12, 2000 relating to the approval by the BCE Shareholders on April 26, 2000 of the shareholder rights plan and the Nortel Spin-Off;
 - (v) June 30, 2000 relating to the announcement by BCE and Teleglobe on June 19, 2000 of the Amended Transaction; and
 - (vi) September 20, 2000 relating to the announcement by BCE, the Thomson Corporation and The Woodbridge Company Limited of the creation of a multimedia company to be owned 70.1% by BCE, 20% by Thomson and 9.9% by Woodbridge.

Any material change reports, comparative interim financial statements, annual comparative financial statements together with the auditor's report thereon and information circulars filed by BCE with the Canadian Securities Authorities after the date of the Circular and prior to the Effective Time shall be deemed to be incorporated by reference into, and form an integral part of, this Circular.

Any statement contained in a document incorporated, or deemed to be incorporated by reference, herein shall be deemed to be modified or superseded for purposes of this Circular 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 herein modified or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Circular.

Information has been incorporated by reference in this Circular from documents filed with the Canadian Securities Authorities. BCE has not made any provision in connection with the Acquisition to grant unaffiliated security holders of Teleglobe access to the corporate files of BCE or to obtain counsel or appraisal services at the expense of BCE. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of BCE at BCE Inc., 1000, rue de La Gauchetière ouest, Suite 3700, Montréal, Québec H3B 4Y7 Attention: Corporate Secretary, or by phone at 1-800-339-6353 or through SEDAR at www.sedar.com.

GENERAL PROXY INFORMATION

General

This Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of Teleglobe and the Teleglobe Board of Directors.

Solicitation of Proxies

The management of Teleglobe is soliciting proxies for use at the Meeting and has designated the individuals listed on the enclosed form of proxy as Persons whom Teleglobe Shareholders may appoint as their proxy holder. If a Teleglobe Shareholder wishes to appoint an individual not listed on the enclosed form of proxy to represent it at the Meeting, the Teleglobe Shareholder may do so either by crossing out the names on the enclosed form of proxy and inserting the name of that other individual in the blank space provided on the enclosed form of proxy or by completing another acceptable form of proxy. A proxy nominee need not be a Teleglobe Shareholder. If the Teleglobe Shareholder is a corporation, it must execute the proxy by an officer or properly appointed attorney.

Except as specifically contemplated below, the cost of the solicitation of proxies will be paid by Teleglobe. Teleglobe will compensate brokers, custodians, nominees and other intermediaries in Canada in accordance with applicable Canadian regulatory requirements related to the forwarding of proxy materials to beneficial owners of securities. Teleglobe will reimburse brokers, custodians, nominees and other intermediaries outside of Canada for their reasonable charges and expenses incurred in forwarding proxy materials to beneficial owners of Teleglobe Common Shares. In addition to solicitation by mail, officers, directors and regular employees of Teleglobe and BCE may, without additional compensation, solicit proxies personally or by telephone.

Teleglobe may, at its expense, retain the Independent Financial Advisor or one or more other investment dealers to form a soliciting dealer group to solicit proxies from Teleglobe Shareholders on behalf of management of Teleglobe in respect of the Meeting. BCE may, at its added expense, retain another investment dealer or dealers to form a soliciting dealer group to solicit proxies from Teleglobe Shareholders in respect of the Meeting.

Record Date and Entitlement to Vote

The Record Date for the purpose of determining Teleglobe Registered Shareholders entitled to receive the Circular has been fixed at 5:00 p.m. (Montréal time) on September 18, 2000.

Each Teleglobe Registered Shareholder at 5:00 p.m. (Montréal time) on the Record Date is entitled to attend the Meeting in person or by proxy and to cast one vote for each Teleglobe Common Share held by it on the Record Date, save that if such a holder subsequently transfers the ownership of such share and the transferee establishes that it owns such share and demands not later than 10 days before the Meeting Date that its name be included in Teleglobe's shareholders' list, such transferee is entitled to vote such share at the Meeting.

Signing and Deposit of Proxies

For a proxy to be valid, a Teleglobe Shareholder (or the Teleglobe Shareholder's attorney, who must be authorized in writing) must sign and date it, and must either return it in the envelope provided or deposit it at the offices of Montreal Trust Company at 1800 McGill College Avenue, Montréal, Québec H3A 3K9 or at the offices of the U.S. Forwarding Agent at One Liberty Plaza, Floor 23, New York, New York 10006, or by facsimile at (514) 982-7653, not later than 5:00 p.m. (Montréal time) on October 27, 2000 or, if the Meeting is adjourned, 48 hours (excluding Saturdays, Sundays and days on which chartered banks are authorized or required by law to be closed in Montréal, Québec) before the time the adjourned Meeting is to be reconvened. An undated but executed proxy will be deemed to be dated the date of this Circular.

Revocation of Proxies

A Teleglobe Shareholder may revoke a proxy at any time before the Meeting by executing a valid form of revocation and delivering it to Teleglobe's registered office or the offices of Montreal Trust Company, at the respective addresses referred to above, at any time up to and including the last Business Day preceding the date of the Meeting, or any adjournment thereof, or to the Chairman of the Meeting at any time before the Meeting, or any adjournment thereof, or in any other manner provided by law. If the Teleglobe Shareholder attends the Meeting and votes on a poll, it will automatically be revoking any valid proxy previously delivered by it.

Voting of Proxies

On any poll, the individuals named in the enclosed form of proxy will vote the Teleglobe Common Shares represented by proxy in accordance with the instructions of the Teleglobe Shareholder who appointed them. If there are no instructions or the instructions are not certain, on any poll they will exercise the voting rights of the Teleglobe Common Shares in favour of the Arrangement Resolution. The enclosed form of proxy, when properly completed and signed, confers discretionary authority on the appointed individuals to vote as they see fit on any amendment or variation to any of the matters identified in the Notice of Special Meeting and on any other matter that may properly be brought before the Meeting. At the date hereof, neither the Teleglobe Board of Directors nor management of Teleglobe is aware of any variation, amendment or other matter to be presented for a vote at the Meeting.

Voting Shares and Principal Holders of Teleglobe Common Shares

On August 31, 2000, there were outstanding 254,667,843 Teleglobe Common Shares.

To the knowledge of senior officers and directors of Teleglobe, as of August 31, 2000, the following were the three principal shareholders who beneficially owned or exercised control or direction over shares of Teleglobe including those carrying more than 10% of the voting rights attached to all shares of Teleglobe:

<u>Name of Shareholder</u>	<u>Approximate Number of Voting Shares (Common Shares)</u>	<u>Percentage of Outstanding Voting Shares Represented by the Shares so Owned, Controlled or Directed</u>	<u>Percentage of Outstanding Voting Shares Represented by the Shares so Owned, Controlled or Directed (fully diluted) ⁽¹⁾</u>
Bell Canada ⁽²⁾	58,660,728	23.03%	22.51% ⁽³⁾
Kenny A. Troutt ⁽⁴⁾	45,016,672	17.68%	16.08%
Telesystem Ltd. ⁽⁵⁾	22,629,966	8.89%	8.26%

- (1) On a fully diluted basis, i.e., after giving effect to the exercise of all outstanding Teleglobe Options and the conversion into Teleglobe Common Shares of all outstanding securities as of August 31, 2000.
- (2) Held indirectly through subsidiaries.
- (3) After giving effect to the conversion of the 4,000,000 Teleglobe Fourth Series Preferred Shares held by BCE as of August 31, 2000.
- (4) 27,956,979 of these shares are owned through the Troutt Family Trust, a trust of which Kenny A. Troutt is the sole trustee, and 17,059,693 are beneficially owned by Kenny A. Troutt. Excluded from the number shown above are 72,421 Teleglobe Common Shares owned by Lisa E. Troutt Children's Trust, 72,421 shares owned by Kenny A. Troutt Children's Trust and 640,283 shares owned by KAT Children's Trust II, of which Mr. Steven Troutt, the brother of Kenny A. Troutt, is the sole trustee. Mr. Kenny A. Troutt disclaims beneficial ownership, control or direction over such shares.
- (5) Telesystem Ltd. is controlled by Charles Sirois and holds its participation indirectly through Telesystem Telecom Ltd.

AVAILABLE INFORMATION

BCE and Teleglobe are subject to the informational requirements of Canadian securities legislation, the TSE and the NYSE. Information relating to the information requirements of Canadian securities legislation can be requested from the Canadian Securities Authorities the Information from the TSE can be inspected at the offices of the TSE, 3rd Floor, 2 First Canadian Place, 130 King Street West, Toronto, Ontario M5X 1J2. Generally, such information is also available at the Internet site maintained by CDS Inc. at www.sedar.com. Information from the NYSE can be obtained from the NYSE, 20 Broad Street, New York, New York, 10005.

BCE and Teleglobe are also subject to the informational requirements of the U.S. Exchange Act and in accordance therewith file reports and other information with the SEC. The reports and other information filed by BCE and Teleglobe with the SEC can be inspected and copied at the public reference facilities maintained by the SEC at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Certain of BCE and Teleglobe's public filings in the United States are also available to the public from commercial document retrieval services and at the Internet site maintained by the SEC at www.sec.gov.

LEGAL MATTERS

Certain legal matters in connection with the Arrangement will be passed upon by Goodman Phillips & Vineberg S.E.N.C., Montréal and Goodman Phillips & Vineberg, New York, on behalf of Teleglobe, and by Davies, Ward & Beck LLP, Osler, Hoskin & Harcourt, LLP, Toronto and Davis Polk & Wardwell, New York, on behalf of BCE. Simpson Thacher & Bartlett, New York, also advised Teleglobe in connection with the Arrangement.

EXPERTS

The comparative annual audited consolidated financial statements of Teleglobe for the year ended December 31, 1999 incorporated by reference in this Circular have been so included in reliance on the report of Arthur Andersen & Cie, given upon the authority of said firm as experts in accounting and auditing. The audited comparative annual consolidated financial statements of BCE for the year ended December 31, 1999 incorporated by reference in this Circular have been so included in reliance on the report of Deloitte & Touche LLP, given upon the authority of said firm as experts in accounting and auditing.

CONSENTS

To: British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
Manitoba Securities Commission
Ontario Securities Commission
Commission des valeurs mobilières du Québec
Administration of the Securities Act, New Brunswick
Nova Scotia Securities Commission
Registrar of Securities, Prince Edward Island
Securities Commission of Newfoundland

We consent to the incorporation by reference in the Management Information Circular of Teleglobe Inc. (“Teleglobe”) dated September 27, 2000, in connection with the Arrangement involving BCE Inc. (“BCE”) and Teleglobe (the “Circular”), of our report dated February 23, 2000 to the shareholders of BCE on the consolidated financial statements of BCE for each of the years ended December 31, 1999 and 1998. We also consent to the use in the Circular of our compilation report dated September 8, 2000 to the directors of BCE on the *pro forma* consolidated balance sheet of BCE as at June 30, 2000 and the *pro forma* consolidated statements of operations for the six-month period ended June 30, 2000 and for the year ended December 31, 1999.

Montréal, Canada
September 27, 2000

(signed) DELOITTE & TOUCHE LLP
Chartered Accountants

To: British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
Manitoba Securities Commission
Ontario Securities Commission
Commission des valeurs mobilières du Québec
Administration of the Securities Act, New Brunswick
Nova Scotia Securities Commission
Registrar of Securities, Prince Edward Island
Securities Commission of Newfoundland

We consent to the incorporation by reference in the Management Information Circular of Teleglobe Inc. (“Teleglobe”) dated September 27, 2000, in connection with the Arrangement involving BCE Inc. (“BCE”) and Teleglobe, of our report dated February 11, 2000 to the shareholders of Teleglobe on the consolidated financial statements of Teleglobe for each of the years ended December 31, 1999 and 1998 prepared in accordance with Canadian generally accepted accounting principles and our report dated February 11, 2000 to the shareholders of Teleglobe on the consolidated financial statements of Teleglobe for each of the years ended December 31, 1999 and 1998 prepared in accordance with U.S. generally accepted accounting principles.

Montréal, Canada
September 27, 2000

(signed) ARTHUR ANDERSEN & CIE
Chartered Accountants

To: The Board of Directors of BCE Inc.

We hereby consent to the inclusion of our fairness opinion addressed to the BCE Inc. Board of Directors dated February 15, 2000 in the Management Information Circular of Teleglobe Inc. dated September 27, 2000 (the "Circular"), in connection with the Arrangement involving BCE Inc. and Teleglobe Inc., and to the reference to the opinion of our firm in the Circular.

Montréal, Canada
September 27, 2000

(signed) CIBC WORLD MARKETS INC.

To: The Board of Directors of BCE Inc.

We hereby consent to the inclusion of our fairness opinion addressed to the BCE Inc. Board of Directors dated February 15, 2000 in the Management Information Circular of Teleglobe Inc. dated September 27, 2000 (the "Circular") in connection with the Arrangement involving BCE Inc. and Teleglobe Inc., and to the reference to the opinion of our firm in the Circular.

Montréal, Canada
September 27, 2000

(signed) MORGAN STANLEY CANADA LIMITED

To: The Board of Directors of Teleglobe Inc.

We hereby consent to the inclusion of our fairness opinion addressed to the Teleglobe Inc. Board of Directors dated June 18, 2000 in the Management Information Circular of Teleglobe Inc. dated September 27, 2000 (the "Circular") in connection with the Arrangement involving BCE Inc. and Teleglobe Inc., and to the reference to the opinion of our firm in the Circular.

New York, New York
September 27, 2000

(signed) LEHMAN BROTHERS

To: The Directors of BCE Inc.

We hereby consent to the inclusion of our firm name under the heading "Legal Matters" in the Management Information Circular of Teleglobe Inc. dated September 27, 2000 in connection with the Arrangement involving BCE Inc. and Teleglobe Inc.

Toronto, Canada
September 27, 2000

(signed) DAVIES, WARD & BECK LLP

To: The Directors of BCE Inc.

We hereby consent to the inclusion of our firm name under the heading "Legal Matters" in the Management Information Circular of Teleglobe Inc. dated September 27, 2000 in connection with the Arrangement involving BCE Inc. and Teleglobe Inc.

Toronto, Canada
September 27, 2000

(signed) OSLER, HOSKIN & HARCOURT, LLP

To: The Directors of BCE Inc.

We hereby consent to the inclusion of our firm name under the heading "Legal Matters" in the Management Information Circular of Teleglobe Inc. dated September 27, 2000 in connection with the Arrangement involving BCE Inc. and Teleglobe Inc.

New York, New York
September 27, 2000

(signed) DAVIS POLK & WARDWELL, New York

To: The Directors of Teleglobe Inc.

We hereby consent to the reference to our opinions contained under "Certain United States Federal Income Tax Considerations" and the inclusion of our firm name under the heading "Legal Matters" in the Management Information Circular of Teleglobe Inc. dated September 27, 2000 in connection with the Arrangement involving BCE Inc. and Teleglobe Inc.

New York, New York
September 27, 2000

(signed) GOODMAN PHILLIPS & VINEBERG,
New York

To: The Directors of Teleglobe Inc.

We hereby consent to the reference to our opinions contained under "Certain Canadian Federal Income Tax Considerations" and the inclusion of our firm name under the heading "Legal Matters" in the Management Information Circular of Teleglobe Inc. dated September 27, 2000 in connection with the Arrangement involving BCE Inc. and Teleglobe Inc.

Montreal, Canada
September 27, 2000

(signed) GOODMAN PHILLIPS & VINEBERG
S.E.N.C.

To: The Directors of Teleglobe Inc.

We hereby consent to the inclusion of our firm name under the heading "Legal Matters" in the Management Information Circular of Teleglobe Inc. dated September 27, 2000 in connection with the Arrangement involving BCE Inc. and Teleglobe Inc.

New York, New York
September 27, 2000

(signed) SIMPSON THACHER & BARTLETT,
New York

NOTICE TO UNITED STATES SHAREHOLDERS

This Circular has been prepared by BCE and Teleglobe in accordance with the disclosure requirements of Canada and contains disclosure required by Rule 13e-3(e) under the U.S. Exchange Act. Teleglobe Shareholders should be aware that such Canadian disclosure requirements are different from those of the United States. The financial information of BCE and certain financial information of Teleglobe, which is included or incorporated by reference herein has been prepared in accordance with Canadian generally accepted accounting principles and is subject to Canadian auditing and auditor independence standards and, thus, may not be comparable to financial statements of United States companies. Teleglobe Shareholders should note, however, that BCE prepares a reconciliation of earnings reported in accordance with U.S. generally accepted accounting principles, as set forth in

Note 19 to its audited comparative annual consolidated financial statements for the fiscal year ended December 31, 1999, and in its Form 6-K filings with the SEC for the first and second quarters ended March 31 and June 30, 2000, respectively.

Teleglobe Shareholders should be aware that the exchange of Teleglobe Common Shares for BCE Common Shares and cash pursuant to the Arrangement and the other transactions described herein may have tax consequences. See “Income Tax Considerations — Certain United States Federal Income Tax Considerations”.

The Arrangement constitutes a taxable transaction for United States federal income tax purposes.

The enforcement by investors of civil liabilities under the United States securities laws may be affected adversely by the fact that BCE and Teleglobe are incorporated or organized under the laws of a jurisdiction other than the United States, that some or all of their respective officers and directors are residents of countries other than the United States, that some or all of the experts named in this Circular may be residents of countries other than the United States, and that all or a substantial portion of the assets of BCE and Teleglobe and such persons may or will be located outside the United States.

See “Investment Considerations, Cautionary Statement Regarding Forward-Looking Statements and Risk Factors” for a discussion of certain factors you should consider in deciding whether to vote in favour of the Arrangement.

APPROVAL OF PROXY CIRCULAR BY TELEGLOBE BOARD OF DIRECTORS

The contents of this Circular and its sending to Teleglobe Shareholders have been approved by the directors of Teleglobe.

By Order of the Teleglobe Board of Directors



André Bourbonnais
Co-Chief Executive Officer and
Executive Vice-President, Chief Legal Officer &
Corporate Secretary
September 27, 2000
Montréal, Québec

ANNEX A

SPECIAL RESOLUTION OF THE TELEGLOBE SHAREHOLDERS

BE IT RESOLVED THAT:

1. The arrangement (the “**Arrangement**”) under Section 192 of the *Canada Business Corporations Act* (the “**CBCA**”) involving Teleglobe Inc. (“**Teleglobe**”), as more particularly described and set forth in the management information circular (the “**Circular**”) of Teleglobe accompanying the notice of this meeting (as the Arrangement may be modified or amended) is hereby authorized, approved and adopted.
2. The plan of Arrangement (the “**Plan of Arrangement**”) involving Teleglobe, the full text of which is set out as Annex “D” to the Circular, is hereby approved and adopted.
3. Any officer or director of Teleglobe is hereby authorized and directed for and on behalf of Teleglobe to execute, under the seal of Teleglobe or otherwise, and to deliver articles of arrangement and such other documents as are necessary or desirable to the Director under the CBCA in accordance with the Plan of Arrangement for filing.
4. Any officer or director of Teleglobe is hereby authorized and directed for and on behalf of Teleglobe to execute or cause to be executed, under the seal of Teleglobe or otherwise, and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as in such person’s opinion may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.
5. Notwithstanding the foregoing provisions, the board of directors of Teleglobe may revoke this special resolution at any time prior to the Arrangement becoming effective without further approval of the shareholders and determine not to proceed with the Arrangement.

