



# Q2

## Supplementary Financial Information

Second Quarter 2015

**BCE Investor Relations**

Thane Fotopoulos

514-870-4619

[thane.fotopoulos@bell.ca](mailto:thane.fotopoulos@bell.ca)



**Bell**

**BCE <sup>(1)</sup>**  
**Consolidated Operational Data <sup>(2)</sup>**

<i>(In millions of Canadian dollars, except share amounts) (unaudited)</i>	Q2 2015	Q2 2014	\$ change	% change	YTD 2015	YTD 2014	\$ change	% change
<b>Operating revenues</b>	<b>5,326</b>	5,220	106	2.0%	<b>10,566</b>	10,319	247	2.4%
Operating costs <sup>(A)</sup>	<b>(3,061)</b>	(3,008)	(53)	(1.8%)	<b>(6,131)</b>	(6,011)	(120)	(2.0%)
Post-employment benefit plans service cost	<b>(68)</b>	(68)	-	-	<b>(144)</b>	(142)	(2)	(1.4%)
<b>Adjusted EBITDA <sup>(3)</sup></b>	<b>2,197</b>	2,144	53	2.5%	<b>4,291</b>	4,166	125	3.0%
<b>Adjusted EBITDA margin <sup>(3)</sup></b>	<b>41.3%</b>	41.1%	0.2 pts		<b>40.6%</b>	40.4%	0.2 pts	
Severance, acquisition and other costs	<b>(24)</b>	(54)	30	55.6%	<b>(248)</b>	(92)	(156)	n.m.
Depreciation	<b>(720)</b>	(708)	(12)	(1.7%)	<b>(1,432)</b>	(1,407)	(25)	(1.8%)
Amortization	<b>(134)</b>	(171)	37	21.6%	<b>(261)</b>	(338)	77	22.8%
Finance costs								
Interest expense	<b>(230)</b>	(229)	(1)	(0.4%)	<b>(456)</b>	(464)	8	1.7%
Interest on post-employment benefit obligations	<b>(28)</b>	(26)	(2)	(7.7%)	<b>(55)</b>	(51)	(4)	(7.8%)
Other income (expense)	<b>43</b>	(13)	56	n.m.	<b>23</b>	74	(51)	(68.9%)
Income taxes	<b>(290)</b>	(236)	(54)	(22.9%)	<b>(465)</b>	(467)	2	0.4%
<b>Net earnings</b>	<b>814</b>	707	107	15.1%	<b>1,397</b>	1,421	(24)	(1.7%)
<b>Net earnings attributable to:</b>								
Common shareholders	<b>759</b>	606	153	25.2%	<b>1,291</b>	1,221	70	5.7%
Preferred shareholders	<b>39</b>	33	6	18.2%	<b>77</b>	66	11	16.7%
Non-controlling interest	<b>16</b>	68	(52)	(76.5%)	<b>29</b>	134	(105)	(78.4%)
<b>Net earnings</b>	<b>814</b>	707	107	15.1%	<b>1,397</b>	1,421	(24)	(1.7%)
Net earnings per common share - basic	<b>\$ 0.90</b>	\$ 0.78	\$ 0.12	15.4%	<b>\$ 1.53</b>	\$ 1.57	\$ (0.04)	(2.5%)
Net earnings per common share - diluted	<b>\$ 0.90</b>	\$ 0.78	\$ 0.12	15.4%	<b>\$ 1.53</b>	\$ 1.57	\$ (0.04)	(2.5%)
<b>Dividends per common share</b>	<b>\$ 0.6500</b>	\$ 0.6175	\$ 0.0325	5.3%	<b>\$ 1.3000</b>	\$ 1.2350	\$ 0.065	5.3%
<b>Average number of common shares outstanding - basic (millions)</b>	<b>844.9</b>	777.7			<b>843.0</b>	777.1		
<b>Average number of common shares outstanding - diluted (millions)</b>	<b>846.2</b>	778.6			<b>844.4</b>	777.9		
<b>Number of common shares outstanding (millions)</b>	<b>848.6</b>	778.1			<b>848.6</b>	778.1		
<b>Adjusted Net Earnings and EPS</b>								
<b>Net earnings attributable to common shareholders</b>	<b>759</b>	606	153	25.2%	<b>1,291</b>	1,221	70	5.7%
Severance, acquisition and other costs	<b>16</b>	38	(22)	(57.9%)	<b>180</b>	61	119	n.m.
Net gains on investments	<b>(40)</b>	(4)	(36)	n.m.	<b>(38)</b>	(16)	(22)	n.m.
Early debt redemption costs	<b>-</b>	-	-	-	<b>7</b>	-	7	n.m.
<b>Adjusted net earnings <sup>(3)</sup></b>	<b>735</b>	640	95	14.8%	<b>1,440</b>	1,266	174	13.7%
<b>Impact on net earnings per share</b>	<b>\$ (0.03)</b>	\$ 0.04	\$ (0.07)	n.m.	<b>\$ 0.18</b>	\$ 0.06	\$ 0.12	n.m.
<b>Adjusted EPS <sup>(3)</sup></b>	<b>\$ 0.87</b>	\$ 0.82	\$ 0.05	6.1%	<b>\$ 1.71</b>	\$ 1.63	\$ 0.08	4.9%

<sup>(A)</sup> Excludes post-employment benefit plans service cost

n.m. : not meaningful

**BCE**  
**Consolidated Operational Data - Historical Trend**

<i>(In millions of Canadian dollars, except share amounts) (unaudited)</i>	YTD 2015	Q2 15	Q1 15	TOTAL 2014	Q4 14	Q3 14	Q2 14	Q1 14
<b>Operating revenues</b>	<b>10,566</b>	<b>5,326</b>	5,240	21,042	5,528	5,195	5,220	5,099
Operating costs <sup>(A)</sup>	<b>(6,131)</b>	<b>(3,061)</b>	(3,070)	(12,463)	(3,438)	(3,014)	(3,008)	(3,003)
Post-employment benefit plans service cost	<b>(144)</b>	<b>(68)</b>	(76)	(276)	(68)	(66)	(68)	(74)
<b>Adjusted EBITDA</b>	<b>4,291</b>	<b>2,197</b>	2,094	8,303	2,022	2,115	2,144	2,022
<b>Adjusted EBITDA margin</b>	<b>40.6%</b>	<b>41.3%</b>	40.0%	39.5%	36.6%	40.7%	41.1%	39.7%
Severance, acquisition and other costs	<b>(248)</b>	<b>(24)</b>	(224)	(216)	(58)	(66)	(54)	(38)
Depreciation	<b>(1,432)</b>	<b>(720)</b>	(712)	(2,880)	(734)	(739)	(708)	(699)
Amortization	<b>(261)</b>	<b>(134)</b>	(127)	(572)	(118)	(116)	(171)	(167)
Finance costs								
Interest expense	<b>(456)</b>	<b>(230)</b>	(226)	(929)	(238)	(227)	(229)	(235)
Interest on post-employment benefit obligations	<b>(55)</b>	<b>(28)</b>	(27)	(101)	(25)	(25)	(26)	(25)
Other income (expense)	<b>23</b>	<b>43</b>	(20)	42	(34)	2	(13)	87
Income taxes	<b>(465)</b>	<b>(290)</b>	(175)	(929)	(221)	(241)	(236)	(231)
<b>Net earnings</b>	<b>1,397</b>	<b>814</b>	583	2,718	594	703	707	714
<b>Net earnings attributable to:</b>								
Common shareholders	<b>1,291</b>	<b>759</b>	532	2,363	542	600	606	615
Preferred shareholders	<b>77</b>	<b>39</b>	38	137	40	31	33	33
Non-controlling interest	<b>29</b>	<b>16</b>	13	218	12	72	68	66
<b>Net earnings</b>	<b>1,397</b>	<b>814</b>	583	2,718	594	703	707	714
Net earnings per common share - basic	<b>\$ 1.53</b>	<b>\$ 0.90</b>	\$ 0.63	\$ 2.98	\$ 0.64	\$ 0.77	\$ 0.78	\$ 0.79
Net earnings per common share - diluted	<b>\$ 1.53</b>	<b>\$ 0.90</b>	\$ 0.63	\$ 2.97	\$ 0.63	\$ 0.77	\$ 0.78	\$ 0.79
<b>Dividends per common share</b>	<b>\$ 1.3000</b>	<b>\$ 0.6500</b>	\$ 0.6500	\$ 2.4700	\$ 0.6175	\$ 0.6175	\$ 0.6175	\$ 0.6175
<b>Average number of common shares outstanding - basic (millions)</b>	<b>843.0</b>	<b>844.9</b>	841.0	793.7	837.7	782.1	777.7	776.5
<b>Average number of common shares outstanding - diluted (millions)</b>	<b>844.4</b>	<b>846.2</b>	842.6	794.6	838.9	783.0	778.6	777.2
<b>Number of common shares outstanding (millions)</b>	<b>848.6</b>	<b>848.6</b>	841.9	840.3	840.3	828.3	778.1	777.3
<b>Adjusted Net Earnings and EPS</b>								
<b>Net earnings attributable to common shareholders</b>	<b>1,291</b>	<b>759</b>	532	2,363	542	600	606	615
Severance, acquisition and other costs	<b>180</b>	<b>16</b>	164	148	42	45	38	23
Net (gains) losses on investments	<b>(38)</b>	<b>(40)</b>	2	(8)	8	-	(4)	(12)
Early debt redemption costs	<b>7</b>	<b>-</b>	7	21	18	3	-	-
<b>Adjusted net earnings</b>	<b>1,440</b>	<b>735</b>	705	2,524	610	648	640	626
<b>Impact on net earnings per share</b>	<b>\$ 0.18</b>	<b>\$ (0.03)</b>	\$ 0.21	\$ 0.20	\$ 0.08	\$ 0.06	\$ 0.04	\$ 0.02
<b>Adjusted EPS</b>	<b>\$ 1.71</b>	<b>\$ 0.87</b>	\$ 0.84	\$ 3.18	\$ 0.72	\$ 0.83	\$ 0.82	\$ 0.81