ANNEX B

INTERIM ORDER

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
No: 500-05-060096-003

SUPERIOR COURT

Montréal, September 21, 2000

PRESENT: HONOURABLE JUSTICE LOUIS CRÊTE
IN THE MATTER OF A PROPOSED
ARRANGEMENT CONCERNING TELEGLOBE INC.
AND HOLDERS OF ITS SECURITIES UNDER
SECTION 192 OF THE CANADA BUSINESS
CORPORATIONS ACT, R.S.C. 1985, c.C.-44, as
amended

-and-

TELEGLOBE INC.

Petitioner

JUDGMENT

CONSIDERING the Petitioner's Motion Under Section 192 of the *Canada Business Corporations Act* R.S.C. 1985 c.C-44, as amended (the "**CBCA**") for an Interim Order in Connection with a Proposed Arrangement (the "**Motion**"), the Affidavit of André Bourbonnais and the Exhibits in support of the Motion;

CONSIDERING the representations made by Petitioner's counsel;

CONSIDERING section 192 of the CBCA;

THE COURT:

ORDERS that Teleglobe Inc. ("**Teleglobe**") call, hold and conduct a special meeting (the "**Meeting**") of the holders of common shares of Teleglobe (the "**Teleglobe Shareholders**") on October 31, 2000 to consider and, if deemed advisable, to pass, with or without variation, the arrangement resolution (the "**Arrangement Resolution**") substantially in the form set forth in Annex "A" of the management information circular of Teleglobe (the "**Circular**") (**Exhibit R-1**) and to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof, the whole in accordance with the terms, restrictions and conditions of the by-laws and articles of Teleglobe;

ORDERS that the record date for determining the Teleglobe Shareholders entitled to vote at the Meeting be September 18, 2000;

ORDERS that Teleglobe grant to all Teleglobe Shareholders the right to dissent in respect of the Arrangement Resolution, pursuant to the terms of Section 190 of the CBCA;

ORDERS that Teleglobe seek the approval of the Arrangement Resolution at the Meeting, with or without variation, by the affirmative vote of not less than 66 $\frac{2}{3}$ % of the total votes cast thereon (and for this purpose, any spoiled votes, illegible votes and abstentions shall be considered not to be votes cast) by the Teleglobe Shareholders present in person or by proxy at the Meeting and by the affirmative vote of not less than a majority of the total votes cast on the Arrangement Resolution by the Teleglobe Shareholders, persons whose common shares of Teleglobe may be excluded from the minority approval of the Arrangement Resolution under Rule 61-501 of the Ontario Securities Commission (and more specifically under section 8.1 thereof) and Policy Statement No. Q-27 of the Commission des valeurs mobilières du Québec, including BCE Inc. ("**BCE**"), its affiliates and the directors and senior officers thereof;

ORDERS that the Circular be in substantially the same form as contained in **Exhibit R-1**, with such amendments thereto as counsel for Teleglobe or BCE may advise are necessary or desirable, provided that such amendments are

not inconsistent with the terms of this Interim Order and are subsequently filed with the Court, shall be distributed to the Teleglobe Shareholders, Teleglobe's directors and auditors, and to the Director under the CBCA, by mailing the same by pre-paid first class mail to such persons in accordance with the CBCA and Teleglobe's by-laws at least twenty-five (25) days prior to the date of the Meeting accompanied by the following documents:

- a form of proxy and a Letter of Transmittal substantially in the same form as the copies of same communicated herewith *en liasse* as **Exhibit R-2**;
- copies of the Notice of Motion for the sanction by this Court of the Arrangement, substantially in the same form as the copies of same communicated herewith *en liasse* as **Exhibit R-3**; and
- a copy of this Interim Order along with a translation thereof;

ORDERS that compliance by Teleglobe with the provisions of this Interim Order shall constitute good and sufficient Notice of Motion by Teleglobe to each and every Teleglobe Shareholder for this Court to sanction the arrangement between Teleglobe and BCE by way of a Final Order;

ORDERS that the Motion as well as all Exhibits filed in support thereof be sealed until September 27, 2000 in order to protect the confidentiality of same until the distribution of the Circular.

THE WHOLE without costs.

(Signed) LOUIS CRÊTE

J.S.C.

[TRADUCTION]

ORDONNANCE PROVISOIRE

CANADA
PROVINCE DE QUÉBEC
DISTRICT DE MONTRÉAL
N° 500-05-060096-003

C O U R S U P É R I E U R E

Montréal, le 21 septembre 2000

COMPARAÎT, DEVANT L'HONORABLE JUGE
LOUIS CRÊTE :

DANS L'AFFAIRE D'UN PROJET
D'ARRANGEMENT CONCERNANT TÉLÉGLOBE
INC. ET LES PORTEURS DE SES TITRES AUX
TERMES DE L'ARTICLE 192 DE LA LOI
CANADIENNE SUR LES SOCIÉTÉS PAR ACTIONS,
L.R.C. 1985, C. C.-44, dans sa version modifiée,

ET

TÉLÉGLOBE INC.

Requérant

JUGEMENT

CONSIDÉRANT la demande du requérant aux termes de l'article 192 de la *Loi canadienne sur les sociétés par actions*, L.R.C. 1985 c. C-44, dans sa version modifiée (la « LCSA ») en vue d'obtenir une ordonnance provisoire dans le cadre d'un projet d'arrangement (la « requête »), l'affidavit de M. André Bourbonnais et les pièces justificatives appuyant la demande;

CONSIDÉRANT les déclarations des conseillers juridiques du requérant;

CONSIDÉRANT l'article 192 de la LCSA;

LA COUR :

ORDONNE à Téléglobe Inc. (« Téléglobe ») de convoquer et de tenir une assemblée extraordinaire (l'« assemblée ») des porteurs d'actions ordinaires de Téléglobe (les « actionnaires de Téléglobe ») le 31 octobre 2000 en vue d'examiner et, s'il est jugé à propos, d'adopter, avec ou sans modification, la résolution relative à l'arrangement (la « résolution relative à l'arrangement »), essentiellement en la forme présentée à l'annexe A de la circulaire de sollicitation de procurations par la direction de Téléglobe (la « circulaire ») (pièce R-1) et de traiter toute autre question pouvant être dûment soumise à l'assemblée ou à toute reprise en cas d'ajournement ou tout report de celle-ci, le tout, en conformité avec les modalités, restrictions et conditions des statuts et règlements internes de Téléglobe;

ORDONNE que la date de clôture des registres aux fins de déterminer quels actionnaires de Téléglobe ont le droit de voter à l'assemblée soit le 18 septembre 2000;

ORDONNE à Téléglobe de conférer à tous les actionnaires de Téléglobe le droit de faire valoir leur dissidence à l'égard de la résolution relative à l'arrangement aux termes de l'article 190 de la LCSA;

ORDONNE à Téléglobe d'obtenir, à l'assemblée, l'approbation de la résolution relative à l'arrangement, avec ou sans modification, par le vote affirmatif d'au moins 66⅔ % du total des voix exprimées à son égard (et, à cet égard, les bulletins endommagés, bulletins illisibles et les abstentions ne sont pas considérés comme des voix exprimées) par les actionnaires de Téléglobe présents ou représentés par un fondé de pouvoir à l'assemblée, et par le vote affirmatif d'au moins la majorité du total des voix exprimées à l'égard de la résolution relative à l'arrangement par les actionnaires de Téléglobe, les personnes dont les actions ordinaires de Téléglobe pourraient être exclues de l'approbation de la résolution relative à l'arrangement par les porteurs minoritaires aux termes de la Règle 61-501 de la Commission des valeurs mobilières de l'Ontario (et plus précisément à la rubrique 8.1 de cette règle) et de l'Instruction générale Q-27 de la Commission des valeurs mobilières du Québec, y compris BCE Inc. (« BCE »), les membres de son groupe ainsi que les administrateurs et hauts dirigeants de BCE;

ORDONNE que la circulaire soit essentiellement en la forme présentée dans la **pièce R-1**, avec les modifications que les conseillers juridiques de Téléglobe ou de BCE peuvent juger nécessaires ou souhaitables, à la condition que ces modifications ne soient pas incompatibles avec les modalités de la présente ordonnance provisoire et qu'elles soient par la suite déposées auprès de la Cour et distribuées aux actionnaires de Téléglobe, aux administrateurs et vérificateurs de Téléglobe et au directeur aux termes de la LCSA par la poste, courrier affranchi de première classe, en conformité avec la LCSA et les règlements internes de Téléglobe, au moins vingt-cinq (25) jours avant la date de l'assemblée, avec les documents suivants :

- un formulaire de procuration et une lettre d'envoi, essentiellement en la forme des copies de ces documents fournies aux présentes dans la **pièce R-2**;
- des copies de l'avis de requête visant la sanction de l'arrangement par la Cour, essentiellement en la forme des copies de ce document fournies aux présentes dans la **pièce R-3**;
- une copie de la présente ordonnance provisoire, accompagnée d'une traduction de celle-ci;

ORDONNE que le respect par Téléglobe des dispositions de la présente ordonnance provisoire constitue un avis de requête valable et suffisant par Téléglobe à l'intention de tous les actionnaires de Téléglobe permettant à la Cour de sanctionner l'arrangement entre Téléglobe et BCE au moyen d'une ordonnance finale;

ORDONNE que la requête ainsi que toutes les pièces déposées à l'appui de celle-ci soient conservées sous scellé jusqu'au 27 septembre 2000 en vue de protéger leur confidentialité jusqu'au moment de la distribution de la circulaire.

LE TOUT sans les frais.

(signé) LOUIS CRÊTE

J.C.S.

ANNEX C

NOTICE OF MOTION

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
No: 500-05-060096-003

SUPERIOR COURT

IN THE MATTER OF A PROPOSED
ARRANGEMENT CONCERNING TELEGLOBE
INC. AND HOLDERS OF ITS SECURITIES
UNDER SECTION 192 OF THE *CANADA
BUSINESS CORPORATIONS ACT*, R.S.C. 1985,
c.C.-44, as amended

-and-

TELEGLOBE INC.

Petitioner

TO: ALL HOLDERS OF COMMON SHARES OF TELEGLOBE INC.

NOTICE is hereby given that Teleglobe Inc. (“**Teleglobe**”) will be requesting the Superior Court of the Province of Quebec, District of Montreal, to sanction the plan of arrangement with BCE Inc. pursuant to Subsection 192 of the *Canada Business Corporations Act*, R.S.C., 1985, c. C-44, as amended. All holders of common shares of Teleglobe may appear and be heard at the said hearing, which is scheduled to take place before this Court in room 2.16 or before a judge of this Court sitting in chambers at the Montréal Court House located at 1 Notre-Dame Street West, Montréal, Québec, at 9:00 a.m. on November 1, 2000 or as soon as counsel may reasonably be heard.

DO GOVERN YOURSELVES ACCORDINGLY.

Montreal, September 27, 2000

(signed) GOODMAN PHILLIPS & VINEBERG

GOODMAN PHILLIPS & VINEBERG

Attorneys for Petitioner

ANNEX D

PLAN OF ARRANGEMENT UNDER SECTION 192 OF THE *CANADA BUSINESS CORPORATIONS ACT*

ARTICLE 1

INTERPRETATION

1.1 Definitions.

In this Plan of Arrangement, unless something in the subject matter or context is inconsistent therewith:

- (a) **“Arrangement”** means the proposed arrangement under the provisions of section 192 of the CBCA on the terms and conditions set forth in this Plan of Arrangement and any amendment thereto made in accordance with section 5.1 of this Plan of Arrangement;
- (b) **“BCE”** means BCE Inc., a corporation governed by the CBCA;
- (c) **“BCE Common Shares”** means common shares in the capital of BCE;
- (d) **“BCE WATP”** means the weighted average trading price of the BCE Common Shares on the TSE for the ten trading days ending on the fifth Business Day immediately preceding the Effective Date, rounded to the nearest cent, with amounts less than \$0.005 being rounded down and amounts equal to or greater than \$0.005 being rounded up;
- (e) **“Bell Subsidiaries”** means 129201 Canada Inc. and 3632709 Canada Inc., each a wholly-owned subsidiary of Bell Canada governed by the CBCA, which owned as of August 31, 2000, 54,660,728 and 4,000,000 Teleglobe Common Shares, respectively;
- (f) **“Business Day”** means a day other than a Saturday, Sunday or day on which Canadian chartered banks are authorized or required by law to be closed in Montréal, Québec;
- (g) **“Canadian Dollar Amount”** has the meaning ascribed thereto in section 2.6;
- (h) **“Canadian Income Tax Legislation”** means the Tax Act and other corresponding provincial income tax legislation;
- (i) **“Canadian Partnership”** means a partnership formed under the laws of Canada or a province or territory thereto;
- (j) **“Cash Consideration Elected Share”** means a Teleglobe Common Share or a Holdco Share in respect of which a Teleglobe Shareholder or Holdco Shareholder has made a Cash Election;
- (k) **“Cash Elected Consideration”** means the consideration to be received by a Teleglobe Shareholder or a Holdco Shareholder for each whole Cash Consideration Elected Share consisting of: (a) an amount in cash equal to (i) \$0.10 plus (ii) the Elected Cash Amount; and (b) a portion of a BCE Common Share determined as follows: $[(0.91 \times \text{BCE WATP}) - \text{Elected Cash Amount} - \$0.10] \div \text{BCE WATP}$ (expressed to three decimal places with amounts less than 0.0005 being rounded down and amounts equal to or greater than 0.0005 being rounded up, in each case to the nearest one-thousandth of a BCE Common Share);
- (l) **“Cash Election”** means the election of a Teleglobe Shareholder in the Letter of Transmittal, or of a Holdco Shareholder in the Holdco Agreement, to receive the Cash Elected Consideration (up to the Maximum Cash Consideration) in respect of a Teleglobe Common Share or a Holdco Share;
- (m) **“CBCA”** means the *Canada Business Corporations Act*, as amended;
- (n) **“Court”** means the Superior Court of Québec, District of Montréal;
- (o) **“Depositary”** means Montreal Trust Company;
- (p) **“Dissent Rights”** means the right of a registered Teleglobe Shareholder to dissent in respect of the Arrangement pursuant to the procedures set forth in section 190 of the CBCA and section 3.1 hereof;

- (q) **“Effective Date”** means the effective date of the Arrangement, being the date shown on the certificate of arrangement to be issued by the Director under the CBCA giving effect to the Arrangement;
- (r) **“Effective Time”** means 12:01 a.m. (Montréal time) on the Effective Date;
- (s) **“Elected Cash Amount”** means the amount specified by a Teleglobe Shareholder in the Letter of Transmittal or by a Holdco Shareholder in the Holdco Agreement as the amount of cash per Teleglobe Common Share or Holdco Share which such Teleglobe Shareholder or Holdco Shareholder elects to receive in cash, which amount may not exceed the Maximum Cash Consideration and which, together with the minimum of \$0.10 per share cash consideration and any cash per share paid in lieu of fractional BCE Common Shares, will be the cash consideration per Teleglobe Common Share which such shareholder will receive under the Plan of Arrangement;
- (t) **“Excel Merger”** means the merger of North Merger Sub Corporation, a wholly-owned subsidiary of Teleglobe, with and into Excel Communications, Inc. on November 10, 1998;
- (u) **“Excel Option”** means an option to acquire Teleglobe Common Shares granted under the Excel Option Plans;
- (v) **“Excel Option Plans”** means the Telco Communications Group, Inc. 1994 Amended and Restated Stock Option Plan, the Excel Telecommunications, Inc. 1995 Stock Option Plan, the Excel Communications, Inc. 1997 Stock Option Plan, the Excel Communications, Inc. 1997 Director Stock Option Plan, the Excel Communications, Inc. Director Stock Option Plan with Ronald A. McDougall and the Excelcom, Inc. 1997 Director Stock Option Plan, in each case as amended;
- (w) **“Holdco”** has the meaning ascribed thereto in section 2.4;
- (x) **“Holdco Agreement”** has the meaning ascribed thereto in section 2.4;
- (y) **“Holdco Election”** has the meaning ascribed thereto in section 2.4;
- (z) **“Holdco Election Deadline”** means 5:00 p.m. (Montréal time) on the day which is seven Business Days immediately preceding the date of the Meeting;
- (aa) **“Holdco Shareholder”** has the meaning ascribed thereto in section 2.4;
- (bb) **“Holdco Share”** means a common share in the capital of a Holdco in respect of which a valid Holdco Election is made;
- (cc) **“Interim Order”** means the interim order of the Court providing for, among other things, the calling and holding of the Meeting;
- (dd) **“Letter of Transmittal”** means the Letter of Transmittal in the form accompanying the Teleglobe Arrangement Circular;
- (ee) **“Market Value”** of a BCE Common Share means, for Teleglobe Options with an exercise price denominated in Canadian dollars, the closing price of the BCE Common Shares on the TSE on the relevant day and, for Teleglobe Options with an exercise price denominated in U.S. dollars, the closing price of the BCE Common Shares on the New York Stock Exchange, Inc. on the relevant day;
- (ff) **“Maximum Cash Consideration”** means, for each Teleglobe Common Share or Holdco Share to be acquired by BCE pursuant to this Plan of Arrangement, the product obtained by multiplying (i) 0.91 by (ii) 0.20 by (iii) BCE WATP, and subtracting \$0.10 from such product;
- (gg) **“Meeting”** means the special meeting of holders of Teleglobe Common Shares and any adjournment or postponement thereof, to be held for the purpose of considering the Arrangement;
- (hh) **“Plan of Arrangement”** means this plan of arrangement as the same may be amended from time to time in accordance with the terms of section 5.1 hereof;
- (ii) **“Share Consideration Elected Share”** means a Teleglobe Common Share or a Holdco Share for which a Teleglobe Shareholder or Holdco Shareholder has made or is deemed to have made a Share Election;

- (jj) **“Share Elected Consideration”** means the consideration to be received by a Teleglobe Shareholder or a Holdco Shareholder for each whole Share Consideration Elected Share consisting of (i) \$0.10 cash plus (ii) that portion of a BCE Common Share determined as follows: $[(BCE\ WATP \times 0.91) - \$0.10] \div BCE\ WATP$ (expressed to three decimal places with amounts less than 0.0005 being rounded down and amounts equal to or greater than 0.0005 being rounded up, in each case to be the nearest one-thousandth of a BCE Common Share);
- (kk) **“Share Election”** means the election of a Teleglobe Shareholder in the Letter of Transmittal, or of a Holdco Shareholder in the Holdco Agreement, to receive the Share Elected Consideration in respect of a Teleglobe Common Share or a Holdco Share; provided, however, that a Teleglobe Shareholder or Holdco Shareholder shall be deemed to have made a Share Election in the event that such shareholder has not made either a valid Share Election or a valid Cash Election;
- (ll) **“Tax Act”** means the *Income Tax Act* (Canada), as amended;
- (mm) **“Teleglobe”** means Teleglobe Inc., a corporation governed by the CBCA;
- (nn) **“Teleglobe Arrangement Circular”** means the arrangement circular of Teleglobe dated September 27, 2000, to which this Plan of Arrangement is attached as Annex D thereto;
- (oo) **“Teleglobe Articles”** means the Articles of Amalgamation of Teleglobe dated January 1, 1999, as amended;
- (pp) **“Teleglobe Common Shares”** means common shares in the capital of Teleglobe;
- (qq) **“Teleglobe Dissenting Common Shareholder”** means a holder of Teleglobe Common Shares who exercises such holder’s Dissent Rights;
- (rr) **“Teleglobe Option”** means an option to acquire Teleglobe Common Shares granted prior to the Effective Date pursuant to a Teleglobe Option Plan and includes, for greater certainty, an Excel Option, each of which at the date of the Excel Merger entitled the holder thereto to receive 0.885 of a Teleglobe Common Share and each of which has since been consolidated so that each Excel Option currently entitles the holder to receive one Teleglobe Common Share;
- (ss) **“Teleglobe Optionee”** means the holder of a Teleglobe Option;
- (tt) **“Teleglobe Option Plans”** means the Teleglobe 1999 Stock Option Plan and the Excel Option Plans, in each case as amended;
- (uu) **“Teleglobe Shareholder”** means a holder of Teleglobe Common Shares;
- (vv) **“TSE”** means The Toronto Stock Exchange;
- (ww) **“U.S. Dollar Election”** has the meaning ascribed thereto in section 2.6; and
- (xx) **“U.S. Forwarding Agent”** means Bank of Nova Scotia Trust Company of New York.