<sup>(A)</sup> Excludes post-employment benefit plans service cost

**BCE** <sup>(1)</sup>  
**Segmented Data** <sup>(2)</sup>

<i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i>	<b>Q2 2015</b>	Q2 2014	\$ change	% change	<b>YTD 2015</b>	YTD 2014	\$ change	% change
<b>Revenues</b>								
<b>Bell Wireless</b>	<b>1,697</b>	1,543	154	10.0%	<b>3,334</b>	3,035	299	9.9%
<b>Bell Wireline</b>	<b>3,042</b>	3,049	(7)	(0.2%)	<b>6,069</b>	6,068	1	-
<b>Bell Media</b>	<b>740</b>	761	(21)	(2.8%)	<b>1,466</b>	1,483	(17)	(1.1%)
Inter-segment eliminations	<b>(153)</b>	(133)	(20)	(15.0%)	<b>(303)</b>	(267)	(36)	(13.5%)
<b>Total</b>	<b>5,326</b>	5,220	106	2.0%	<b>10,566</b>	10,319	247	2.4%
<b>Operating costs</b>								
<b>Bell Wireless</b>	<b>(980)</b>	(862)	(118)	(13.7%)	<b>(1,905)</b>	(1,711)	(194)	(11.3%)
<b>Bell Wireline</b>	<b>(1,777)</b>	(1,796)	19	1.1%	<b>(3,563)</b>	(3,586)	23	0.6%
<b>Bell Media</b>	<b>(525)</b>	(551)	26	4.7%	<b>(1,110)</b>	(1,123)	13	1.2%
Inter-segment eliminations	<b>153</b>	133	20	15.0%	<b>303</b>	267	36	13.5%
<b>Total</b>	<b>(3,129)</b>	(3,076)	(53)	(1.7%)	<b>(6,275)</b>	(6,153)	(122)	(2.0%)
<b>Adjusted EBITDA</b>								
<b>Bell Wireless</b>	<b>717</b>	681	36	5.3%	<b>1,429</b>	1,324	105	7.9%
Margin	<b>42.3%</b>	44.1%		(1.8) pts	<b>42.9%</b>	43.6%		(0.7) pts
<b>Bell Wireline</b>	<b>1,265</b>	1,253	12	1.0%	<b>2,506</b>	2,482	24	1.0%
Margin	<b>41.6%</b>	41.1%		0.5 pts	<b>41.3%</b>	40.9%		0.4 pts
<b>Bell Media</b>	<b>215</b>	210	5	2.4%	<b>356</b>	360	(4)	(1.1%)
Margin	<b>29.1%</b>	27.6%		1.5 pts	<b>24.3%</b>	24.3%		0.0 pts
<b>Total</b>	<b>2,197</b>	2,144	53	2.5%	<b>4,291</b>	4,166	125	3.0%
Margin	<b>41.3%</b>	41.1%		0.2 pts	<b>40.6%</b>	40.4%		0.2 pts
<b>Capital expenditures</b>								
<b>Bell Wireless</b>	<b>188</b>	168	(20)	(11.9%)	<b>339</b>	287	(52)	(18.1%)
Capital Intensity <sup>(4)</sup>	<b>11.1%</b>	10.9%		(0.2) pts	<b>10.2%</b>	9.5%		(0.7) pts
<b>Bell Wireline</b>	<b>696</b>	737	41	5.6%	<b>1,352</b>	1,333	(19)	(1.4%)
Capital Intensity	<b>22.9%</b>	24.2%		1.3 pts	<b>22.3%</b>	22.0%		(0.3) pts
<b>Bell Media</b>	<b>30</b>	32	2	6.3%	<b>50</b>	46	(4)	(8.7%)
Capital Intensity	<b>4.1%</b>	4.2%		0.1 pts	<b>3.4%</b>	3.1%		(0.3) pts
<b>Total</b>	<b>914</b>	937	23	2.5%	<b>1,741</b>	1,666	(75)	(4.5%)
Capital Intensity	<b>17.2%</b>	18.0%		0.8 pts	<b>16.5%</b>	16.1%		(0.4) pts

**BCE**  
**Segmented Data - Historical Trend**

<i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i>	YTD 2015	Q2 15	Q1 15	TOTAL 2014	Q4 14	Q3 14	Q2 14	Q1 14
<b>Revenues</b>								
Bell Wireless	3,334	1,697	1,637	6,327	1,671	1,621	1,543	1,492
Bell Wireline	6,069	3,042	3,027	12,324	3,210	3,046	3,049	3,019
Bell Media	1,466	740	726	2,937	789	665	761	722
Inter-segment eliminations	(303)	(153)	(150)	(546)	(142)	(137)	(133)	(134)
<b>Total</b>	<b>10,566</b>	<b>5,326</b>	<b>5,240</b>	<b>21,042</b>	<b>5,528</b>	<b>5,195</b>	<b>5,220</b>	<b>5,099</b>
<b>Operating costs</b>								
Bell Wireless	(1,905)	(980)	(925)	(3,703)	(1,071)	(921)	(862)	(849)
Bell Wireline	(3,563)	(1,777)	(1,786)	(7,379)	(1,980)	(1,813)	(1,796)	(1,790)
Bell Media	(1,110)	(525)	(585)	(2,203)	(597)	(483)	(551)	(572)
Inter-segment eliminations	303	153	150	546	142	137	133	134
<b>Total</b>	<b>(6,275)</b>	<b>(3,129)</b>	<b>(3,146)</b>	<b>(12,739)</b>	<b>(3,506)</b>	<b>(3,080)</b>	<b>(3,076)</b>	<b>(3,077)</b>
<b>Adjusted EBITDA</b>								
Bell Wireless	1,429	717	712	2,624	600	700	681	643
Margin	42.9%	42.3%	43.5%	41.5%	35.9%	43.2%	44.1%	43.1%
Bell Wireline	2,506	1,265	1,241	4,945	1,230	1,233	1,253	1,229
Margin	41.3%	41.6%	41.0%	40.1%	38.3%	40.5%	41.1%	40.7%
Bell Media	356	215	141	734	192	182	210	150
Margin	24.3%	29.1%	19.4%	25.0%	24.3%	27.4%	27.6%	20.8%
<b>Total</b>	<b>4,291</b>	<b>2,197</b>	<b>2,094</b>	<b>8,303</b>	<b>2,022</b>	<b>2,115</b>	<b>2,144</b>	<b>2,022</b>
Margin	40.6%	41.3%	40.0%	39.5%	36.6%	40.7%	41.1%	39.7%
<b>Capital expenditures</b>								
Bell Wireless	339	188	151	687	218	182	168	119
Capital Intensity	10.2%	11.1%	9.2%	10.9%	13.0%	11.2%	10.9%	8.0%
Bell Wireline	1,352	696	656	2,893	804	756	737	596
Capital Intensity	22.3%	22.9%	21.7%	23.5%	25.0%	24.8%	24.2%	19.7%
Bell Media	50	30	20	137	54	37	32	14
Capital Intensity	3.4%	4.1%	2.8%	4.7%	6.8%	5.6%	4.2%	1.9%
<b>Total</b>	<b>1,741</b>	<b>914</b>	<b>827</b>	<b>3,717</b>	<b>1,076</b>	<b>975</b>	<b>937</b>	<b>729</b>
Capital Intensity	16.5%	17.2%	15.8%	17.7%	19.5%	18.8%	18.0%	14.3%