1.2 Appendices.

The following Appendix is attached to this Plan of Arrangement and forms part hereof:

Appendix A — Provisions to be included in Holdco Agreement

1.3 Construction.

In this Plan of Arrangement, unless otherwise expressly stated or the context otherwise requires:

- (a) references to “herein”, “hereby”, “hereunder”, “hereof” and similar expressions are references to this Agreement and not to any particular section, subsection or Exhibit;
- (b) references to an “Article”, “section”, “subsection”, “clause” or “Appendix” are references to an Article, section, subsection, clause or Appendix of or to this Plan of Arrangement;
- (c) words importing the singular shall include the plural and *vice versa*, words importing gender shall include the masculine, feminine and neuter genders, and references to a “person” or “persons” shall include individuals, corporations, partnerships, associations, bodies politic and other entities, all as may be applicable in the context;

- (d) the use of headings is for convenience of reference only and shall not affect the construction or interpretation hereof;
- (e) the word “including”, when following any general term or statement, is not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as referring to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement; and
- (f) a reference to a statute or code includes every regulation made pursuant thereto, all amendments to the statute or code or to any such regulation in force from time to time, and any statute, code or regulation which supplements or supersedes such statute, code or regulation.

1.4 Currency.

All references to currency herein are to Canadian dollars unless otherwise specified.

ARTICLE 2

THE ARRANGEMENT

2.1 Plan of Arrangement.

This Plan of Arrangement constitutes an arrangement as referred to in section 192 of the CBCA.

2.2 The Arrangement.

At the Effective Time, subject to the Dissent Rights referred to in section 3.1 hereof, the following shall occur and be deemed to occur in the following order without any further act or formality and, except as otherwise noted in this section 2, with each transaction or event being deemed to occur immediately after the occurrence of the transaction or event immediately preceding it:

- (a) Each Teleglobe Common Share (other than those held by Teleglobe Dissenting Common Shareholders, the Bell Subsidiaries or any Holdco in respect of which a valid Holdco Election is made) that is a Cash Consideration Elected Share, and each Holdco Share that is a Cash Consideration Elected Share, will be transferred to BCE in exchange for the Cash Elected Consideration.
- (b) Contemporaneously with the transfer described in subsection 2.2(a) above, each Teleglobe Common Share (other than those held by Teleglobe Dissenting Common Shareholders, the Bell Subsidiaries or any Holdco in respect of which a valid Holdco Election is made) that is a Share Consideration Elected Share, and each Holdco Share that is a Share Consideration Elected Share, will be transferred to BCE in exchange for the Share Elected Consideration.
- (c) For each Teleglobe Common Share acquired by BCE pursuant to subsections 2.2(a) and 2.2(b) above, the name of such Teleglobe Shareholder will be removed from the register of holders of Teleglobe Common Shares and added to the register of holders of BCE Common Shares and BCE will be added to the register of holders of Teleglobe Common Shares. The stated capital account in respect of the BCE Common Shares issued as consideration for such Teleglobe Common Shares shall be increased by an amount equal to the maximum amount permitted to be added to the paid-up capital of such BCE Common Shares having regard to subsection 85(2.1) of the Tax Act, which amount shall not be greater than the amount permitted to be added pursuant to the CBCA.
- (d) For each Holdco Share acquired by BCE pursuant to subsections 2.2(a) and 2.2(b) above, the name of such Holdco Shareholder will be added to the register of holders of BCE Common Shares. The stated capital account in respect of the BCE Common Shares issued as consideration for such Holdco Shares shall be increased by an amount equal to the maximum amount permitted to be added to the paid-up capital of such BCE Common Shares having regard to subsection 85(2.1) of the Tax Act, which amount shall not be greater than the amount permitted to be added pursuant to the CBCA.
- (e) The Teleglobe Articles shall be amended and restated as appropriate to remove the restrictions in the Teleglobe Articles relating to the nomination of directors of Teleglobe and the restrictions on the entering into of certain transactions unless approved by at least 66⅔% of the entire Teleglobe board of directors (disregarding vacancies), by deleting in its entirety section 7A of Appendix B to the Teleglobe Articles.

- (f) Teleglobe Options will be treated as follows: (i) each Teleglobe Option (including each unvested Teleglobe Option) that has not been exercised prior to the Effective Date will continue in full force and effect from and after the Effective Time on the same terms existing prior to the Effective Time (including as to vesting and termination, but subject to clause (ii) of this subsection 2.2(f)); (ii) from and after the Effective Time, each such Teleglobe Option will entitle its holder to receive in lieu of a Teleglobe Common Share upon the exercise thereof in accordance with its terms, 0.91 of a BCE Common Share at an exercise price for that portion of a BCE Common Share equal to the exercise price per Teleglobe Common Share under such Teleglobe Option in effect immediately prior to the Effective Time; and (iii) BCE will assume Teleglobe's obligations under the Teleglobe Option Plans and will be entitled to Teleglobe's rights thereunder, including the right to receive the exercise price upon the exercise of Teleglobe Options. Fractional BCE Common Shares will not be issued by BCE under the Teleglobe Option Plans and no cash compensation in lieu of fractional BCE Common Shares shall be paid to Teleglobe Optionees. Upon the exercise of Teleglobe Options which would result in the issuance of a fractional BCE Common Share (a "**BCE Fractional Option Share**"), the Teleglobe Optionee will be entitled to subscribe for that additional fraction of a BCE Common Share (the "**Additional Fractional Share**") which, together with the BCE Fractional Option Share, would result in a whole BCE Common Share being issued. The price payable for the Additional Fractional Share shall be equal to the product obtained by multiplying (a) the Additional Fractional Share by (b) the Market Value of a BCE Common Share on the second trading day prior to the date of the exercise of such Teleglobe Options. The foregoing right to subscribe for an Additional Fractional Share will be exercisable only if, immediately after exercise of such Teleglobe Options, the Teleglobe Optionee would no longer hold any Teleglobe Options expiring on the date of expiry of such Teleglobe Options. The Teleglobe Option Plans shall be deemed to be and shall be amended to give effect to the foregoing provisions of this subsection 2.2(f).

2.3 Method of Election for Consideration.

- (a) The Share Election or the Cash Election (but not both) may be made by each Teleglobe Shareholder by depositing with the Depositary or the U.S. Forwarding Agent, prior to 5:00 p.m. (Montréal time) on the Business Day immediately prior to the Effective Date, a Letter of Transmittal, duly completed and executed in the manner described therein, with such election indicated therein, together with the share certificate or certificates representing the Teleglobe Common Shares in respect of which the election is being made duly endorsed for transfer and accompanied by such other documents and instruments specified in the Letter of Transmittal and as the Depositary may reasonably require, on the basis set forth herewith and in accordance with such arrangements and procedures as will be agreed upon in good faith by Teleglobe, BCE and the Depositary. Teleglobe Shareholders who make the Cash Election will also be entitled to specify in the Letter of Transmittal the amount per share (in addition to the \$0.10 cash) that such shareholder wishes to receive in cash, which amount may not exceed the Maximum Cash Consideration.
- (b) Teleglobe Shareholders in respect of which the Cash Election has not been duly elected as provided in subsection 2.3(a) above shall be deemed to have elected the Share Election in respect of all of the Teleglobe Common Shares owned by them. Teleglobe Shareholders who make a valid Cash Election but who do not specify the Elected Cash Amount will be deemed to have elected an Elected Cash Amount equal to the Maximum Cash Consideration and will accordingly receive cash consideration per Teleglobe Common Share equal to \$0.10 plus the Maximum Cash Consideration (plus any cash per share paid in lieu of fractional BCE Common Shares).

2.4 Holdco Election.

- (a) Shareholders that are resident in Canada for purposes of the Tax Act (including a Canadian Partnership if all of the members of the partnership are resident in Canada) ("**Holdco Shareholders**") of a corporation ("**Holdco**") which: (i) was incorporated under the laws of Canada on or after February 1, 2000; (ii) has never had any assets other than Teleglobe Common Shares; (iii) has no liabilities whatsoever; and (iv) on the Effective Date has, as its only issued and outstanding securities, a number of common shares of Holdco equal to the number of Teleglobe Common Shares which are owned by such Holdco, may jointly elect in respect of all the Teleglobe Common Shares held by such Holdco (the "**Holdco Election**"), prior to the Holdco Election Deadline, to have all the issued and outstanding common shares of the Holdco transferred to BCE in exchange for either the Cash Elected Consideration or the Share Elected Consideration. For

greater certainty, the Cash Elected Consideration or Share Elected Consideration received for such Holdco Shares shall be identical to the Cash Elected Consideration or the Share Elected Consideration which such Holdco would have been entitled to receive if the Teleglobe Common Shares held by such Holdco were acquired directly by BCE under the Plan of Arrangement.

- (b) Each Holdco Shareholder that has made the Holdco Election will be required to enter into a share purchase agreement (the “**Holdco Agreement**”) with BCE providing for the acquisition by BCE of all issued and outstanding Holdco Shares in accordance with subsections 2.2(a) and 2.2(b) hereof and containing such representations and warranties, terms and conditions and indemnities as BCE may reasonably request in connection therewith, including, without limitation, the representations and warranties, terms and conditions and indemnities set out in Appendix A hereto, and containing the requirement for the Holdco Shareholders to arrange for the provision of a legal opinion of such holders’ legal counsel in form satisfactory to BCE, acting reasonably, in connection with the purchase and sale of such Holdco Shares. Failure of any holder of Teleglobe Common Shares to properly make a Holdco Election on or prior to the Holdco Election Deadline or failure of Holdco Shareholders to properly enter into a Holdco Agreement will disentitle such shareholders to the Holdco Election.
- (c) Holdco Shareholders will be entitled to elect the Share Election or the Cash Election in the Holdco Agreement. Holdco Shareholders who elect the Cash Elected Consideration will also be entitled in the Holdco Agreement to specify the amount per share (in addition to the \$0.10 cash) that such holder wishes to receive in cash, which amount may not exceed the Maximum Cash Consideration. Holdco Shareholders, in respect of which the Cash Election has not been duly elected as hereinbefore provided, shall be deemed to have elected the Share Election in respect of all of the Holdco Shares owned by them. Holdco Shareholders who make a valid Cash Election but who do not specify the Elected Cash Amount will be deemed to have elected an Elected Cash Amount equal to the Maximum Cash Consideration and will accordingly receive cash consideration per Holdco Share equal to \$0.10 plus the Maximum Cash Consideration (plus any cash per share paid in lieu of fractional BCE Common Shares).

2.5 Joint Tax Elections.

BCE shall execute and jointly file with each Teleglobe Shareholder (or, if a Holdco Election is made, with the Holdco Shareholders and, in such event, references in this section 2.5 to Teleglobe Common Shares and Teleglobe Shareholders shall be deemed to refer to the applicable Holdco Shares and Holdco Shareholders, respectively) who so requests an election pursuant to section 85 of the Tax Act and any other applicable Canadian Income Tax Legislation in which election such Teleglobe Shareholder will be entitled to elect the amount which shall be such Teleglobe Shareholder’s proceeds of disposition and BCE’s cost of the Teleglobe Common Shares exchanged for BCE Common Shares under the Plan of Arrangement for purposes of Canadian Income Tax Legislation, provided such amount is within the limits prescribed by Canadian Income Tax Legislation and provided that such Teleglobe Shareholder shall be responsible for preparing the appropriate tax election form and providing BCE with a letter representing to BCE that such Teleglobe Shareholder either is (i) a resident of Canada for purposes of the Canadian Income Tax Legislation and is not exempt from tax under the Canadian Income Tax Legislation, (ii) a non-resident of Canada for the purposes of the Canadian Income Tax Legislation whose Teleglobe Common Shares are taxable Canadian property to such Teleglobe Shareholder and the Teleglobe Shareholder is not exempt from Canadian tax on any gain such Teleglobe Shareholder would realize on a disposition of the Teleglobe Common Shares by reason of an exemption contained in the Canadian Income Tax Legislation or an applicable income tax convention to which Canada is a party, or (iii) is a Canadian Partnership if one or more of the members of such partnership satisfy the criteria specified in (i) or (ii) above. Such Teleglobe Shareholder shall provide BCE with the completed election form no later than January 15, 2001. BCE will execute any completed election form received and return such form by mail to the Teleglobe Shareholder within 60 days of receipt thereof. The Teleglobe Shareholder shall be solely responsible for filing the form with the appropriate tax authorities. Notwithstanding the foregoing, BCE shall not be obligated to execute any election form after the expiry of the time described in the relevant Canadian Income Tax Legislation for filing such election, and the Teleglobe Shareholders shall be solely responsible for any interest or penalties arising in respect of any late filed election made pursuant to this section 2.5.

2.6 U.S. Dollar Election.

Teleglobe Shareholders may elect in the Letter of Transmittal, and Holdco Shareholders may elect in the Holdco Agreement, in respect of the Teleglobe Common Shares or Holdco Shares held by such shareholder, to

receive the entire cash component (the “**Canadian Dollar Amount**”) of the Share Elected Consideration or Cash Elected Consideration, as the case may be, which such shareholder is entitled to receive under the Arrangement in U.S. dollars (the “**U.S. Dollar Election**”). The amount of such U.S. dollar payment will be the amount calculated as the U.S. dollar equivalent to the Canadian Dollar Amount using the weighted average rate of exchange for Canadian dollars to U.S. dollars for the U.S. dollars transferred by BCE to the Depositary to fund the U.S. dollar cash components of the Share Elected Consideration and Cash Elected Consideration payable by BCE to Teleglobe Shareholders and Holdco Shareholders as a result of the U.S. Dollar Elections. Teleglobe Shareholders and Holdco Shareholders who do not properly complete a U.S. Dollar Election will receive the cash component of the Share Elected Consideration or Cash Elected Consideration, as the case may be, in Canadian dollars.

2.7 No Registration.

The BCE Common Shares that are to be issued pursuant to subsections 2.2(a) and (b) of this Plan of Arrangement to Teleglobe Shareholders resident in, or otherwise subject to the securities laws of, the United States will be issued without registration under the *United States Securities Act of 1933*, as amended, pursuant to the exemption therefrom provided by section 3(a)(10) thereunder.

ARTICLE 3

RIGHTS OF DISSENT

3.1 Rights of Dissent.

Registered Teleglobe Shareholders may exercise Dissent Rights pursuant to and in the manner set forth in section 190 of the CBCA and in this section 3.1 in connection with the Arrangement. Registered Teleglobe Shareholders who duly exercise such Dissent Rights and who:

- (a) are ultimately entitled to be paid by Teleglobe the fair value for their Teleglobe Common Shares shall be deemed to have transferred such shares to Teleglobe for cancellation on the Effective Date immediately prior to the first step of the Plan of Arrangement set out in subsection 2.2(a) above being effective, or
- (b) are ultimately not entitled to be paid by Teleglobe the fair value for their Teleglobe Common Shares shall be deemed to have participated in the Arrangement on the same basis as any non-dissenting holder of Teleglobe Common Shares as at and from the Effective Date and shall be deemed to have elected to receive the Share Elected Consideration for each of their Teleglobe Common Shares,

but in no case shall Teleglobe, BCE or any other person be required to recognize such holders as holders of Teleglobe Common Shares after the Effective Date and the names of such holders shall be deleted from the applicable register of shareholders on the Effective Date. For greater certainty, in addition to any other restrictions in section 190 of the CBCA, neither (i) Holdcos in respect of which a Holdco Election has been made nor (ii) Teleglobe Shareholders or Holdco Shareholders who vote in favour of the Plan of Arrangement, enter into a Holdco Agreement or make a Cash Election, a Share Election (other than a deemed Share Election as provided in the definition “Share Election” or subsection 3.1(b)), a U.S. Dollar Election or a Holdco Election, shall be entitled to exercise Dissent Rights.

ARTICLE 4

CERTIFICATES

4.1 Entitlement of Holders of Teleglobe Common Shares.

Subject to the provisions of section 4.3 below, after the Effective Date, the former holders of Teleglobe Common Shares will be entitled to receive, on surrender to the Depositary of the certificates evidencing the Teleglobe Common Shares held by them together with such other documents or instruments as would have been required to effect the transfer of the Teleglobe Common Shares under the articles and by-laws of Teleglobe and such additional documents and instruments as the Depositary may reasonably require, and the Depositary shall deliver to such holder, (a) a certificate representing the aggregate number of BCE Common Shares (rounded down to the nearest whole number) and aggregate cash payable pursuant to the Cash Elected Consideration or Share Elected Consideration which such holder has the right to receive, (b) any dividends or distributions thereon

pursuant to section 4.2 and (c) any cash to which such holder is entitled in lieu of a fractional BCE Common Share pursuant to section 4.3, and the certificate(s) representing such Teleglobe Common Shares shall be cancelled. Until surrendered as contemplated by this section 4.1, each certificate which immediately prior to the Effective Date represented Teleglobe Common Shares shall be deemed on and after the Effective Date to represent only the right to receive on such surrender (i) the certificate representing BCE Common Shares and cash as contemplated by subsection 4.1(a), (ii) any dividends or distributions with a record date on or after the Effective Date theretofore paid or payable with respect to BCE Common Shares, as contemplated by section 4.2, and (iii) a cash payment in lieu of any fractional BCE Common Shares as contemplated by section 4.3.

4.2 Distributions.

No dividends or other distributions declared or made on or after the Effective Date with respect to BCE Common Shares with a record date on or after the Effective Date shall be paid to the holder of any unsurrendered certificate which immediately prior to the Effective Date represented outstanding Teleglobe Common Shares or Holdco Shares that were exchanged pursuant to section 2.2, and no cash payment in lieu of fractional shares shall be paid to any such holder pursuant to section 4.3, unless and until the holder of record of such certificate shall surrender such certificate in accordance with section 4.1. Prior to such time, such dividends, distributions, cash payments in lieu of fractional shares or other amounts will be made or paid to the Depository to be held by it in trust for that holder. All monies so held in trust by the Depository shall be deposited in an interest-bearing account and any interest earned on such monies shall be for the account of BCE. Such monies will be provided to the Depository by BCE upon request by the Depository.

4.3 Fractional Shares.

No certificates or scrip representing fractional BCE Common Shares will be issued upon the surrender for exchange of certificates pursuant to section 4.1 and no dividend, stock split, or other change in the capital structure of BCE shall relate to any such fractional security and such fractional interests shall not entitle the owner thereof to vote or to exercise any rights as a securityholder of BCE. In lieu of such fractional securities, such person otherwise entitled thereto shall receive a cash payment equal to the amount obtained by multiplying the fraction of a BCE Common Share otherwise issuable by the BCE WATP.