<i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i>	Q2 2015	Q2 2014	% change	YTD 2015	YTD 2014	% change
<b>Bell Wireless</b>						
<b>Revenues</b>						
Service	1,539	1,429	7.7%	3,039	2,817	7.9%
Product	149	105	41.9%	276	199	38.7%
<b>Total external Bell Wireless revenues</b>	<b>1,688</b>	1,534	10.0%	<b>3,315</b>	3,016	9.9%
Inter-segment	9	9	-	19	19	-
<b>Total Bell Wireless operating revenues</b>	<b>1,697</b>	1,543	10.0%	<b>3,334</b>	3,035	9.9%
Operating costs	(980)	(862)	(13.7%)	(1,905)	(1,711)	(11.3%)
<b>Adjusted EBITDA</b>	<b>717</b>	681	5.3%	<b>1,429</b>	1,324	7.9%
<i>Adjusted EBITDA margin (Total revenues)</i>	<b>42.3%</b>	44.1%	(1.8) pts	<b>42.9%</b>	43.6%	(0.7) pts
<i>Adjusted EBITDA margin (Service revenues)</i>	<b>46.6%</b>	47.7%	(1.1) pts	<b>47.0%</b>	47.0%	0.0 pts
Capital expenditures	188	168	(11.9%)	339	287	(18.1%)
<i>Capital intensity</i>	<b>11.1%</b>	10.9%	(0.2) pts	<b>10.2%</b>	9.5%	(0.7) pts
Wireless gross activations	<b>384,973</b>	391,382	(1.6%)	<b>726,333</b>	749,706	(3.1%)
Postpaid	<b>317,809</b>	297,374	6.9%	<b>596,793</b>	576,901	3.4%
Wireless net activations	<b>22,110</b>	42,898	(48.5%)	<b>6,196</b>	26,462	(76.6%)
Postpaid	<b>61,033</b>	67,951	(10.2%)	<b>96,406</b>	102,055	(5.5%)
Wireless subscribers end of period (EOP)	<b>8,124,824</b>	7,951,494	2.2%	<b>8,124,824</b>	7,951,494	2.2%
Postpaid	<b>7,206,453</b>	6,900,148	4.4%	<b>7,206,453</b>	6,900,148	4.4%
Average revenue per user <sup>(4)</sup> (ARPU)(\$/month)	<b>62.48</b>	59.35	5.3%	<b>61.66</b>	58.55	5.3%
Churn (%) <sup>(4)</sup> (average per month)	<b>1.49%</b>	1.47%	(0.02) pts	<b>1.48%</b>	1.52%	0.04 pts
Prepaid	<b>3.48%</b>	3.49%	0.01 pts	<b>3.54%</b>	3.59%	0.05 pts
Postpaid	<b>1.23%</b>	1.15%	(0.08) pts	<b>1.21%</b>	1.20%	(0.01) pts
Cost of acquisition (COA) <sup>(4)</sup> (\$/subscriber)	<b>434</b>	403	(7.7%)	<b>442</b>	420	(5.2%)

**Bell Wireless - Historical Trend**

	YTD 2015	Q2 15	Q1 15	TOTAL 2014	Q4 14	Q3 14	Q2 14	Q1 14
<i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i>								
<b>Bell Wireless</b>								
<b>Revenues</b>								
Service	3,039	1,539	1,500	5,806	1,494	1,495	1,429	1,388
Product	276	149	127	483	167	117	105	94
<b>Total external Bell Wireless revenues</b>	<b>3,315</b>	<b>1,688</b>	1,627	6,289	1,661	1,612	1,534	1,482
Inter-segment	19	9	10	38	10	9	9	10
<b>Total Bell Wireless operating revenues</b>	<b>3,334</b>	<b>1,697</b>	1,637	6,327	1,671	1,621	1,543	1,492
Operating costs	(1,905)	(980)	(925)	(3,703)	(1,071)	(921)	(862)	(849)
<b>Adjusted EBITDA</b>	<b>1,429</b>	<b>717</b>	712	2,624	600	700	681	643
<i>Adjusted EBITDA margin (Total revenues)</i>	<b>42.9%</b>	<b>42.3%</b>	43.5%	41.5%	35.9%	43.2%	44.1%	43.1%
<i>Adjusted EBITDA margin (Service revenues)</i>	<b>47.0%</b>	<b>46.6%</b>	47.5%	45.2%	40.2%	46.8%	47.7%	46.3%
Capital expenditures	339	188	151	687	218	182	168	119
<i>Capital intensity</i>	<b>10.2%</b>	<b>11.1%</b>	9.2%	10.9%	13.0%	11.2%	10.9%	8.0%
Wireless gross activations	<b>726,333</b>	<b>384,973</b>	341,360	1,643,451	462,285	431,460	391,382	358,324
Postpaid	<b>596,793</b>	<b>317,809</b>	278,984	1,291,207	382,455	331,851	297,374	279,527
Wireless net activations	<b>6,196</b>	<b>22,110</b>	(15,914)	193,596	83,498	83,636	42,898	(16,436)
Postpaid	<b>96,406</b>	<b>61,033</b>	35,373	311,954	118,120	91,779	67,951	34,104
Wireless subscribers EOP	<b>8,124,824</b>	<b>8,124,824</b>	8,102,714	8,118,628	8,118,628	8,035,130	7,951,494	7,908,596
Postpaid	<b>7,206,453</b>	<b>7,206,453</b>	7,145,420	7,110,047	7,110,047	6,991,927	6,900,148	6,832,197
ARPU (\$/month)	<b>61.66</b>	<b>62.48</b>	60.83	59.92	60.97	61.59	59.35	57.75
Churn %(average per month)	<b>1.48%</b>	<b>1.49%</b>	1.47%	1.52%	1.57%	1.45%	1.47%	1.58%
Prepaid	<b>3.54%</b>	<b>3.48%</b>	3.60%	3.44%	3.43%	3.14%	3.49%	3.68%
Postpaid	<b>1.21%</b>	<b>1.23%</b>	1.18%	1.22%	1.29%	1.20%	1.15%	1.24%
COA (\$/subscriber)	<b>442</b>	<b>434</b>	452	441	495	420	403	439