4.4 Lost Certificates

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Teleglobe Common Shares that were exchanged pursuant to section 2.2 shall have been lost, stolen or destroyed, upon the making of an affidavit of the fact by the person claiming such certificate to be lost, stolen or destroyed, the Depository will issue in exchange for such lost, stolen or destroyed certificate, cash and/or one or more certificates representing one or more BCE Common Shares (and any dividends or distributions with respect thereto pursuant to section 4.2) deliverable in accordance with such holder's Letter of Transmittal. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the person to whom certificates representing BCE Common Shares and/or cash are to be issued and/or paid shall, as a condition precedent to the issuance or payment thereof, give a bond satisfactory to BCE and its transfer agent in such sum BCE may direct or otherwise indemnify BCE in a manner satisfactory to BCE against any claim that may be made against BCE with respect to the certificate alleged to have been lost, stolen or destroyed.

4.5 Extinction of Rights

Any certificate or certificates which immediately prior to the Effective Time represented outstanding Teleglobe Common Shares that were exchanged pursuant to section 2.2 but which have not been surrendered, together with all other instruments required by the Plan of Arrangement and Letter of Transmittal, to the Depository in accordance with section 4.1 on or prior to the third anniversary of the Effective Date shall, subject to applicable law, cease to represent a claim or interest of any kind or nature as a shareholder of BCE. On such date, the BCE Common Shares (or cash in lieu of fractional interests therein, as provided in section 4.3) to which the former registered holder of the certificate or certificates referred to in the preceding sentence was ultimately entitled shall be deemed to have been surrendered to BCE, together with all entitlements to the cash portion of the Cash Elected Consideration or Share Elected Consideration, as the case may be, and to dividends, distributions and interests thereon held for such former registered holder.

ARTICLE 5

AMENDMENTS

5.1 Amendments to Plan of Arrangement.

- (a) BCE and Teleglobe reserve the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that each such amendment, modification and/or supplement must be (i) set out in writing, (ii) approved by the other, (iii) filed with the Court and, if made following the Meeting, approved by the Court, and (iv) communicated to holders of Teleglobe Common Shares or Teleglobe Options if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by BCE or Teleglobe at any time prior to or at the Meeting (provided that the other shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved by the Court following the Meeting shall be effective only if it is consented to by each of BCE and Teleglobe.
- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by Teleglobe, provided that it concerns a matter which, in the reasonable opinion of Teleglobe, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of BCE or any holder of Teleglobe Common Shares or Teleglobe Options.

APPENDIX A

PROVISIONS TO BE INCLUDED IN HOLDCO AGREEMENT

Each Holdco Agreement shall include the following representations and warranties, terms and conditions, and indemnities in favour of BCE:

I. Representations and Warranties of the Holdco Shareholders

Each of the Holdco Shareholders hereby represents and warrants to BCE as follows and hereby acknowledges and confirms that BCE is relying on such representations and warranties in connection with the purchase by BCE of the Holdco Shares:

- (a) the Teleglobe Common Shares which are being acquired under the Plan of Arrangement have been held directly since February 1, 2000 by Holdco or by a Holdco Shareholder, all outstanding shares of any Holdco Shareholder that is a corporation have been held directly by the shareholder(s) of the Holdco Shareholder since February 1, 2000, and no Holdco is a “**specified shareholder**” of the Company for purposes of the *Income Tax Act* (Canada) (the “**Tax Act**”);
- (b) no Holdco Shareholder that is a corporation has issued any shares since February 1, 2000 in connection with any direct or indirect transfer of Teleglobe Common Shares;
- (c) the execution and delivery of this Holdco Agreement by the Holdco Shareholders and Holdco and the completion by the Holdco Shareholders and Holdco of the transactions contemplated hereby:
 - (i) will not conflict with, result in the breach of or constitute a default under the articles, by-laws or resolutions of Holdco or any agreement, indenture, contract, lease, deed of trust, licence, option, instrument or other commitment, whether written or oral (a “**Contract**”) to which the Holdco Shareholders or Holdco is a party; and
 - (ii) do not and will not violate any provision of law or administrative regulation or any judicial or administrative award, judgment or decree binding upon the Holdco Shareholders or Holdco;
- (d) each of the Holdco Shareholders is a resident of Canada for the purposes of the Tax Act or is a Canadian Partnership all of the members of which are resident in Canada for the purposes of the Tax Act;
- (e) each Holdco is resident in Canada for the purposes of the Tax Act;
- (f) this Holdco Agreement has been duly executed and delivered by each of the Holdco Shareholders and Holdco and is a valid and binding obligation of each of the Holdco Shareholders and Holdco enforceable against each of the Holdco Shareholders and Holdco in accordance with its terms, subject to applicable bankruptcy, insolvency and other laws affecting the enforcement of creditors’ rights generally and provided that equitable remedies will only be awarded in the discretion of a court of competent jurisdiction;
- (g) all of the Holdco Shares are registered in the name of, and beneficially owned by, not more than five Holdco Shareholders free and clear of all liens, charges, encumbrances, claims and equities (collectively, “**Liens**”);
- (h) no person has any Contract, warrant or option or any right capable of becoming a Contract, warrant or option for the purchase from any of the Holdco Shareholders of any of the Holdco Shares or from Holdco of any shares or other securities of Holdco or of any of the [insert number] Teleglobe Common Shares held by Holdco (the “**Subject Shares**”);
- (i) the Holdco Shares are validly issued and outstanding as fully paid and non-assessable shares in the capital of Holdco and are the only issued and outstanding shares in the capital of Holdco and, as of the Effective Date, the number of Holdco Shares outstanding is equal to the number of Subject Shares;
- (j) Holdco is a corporation duly incorporated on or after February 1, 2000 and duly organized and validly existing under the laws of Canada;
- (k) Holdco is the beneficial and registered holder of the Subject Shares all of which are held by Holdco free and clear of all Liens;

- (l) Holdco does not own or hold and has never owned or held property or assets or any interests therein of any nature or kind whatsoever other than the Subject Shares and Holdco does not carry on, and has never carried on, an active business;
- (m) Holdco has no obligations, liabilities (whether actual or contingent) or indebtedness to any person, including without limitation any liabilities in respect of federal or provincial income, corporate, goods and services, capital, harmonized sales, sales, excise, employer health, surtaxes, education, social services, social security, employment insurance, health insurance, Canada, Quebec and other governmental pension plan premiums or contributions, land transfer or any other taxes, duties or imposts of any nature or kind whatsoever, or in respect of any judgments, orders, fines, interest, penalties, awards or decrees of any court, tribunal or governmental, administrative or regulatory department, commission, board, bureau, agency or instrumentality, domestic or foreign;
- (n) Holdco has no subsidiaries and is not bound by any Contract to acquire or lease in any manner any shares or assets of any nature or kind whatsoever;
- (o) Holdco does not have, and has never had, any employees and its directors and officers receive no remuneration or compensation from Holdco;
- (p) Holdco is not a party to any Contract of any nature or kind whatsoever except for the Contract with the Holdco Shareholder(s) pursuant to which Holdco acquired the Subject Shares (a true and complete copy of which has been provided to BCE);
- (q) there are no claims, investigations, actions, suits or proceedings pending or threatened against or affecting Holdco or the Holdco Shareholders, whether at law or in equity or before or by any federal, provincial, municipal or other governmental or administrative or regulatory department, commission, board, tribunal, bureau, agency or instrumentality, domestic or foreign, that would adversely affect in any manner the ability of Holdco and the Holdco Shareholders to enter into this Holdco Agreement and perform their obligations hereunder;
- (r) there are no claims, investigations, actions, suits or proceedings pending or threatened against or affecting Holdco, whether at law or in equity or before or by any federal, provincial, municipal or other governmental or administrative or regulatory department, commission, board, tribunal, bureau, agency or instrumentality, domestic or foreign;
- (s) Holdco is in full compliance with all laws, rules or regulations to which Holdco or the Subject Shares may be subject;
- (t) the books and records of Holdco fairly and correctly set out and disclose in all respects, in accordance with generally accepted accounting principles in Canada consistently applied, the financial position of Holdco as of the date hereof and all financial transactions of Holdco have been accurately recorded in such books and records; and
- (u) the corporate records and minute books of Holdco contain complete and accurate minutes of all meetings of the directors and shareholders of Holdco held since its incorporation and all such meetings were duly called and held and the share certificate books, register of shareholders, register of transfers and register of directors and officers of Holdco are complete and accurate;

II. Covenants

- (a) **Holdco Documents.** The Holdco Shareholders and Holdco shall forthwith make available to BCE and its authorized representatives all minute books, share certificate books, share registers, books of account, accounting records, corporate documents and all other books or records, documents, information or data relating to Holdco (collectively the “**Holdco Documents**”). At the time of closing, all of the Holdco Documents shall be delivered to BCE by the Holdco Shareholders and Holdco.
- (b) **No Share Issuances.** No Holdco Shareholder that is a corporation shall issue any shares from and after the date hereof to and including the Effective Date in connection with any direct or indirect transfer of Teleglobe Common Shares.

III. Indemnification

- (a) **Obligations to Indemnify.** Each of the Holdco Shareholders agrees to indemnify and save harmless BCE from all claims, demands, proceedings, losses, damages, liabilities, deficiencies, costs and expenses (including, without limitation, reasonable legal and other professional fees and disbursements, interest, penalties and amounts paid in settlement) (singly a “**Loss**” and collectively “**Losses**”) suffered or incurred by BCE as a result of or arising directly or indirectly out of or in connection with any breach by the Holdco Shareholders or Holdco of any representation, warranty, obligation or covenant of the Holdco Shareholders or Holdco contained in this Holdco Agreement. BCE agrees to indemnify and save harmless the Holdco Shareholders from all Losses suffered or incurred by them as a result of or arising directly or indirectly out of or in connection with any breach by BCE of any representation, warranty, obligation or covenant of BCE contained in the Holdco Agreement.
- (b) **Notice of Claim.** In the event that a party (the “**Indemnified Party**”) shall become aware of any claim, proceeding or other matter (a “**Claim**”) in respect of which another party (the “**Indemnifying Party**”) agreed to indemnify the Indemnified Party pursuant to the Holdco Agreement, the Indemnified Party shall promptly give written notice thereof to the Indemnifying Party. Such notice shall specify whether the Claim arises as a result of a claim by a person against the Indemnified Party (a “**Third Party Claim**”) or whether the Claim does not so arise (a “**Direct Claim**”), and shall also specify with reasonable particularity (to the extent that the information is available) the factual basis for the Claim and the amount of the Claim, if known. If, through the fault of the Indemnified Party, the Indemnifying Party does not receive notice of any Claim in time to contest effectively the determination of any liability susceptible of being contested, the Indemnifying Party shall be entitled to set off against the amount claimed by the Indemnified Party the amount of any Losses incurred by the Indemnifying Party resulting directly from the Indemnified Party’s failure to give such notice on a timely basis.
- (c) **Direct Claims.** With respect to any Direct Claim, following receipt of notice from the Indemnified Party of the Claim, the Indemnifying Party shall have 60 days to make such investigation of the Claim as is considered necessary or desirable. For the purpose of such investigation, the Indemnified Party shall make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate the Claim, together with all such other information as the Indemnifying Party may reasonably request. If both parties agree at or prior to the expiration of such 60-day period (or any mutually agreed upon extension thereof) to the validity and amount of such Claim, the Indemnifying Party shall immediately pay to the Indemnified Party the full agreed upon amount of the Claim.
- (d) **Third Party Claims.** With respect to any Third Party Claim, the Indemnified Party shall have the exclusive right, at the expense of the Indemnifying Party, to contest, settle or pay the amount claimed and to retain counsel and other experts or advisers selected by the Indemnified Party in its sole discretion in connection therewith; provided, however, that the Indemnified Party shall not settle any Third Party Claim without the written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed. If the Indemnified Party elects to assume such control, the Indemnifying Party shall have the right, at its sole expense, to participate in the negotiation, settlement or defence of such Third Party Claim. If any Third Party Claim is of a nature such that the Indemnified Party is required by applicable law to make a payment to any person (a “**Third Party**”) with respect to the Third Party Claim before the completion of settlement negotiations or related legal proceedings, the Indemnified Party may make such payment and the Indemnifying Party shall, forthwith after demand by the Indemnified Party, reimburse the Indemnified Party for such payment. If the amount of any liability of the Indemnified Party under the Third Party Claim in respect of which such payment was made, as finally determined, is less than the amount that was paid by the Indemnifying Party to the Indemnified Party, the Indemnified Party shall, forthwith after receipt of the difference from the Third Party, pay the amount of such difference to the Indemnifying Party.
- (e) **Payment and Cooperation.** The Indemnifying Party shall pay to the Indemnified Party all amounts for which the Indemnifying Party is liable pursuant to this section promptly after the Indemnified Party incurs the Loss in respect of which such liability arises. The Indemnified Party and the Indemnifying Party shall co-operate fully with each other with respect to Third Party Claims, and shall keep each other

fully advised with respect thereto (including supplying copies of all relevant documentation promptly as it becomes available).

- (f) **Tax Effect.** If any payment received by an Indemnified Party hereunder (an “**Indemnity Payment**”) would constitute income for tax purposes to such Indemnified Party, the Indemnifying Party shall pay a Tax Gross Up to the Indemnified Party at the same time and on the same terms, as to interest and otherwise, as the Indemnity Payment. The amount of any Loss for which indemnification is provided shall be adjusted to take into account any tax benefit realized by the Indemnified Party or any of its affiliates by reason of the Loss for which indemnification is so provided or the circumstances giving rise to such Loss. For purposes of this paragraph (f), any tax benefit shall be taken into account at such time as it is received by the Indemnified Party or its affiliate. Notwithstanding the foregoing provisions of this paragraph (f), if an Indemnity Payment is included in the Indemnified Party’s income pursuant to paragraph 12(1)(x) of the Tax Act (or an equivalent provision of any relevant provincial legislation), the Indemnified Party covenants and agrees to make an election pursuant to subsection 12(2.2) of the Tax Act (and the equivalent provision of any applicable provincial legislation) with respect to the Indemnity Payment to the maximum extent possible such that the amount of the Indemnity Payment included in the Indemnified Party’s income for tax purposes is minimized or eliminated. For purposes of this paragraph (f), “**Tax Gross Up**” shall mean, with respect to any Indemnity Payment, such additional amount (calculated in accordance with the Calculation Method) as is necessary to place the Indemnified Party in the same after tax position as it would have been in had such Indemnity Payment been received tax free; and “**Calculation Method**” with respect to the calculation of any Tax Gross Up on any Indemnity Payments, shall mean that such Tax Gross Up shall be calculated by using the combined Canadian federal and Canadian provincial income tax rate applicable to the Indemnified Party and, except as provided in this paragraph (f), without regard to any losses, credits, refunds or deductions that the Indemnified Party may have which could affect the amount of tax payable on any such Indemnity Payment.

ANNEX E

FAIRNESS OPINION OF TELEGLOBE'S INDEPENDENT FINANCIAL ADVISOR

LEHMAN BROTHERS

June 18, 2000

Board of Directors
Teleglobe Inc.
1000, rue de la Gauchetière Ouest
Montréal (Québec) H3B 4X5
Canada

Members of the Special Committee of the Board of Directors:

We understand that Teleglobe Inc. (“Teleglobe” or the “Company”) and BCE Inc. (“BCE”) intend to enter into an Amendment dated June 18, 2000 (the “Amendment”) to the Support Agreement dated February 15, 2000 (the “Support Agreement”) between the Company and BCE so as to modify the terms of the transaction originally agreed to by the parties with respect to the acquisition of Teleglobe by BCE. Pursuant to the Support Agreement, as amended by the Amendment, BCE will make an offer to acquire all of the outstanding common shares of Teleglobe (the “Teleglobe Common Stock”) held by stockholders other than BCE (the “Offer”). The Offer will be effected through a plan of arrangement under Section 192 of the Canada Business Corporation Act as described in Schedule 1 to the Amendment (the “Plan of Arrangement”). The Board of Directors of Teleglobe will support the Offer and recommend the Offer to the holders of the Teleglobe Common Stock (the “Proposed Transaction”). If the Plan of Arrangement is not approved by the Teleglobe stockholders and the applicable regulatory authorities as set forth in the Support Agreement and the Amendment, the Offer shall be effected through an alternative offer (the “Alternative Offer”) more fully described in the Support Agreement and the Amendment (the “Alternative Transaction”).

In each of the Proposed Transaction and the Alternative Transaction, each share of Teleglobe Common Stock will be exchanged for a number of shares of BCE's Common Stock (the “BCE Common Stock”) equal to the Exchange Ratio (as defined below) and C\$0.10 in cash. The “Exchange Ratio” means a ratio equal to (i) C\$0.10 subtracted from the product of the BCE Price (as defined below) and 0.91 divided by (ii) the BCE Price. The “BCE Price” means the weighted average trading price per share of BCE Common Stock for the ten trading days ending on the fifth business day immediately preceding the day on which BCE first takes up shares of Teleglobe Common Stock pursuant to the Offer or the Alternative Offer. We further understand that the shareholders of the Teleglobe Common Stock may elect to receive cash in lieu of BCE Common Shares for up to 20% of the total consideration received by them in the Proposed Transaction or the Alternative Transaction (including the \$0.10 in cash specified above). For purposes of this letter, “Consideration” means the consideration to be paid to the holders of Teleglobe Common Stock in the event of the Proposed Transaction effected through the Plan of Arrangement or the Alternative Transaction, as the case may be (collectively, the “Transaction”). The terms and conditions of the Transaction are set forth in more detail in the Support Agreement and the Amendment.

We have been requested by the Special Committee of the Board of Directors of the Company (the “Special Committee”) to render our opinion with respect to the fairness, from a financial point of view, to the stockholders of Teleglobe (other than BCE, Kenneth A. Troutt, Charles Sirois and their respective affiliates) (the “Public Stockholders”) of the Consideration to be offered to the Public Stockholders in the Transaction. We have not been requested to opine as to, and our opinion does not in any manner address, the Company's underlying business decision to proceed with or effect the Transaction.

In arriving at our opinion, we reviewed and analyzed: (1) the Support Agreement, the Amendment, the Lock-up Agreements dated February 15, 2000 (collectively, the “Lock-up Agreements”) between BCE and each of

(a) Charles Sirois and Telesystem Telecom Ltd. (collectively, the “Sirois Group”) and (b) Kenneth A. Troutt and certain of his affiliates (collectively, the “Troutt Group”), the Amendment to the Lock-up Agreements dated June 18, 2000 between BCE, the Troutt Group and the Sirois Group, and the specific terms of the Transaction; (2) publicly available information concerning the Company and BCE that we believe to be relevant to our analysis, including without limitation, the Forms 40-F of BCE and the Company for the fiscal year ended December 31, 1999 and the Forms 6-K of BCE and the Company for the three months ended March 31, 2000; (3) publicly available information on each of the investments and publicly-traded securities owned by BCE; (4) financial and operating information with respect to the business, operations and prospects of the Company furnished to us by the Company, including the expected results for the quarter ended June 30, 2000 and certain financial projections prepared by the management of the Company; (5) financial and operating information with respect to the business, operations and prospects of BCE furnished to us by BCE; (6) a trading history of the Teleglobe Common Stock from February 11, 1999 to the present and a comparison of this trading history with those of other companies that we deemed relevant; (7) a trading history of the BCE Common Stock from February 11, 1999 to the present and a comparison of this trading history with those of other companies that we deemed relevant; (8) a comparison of the historical financial results and present financial condition of the Company with those of other companies that we deemed relevant and a comparison of the historical financial results and present financial condition of BCE with those of other companies that we deemed relevant; (9) third party research analysts’ earnings estimates, valuation analyses, target prices and investment recommendations for the Company and BCE including a comparison of analysts’ estimates of the earnings of the Company with the Company’s actual results for the quarter ended March 31, 2000 and estimated results for the quarter ended June 30, 2000 and for the remainder of this year as provided to us by the management of the Company; (10) a comparison of the financial terms of the Transaction with the financial terms of certain other transactions that we deemed relevant; (11) the potential pro forma financial effects of a combination of the businesses of the Company and BCE; and (12) the results of prior efforts to solicit indications of interest from third parties with respect to a business combination or other strategic transaction with the Company. We also have had discussions with the managements of the Company and BCE concerning their respective businesses, operations, assets, financial conditions and prospects and have undertaken such other studies, analyses and investigations as we deemed appropriate.