<i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i>	Q2 2015	Q2 2014	% change	YTD 2015	YTD 2014	% change
<b>Bell Wireline</b>						
Data	1,774	1,725	2.8%	3,531	3,423	3.2%
Local & access	827	860	(3.8%)	1,651	1,727	(4.4%)
Long distance	207	233	(11.2%)	420	459	(8.5%)
Equipment & other	174	179	(2.8%)	347	357	(2.8%)
Total external revenues	2,982	2,997	(0.5%)	5,949	5,966	(0.3%)
Inter-segment revenues	60	52	15.4%	120	102	17.6%
<b>Total Bell Wireline operating revenues</b>	<b>3,042</b>	<b>3,049</b>	<b>(0.2%)</b>	<b>6,069</b>	<b>6,068</b>	<b>-</b>
Operating costs	(1,777)	(1,796)	1.1%	(3,563)	(3,586)	0.6%
<b>Adjusted EBITDA</b>	<b>1,265</b>	<b>1,253</b>	<b>1.0%</b>	<b>2,506</b>	<b>2,482</b>	<b>1.0%</b>
<i>Adjusted EBITDA Margin</i>	<b>41.6%</b>	<b>41.1%</b>	<b>0.5 pts</b>	<b>41.3%</b>	<b>40.9%</b>	<b>0.4 pts</b>
Capital expenditures	696	737	5.6%	1,352	1,333	(1.4%)
<i>Capital intensity</i>	<b>22.9%</b>	<b>24.2%</b>	<b>1.3 pts</b>	<b>22.3%</b>	<b>22.0%</b>	<b>(0.3) pts</b>
<b>High-speed Internet</b>						
High-speed Internet net activations	18,606	17,544	6.1%	58,256	44,126	32.0%
High-speed Internet subscribers EOP <sup>(A) (B)</sup>	3,316,351	3,180,762	4.3%	3,316,351	3,180,762	4.3%
<b>TV</b>						
Net subscriber activations	16,690	33,369	(50.0%)	43,680	73,592	(40.6%)
Internet Protocol Television (IPTV)	50,466	59,132	(14.7%)	111,329	125,510	(11.3%)
Total subscribers EOP <sup>(A) (B)</sup>	2,674,796	2,562,840	4.4%	2,674,796	2,562,840	4.4%
IPTV <sup>(A) (B)</sup>	1,040,791	783,023	32.9%	1,040,791	783,023	32.9%
<b>Local</b>						
Network Access Services (NAS)						
Residential <sup>(A) (B)</sup>	3,670,167	3,943,622	(6.9%)	3,670,167	3,943,622	(6.9%)
Business	3,233,485	3,388,287	(4.6%)	3,233,485	3,388,287	(4.6%)
Total <sup>(A) (B)</sup>	6,903,652	7,331,909	(5.8%)	6,903,652	7,331,909	(5.8%)
NAS net losses						
Residential	(75,819)	(88,060)	13.9%	(141,689)	(177,715)	20.3%
Business	(37,690)	(42,860)	12.1%	(81,759)	(85,945)	4.9%
Total	(113,509)	(130,920)	13.3%	(223,448)	(263,660)	15.3%

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

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



**Bell Wireline - Historical Trend**

	YTD 2015	Q2 15	Q1 15	TOTAL 2014	Q4 14	Q3 14	Q2 14	Q1 14
<i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i>								
<b>Bell Wireline</b>								
Data	3,531	1,774	1,757	6,978	1,833	1,722	1,725	1,698
Local & access	1,651	827	824	3,420	838	855	860	867
Long distance	420	207	213	922	234	229	233	226
Equipment & other	347	174	173	791	248	186	179	178
Total external revenues	5,949	2,982	2,967	12,111	3,153	2,992	2,997	2,969
Inter-segment revenues	120	60	60	213	57	54	52	50
<b>Total Bell Wireline operating revenues</b>	<b>6,069</b>	<b>3,042</b>	3,027	12,324	3,210	3,046	3,049	3,019
Operating costs	(3,563)	(1,777)	(1,786)	(7,379)	(1,980)	(1,813)	(1,796)	(1,790)
<b>Adjusted EBITDA</b>	<b>2,506</b>	<b>1,265</b>	1,241	4,945	1,230	1,233	1,253	1,229
<i>Adjusted EBITDA Margin</i>	<i>41.3%</i>	<i>41.6%</i>	41.0%	40.1%	38.3%	40.5%	41.1%	40.7%
Capital expenditures	1,352	696	656	2,893	804	756	737	596
<i>Capital intensity</i>	<i>22.3%</i>	<i>22.9%</i>	21.7%	23.5%	25.0%	24.8%	24.2%	19.7%
<b>High-speed Internet</b>								
High-speed Internet net activations	58,256	18,606	39,650	160,390	52,010	64,254	17,544	26,582
High-speed Internet subscribers EOP <sup>(A) (B)</sup>	3,316,351	3,316,351	3,297,745	3,297,026	3,297,026	3,245,016	3,180,762	3,163,218
<b>TV</b>								
Net subscriber activations	43,680	16,690	26,990	153,360	42,190	37,578	33,369	40,223
IPTV	111,329	50,466	60,863	276,034	76,074	74,450	59,132	66,378
Total subscribers EOP <sup>(A) (B)</sup>	2,674,796	2,674,796	2,658,106	2,642,608	2,642,608	2,600,418	2,562,840	2,529,471
IPTV <sup>(A) (B)</sup>	1,040,791	1,040,791	990,325	933,547	933,547	857,473	783,023	723,891
<b>Local</b>								
NAS								
Residential <sup>(A) (B)</sup>	3,670,167	3,670,167	3,745,986	3,815,608	3,815,608	3,872,840	3,943,622	4,031,682
Business	3,233,485	3,233,485	3,271,175	3,315,244	3,315,244	3,351,017	3,388,287	3,431,147
Total <sup>(A) (B)</sup>	6,903,652	6,903,652	7,017,161	7,130,852	7,130,852	7,223,857	7,331,909	7,462,829
NAS net losses								
Residential	(141,689)	(75,819)	(65,870)	(305,729)	(57,232)	(70,782)	(88,060)	(89,655)
Business	(81,759)	(37,690)	(44,069)	(158,988)	(35,773)	(37,270)	(42,860)	(43,085)
Total	(223,448)	(113,509)	(109,939)	(464,717)	(93,005)	(108,052)	(130,920)	(132,740)