In arriving at our opinion, we have assumed and relied upon the accuracy and completeness of the financial and other information used by us without assuming any responsibility for independent verification of such information and have further relied upon the assurances of management of the Company and BCE that they are not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the financial forecasts of the Company furnished to us by the Company, upon advice of the Company we have assumed that such forecasts have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of the Company as to the future financial performance of the Company. However, given that the Company’s recent financial performance has not met management’s projections, creating a trend inconsistent with those projections and the necessity for a substantial improvement in financial performance for the Company to meet its projections in the future, we also have prepared and considered more conservative financial projections based upon the strong possibility that the Company will underperform management’s projections in the future. We have discussed these adjusted projections with management of the Company and they have agreed with the appropriateness of the use of such adjusted projections in performing our analysis. In arriving at our opinion, with the consent of the Company, we were not provided with and did not have any access to any financial projections of BCE, and instead, based upon the advice of BCE and with the express consent of the Company, we have assumed that the publicly available estimates of research analysts are a reasonable basis upon which to evaluate and analyze the future financial performance of BCE and that BCE will perform substantially in accordance with such estimates. In arriving at our opinion, we have not conducted a physical inspection of the properties and facilities of the Company or BCE and have not made or obtained any evaluations or appraisals of the assets or liabilities of the Company or BCE. Our opinion necessarily is based upon market, economic and other conditions as they exist on, and can be evaluated as of, the date of this letter.

In addition, we do not express any opinion as to the prices at which shares of the BCE Common Stock may trade at any time prior to or following the consummation of the Transaction, and this opinion should not be viewed as providing any assurance that the market value of the shares of BCE Common Stock to be held by the holders of Teleglobe Common Stock after the consummation of the Transaction will be in excess of the market value of the

shares of Teleglobe Common Stock owned by such stockholders at any time prior to announcement or consummation of the Transaction.

Based upon and subject to the foregoing, we are of the opinion as of the date hereof that, from a financial point of view, the Consideration to be offered to the Public Stockholders in the Transaction is fair to the Public Stockholders.

We have acted as financial advisor to the Company in connection with the Transaction and will receive a fee for our services, a portion of which is contingent upon the consummation of the Transaction. In addition, the Company has agreed to indemnify us for certain liabilities that may arise out of the rendering of this opinion. We also have performed various investment banking services for the Company and its predecessor in the past, and have received customary fees for such services. In the ordinary course of our business, we actively trade in the debt and equity securities of the Company and BCE for our own account and for the accounts of our customers and, accordingly, may at any time hold a long or short position in such securities.

This opinion is for the use and benefit of the Special Committee and the full Board of Directors of the Company and is rendered to the Special Committee and the Board of Directors in connection with their consideration of the Transaction. This opinion is not intended to be and does not constitute a recommendation to any stockholder of the Company as to how to vote or whether to accept the consideration to be offered to the stockholders in connection with the Transaction.

Very truly yours,

(signed)

LEHMAN BROTHERS

ANNEX F

FAIRNESS OPINIONS OF BCE'S FINANCIAL ADVISORS

MORGAN STANLEY

*MORGAN STANLEY CANADA LIMITED
181 BAY STREET
SUITE 3700
TORONTO, ONTARIO M5J 2T3*

February 15, 2000

Board of Directors
BCE Inc.
1000 de la Gauchetiere Street West
Suite #3700
Montreal, Quebec
H3B 4Y7

Members of the Board:

We understand that Telelobe Inc. (the "Company"), and BCE Inc. (the "Buyer") propose to enter into a Support Agreement substantially in the form of the draft dated February 14, 2000 (the "Support Agreement") which provides, among other things, for (i) the commencement by Buyer or a wholly owned subsidiary of Buyer of a tender offer (the "Tender Offer") for all outstanding common shares (the "Company Common Shares") of the Company (including Company Common Shares issuable upon the conversion, exchange or exercise of any securities of the Company convertible or exchangeable for Company Common Shares) for Cdn. \$48.41 per share net to the seller in common shares of Buyer determined pursuant to a formula set forth in the Support Agreement and subject to a minimum exchange ratio of 0.85 and a maximum exchange ratio of 0.97 (notwithstanding the foregoing, if Buyer does not complete its previously announced spin-off of the majority of its stake in Nortel Networks Corporation the exchange ratio shall be fixed at 0.30) and (ii) the subsequent compulsory acquisition of the remaining outstanding shares of the Company as set forth in the Support Agreement. Additionally we understand that Buyer proposes to enter into lock-up agreements (the "Lock-Up Agreements") with Ken A. Troutt and certain affiliated parties (the "Troutt Group") and Charles Sirois and certain affiliated parties (the "Sirois Group") substantially in the form of the draft dated February 14, 2000, pursuant to which the Troutt Group and the Sirois Group agree to support the Tender Offer. The terms and conditions of the Tender Offer and the Transaction are more fully set forth in the Support Agreement.

You have asked for our opinion as to whether the consideration to be paid to the holders of Company Common Shares pursuant to the Support Agreement is fair from a financial point of view to the Buyer.

For purposes of the opinion set forth herein, we have:

- (i) reviewed certain publicly available financial statements and other information of the Company and the Buyer;
- (ii) reviewed certain internal financial statements and other financial and operating data concerning the Company prepared by the management of the Company;
- (iii) analyzed certain financial projections prepared by the management of the Company;
- (iv) discussed the past and current operations and financial condition and the prospects of the Company with senior executives of the Company;
- (v) analyzed certain internal financial statements and other financial operating data concerning the Buyer prepared by the management of the Buyer;
- (vi) analyzed certain financial projections prepared by the management of the Buyer;
- (vii) discussed the past and current operations and financial condition and the prospects of the Buyer, including information relating to certain strategic, financial and operational benefits anticipated from the Transaction, with senior executives of the Buyer, and analyzed the pro forma impact of the Transaction on the Buyer's earnings per share, consolidated capitalization and financial ratios;
- (viii) reviewed the reported prices and trading activity for the Company Common Shares and the common shares of Buyer;
- (ix) compared the financial performance of the Company and the prices and trading activity of the Company Common Shares with that of certain other comparable publicly-traded companies and their securities;
- (x) participated in discussions and negotiations among representatives of the Company and the Buyer and their financial and legal advisors;
- (xi) reviewed the draft Support Agreement, the draft Lock-Up Agreements, and certain related documents;
- (xii) performed such other analyses as we have deemed appropriate.

We have assumed and relied upon without independent verification the accuracy and completeness of the information reviewed by us for the purposes of this opinion. With respect to the financial projections including information relating to the strategic, financial and operational benefits anticipated from the Merger, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the future financial performance of the Company. We have not made any independent valuation or appraisal of the assets or liabilities of the Company, nor have we been furnished with any such appraisals. Our

opinion is necessarily based on economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof.

We have acted as financial advisor to the Board of Directors of the Buyer in connection with this transaction and will receive a fee for our services. In the past, Morgan Stanley Canada Limited and its affiliates have provided financial advisory and financing services for the Buyer and have received fees for the rendering of these services.

It is understood that this letter is for the information of the Board of Directors of the Buyer only and may not be used for any other purpose without our prior written consent.

Based on and subject to the foregoing, we are of the opinion on the date hereof that the consideration to be paid to the holders of Company Common Shares pursuant to the Support Agreement is fair from a financial point of view to the Buyer.

Very truly yours,

MORGAN STANLEY CANADA LIMITED

By: 
Bradley J. Crompton
Managing Director

February 15, 2000

The Board of Directors
BCE Inc.
1000 Rue de la Gauchetiere W.,
Suite 3700
Montreal, Quebec
H3B 4Y7

To The Board of Directors:

CIBC World Markets Inc. ("CIBCWM") understands that BCE ("BCE" or the "Company") has entered into a Support Agreement (the "Agreement") with Teleglobe Inc. ("Teleglobe") and a Lock-up Agreement (the "Lock-up") with Ken Troutt, Troutt Family Trust, Lisa E. Troutt Children's Trust, Kenny A. Troutt Children's Trust, Kat Children's Trust II, Charles Sirois, Telesystem Ltd. and Kenny Troutt Investment Partnership Ltd. on the 15th day of February, 2000. The Agreement includes, among other things, an agreement by BCE to offer to acquire 100% of the common shares of Teleglobe it does not already own (the "Transaction") in consideration for the issuance to Teleglobe common shareholders of common shares of BCE at an exchange ratio ranging from 0.85 to 0.97 of a BCE common share (after giving effect to the proposed spin off of common shares of Nortel Networks Inc.) for each Teleglobe common share acquired or an exchange ratio of 0.3 of a BCE common share if closing of the Transaction occurs prior to the spin-off (the "Exchange Ratios").

The Board of Directors of the Company (the "Board") has retained CIBCWM and Morgan Stanley Dean Witter ("MS") to act as the Company's financial advisors. As part of its role as financial advisor CIBC World Markets was requested to review the Transaction and to prepare and deliver to the Board an opinion (the "Fairness Opinion") as to whether the Exchange Ratios are fair, from a financial point of view, to the Company.

CIBCWM's Engagement

The Board initially contacted CIBCWM on January 27, 2000, and CIBCWM was formally engaged by the Company to provide financial advice and the Fairness Opinion under an agreement (the "Engagement Agreement") dated January 27, 2000. CIBCWM provided financial advice to the Company in structuring the Transaction and supporting the negotiations between the Company, Teleglobe and representatives of the selling shareholders that are parties to the Lock-up.

CIBCWM will be paid a fee (including a success fee if the Transaction is completed) for acting as financial advisor and will also be reimbursed for all reasonable out-of-pocket expenses in connection therewith. In addition, BCE has agreed to indemnify CIBCWM in respect of certain liabilities that may arise out of its engagement.

CIBCWM's Credentials

CIBCWM is one of Canada's largest investment banking firms, with operations in all facets of corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading and investment research. The Fairness Opinion expressed herein is the opinion of CIBCWM, and the form and content have been approved by a committee of its directors, each of whom is experienced in merger, acquisition, divestiture and valuation matters.

CIBCWM is not an insider, associate or affiliate of the Company or to any other party to the Agreement (each an "Interested Party"). CIBCWM has provided investment banking services to the Company and its affiliates in the past, including acting as financial advisor in mergers and acquisitions and in the underwriting of securities of the Company during the 24 months preceding the date of the Engagement Agreement. In addition, Mr. Charles Sirois, a director and senior officer of Teleglobe and a party to the Lock-up, is also a director of Canadian Imperial Bank of Commerce, the ultimate parent of CIBC World Markets.

Scope of Review

In connection with preparing and rendering the Fairness Opinion, CIBCWM has reviewed, and where it considered appropriate, relied upon (without verifying independently the completeness or accuracy of), or undertaken, among other things:

- (i) the draft Support Agreement dated February 15, 2000;
- (ii) the draft Lock-up agreement dated February 15, 2000;
- (iii) annual reports, including audited financial statements for Teleglobe and BCE for the fiscal years ended December 31, 1997 and 1998 and the unaudited financial statements for Teleglobe for the fiscal year ended December 31, 1999;
- (iv) Annual Information Forms for Teleglobe and BCE for the fiscal years ended December 31, 1997 and 1998;
- (v) discussions with members of the management of Teleglobe and BCE and their major subsidiaries concerning their current business operations, financial condition, results and prospects;
- (vi) the unaudited interim reports of Teleglobe and BCE for the first three quarters of fiscal 1999;
- (vii) Teleglobe's fiscal 1999 and 2000 Consolidated Budget as well as those of its major subsidiaries;
- (viii) financial projections for Teleglobe for the fiscal years 2000 to 2004 including supporting documentation and analysis;
- (ix) certain other internal information, primarily financial in nature, concerning the business, assets, liabilities and prospects of Teleglobe and BCE and their subsidiaries, including information relating to certain strategic, financial, operational and other benefits anticipated from the merger and analyses of the proforma impacts on the earnings and capitalization of the Company;
- (x) discussions with members of senior management of BCE and Bell Canada regarding their views and analysis concerning past and current business operations, financial condition, and prospects of Teleglobe;
- (xi) information and analysis on Teleglobe, BCE and other companies, including data relating to public market trading levels and private market transaction multiples;

- (xii) discussions with CIBC World Markets industry analysts and review of other industry analysts' reports;
- (xiii) a copy of the written presentation which senior management of the Company will deliver to the Board for review in connection with its evaluation of the Proposed Transaction; and
- (xiv) such other information, analysis and discussions as we considered necessary or appropriate in the circumstances.

CIBCWM has not, to the best of its knowledge, been denied access by Teleglobe or the Company to any information requested by CIBCWM.

Assumptions and Limitations

CIBCWM has relied upon, and has assumed, the completeness, accuracy and fair presentation of all the financial and other information, data, advice, opinions and representations obtained by it from public sources, the Company, senior management of Teleglobe and agents and advisors to Teleglobe (collectively, the "Information"). Subject to the exercise of professional judgement, we have not attempted to verify independently the completeness, accuracy or fair presentation of any of the Information. In particular, although the Company has represented to us that the Information provided to us concerning the Company is accurate and complete in all material respects, we have not received any representation or officers' certificate from Teleglobe concerning the accuracy and completeness of the Information provided to us concerning Teleglobe.

In preparing the Fairness Opinion, CIBCWM has made several assumptions, including that all of the conditions required to implement the Transaction will be met and that all material governmental, regulatory or other consents and approvals necessary for the consummation of the Transaction will be obtained without any adverse effect on the Company or Teleglobe.

The Fairness Opinion is rendered on the basis of securities markets and economic, financial and general business conditions prevailing as at the date hereof. In its analyses and in preparing the Fairness Opinion, CIBCWM made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of CIBCWM or any party involved in the Transaction. The Fairness Opinion does not address the relative merits of the Transaction and any other business strategies being considered by the Company's Board, nor does it address the Board's decision to proceed with the Transaction. We are expressing no opinion as to the prices at which the Company's common shares will trade at any time.

The Fairness Opinion has been provided for the use of the Board in connection with its evaluation of the Proposed Transaction and may not be used or relied upon by any other person or for any other purpose, nor may it be reproduced, quoted from or referred to in any document without the express prior written consent of CIBCWM in each instance. The Fairness Opinion is given as of the date hereof and CIBCWM disclaims any undertaking or obligation to advise the Board of any change in any fact or matter affecting the Fairness Opinion which may come or be brought to CIBCWM's attention after the date hereof. Notwithstanding and without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Fairness Opinion after the date hereof, CIBCWM reserves the right to change, modify or withdraw the Fairness Opinion.

We understand that the Transaction is not subject to the formal valuation requirements under Ontario Securities Commission Policy Statement No. 9.1 and Quebec Securities Commission Policy Statement No. Q-27. Accordingly, we were not engaged to prepare and have not prepared a formal valuation or appraisal of the common shares, assets or liabilities (contingent or otherwise) of Teleglobe or the Company and the Fairness Opinion should not be construed as such.

Conclusion

Based upon and subject to the foregoing and based upon such other factors as we consider relevant, it is our opinion that as of the date hereof the Exchange Ratios are fair, from a financial point of view, to the Company.

Yours very truly,

CIBC WORLD MARKETS INC.

CIBC World Markets inc.

ANNEX G

PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF BCE INC.

COMPILATION REPORT

To the Directors of BCE Inc.

We have reviewed, as to compilation only, the accompanying *pro forma* consolidated balance sheet of BCE Inc. as at June 30, 2000 and the *pro forma* consolidated statements of operations for the six-month period ended June 30, 2000 and for the year ended December 31, 1999.

These *pro forma* consolidated statements have been prepared for inclusion in the Notice of Special Meeting and Management Information Circular of Teleglobe Inc. regarding the Arrangement involving BCE Inc. and Teleglobe Inc.

In our opinion, the *pro forma* consolidated balance sheet as at June 30, 2000 and the *pro forma* consolidated statements of operations for the six-month period ended June 30, 2000 and for the year ended December 31, 1999 have been properly compiled to give effect to the proposed transaction and the assumptions described in the notes thereto.

(signed) DELOITTE & TOUCHE LLP
CHARTERED ACCOUNTANT

Montréal, Canada
September 8, 2000

**COMMENTS FOR UNITED STATES READERS ON DIFFERENCES BETWEEN CANADIAN AND
UNITED STATES REPORTING STANDARDS**

The above report, provided solely pursuant to Canadian requirements, is expressed in accordance with standards of reporting generally accepted in Canada. Such standards contemplate the expression of an opinion with respect to the compilation of *pro forma* consolidated financial statements. United States standards do not provide for the expression of an opinion on the compilation of *pro forma* consolidated financial statements. To report in conformity with United States standards on the reasonableness of the *pro forma* adjustments and their application to the *pro forma* consolidated financial statements, requires an examination or review which would be substantially greater in scope than the review as to compilation only that we have conducted. Consequently, under United States standards we would be unable to express any opinion with respect to the compilation of the accompanying *pro forma* consolidated financial statements.