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

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

<b>BCE - Net debt and preferred shares</b>			
<i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i>			
	June 30 2015	March 31 2015	December 31 2014
Debt due within one year	5,058	4,712	3,743
Long-term debt	15,443	16,612	16,355
Preferred shares - BCE <sup>(A)</sup>	2,002	2,002	2,002
Cash and cash equivalents	(169)	(1,125)	(566)
<b>Net Debt <sup>(3)</sup></b>	22,334	22,201	21,534
Net Debt / Adjusted EBITDA <sup>(4)</sup>	2.65	2.65	2.59
Adjusted EBITDA / Net interest expense, excluding interest on post-employment benefit obligations and including 50% of preferred dividends <sup>(4)</sup>	8.53	8.52	8.38

<b>Bell Media Inc. - Proportionate Information</b>								
<i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i>								
	YTD 2015	Q2 2015	Q1 2015	Total 2014	Q4 2014	Q3 2014	Q2 2014	Q1 2014
<b>Proportionate Net Debt</b>	-	-	-	-	-	-	14	30
<b>Proportionate Adjusted EBITDA</b>	312	191	121	657	181	158	189	129

<b>Cash Flow Information</b>								
<i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i>								
	Q2 2015	Q2 2014	\$ change	% change	YTD 2015	YTD 2014	\$ change	% change
<b>Free Cash Flow (FCF) <sup>(3)</sup></b>								
Cash from operating activities, excluding acquisition costs paid	1,889	1,589	300	18.9%	2,986	2,477	509	20.5%
Capital expenditures	(914)	(791)	(123)	(15.5%)	(1,741)	(1,385)	(356)	(25.7%)
Dividends paid on preferred shares	(37)	(31)	(6)	(19.4%)	(76)	(63)	(13)	(20.6%)
Dividends paid by subsidiaries to non-controlling interest	(7)	-	(7)	n.m.	(7)	-	(7)	n.m.
Bell Aliant dividends paid to BCE	-	48	(48)	(100.0%)	-	48	(48)	(100.0%)
<b>FCF</b>	931	815	116	14.2%	1,162	1,077	85	7.9%

<b>Cash Flow Information - Historical Trend</b>								
<i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i>								
	YTD 2015	Q2 2015	Q1 2015	Total 2014	Q4 2014	Q3 2014	Q2 2014	Q1 2014
<b>FCF</b>								
Cash from operating activities, excluding acquisition costs paid	2,986	1,889	1,097	5,680	1,559	1,644	1,589	888
Capital expenditures	(1,741)	(914)	(827)	(3,245)	(1,035)	(825)	(791)	(594)
Dividends paid on preferred shares	(76)	(37)	(39)	(134)	(40)	(31)	(31)	(32)
Dividends paid by subsidiaries to non-controlling interest	(7)	(7)	-	(2)	(1)	(1)	-	-
Voluntary defined benefit pension plan contribution	-	-	-	350	350	-	-	-
Bell Aliant dividends paid to BCE	-	-	-	95	-	47	48	-
<b>FCF</b>	1,162	931	231	2,744	833	834	815	262

<sup>(A)</sup> Net debt includes 50% of preferred shares

n.m. : not meaningful

BCE <sup>(1)</sup>Consolidated Statements of Financial Position <sup>(2)</sup>

<i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i>	June 30 2015	March 31 2015	December 31 2014
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	131	127	142
Cash equivalents	38	998	424
Trade and other receivables	2,758	2,781	3,069
Inventory	405	403	333
Prepaid expenses	528	522	379
Other current assets	232	249	201
<b>Total current assets</b>	<b>4,092</b>	<b>5,080</b>	<b>4,548</b>
<b>Non-current assets</b>			
Property, plant and equipment	21,513	21,347	21,327
Intangible assets	10,886	10,332	10,224
Deferred tax assets	131	162	162
Investments in associates and joint ventures	1,088	790	776
Other non-current assets	833	989	875
Goodwill	8,376	8,376	8,385
<b>Total non-current assets</b>	<b>42,827</b>	<b>41,996</b>	<b>41,749</b>
<b>Total assets</b>	<b>46,919</b>	<b>47,076</b>	<b>46,297</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables and other liabilities	4,053	4,007	4,398
Interest payable	141	143	145
Dividends payable	565	561	534
Current tax liabilities	157	74	269
Debt due within one year	5,058	4,712	3,743
<b>Total current liabilities</b>	<b>9,974</b>	<b>9,497</b>	<b>9,089</b>
<b>Non-current liabilities</b>			
Long-term debt	15,443	16,612	16,355
Deferred tax liabilities	1,559	1,352	1,321
Post-employment benefit obligation	2,101	2,803	2,772
Other non-current liabilities	1,462	1,493	1,521
<b>Total non-current liabilities</b>	<b>20,565</b>	<b>22,260</b>	<b>21,969</b>
<b>Total liabilities</b>	<b>30,539</b>	<b>31,757</b>	<b>31,058</b>
<b>EQUITY</b>			
<b>Equity attributable to BCE shareholders</b>			
Preferred shares	4,004	4,004	4,004
Common shares	17,142	16,790	16,717
Contributed surplus	1,137	1,121	1,141
Accumulated other comprehensive income	87	124	97
Deficit	(6,306)	(7,027)	(7,013)
<b>Total Equity attributable to BCE shareholders</b>	<b>16,064</b>	<b>15,012</b>	<b>14,946</b>
<b>Non-controlling interest</b>	<b>316</b>	<b>307</b>	<b>293</b>
<b>Total equity</b>	<b>16,380</b>	<b>15,319</b>	<b>15,239</b>
<b>Total liabilities and equity</b>	<b>46,919</b>	<b>47,076</b>	<b>46,297</b>
<b>Number of common shares outstanding</b>	<b>848.6</b>	<b>841.9</b>	<b>840.3</b>