(signed) DELOITTE & TOUCHE LLP
CHARTERED ACCOUNTANT

Montréal, Canada
September 8, 2000

PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS OF BCE INC.
(in millions of Canadian dollars, except per share amounts)

For the Six Months Ended June 30, 2000

	BCE Actual	Teleglobe Actual	Pro Forma Adjustments	Pro Forma
	(unaudited)	(unaudited) (see Note 2a)	(see Note 2)	(unaudited)
Operating revenues	\$8,435	\$1,826	\$	\$10,261
Operating expenses	6,881	2,401	(d) 107	9,389
Restructuring charges	<u> </u>	<u>63</u>	<u> </u>	<u>63</u>
Net operating revenues (expenses)	1,554	(638)	(107)	809
Other income (expense), including equity in net earnings (losses) of significantly influenced companies	<u>(91)</u>	<u>(32)</u>	(e) <u>69</u>	<u>(54)</u>
Earnings (loss) from continuing operations before the under-noted items	1,463	(670)	(38)	755
Interest expense	<u>626</u>	<u>116</u>	(c) <u>39</u>	<u>781</u>
Earnings (loss) from continuing operations before income taxes and non-controlling interest	837	(786)	(77)	(26)
Income taxes	(607)	227	(j) (3)	(383)
Non-controlling interest	<u>(70)</u>	<u>76</u>	(f) <u>(3)</u>	<u>3</u>
Earnings (loss) from continuing operations	160	(483)	(83)	(406)
Discontinued operations	<u>4,055</u>	<u> </u>	(m) <u>(4,055)</u>	<u> </u>
Net earnings (loss)	4,215	(483)	(4,138)	(406)
Dividends on preferred shares	<u>(42)</u>	<u>(3)</u>	(f) <u>3</u>	<u>(42)</u>
Net earnings (loss) applicable to common shares	<u><u>\$4,173</u></u>	<u><u>\$ (486)</u></u>	<u><u>\$ (4,135)</u></u>	<u><u>\$ (448)</u></u>
<i>Average number of common shares outstanding (millions)</i>	644.3		(b) 142.6	786.9
<i>Net earnings per common share</i>				
Continuing operations	\$ 0.18			\$ (0.57)
Net earnings (loss)	\$ 6.48			\$ (0.57)

PRO FORMA CONSOLIDATED BALANCE SHEET OF BCE INC.
(in millions of Canadian dollars)

	At June 30, 2000			
	BCE Actual	Telelobe Actual	<i>Pro Forma</i> Adjustments	<i>Pro Forma</i>
	(unaudited)	(unaudited) (see Note 2a)	(see Note 2)	(unaudited)
ASSETS				
Current assets				
Cash and cash equivalents	\$ 334	\$ 273	\$	\$ 607
Accounts receivable.....	2,773	1,086		3,859
Other current assets	854	354		1,208
Total current assets	<u>3,961</u>	<u>1,713</u>		<u>5,674</u>
Investments in significantly influenced and other companies	5,637	50	(f) (g) (1,691)	3,996
Capital assets	19,388	2,730		22,118
Deferred charges	3,261	848		4,109
Goodwill and other assets	3,994	5,016	(b) (g) 2,503	11,513
Total assets	<u>\$36,241</u>	<u>\$10,357</u>	<u>\$ 812</u>	<u>\$ 47,410</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	\$ 3,581	\$ 1,373	\$	\$ 4,954
Debt due within one year	3,910	972	(b) (i) 1,300	6,182
Total current liabilities	<u>7,491</u>	<u>2,345</u>	<u>1,300</u>	<u>11,136</u>
Long-term debt	10,999	1,959		12,958
Future income taxes and other long-term liabilities	3,908	230		4,138
Total liabilities	<u>22,398</u>	<u>4,534</u>	<u>1,300</u>	<u>28,232</u>
Non-controlling interest	<u>3,240</u>	<u>174</u>	(f) 121	<u>3,535</u>
SHAREHOLDERS' EQUITY				
Preferred shares	<u>1,300</u>	<u>268</u>	(f) (268)	<u>1,300</u>
Common shareholders' equity				
Common shares	6,820	5,847	(b) (h) (807)	11,860
Contributed surplus	997			997
Retained earnings	1,554	(468)	(h) 468	1,554
Currency translation adjustment	(68)	2	(h) (2)	(68)
Total common shareholders' equity	<u>9,303</u>	<u>5,381</u>	<u>(341)</u>	<u>14,343</u>
Total shareholders' equity	<u>10,603</u>	<u>5,649</u>	<u>(609)</u>	<u>15,643</u>
Total liabilities and shareholders' equity	<u>\$36,241</u>	<u>\$10,357</u>	<u>\$ 812</u>	<u>\$ 47,410</u>

PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS OF BCE INC.
(in millions of Canadian dollars, except per share amounts)

For the Year Ended December 31, 1999

	<u>BCE Actual</u> (audited)	<u>Nortel Adjustments</u> (see Note 2)	<u>BCE Restated</u> (unaudited)	<u>Teleglobe Actual</u> (unaudited) (see Note 2a)	<u>Pro Forma Adjustments</u> (see Note 2)	<u>Pro Forma</u> (unaudited)
Operating revenues	\$14,214	\$	\$14,214	\$4,269	\$	\$18,483
Operating expenses	11,522		11,522	4,063	(d) 214	15,799
Purchased in-process research and development expense	23		23			23
Restructuring and other charges	490		490			490
Net operating revenues	2,179		2,179	206	(214)	2,171
Gains on reduction of ownership in subsidiaries and significantly influenced companies	4,902	(k) (591)	4,311			4,311
Other income (expense), including equity in net earnings (losses) of significantly influenced companies	428	(l) 201	629	(28)		601
Earnings before the under-noted items	7,509	(390)	7,119	178	(214)	7,083
Interest expense	1,089		1,089	113	(c) 78	1,280
Earnings before income taxes and non-controlling interest	6,420	(390)	6,030	65	(292)	5,803
Income taxes	(963)		(963)	(58)	(j) 31	(990)
Non-controlling interest	2		2	3	(f) (7)	(2)
Earnings from continuing operations	5,459	(390)	5,069	10	(268)	4,811
Discontinued operations	—	(k) (l) 390	390		(m) (390)	—
Net earnings	5,459	—	5,459	10	(658)	4,811
Dividends on preferred shares	(93)		(93)	(7)	(f) 7	(93)
Net earnings applicable to common shares	<u>\$ 5,366</u>	<u>\$ —</u>	<u>\$ 5,366</u>	<u>\$ 3</u>	<u>\$ (651)</u>	<u>\$ 4,718</u>
<i>Average number of common shares outstanding (millions)</i>	642.8		642.8		(b) 142.6	785.4
<i>Net earnings per common share</i>						
Continuing operations	\$ 8.35		\$ 7.74			\$ 6.01
Net earnings	\$ 8.35		\$ 8.35			\$ 6.01

BCE Inc.

Notes to Pro Forma Consolidated Balance Sheet and Statements of Operations of BCE Inc. (All amounts in Canadian dollars)

1. Basis of Presentation

The accompanying *pro forma* consolidated balance sheet and statements of operations have been prepared from the unaudited consolidated financial statements of BCE Inc. ("BCE") and Teleglobe Inc. ("Teleglobe") (converted from U.S. dollars to Canadian dollars, see Note 2a) at and for the six-month period ended June 30, 2000 and the audited consolidated financial statements of BCE and Teleglobe (converted from U.S. dollars to Canadian dollars, see Note 2a) for the year ended December 31, 1999. These financial statements reflect, on a *pro forma* basis, the distribution of an approximate 35% interest in Nortel Networks Corporation ("Nortel") to BCE common shareholders and the acquisition of an approximate 77% interest in Teleglobe. The *pro forma* financial statements should be read in conjunction with the consolidated financial statements and other financial information of BCE and Teleglobe for the six-month period ended June 30, 2000 and for the year ended December 31, 1999.

The *pro forma* financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) in Canada.

The *pro forma* financial statements are not necessarily indicative of the financial position that would have resulted or the operations that would have been achieved had the distribution of Nortel and the acquisition of the Teleglobe common shares taken place at the dates indicated below or that may be achieved in the future.

2. Pro Forma Assumptions and Adjustments

The *pro forma* financial statements have been presented assuming that the distribution of an approximate 35% interest in Nortel and the purchase of an approximate 77% interest in Teleglobe had been completed as at January 1, 2000 and 1999 for the *pro forma* consolidated statements of operations for the six-month period ended June 30, 2000 and for the year ended December 31, 1999, respectively, and as at June 30, 2000 for the *pro forma* consolidated balance sheet as at the same date. The *pro forma* financial statements give effect to the following items:

Teleglobe Assumptions

BCE will acquire all of the outstanding Teleglobe common shares that it does not already own (approximately 196 million shares) based on a fixed exchange ratio of 0.91 of a BCE common share (including nominal cash consideration) for each Teleglobe common share. Teleglobe shareholders are entitled to receive up to 20% of the value of the consideration in cash.

- (a) Teleglobe's financial statements are prepared in accordance with Canadian GAAP using U.S. dollars as the reporting currency. Teleglobe's statements of operations for the six-month period ended June 30, 2000 and for the year ended December 31, 1999 have been converted at the rate of exchange of 1.4669 and 1.4858, respectively, Canadian dollar per U.S. dollar being the average Canadian to U.S. dollar conversion rate for each of these periods. Teleglobe's balance sheet at June 30, 2000 has been converted at the rate of exchange of 1.4793 Canadian dollar per U.S. dollar, representing the Canadian to U.S. dollar conversion rate in effect at that date.
- (b) Based on the June 30, 2000 market price of the BCE common shares (\$35.10), the total cost of acquiring the approximately 196 million Teleglobe common shares amounts to \$6,300 million. The purchase price assumes that 80% (\$5,040 million) of this amount will be paid in BCE common shares (approximately 142.6 million shares), while 20% (\$1,260 million) will be paid in cash. This acquisition was accounted for using the purchase method of accounting. Assuming that the fair value of Teleglobe's net tangible assets are equal to their net book value at June 30, 2000, \$6,060 million of goodwill will be created on the Teleglobe acquisition;
- (c) Represents interest expense on the cash used to acquire Teleglobe, including transaction costs, at an effective interest rate of 6%;
- (d) Represents the incremental amortization of goodwill as a result of the Teleglobe acquisition. Goodwill expense has been calculated based on a 20 year amortization period;
- (e) Represents the reversal of BCE's 23% share in the net losses of Teleglobe;
- (f) Represents the reclassification of Teleglobe preferred shares (\$121 million) and the dividends thereon, to non-controlling interest and the elimination of the Teleglobe Fourth Series Preferred Shares owned by BCE (\$147 million);
- (g) Represents the elimination of the carrying value of BCE's original 23% investment in Teleglobe and the reclassification of the related implicit goodwill on that investment (\$300 million);
- (h) Represents the elimination of Teleglobe's common shares (\$5,847 million), deficit (\$468 million) and currency translation adjustment (\$2 million);
- (i) BCE's share of transaction related costs are estimated at \$40 million;
- (j) Represents the income tax effects relating to the *pro forma* adjustments;

Nortel Assumptions

In May 2000, BCE distributed an approximate 35% interest in Nortel to BCE shareholders. Consequently, BCE's results prior to May 2000 reflect its 35% interest in Nortel as a discontinued operation. This transaction was recorded as a distribution (dividend) to BCE shareholders and was removed from the BCE consolidated balance sheet during the second quarter of 2000.

- (k) Represents the reclassification of gains on reduction of ownership relating to the Nortel investment to discontinued operations;
- (l) Represents the reclassification of BCE's equity in the net earnings of Nortel to discontinued operations;
- (m) Represents the elimination of the discontinued operations (Nortel).

3. Reconciliation of Pro Forma Earnings Reported in Accordance with Canadian GAAP with United States GAAP

The material differences between Canadian and United States GAAP affecting the pro forma financial statements of BCE are reconciled in the table below:

	June 30, 2000	December 31, 1999
Pro forma net earnings (loss) applicable to common shares - Canadian GAAP	\$ (448)	\$4,718
Adjustments		
Goodwill (a)	22	44
Employee future benefits (b)	19	(69)
Income taxes (c)	—	293
Foreign exchange (d)	(83)	(63)
Gain on exchange of investments (e)	—	99
Gains on reduction of ownership in subsidiary and significantly influenced companies (f)	—	124
Additional pick-up of non-controlling interest losses (g)	(139)	(80)
Pre-operating expenses and subscriber acquisition costs (h)	(22)	(166)
Other	(69)	(72)
Net earnings (loss) applicable to common shares - US GAAP	\$ (720)	\$4,828
Net earnings (loss) per common share - US GAAP (i)		
	Basic	\$ 6.15
	Fully diluted	<u>\$ 6.03</u>

The cumulative effect on the differences between Canadian and United States GAAP as at June 30, 2000 is to reduce retained earnings by \$3,340 million.

US GAAP Adjustments

(a) Goodwill

Under U.S. GAAP, if certain conditions are met, the pooling of interest method can be used to account for an acquisition. Under Canadian GAAP, the pooling of interest method can only be used when none of the parties involved can be identified as the acquirer. Accordingly, under U.S. GAAP, the purchase of Excel Communications Inc. (Excel) by Teleglobe in 1998, was accounted for using the pooling of interest method. This resulted in the assets, liabilities and shareholders' equity of Teleglobe and Excel being combined at book values and, as such, no goodwill was recorded.

(b) Employee future benefits

Under Canadian GAAP, prior to January 1, 2000, BCE recognized the costs of postretirement benefits other than pension costs, such as health and life insurance benefits for retirees and postemployment benefits, when paid. United States GAAP requires the accrual of actuarially determined postretirement benefit costs as active employees earn these benefits and the accrual of the postemployment benefits at the occurrence of an event that renders an employee inactive. Also, prior to January 1, 2000, the difference in pension credits arose mainly from variations in methodology for calculating pension expense, curtailments and settlements under Canadian GAAP compared with United States GAAP.

Effective January 1, 2000, BCE adopted the new accounting recommendations under Canadian GAAP which are now in all material respects consistent with United States GAAP, except for the recognition of certain unrealized gains.

(c) Income taxes

Under Canadian GAAP, prior to January 1, 2000, BCE accounted for income taxes under the deferral method, which focused on the income statement. Under United States GAAP, BCE adjusted its net deferred income tax liability for all temporary differences between the carrying amounts of assets and liabilities, including investments in significantly influenced companies, for financial reporting purposes and the amounts used for income tax purposes, computed based on the rates and provisions of the enacted tax law. Effective January 1, 2000, BCE adopted the new accounting recommendations under Canadian GAAP which are now in all material respects consistent with United States GAAP.

(d) Foreign exchange

Under Canadian GAAP, unrealized foreign exchange translation gains and losses on long-term monetary assets and liabilities are deferred and amortized over the remaining lives of the related items. Under United States GAAP, the translation gains and losses are reported in earnings immediately. The cumulative effect of this difference is to reduce retained earnings as reported under Canadian GAAP by \$265 million.

(e) Gain on exchange of investments

On May 31, 1999, Bruncor Inc. (Bruncor) and Maritime Telegraph and Telephone Company Limited (MT&T) (significantly influenced companies of Bell Canada, a subsidiary of BCE) and NewTel Enterprises Limited (NewTel) (a subsidiary of Bell Canada) combined their businesses to form Aliant Inc. (Aliant). As a result, Bell Canada exchanged the ownership interest it had in Bruncor (45%), MT&T (34%) and NewTel (55%) for a 42% interest in Aliant. For United States GAAP purposes, the transaction represents, for Bell Canada, a series of non-monetary exchanges. Generally, exchanges of similar productive assets are accounted for at carrying value and no gain or loss is recognized. However, as a consolidated investment is not considered a productive asset, the exchange of Bell Canada's interest in NewTel was recorded at fair value. The cumulative effect of this difference is to increase retained earnings as reported under Canadian GAAP by \$99 million.

(f) Gains on reduction of ownership in subsidiary and significantly influenced companies

Under Canadian and United States GAAP, a gain on reduction of ownership in a subsidiary or significantly influenced company is calculated in a similar manner. However, Canadian and United States GAAP differences will cause the underlying equity value of a subsidiary or significantly influenced company to be different; therefore, the resulting gain will be different. In addition, under United States GAAP, a gain on reduction of ownership in a significantly influenced company is tax effected. Furthermore, under United States GAAP, if certain conditions are met, the pooling of interest method can be used to account for an acquisition. Under Canadian GAAP, the pooling of interest method can only be used when none of the parties included can be identified as the acquirer. Accordingly, under United States GAAP, the purchase of Excel by Teleglobe in 1998 was accounted for using the pooling of interest method and the gain on reduction of ownership in Teleglobe was not recorded. The cumulative effect of this difference is to reduce retained earnings as reported under Canadian GAAP by \$246 million.

(g) Additional pick-up of non-controlling interest losses

Under Canadian and United States GAAP, the controlling shareholder is required to account for 100% of a subsidiary's losses when the non-controlling interest, related to that subsidiary, has been eliminated on the balance sheet. However, Canadian and United States GAAP differences will cause the point at which 100% of the losses are allocated to the controlling shareholder to be different. The cumulative effect of this difference is to reduce retained earnings as reported under Canadian GAAP by \$219 million.

(h) Pre-operating expenses and subscriber acquisition costs

Under Canadian GAAP, pre-operating expenses, if they meet certain criteria, and subscriber acquisition costs can be deferred and amortized. Under United States GAAP, these costs are expensed as incurred. The cumulative effect of this difference is to reduce retained earnings as reported under Canadian GAAP by \$166 million.

(i) Earnings per share

Under United States GAAP, companies are required to present diluted earnings per share using the treasury stock method, which differs from the method of computing fully diluted earnings per common share under Canadian GAAP.

ANNEX H

SECTION 190 OF THE CBCA

190. (1) [Right to Dissent] Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to

- (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;
- (b) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;
- (c) amalgamate otherwise than under section 184;
- (d) be continued under section 188; or
- (e) sell, lease or exchange all or substantially all its property under subsection 189(3).

(2) **[Further right]** A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.

(3) **[Payment for shares]** In addition to any other right he may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which he dissents or an order made under subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares held by him in respect of which he dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

(4) **[No partial dissent]** A dissenting shareholder may only claim under this section with respect to all the shares of a class held by him on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

(5) **[Objection]** A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of his right to dissent.

(6) **[Notice of resolution]** The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn his objection.

(7) **[Demand for payment]** A dissenting shareholder shall, within twenty days after he receives a notice under subsection (6) or, if he does not receive such notice, within twenty days after he learns that the resolution has been adopted, send to the corporation a written notice containing

- (a) his name and address;
- (b) the number and class of shares in respect of which he dissents; and
- (c) a demand for payment of the fair value of such shares.

(8) **[Share certificate]** A dissenting shareholder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which he dissents to the corporation or its transfer agent.

(9) **[Forfeiture]** A dissenting shareholder who fails to comply with subsection (8) has no right to make a claim under this section.

(10) **[Endorsing certificate]** A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificates to the dissenting shareholder.

(11) **[Suspension of rights]** On sending a notice under subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of his shares as determined under this section except where

- (a) the dissenting shareholder withdraws his notice before the corporation makes an offer under subsection (12);
- (b) the corporation fails to make an offer in accordance with subsection (12) and the dissenting shareholder withdraws his notice, or
- (c) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9),

in which case his rights as a shareholder are reinstated as of the date he sent the notice referred to in subsection (7).

(12) **[Offer to pay]** A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (7), send to each dissenting shareholder who has sent such notice

- (a) a written offer to pay for his shares in an amount considered by the directors of the corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined; or
- (b) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

(13) **[Same terms]** Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.

(14) **[Payment]** Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

(15) **[Corporation may apply to court]** Where a corporation fails to make an offer under subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.

(16) **[Shareholder application to court]** If a corporation fails to apply to a court under subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.

(17) **[Venue]** An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.

(18) **[No security for costs]** A dissenting shareholder is not required to give security for costs in an application made under subsection (15) or (16).

(19) **[Parties]** On an application to a court under subsection (15) or (16),

- (a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and
- (b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of his right to appear and be heard in person or by counsel.

(20) **[Powers of court]** On an application to a court under subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.

(21) **[Appraisers]** A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

(22) **[Final order]** The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of his shares as fixed by the court.

(23) **[Interest]** A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

(24) **[Notice that subsection (26) applies]** If subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

(25) **[Effect where subsection (26) applies]** If subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under subsection (24), may

- (a) withdraw his notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to his full rights as a shareholder; or
- (b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

(26) **[Limitation]** A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

- (a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or
- (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

ANNEX I

JOINT TAX ELECTION

A Taxable Shareholder whose Teleglobe Common Shares are disposed of to BCE may obtain, depending on the particular circumstances, a full or partial tax deferred transfer or “rollover” by entering into a Joint Tax Election with BCE and filing such Joint Tax Election with the CCRA, the Ministère du revenu du Québec (and, where applicable, another provincial tax authority) within prescribed time limits. Holdco Shareholders that are not exempt from tax under the Canadian Tax Act will also be entitled to enter into a Joint Tax Election with BCE with respect to their Holdco Shares, on a *mutatis mutandis* (taking into account that their intention to make such election would be made in the Holdco Agreement, rather than in the Letter of Transmittal, and references to “Taxable Shareholder” should be read as references to “Holdco Shareholder”) basis and should consult with their own tax advisors in respect thereof. The Joint Tax Election allows a Taxable Shareholder, together with BCE, to elect an amount (the “**Elected Amount**”) which will be treated as the Teleglobe Shareholder’s proceeds of disposition in respect of the disposition of the Teleglobe Shareholder’s Teleglobe Common Shares. The Elected Amount must be determined by the Teleglobe Shareholder subject to the limitations in the Canadian Tax Act as described above under the subheading “Rollover Transaction” under the heading “Dispositions Pursuant to the Arrangement”. BCE will not enter into a Joint Tax Election unless the Teleglobe Shareholder is a Taxable Shareholder and certifies same to BCE in the Letter of Transmittal and such Taxable Shareholder ensures that a duly completed and executed Tax Election Filing Package together with any required supporting schedules is received by Montreal Trust Company, 1800 McGill College Avenue, Montréal, Québec H3A 3K9, Attention: Reorganization Department, on or before January 15, 2001.