Consolidated Cash Flow Data <sup>(2)</sup>

<i>(In millions of Canadian dollars, except where otherwise indicated) (unaudited)</i>	Q2 2015	Q2 2014	\$ change	YTD 2015	YTD 2014	\$ change
Net earnings	814	707	107	1,397	1,421	(24)
Adjustments to reconcile net earnings to cash flows from operating activities						
Severance, acquisition and other costs	24	54	(30)	248	92	156
Depreciation and amortization	854	879	(25)	1,693	1,745	(52)
Post-employment benefit plans cost	96	94	2	199	193	6
Net interest expense	229	226	3	452	460	(8)
(Gains) Losses on investments	(94)	(4)	(90)	(92)	(16)	(76)
Income taxes	290	236	54	465	467	(2)
Contributions to post-employment benefit plans	(92)	(85)	(7)	(173)	(173)	-
Payments under other post-employment benefit plans	(18)	(18)	-	(38)	(36)	(2)
Severance and other costs paid	(52)	(38)	(14)	(101)	(106)	5
Acquisition costs paid	(48)	(16)	(32)	(100)	(30)	(70)
Interest paid	(230)	(231)	1	(457)	(460)	3
Income taxes paid (net of refunds)	(119)	(110)	(9)	(452)	(471)	19
Net change in operating assets and liabilities	187	156	31	(155)	(254)	99
<b>Cash flows from operating activities</b>	<b>1,841</b>	<b>1,850</b>	<b>(9)</b>	<b>2,886</b>	<b>2,832</b>	<b>54</b>
Bell Aliant dividends paid to BCE	-	48	(48)	-	48	(48)
Capital expenditures	(914)	(937)	23	(1,741)	(1,666)	(75)
Cash dividends paid on preferred shares	(37)	(31)	(6)	(76)	(63)	(13)
Cash dividends paid by subsidiaries to non-controlling interest	(7)	(68)	61	(7)	(75)	68
Acquisition costs paid	48	16	32	100	30	70
Bell Aliant Free Cash Flow	-	(63)	63	-	(29)	29
<b>Free Cash Flow</b>	<b>931</b>	<b>815</b>	<b>116</b>	<b>1,162</b>	<b>1,077</b>	<b>85</b>
Bell Aliant free cash flow, excluding dividends paid	-	15	(15)	-	(19)	19
Business acquisitions	(284)	-	(284)	(284)	-	(284)
Acquisition costs paid	(48)	(16)	(32)	(100)	(30)	(70)
Business dispositions	407	-	407	407	538	(131)
Acquisition of spectrum licences	(429)	(453)	24	(529)	(566)	37
Other investing activities	(7)	2	(9)	(2)	(3)	1
(Decrease) Increase in notes payable and bank advances	(574)	(443)	(131)	117	158	(41)
Increase in securitized trade receivables	315	-	315	315	-	315
Issue of long-term debt	-	150	(150)	502	183	319
Repayment of long-term debt	(723)	(136)	(587)	(869)	(551)	(318)
Cash dividends paid on common shares	(547)	(480)	(67)	(1,066)	(932)	(134)
Issue of common shares	19	9	10	57	41	16
Other financing activities	(16)	(33)	17	(107)	(81)	(26)
	(1,887)	(1,385)	(502)	(1,559)	(1,262)	(297)
Net (decrease) increase in cash and cash equivalents	(956)	(570)	(386)	(397)	(185)	(212)
Cash and cash equivalents at beginning of period	1,125	720	405	566	335	231
<b>Cash and cash equivalents at end of period</b>	<b>169</b>	<b>150</b>	<b>19</b>	<b>169</b>	<b>150</b>	<b>19</b>
<b>Other information</b>						
Free cash flow per share <sup>(3)</sup>	\$ 1.11	\$ 1.05	\$ 0.06	\$ 1.38	\$ 1.39	\$ (0.01)
Annualized cash flow yield <sup>(5)</sup>	6.3%	6.6%	(0.3) pts	6.3%	6.6%	(0.3) pts