A Taxable Shareholder who wishes to make a Joint Tax Election must: (i) certify in the Letter of Transmittal that the Teleglobe Shareholder is a Taxable Shareholder; and (ii) execute and return a duly completed Tax Election Filing Package within the time limits set forth herein. A Taxable Shareholder interested in obtaining a Tax Election Filing Package should so indicate in the Letter of Transmittal accompanying the Circular in the space provided therein. As indicated in the Circular, the ability of a Taxable Shareholder to obtain a complete rollover by entering into a Joint Tax Election will be dependent upon various factors, such as the cash consideration receivable from BCE not exceeding the adjusted cost base of the Teleglobe Common Shares disposed of to BCE. Because of the cash being distributed in lieu of a fractional BCE Common Share, it is possible that Taxable Shareholders will receive cash in excess of Cdn\$0.10 per Teleglobe Common Share (or such additional amount of cash consideration as the Teleglobe Shareholder may elect to receive), thereby potentially increasing the Taxable Shareholder’s Elected Amount. Depending upon the circumstances of the particular Taxable Shareholder, the receipt of cash could give rise to a capital gain.

In order to make a Joint Tax Election, among other requirements, a duly completed Tax Election Filing Package together with any required supporting schedules must be signed by a holder and received by Montreal Trust Company, at the address mentioned above, on or before January 15, 2001. BCE will not execute any Joint Tax Election received after the Tax Election Date or if any of the conditions described in the foregoing paragraph are not satisfied. The Tax Election Filing Package consists of:

- (a) two (2) copies of Federal Election Form T-2057 or, if the Taxable Shareholder is a partnership as indicated on the Letter of Transmittal, then two (2) copies of Federal Election Form T-2058; and
- (b) two (2) copies of the Québec Tax Election Form TP-518-V or, if the Taxable Shareholder is a partnership as indicated on the Letter of Transmittal, then two (2) copies of Québec Tax Election Form TP-529-V.

Due to the fact that BCE is a Québec taxpayer that is required to file tax returns in the Province of Québec, a Taxable Shareholder will be required to file with the Ministère du revenu du Québec a duly completed copy of each Federal Election Form T-2057 or T-2058, as well as a duly completed Québec Election Form TP-518-V or TP-529-V, irrespective of whether or not the Taxable Shareholder is resident in Québec or required to file a tax return in Québec.

Upon receipt of a properly completed Tax Election Filing Package on or before January 15, 2001, BCE agrees to make the Joint Tax Election at the amount(s) determined by the Taxable Shareholder subject to the limitations set out in subsections 85(1) and 85(2) of the Canadian Tax Act. BCE agrees only to execute any accepted Joint

Tax Election and to return such accepted Joint Tax Election by mail within 60 days after the receipt thereof to the Taxable Shareholder. The Taxable Shareholder shall be solely responsible for filing the Joint Tax Election with the appropriate tax authorities. With the exception of execution of the Joint Tax Election by BCE, compliance with the requirements to ensure the validity of a Joint Tax Election will be the sole responsibility of the Taxable Shareholder making the election. BCE will not be responsible for the proper completion or filing of any accepted Joint Tax Election and the Taxable Shareholder will be solely responsible for the payment of any late filing penalty. Accordingly, BCE will not be responsible or liable for taxes, interest, penalties, damages or expenses resulting from the failure by anyone to properly complete any Joint Tax Election form or to properly file such form within the time prescribed and in the form prescribed under the Canadian Tax Act or the corresponding provisions of any applicable provincial tax legislation.

In order for the CCRA (and the Ministère du revenu du Québec) to accept the Tax Election Filing Packages without a late filing penalty being paid by a Taxable Shareholder, the Tax Election Filing Package duly completed and executed by both the Taxable Shareholder and BCE, must be received by such taxation authorities on or before the day that is the earliest of the days on or before which either BCE or the Taxable Shareholder is required to file an income tax return for the taxation year in which the disposition occurs (the deadline may be later in the case of a Québec election). In addition, the Québec Tax Election Form together with a copy of the Federal Election Form must be filed with the Ministère du revenu du Québec. As mentioned above, even if a Taxable Shareholder is not required to file an income tax return in the Province of Québec, the Taxable Shareholder will nevertheless be required to file a copy of the Federal Election Form and a Québec Election Form with the Ministère du revenu du Québec. BCE has advised counsel that its taxation year end is scheduled to end on December 31 of each year. Subject to any change in taxation year, BCE is required to file an income tax return for the taxation year in which the disposition occurs on or before June 30, 2001. In general, the Joint Tax Elections of Taxable Shareholders who are individuals (other than trusts) must be filed for each year by April 30 of the following year. Accordingly, if the Teleglobe Common Shares are acquired by BCE pursuant to the Arrangement in 2000, the relevant income tax return would have to be filed by BCE on or before June 30, 2001 and, in the case of Taxable Shareholders who are individuals (other than trusts), the Joint Tax Election would have to be filed on or before April 30, 2001. **However, regardless of such deadline, Taxable Shareholders are solely responsible for ensuring that such Tax Election Filing Packages are received by the appropriate tax authorities within the prescribed time limits.** If, for whatever reason, the current taxation year of BCE were to terminate before December 31, the Joint Tax Elections might have to be filed earlier to avoid late filing penalties. **Taxable Shareholders are urged to consult their own advisors as soon as possible regarding the deadlines appropriate to their circumstances. Any Taxable Shareholder who does not ensure that BCE, through the Depositary, has received a duly completed Tax Election Filing Package on or before January 15, 2001, will not be able to benefit from the rollover provisions of the Canadian Tax Act or any provincial tax legislation. Accordingly, all Taxable Shareholders who wish to enter into a Joint Tax Election with BCE should give their immediate attention to this matter. The instructions for requesting a Tax Election Filing Package are set out in the Letter of Transmittal.**

Taxable Shareholders are referred to Information Circular 76-19R3 and Interpretation Bulletin IT-291R2 issued by the CCRA, and to Bulletin IMP 518-2R1 issued by the Ministère du revenu du Québec, for further information respecting the election. Taxable Shareholders wishing to make the election should consult their own tax advisors. The comments herein with respect to such elections are provided for general assistance only. The law in this area is complex and contains numerous technical requirements. Compliance with such requirements to ensure the validity of the Joint Tax Election will be the sole responsibility of the Taxable Shareholder.

ANNEX J

DIRECTORS AND OFFICERS OF TELEGLOBE, BCE AND RELATED COMPANIES

DIRECTORS AND OFFICERS OF TELEGLOBE

Set forth below are the names and business addresses of each person who is a director and executive officer of Teleglobe and the present principal occupation or employment of each such person and the name, principal business and address of the corporation or other organization in which such occupation or employment of each such person is conducted. All of the directors and executive officers have held their present positions or other executive positions with Teleglobe or one or more subsidiaries or associated companies, or with the same or associated firms or organizations, for the last five years, unless otherwise indicated. Each person listed below is a citizen of Canada, unless otherwise indicated. No person listed below has been convicted in a criminal proceeding or has been a party to any judicial or administrative proceeding during the past five years resulting in a judgment enjoining the person from future violations of securities laws.

Directors and Officers of Teleglobe

<u>Name and Current Business Address</u>	<u>Present Principal Occupation or Employment: Material Positions held during the past five years</u>
<p>ANDRÉ BOURBONNAIS 1000 rue de La Gauchetière Ouest Suite 2400 Montréal, Québec Canada H3B 4X5</p>	<p>Co-Chief Executive Officer and Executive Vice President, Chief Legal Officer & Corporate Secretary, Teleglobe</p>
<p>MICHAEL T. BOYCHUK 1000 rue de La Gauchetière Ouest Suite 2400 Montréal, Québec Canada H3B 4X5</p>	<p>Executive Vice President and Chief Financial Officer, Teleglobe Corporate Treasurer, BCE and Vice-President and Treasurer, Bell Canada Prior to September 1997, Co-founder, Principal and Chief Operating Officer, Manitex Capital Inc.</p>
<p>DEREK H. BURNEY Royal Bank Plaza 200 Bay Street Suite 3060 Toronto, Ontario Canada M5J 2J1</p>	<p>Director, Teleglobe President and Chief Executive Officer, CAE Inc. (a company specializing in advanced technologies for simulation and control systems) Prior to October 1999, Chairman and Chief Executive Officer, Bell Canada International Inc. (an investment company specializing in international telecommunications), prior to February 1998, President of Bell Canada International Inc., and prior to May 1996, also Executive Vice President, International, BCE</p>
<p>LISA CHOATE* 8750 North Central Expressway Dallas, Texas United States 75231</p>	<p>Vice President, Internal Audit, Teleglobe Prior to 1996, Senior Audit Manager, Halliburton Company</p>
<p>JACQUES DEFORGES 1000 rue de La Gauchetière Ouest Suite 2400 Montréal, Québec Canada H3B 4X5</p>	<p>Vice President, Corporate Treasurer, Teleglobe Prior to April 1996, Senior Manager, North American Corporate Banking, National Bank of Canada</p>

Name and Current Business Address

**Present Principal Occupation or Employment:
Material Positions held during the past five years**

BRUNO DUCHARME
1000 rue de La Gauchetière Ouest
Suite 1600
Montréal, Québec
Canada H3B 4W5

Director, Teleglobe
President and Chief Executive Officer, Telesystem International Wireless Inc. (a global operating wireless communications company) and Executive Vice President, Telesystem Ltd. (an investment company specializing in telecommunications)
Prior to May 1997, President and Chief Executive Officer, Telesystem International Wireless Services Inc.

FRANÇOIS GAUVIN
1000 rue de La Gauchetière Ouest
Suite 2400
Montréal, Québec
Canada H3B 4X5

Assistant Corporate Secretary, Teleglobe
Senior Director, Taxation, Teleglobe

CHRISTINA GOLD
8750 North Central Expressway
Dallas, Texas
United States 75231

Co-Chief Executive Officer, Teleglobe
Vice Chairman and Chief Executive Officer, Excel
Prior to October 1999, President and Founder of The Beaconsfield Group (an advisory firm specializing in global direct selling and marketing/distribution strategies), prior to February 1998, Executive Vice-President, Global Sales, Avon and prior to February 1997, President, Avon North America

JEAN-PIERRE GRATTON
70 York Street
Suite 1200
Toronto, Ontario
Canada M5J 1S9

Vice President and General Manager, Carrier Services, Canadian Market
Prior to March 1998, President, Global One Communications Canada Inc. (a telecommunications company) and prior to December 1996, Vice President, Finance, Global One Communications Canada Inc.

A. MICHAEL HAINSFURTHER*
4000 Fountain Place
1445 Ross Avenue
Dallas, Texas
United States 75202-2790

Director, Teleglobe
Shareholder, Munsch Hardt Kopf & Harr, P.C. (a law firm)

DOMINIQUE JACQUET*
11480 Commerce Park Drive
Reston, Virginia
United States 20191

Vice President, Chief Information Officer, Teleglobe
Prior to February 1996, Vice-President, Network and Information Technology, Sprint International

MICHEL LALANDE
1000 rue de La Gauchetière Ouest
Suite 2400
Montréal, Québec
Canada H3B 4X5

Assistant Corporate Secretary, Teleglobe
Senior Director, Legal Affairs, Teleglobe
Prior to January 1997, corporate and securities attorney, Fasken Martineau DuMoulin (a law firm)

FRANÇOIS LAURIN
1000 rue de La Gauchetière Ouest
Suite 2400
Montréal, Québec
Canada H3B 4X5

Vice President, Finance and Corporate Controller, Teleglobe

Name and Current Business Address

**Present Principal Occupation or Employment:
Material Positions held during the past five years**

T. ALLAN MCARTOR*
7555 Lemmon Avenue
Dallas, Texas
United States 75209

Director, Teleglobe
President and Chief Executive Officer, Legend
Airlines (an airline company)
Prior to December 1996, consultant, McArtor
Enterprises (an aviation and communications
consulting company)

C. EDWARD MEDLAND
121 King Street West
Suite 2525
Toronto, Ontario
Canada M5H 3T9

Director, Teleglobe
President, Beauwood Investments Inc.
(a private investment company)

JEAN C. MONTY
1000 rue de La Gauchetière Ouest
Suite 3700
Montréal, Québec
Canada H3B 4Y7

Chairman, Teleglobe
Chairman, President and Chief Executive Officer,
BCE and Chairman of the Board and Chief
Executive Officer, Bell Canada
Prior to October 1997, Vice Chairman and Chief
Executive Officer, Nortel Networks Corporation

MARVIN MOSES*
2942 Chestnut Run
Bloomfield Hills, Michigan
United States 48302

Director, Teleglobe
Private Investor / Telecommunications Consultant
Prior to April 1996, Vice Chairman, Frontier
Corporation (a long distance communications
company) and prior to November 1995, Executive
Vice President, Chief Financial Officer and Director,
ALC Communications Corporation (a long distance
communications company)

PETER J.M. NICHOLSON
1000 rue de La Gauchetière Ouest
Suite 3700
Montréal, Québec
Canada H3B 4Y7

Director, Teleglobe
Chief Strategy Officer, BCE

CARMAND NORMAND
Place Mercantile
770 Sherbrooke Street West
Suite 1900
Montréal, Québec
Canada H3A 1G1

Director, Teleglobe
President, ADDENDA Capital Inc.
(an investment management company)
Prior to September 1996, President of
Les Conseillers Financiers du St-Laurent Inc.
(a financial consultant company)

GREGORY S. OLIVER*
7001 Preston Road
Suite 410, LB 17
Dallas, Texas
United States 75205-1187

Director, Teleglobe
Partner, Blakeney & Oliver, L.L.P. (a law firm)

Name and Current Business Address

**Present Principal Occupation or Employment:
Material Positions held during the past five years**

CHARLES SIROIS⁽¹⁾
1000 rue de La Gauchetière Ouest
Suite 2500
Montréal, Québec
Canada H3B 4W5

Director, Teleglobe
Chairman and Chief Executive Officer,
Telesystem Ltd.
Prior to February 2000, Chairman and Chief
Executive Officer, Teleglobe and prior to August
1996, also President and Chief Executive Officer,
Teleglobe Canada Inc.

STEPHEN R. SMITH*
16004 Château Avenue
Austin, Texas
United States 78734

Director, Teleglobe
Independent Consultant
Prior to December 1997, Executive Vice President,
Marketing, Excel, prior to October 1997, Independent
Consultant and Executive Vice President of
Marketing, Excelcom, Inc. (a telecommunications
company), and prior to January 1996, Director,
Executive Vice President and Independent Consultant
for the predecessor of Excelcom, Inc.

H. ARNOLD STEINBERG
2 Place Alexis Nihon
3500 de Maisonneuve Blvd. West
Suite 900
Montréal, Québec
Canada H3Z 3C1

Director, Teleglobe
Partner, Cleman Ludmer Steinberg Inc.
(a merchant banking company)

GUTHRIE J. STEWART
1000 rue de La Gauchetière Ouest
Suite 2400
Montréal, Québec
Canada H3B 4X5

Executive Vice President, Global Development,
Teleglobe and Chairman and Chief Executive Officer,
Teleglobe Media Enterprises

KENNY A. TROUTT*
8750 North Central Expressway
Dallas, Texas
United States 75231

Director, Teleglobe
Founder and Chairman, Excel

JOHN M. ZRNO*
5705 Imperial Ct
Plano, Texas
United States 75093

Director, Teleglobe
Private Investor / Director, Broadwing
Communications, Inc.
(telecommunications company)
Prior to November 1999, Chief Executive Officer,
IXC Communications (a telecommunications
company) and prior to October 1995, Chief
Executive Officer, ALC Communications Corporation

** citizen of the United States.*

(1) On March 10, 1999, Telesystem Financial Corporation, a company controlled by Mr. Sirois, purchased one-third of Teleglobe's interest in Look Communications Inc.

DIRECTORS AND OFFICERS OF BCE AND RELATED COMPANIES

Set forth below are the names and business addresses of each person who is a director and executive officer of BCE, Bell Canada Holdings Inc., Bell Canada, 129201 Canada Inc. and 3632709 Canada Inc. and the present principal occupation or employment of each such person and the name, principal business and address of the corporation or other organization in which such occupation or employment of each such person is conducted. All of the directors and executive officers have held their present positions or other executive positions with BCE or one or more subsidiaries or associated companies, or with the same or associated firms or organizations, for the last five years, unless otherwise indicated. Each person listed below is a citizen of Canada, unless otherwise indicated. No person listed below has been convicted in a criminal proceeding or has been a party to any judicial or administrative proceeding during the past five years resulting in a judgment enjoining the person from future violations of securities laws.

Directors and Officers of BCE

<u>Name and Current Business Address</u>	<u>Present Principal Occupation or Employment: Material Positions held during the past five years</u>
WILLIAM D. ANDERSON 1000 rue de La Gauchetière Ouest Suite 3700 Montréal, Québec Canada H3B 4Y7	Chief Financial Officer, BCE 1998 — 1999: Chief Financial Officer, Bell Canada
MICHAEL T. BOYCHUK 1000 rue de La Gauchetière Ouest Suite 2400 Montréal, Québec Canada H3B 4X5	Chief Financial Officer, Teleglobe Inc., Corporate Treasurer, BCE and Vice-President and Treasurer, Bell Canada Prior to September 1997: Co-founder, Principal and Chief Operating Officer, Manitex Capital Inc.
RICHARD J. CURRIE 22 St. Clair Avenue East Suite 2001 Toronto, Ontario Canada M4T 2S7	Director, BCE President and director, George Weston Limited (a food processing and distribution and resource operating company) President, Loblaw Companies Limited (a food distribution company 63% owned by George Weston Limited)
DONNA S. KAUFMAN 2 St. Clair Avenue East Suite 800 Toronto, Ontario Canada M4T 2T5	Director, BCE Lawyer and Corporate Director Prior to July 1997: Partner, Stikeman Elliott
THOMAS E. KIERANS 100 Richmond Street West Suite 331 Toronto, Ontario Canada M5H 3K6	Director, BCE Chairman and Chief Executive Officer, Canadian Institute for Advanced Research (Canada's "research university without walls" which conducts basic research programs in the social and natural sciences) Prior to October 1999: President and Chief Executive Officer, C.D. Howe Institute
BRIAN M. LEVITT 1321 Sherbrooke Street West Montréal, Québec Canada H3G 1J4	Director, BCE Corporate Director Prior to February 2000: President and Chief Executive Officer, Imasco Limited

Name and Current Business Address

**Present Principal Occupation or Employment:
Material Positions held during the past five years**

JUDITH MAXWELL
250 Albert Street
Suite 600
Ottawa, Ontario
Canada K1P 6M1

Director, BCE
President, Canadian Policy Research Networks Inc.
(non-profit organization whose mission is to create
knowledge and lead public debate on social and
economic issues important to Canadians. The
research focuses on work, family, health and
social policy)

JOHN H. MCARTHUR
Soldiers Field
Boston, Massachusetts
USA 02163

Director, BCE
Dean Emeritus, Harvard University Graduate School
of Business Administration
Senior Advisor to President, World Bank Group
Chairman, President and Chief Executive Officer,
BCE and Chairman of the Board and Chief
Executive Officer, Bell Canada

JEAN C. MONTY
1000 rue de La Gauchetière Ouest
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Canada H3B 4Y7

Prior to October 1997: Vice-Chairman and Chief
Executive Officer, Nortel Networks Corporation

J. EDWARD NEWALL
2015 Bankers Hall
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Calgary, Alberta
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Director, BCE
Chairman, Newall & Associates
(a consulting company)
Prior to June 1998: Vice Chairman and Chief
Executive Officer, NOVA Corporation Ltd.