## Consolidated Cash Flow Data - Historical Trend

	YTD			TOTAL				
(In millions of Canadian dollars, except where otherwise indicated) (unaudited)	2015	Q2 15	Q1 15	2014	Q4 14	Q3 14	Q2 14	Q1 14
Net earnings	1,397	814	583	2,718	594	703	707	714
Adjustments to reconcile net earnings to cash flows from operating activities								
Severance, acquisition and other costs	248	24	224	216	58	66	54	38
Depreciation and amortization	1,693	854	839	3,452	852	855	879	866
Post-employment benefit plans cost	199	96	103	377	93	91	94	99
Net interest expense	452	229	223	921	236	225	226	234
(Gains) losses on investments	(92)	(94)	2	(10)	6	-	(4)	(12)
Income taxes	465	290	175	929	221	241	236	231
Contributions to post-employment benefit plans	(173)	(92)	(81)	(683)	(428)	(82)	(85)	(88)
Payments under other post-employment benefit plans	(38)	(18)	(20)	(73)	(19)	(18)	(18)	(18)
Severance and other costs paid	(101)	(52)	(49)	(190)	(44)	(40)	(38)	(68)
Acquisition costs paid	(100)	(48)	(52)	(131)	(68)	(33)	(16)	(14)
Interest paid	(457)	(230)	(227)	(907)	(233)	(214)	(231)	(229)
Income taxes paid (net of refunds)	(452)	(119)	(333)	(743)	(180)	(92)	(110)	(361)
Net change in operating assets and liabilities	(155)	187	(342)	365	439	180	156	(410)
<b>Cash flows from operating activities</b>	<b>2,886</b>	<b>1,841</b>	<b>1,045</b>	<b>6,241</b>	<b>1,527</b>	<b>1,882</b>	<b>1,850</b>	<b>982</b>
Bell Aliant dividends paid to BCE	-	-	-	95	-	47	48	-
Capital expenditures	(1,741)	(914)	(827)	(3,717)	(1,076)	(975)	(937)	(729)
Cash dividends paid on preferred shares	(76)	(37)	(39)	(134)	(40)	(31)	(31)	(32)
Cash dividends paid by subsidiaries to non-controlling interest	(7)	(7)	-	(145)	(1)	(69)	(68)	(7)
Acquisition costs paid	100	48	52	131	68	33	16	14
Voluntary defined benefit pension plan contribution	-	-	-	350	350	-	-	-
Bell Aliant Free Cash Flow	-	-	-	(77)	5	(53)	(63)	34
<b>Free Cash Flow</b>	<b>1,162</b>	<b>931</b>	<b>231</b>	<b>2,744</b>	<b>833</b>	<b>834</b>	<b>815</b>	<b>262</b>
Bell Aliant free cash flow, excluding dividends paid	-	-	-	(18)	(5)	6	15	(34)
Business acquisitions	(284)	(284)	-	(18)	(8)	(10)	-	-
Acquisition costs paid	(100)	(48)	(52)	(131)	(68)	(33)	(16)	(14)
Voluntary defined benefit pension plan contribution	-	-	-	(350)	(350)	-	-	-
Business dispositions	407	407	-	720	(4)	186	-	538
Acquisition of spectrum licences	(529)	(429)	(100)	(566)	-	-	(453)	(113)
Other investing activities	(2)	(7)	5	11	13	1	2	(5)
Increase (decrease) in notes payable and bank advances	117	(574)	691	469	(132)	443	(443)	601
Increase in securitized trade receivables	315	315	-	-	-	-	-	-
Issue of long-term debt	502	-	502	1,428	2	1,243	150	33
Repayment of long-term debt	(869)	(723)	(146)	(1,113)	(445)	(117)	(136)	(415)
Early debt redemption costs	-	-	-	(4)	(4)	-	-	-
Cash dividends paid on common shares	(1,066)	(547)	(519)	(1,893)	(481)	(480)	(480)	(452)
Privatization of Bell Aliant	-	-	-	(989)	(185)	(804)	-	-
Issue of common shares	57	19	38	49	6	2	9	32
Other financing activities	(107)	(16)	(91)	(108)	(12)	(15)	(33)	(48)
	(1,559)	(1,887)	328	(2,513)	(1,673)	422	(1,385)	123
Net (decrease) increase in cash and cash equivalents	(397)	(956)	559	231	(840)	1,256	(570)	385
Cash and cash equivalents at beginning of period	566	1,125	566	335	1,406	150	720	335
<b>Cash and cash equivalents at end of period</b>	<b>169</b>	<b>169</b>	<b>1,125</b>	<b>566</b>	<b>566</b>	<b>1,406</b>	<b>150</b>	<b>720</b>
<b>Other information</b>								
Free cash flow per share	\$ 1.38	\$ 1.11	\$ 0.27	\$ 3.46	\$ 1.01	\$ 1.06	\$ 1.05	\$ 0.34
Annualized cash flow yield	6.3%	6.3%	6.0%	6.1%	6.1%	6.5%	6.6%	7.0%

## Accompanying Notes

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

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

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

#### **Adjusted EBITDA and Adjusted EBITDA margin**

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

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

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

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

#### **Adjusted net earnings and Adjusted earnings per share (EPS)**

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

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

## Accompanying Notes

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

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

### Free Cash Flow and Free Cash Flow per share

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

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

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

We define Free Cash Flow per share as follows:

#### Free Cash Flow

Average number of common shares outstanding

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

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

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

### Net debt

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

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

## Accompanying Notes

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

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

### (4) Key Performance Indicators (KPIs)

We use a number of KPIs to measure the success of our strategic imperatives. These KPIs are not accounting measures and may not be comparable to similar measures presented by other issuers.

**Capital Intensity** is capital expenditures divided by operating revenues.

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

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

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

#### **Net Debt to Adjusted EBITDA**

Net Debt to Adjusted EBITDA is BCE Net Debt divided by Adjusted EBITDA. Net Debt is debt due within one year plus long-term debt and 50% of preferred shares less cash and cash equivalents. For the purposes of calculating our Net Debt to Adjusted EBITDA ratio, Adjusted EBITDA is defined as twelve-month trailing BCE Adjusted EBITDA.

#### **Adjusted EBITDA to net interest expense**

Adjusted EBITDA to net interest expense is Adjusted EBITDA divided by net interest expense. For the purposes of calculating our Adjusted EBITDA to net interest expense ratio, Adjusted EBITDA is defined as twelve-month trailing BCE Adjusted EBITDA. Net interest expense is twelve-month trailing BCE interest expense excluding interest on post-employment benefit obligations and including 50% of preferred dividends.

(5) Annualized cash flow yield is calculated as follows:

#### Trailing 12 month Free Cash Flow

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