PETER J.M. NICHOLSON
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Chief Strategy Officer, BCE
Prior to September 1995 — Clifford Clark Visiting
Economist, Federal Department of Finance

BARRY W. PICKFORD
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Vice-President - Taxation, BCE and Bell Canada

MARC J. RYAN
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Corporate Secretary, BCE

MICHAEL J. SABIA
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Suite 3700
Montréal, Québec
Canada H3B 4Y7

Executive Vice-President, BCE and Vice-Chair —
Corporate, Bell Canada
October 1999 — July 2000: Chief Executive Officer,
Bell Canada International
Prior to October 1999: Executive Vice-President and
Chief Financial Officer, Canadian National Railway
Company

Name and Current Business Address

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MARTINE TURCOTTE
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Canada H3B 4Y7

VICTOR L. YOUNG
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St. John's, Newfoundland
Canada A1C 5L1

Directors and Officers of Bell Canada Holdings Inc.

Name and Current Business Address

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San Antonio, Texas
USA 78205

JONATHAN P. KLUG*
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BRIAN M. LEVITT
1321 Sherbrooke Street West
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**Present Principal Occupation or Employment:
Material Positions held during the past five years**

Director, BCE
Chairman of the Board, SNC-Lavalin Group Inc.
(an engineering-construction company)

Chief Corporate Officer, BCE
Director and Vice-Chairman, Bell Canada
Prior to February 1999: Executive Vice-President and
Chief Financial Officer, Nortel Networks Corporation

Director, BCE
President and Chief Executive Officer, Canadian
National Railway Company (CN operates Canada's
largest freight railway system)

Chief Legal Officer, BCE

Director, BCE
Chairman and Chief Executive Officer, Fishery
Products International Limited (a Newfoundland-
based international seafood harvesting, processing and
marketing company)

**Present Principal Occupation or Employment:
Material Positions held during the past five years**

Director, Bell Canada Holdings Inc.
Senior Executive Vice-President, Corporate
Development, SBC Communications Inc.
(a communications company)

Chief Financial Officer, Bell Canada Holdings Inc.
Chief Financial Officer, Bell Canada
Prior to May 2000: Vice-President,
SBC Operations, Inc.
1999: Vice-President, Partner Channels & All., SBC
Global Markets
1998: President, Arkansas, Southwestern Bell
Telephone

Director, Bell Canada Holdings Inc.
Corporate Director
Prior to February 2000: President and Chief
Executive Officer, Imasco Limited

Name and Current Business Address

**Present Principal Occupation or Employment:
Material Positions held during the past five years**

TIMOTHY E. MCGEE
483 Bay Street
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Corporate Secretary, Bell Canada Holdings Inc.
Chief Legal Officer and Corporate Secretary,
Bell Canada
1995 — 1998: Vice President, General Counsel and
Secretary, AT&T Canada Corporation

JEAN C. MONTY
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Chairman of the Board, Bell Canada Holdings Inc.
Chairman, President and Chief Executive Officer,
BCE and Chairman of the Board and Chief
Executive Officer, Bell Canada
Prior to October 1997: Vice-Chairman and Chief
Executive Officer, Nortel Networks Corporation

EDWARD A. MUELLER*
30 South Wacker Drive
Suite 3800
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Director, Bell Canada Holdings Inc.
President and Chief Executive Officer, Ameritech
Corporation (a communications company)
October 1999 — August 2000: President, SBC
International Operations
Prior to September 1999: President and Chief
Executive Officer, Pacific Bell

J. EDWARD NEWALL
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Director, Bell Canada Holdings Inc.
Chairman, Newall & Associates (a consulting
company)
Prior to June 1998: Vice Chairman and Chief
Executive Officer, NOVA Corporation Ltd.

MICHAEL J. SABIA
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Director, Bell Canada Holdings Inc.
Executive Vice-President, BCE and Vice-Chair —
Corporate, Bell Canada
October 1999 — July 2000: Chief Executive Officer,
Bell Canada International
Prior to October 1999: Executive Vice-President and
Chief Financial Officer, Canadian National Railway
Company

GUY SAINT-PIERRE
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Director, Bell Canada Holdings Inc.
Chairman of the Board, SNC-Lavalin Group Inc.
(an engineering-construction company)

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President and director, Bell Canada Holdings Inc.
Chief Corporate Officer, BCE
Director and Vice-Chairman, Bell Canada
Prior to February 1999: Executive Vice-President and
Chief Financial Officer, Nortel Networks Corporation

JOHN W. SHERIDAN
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Director, Bell Canada Holdings Inc.
Vice-Chair — Market Groups, Bell Canada

Name and Current Business Address

PAUL M. TELLIER
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** citizen of the United States.*

Directors and Officers of Bell Canada

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**Present Principal Occupation or Employment:
Material Positions held during the past five years**

Director, Bell Canada Holdings Inc.
President and Chief Executive Officer, Canadian
National Railway Company (CN operates Canada's
largest freight railway system)

**Present Principal Occupation or Employment:
Material Positions held during the past five years**

President and Chief Executive Officer — Bell
Mobility, Bell Canada

Chief Financial Officer, Teleglobe Inc., Corporate
Treasurer, BCE and Vice-President and Treasurer,
Bell Canada

Prior to September 1997, Co-founder, Principal and
Chief Operating Officer, Manitex Capital Inc.

Chief Strategy Officer, Bell Canada

Chief Information Officer, Bell Canada

January 1997 — July 1998: Chief Strategy Officer,
Global Information Technology, Bank of Montreal
1995 — 1997: President and Chief Executive Officer,
Castek Software Factory, Inc.

Vice-President and Corporate Controller, Bell Canada

Prior to June 1997: Vice-President, Corporate
Finance, Joseph E. Seagram & Sons Ltd.

Senior Vice-President, Operations, Bell Canada

Prior to August 2000: Senior Vice-President, National
Operations, AT&T Canada Corporation

Senior Vice-President, Consumer Markets, Sales and
Service, Bell Canada

Prior to June 1997: President, Canguard Inc.

Prior to January 1996: Executive Vice-President,
Sales, Marketing and Programming, Rogers
Cablesystems Ltd.,

President, Canguard Inc. (a Rogers company)

Name and Current Business Address

**Present Principal Occupation or Employment:
Material Positions held during the past five years**

THOMAS J. GILLETTE
483 Bay Street
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Senior Vice-President - Sales, Bell Canada
October 1996 — May 1997: Vice-President, Strategic
Marketing Automation Tooling Systems (ATS)
April 1994 — May 1997: Vice-President, Corporate
Accounts, Digital Equipment Corp.

JOSÉE GOULET
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President — Bell ActiMedia, Bell Canada

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Chief Technology Officer, Bell Canada
Senior Vice-President, Technology & Operations,
Bell Nexxia
President, Stentor Canadian Network Management

JAMES S. KAHAN*
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Prior to May 2000: Vice-President, SBC Operations,
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1999: Vice-President, Partner Channels & All.,
SBC Global Markets
1998: President, Arkansas, Southwestern Bell
Telephone

SYLVIE LALANDE
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Chief Communications Officer, Bell Canada
Prior to July 1997: President and Chief Executive
Officer, UBI Consortium

BRIAN M. LEVITT
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Director, Bell Canada
Corporate Director
Prior to February 2000: President and Chief
Executive Officer, Imasco Limited

GUY MARIER
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President - Bell Québec, Bell Canada

TIMOTHY E. MCGEE
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Chief Legal Officer and Corporate Secretary,
Bell Canada
1995 — 1998: Vice President, General Counsel
and Secretary, AT&T Canada Corporation

Name and Current Business Address

**Present Principal Occupation or Employment:
Material Positions held during the past five years**

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Chairman of the Board and Chief Executive Officer,
Bell Canada and Chairman, President and Chief
Executive Officer, BCE
Prior to October 1997: Vice-Chairman and Chief
Executive Officer, Nortel Networks Corporation
President - Bell Ontario, Bell Canada

ROBERT T. MOSEY
483 Bay Street
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Director, Bell Canada
President and Chief Executive Officer, Ameritech
Corporation (a communications company)
October 1999 — August 2000: President,
SBC International Operations
Prior to September 1999: President and Chief
Executive Officer, Pacific Bell

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Director, Bell Canada
Chairman, Newall & Associates (a consulting
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Prior to June 1998: Vice Chairman and Chief
Executive Officer, NOVA Corporation Ltd.
Vice-President - Taxation, BCE and Bell Canada

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President - Bell Nexxia and Bell Ontario,
Bell Canada
President and Chief Executive Officer, Bell Mobility

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Vice-President - Financing & Treasury, Bell Canada
Vice-President and Treasurer, 129201 Canada Inc.
Prior to June 1998: Assistant Treasurer, BCE

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Vice-Chair - Corporate, Bell Canada and Executive
Vice-President, BCE
October 1999 — July 2000: Chief Executive Officer,
Bell Canada International
Prior to October 1999: Executive Vice-President and
Chief Financial Officer, Canadian National Railway
Company

Name and Current Business Address

Present Principal Occupation or Employment:
Material Positions held during the past five years

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Director and Vice-Chairman, Bell Canada
Chief Corporate Officer, BCE
Prior to February 1999: Executive Vice-President and
Chief Financial Officer, Nortel Networks Corporation

SHERIDAN E. SCOTT
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Chief Regulatory Officer, Bell Canada

PIERRE SHEDLEUR
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Senior Vice President - Business Markets, Québec,
Bell Canada
Prior to February 1997: Chairman of the Board and
Chief Executive Officer, *Commission de la santé et
de la sécurité du travail*

JOHN W. SHERIDAN
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Vice-Chair - Market Groups and director,
Bell Canada

KAREN H. SHERIFF*
483 Bay Street
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Toronto, Ontario
Canada M5G 2E1

Chief Marketing Officer, Bell Canada
Prior to June 1999: Director, Corporate Marketing
and Branding, Ameritech Corporation

DAVID A. SOUTHWELL
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President - Network Operations, Bell Canada
Prior to 1997: Vice-President, New Business
Development, Jones Intercable, Inc.

PAUL M. TELLIER
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Director, Bell Canada
President and Chief Executive Officer, Canadian
National Railway Company (CN operates Canada's
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Senior Vice-President - Bell ISP, Bell Canada
Prior to June 2000: Vice-President, Matra Nortel
Communications
Prior to June 1998: Vice-President, Service
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Name and Current Business Address

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* citizen of the United States.

Directors and Officers of 129201 Canada Inc.

Name and Current Business Address

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**Present Principal Occupation or Employment:
Material Positions held during the past five years**

Senior Vice-President - Consumer Markets, Bell
Canada

President - Bell Distribution Inc., Bell Canada
Prior to May 2000: Group Vice-President and
General Manager, Budget Car Rentals Toronto
Limited

1995 — 1996: Vice-President, Corporate Stores,
Rogers Cantel Inc.

Chief Human Resources Officer, Bell Canada

Prior to October 1999: Senior Vice-President, Human
Resources and Public Affairs, Manulife Financial
Corporation

**Present Principal Occupation or Employment:
Material Positions held during the past five years**

Director, 129201 Canada Inc.

Vice-President - Industrial Relations, Bell Canada

Secretary and Director, 129201 Canada Inc. Assistant
Corporate Secretary, BCE and Bell Canada

Prior to June 1997: Partner and special counsel,
Chait Amyot (now de Grandpré Chait)

Chairman, President and Director, 129201 Canada
Chief Legal Officer and Corporate Secretary, Bell
Canada

1995 — 1998: Vice President, General Counsel and
Secretary, AT&T Canada Corporation

Vice-President and Treasurer, 129201 Canada Inc.

Vice-President, Financing & Treasury, Bell Canada

Prior to June 1998: Assistant Treasurer, BCE

Directors and Officers of 3632709 Canada Inc.

Name and Current Business Address

Present Principal Occupation or Employment:
Material Positions held during the past five years

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President and director, 3632709 Canada Inc. Vice-
President - Industrial Relations, Bell Canada

DAVID G. MASSE
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Suite 2400
Montréal, Québec
Canada H3B 5H8

Secretary and director, 3632709 Canada Inc.
Assistant Corporate Secretary, BCE and Bell Canada
Prior to June 1997: Partner and special counsel,
Chait Amyot (now de Grandpré Chait)

ANNEX K

SAMPLE CALCULATIONS OF CONSIDERATION

Example of Calculation of Consideration to be received under the Share Election assuming ownership of 100 Teleglobe Common Shares and a BCE WATP of Cdn\$35

For each of its 100 Teleglobe Common Shares, a Teleglobe Shareholder who has made the Share Election will receive BCE Common Shares and cash.

Step 1 — Number of BCE Common Shares to be Received

$$\begin{aligned} \text{Number of BCE} \\ \text{Common Shares} \\ \text{to be Received} &= \frac{[(\text{BCE WATP} \times 0.91) - \text{Cdn}\$0.10]}{\text{BCE WATP}} \times \text{number of shares} \\ &= \frac{[(\text{Cdn}\$35 \times 0.91) - \text{Cdn}\$0.10]}{\text{Cdn}\$35} \times 100 \text{ shares} \\ &= 0.907 \text{ (Note: is rounded to 3 decimal places)} \times 100 \text{ shares} \\ &= 90.7 \text{ BCE Common Shares} \end{aligned}$$

For the 100 Teleglobe Common Shares, such shareholder would receive 90.7 BCE Common Shares. However, fractional BCE Common Shares would not be issued. Instead, such shareholder would receive cash for the fractional 0.7 of a BCE Common Share (as described in Step 2 below) and 90 whole BCE Common Shares.

Step 2 — Cash Payment for Fractional Share

In lieu of the fractional 0.7 of a BCE Common Share to which the shareholder would be entitled under Step 1 above, the shareholder would receive cash.

$$\begin{aligned} \text{Cash value of fractional share} &= \text{Fraction of BCE Common Share} \times \text{BCE WATP} \\ &= 0.7 \times \text{Cdn}\$35 \\ &= \text{Cdn}\$24.50 \end{aligned}$$

Step 3 — Mandatory Cash Consideration

For each Teleglobe Common Share, a Teleglobe Shareholder would also receive consideration equal to Cdn\$0.10/share

$$\begin{aligned} \text{Mandatory Cash Consideration} &= 100 \text{ shares} \times \text{Cdn}\$0.10/\text{share} \\ &= \text{Cdn}\$10 \end{aligned}$$

This amount is in addition to the cash payment for the fractional BCE Common Share described in Step 2 above.

Step 4 — Total Value* of Consideration

Accordingly, the Teleglobe Shareholder would receive 90 whole BCE Common Shares (with a value (based on the BCE WATP) of: 90 shares \times Cdn\$35/share = Cdn\$3,150) and total cash payments of Cdn\$10 + Cdn\$24.50 = Cdn\$34.50. The value of the total consideration would be Cdn\$3,150 + Cdn\$34.50 = Cdn\$3,184.50.

Example of Calculation of Consideration to be received under the Cash Election assuming ownership of 100 Teleglobe Common Shares and a BCE WATP of Cdn\$35

For each of its 100 Teleglobe Common Shares, a Teleglobe Shareholder who has made the Cash Election will receive BCE Common Shares and cash.

Step 1 — Determination of Maximum Cash Consideration

Assuming a Teleglobe Shareholder elects to receive an Elected Cash Amount equal to the “Maximum Cash Consideration” for its 100 Teleglobe Common Shares, the shareholder would receive a cash payment calculated as follows:

$$\begin{aligned} \text{Elected Cash Amount} &= \text{Maximum Cash} \\ \text{Consideration} &= [(0.91 \times 0.20 \times \text{BCE WATP}) - \text{Cdn}\$0.10] \times \text{number of shares} \\ &= [(0.91 \times 0.20 \times \text{Cdn}\$35) - \text{Cdn}\$0.10] \times 100 \text{ shares} \\ &= \text{Cdn}\$6.27 \times 100 \text{ shares} \\ &= \text{Cdn}\$627 \end{aligned}$$

Accordingly, the shareholder would receive a total of Cdn\$627.

Step 2 — Mandatory Cash Consideration

For each Teleglobe Common Share, a Teleglobe Shareholder would also receive consideration equal to Cdn\$0.10/share.

$$\begin{aligned} \text{Mandatory Cash Consideration} &= 100 \text{ shares} \times \text{Cdn}\$0.10/\text{share} \\ &= \text{Cdn}\$10 \end{aligned}$$

This amount is in addition to the cash payment described in Step 1 above, and the payment for the fractional BCE Common Share described in Step 4 below.

Step 3 — Number of BCE Common Shares

$$\begin{aligned} \text{Number of BCE} \\ \text{Common Shares} \\ \text{to be Received} &= \frac{[(0.91 \times \text{BCE WATP}) - \text{Elected Cash Amount} - \text{Cdn}\$0.10] \times \text{number of shares}}{\text{BCE WATP}} \\ &= \frac{[(0.91 \times \text{Cdn}\$35) - \text{Cdn}\$6.27 - \text{Cdn}\$0.10] \times 100 \text{ shares}}{\text{Cdn}\$35} \\ &= 0.728 \text{ (Note: is rounded to 3 decimal places)} \times 100 \text{ shares} \\ &= 72.8 \text{ BCE Common Shares} \times 100 \text{ shares} \end{aligned}$$

For the 100 Teleglobe Common Shares, such shareholder would be entitled to receive 72.8 BCE Common Shares. However, fractional BCE Common Shares would not be issued. Instead, such shareholder would receive cash for the fractional 0.8 of a BCE Common Share (as described in Step 4 below) and 72 whole BCE Common Shares.

Step 4 — Cash Payment for Fractional Share

In lieu of the fractional 0.8 of a BCE Common Share to which the shareholder would be entitled under Step 3 above, the shareholder would receive a cash payment calculated as follows:

$$\begin{aligned} \text{Cash value of fractional share} &= \text{Fraction of BCE Common Share} \times \text{BCE WATP} \\ &= 0.8 \times \text{Cdn}\$35 \\ &= \text{Cdn}\$28 \end{aligned}$$

Step 5 — Total Value* of Consideration

Accordingly, the shareholder would receive 72 whole BCE Common Shares (with a value (based on the BCE WATP) of: $72 \text{ shares} \times \text{Cdn}\$35/\text{share} = \text{Cdn}\$2,520$) and total cash payments of $\text{Cdn}\$627 + \text{Cdn}\$10 + \text{Cdn}\$28 = \text{Cdn}\665 . The value of the total consideration would be $\text{Cdn}\$2,520 + \text{Cdn}\$665 = \text{Cdn}\$3,185$.

- * The assumption that the value of a BCE Common Share is equal to the BCE WATP is for illustrative purposes only. On the Effective Date, the price of a BCE Common Share may not be the same as the BCE WATP.

Montreal Trust Company

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