



March 1, 2016

## Notice to Holders of BCE Inc. Series AM Preferred Shares

Dear Shareholder,

This letter and the attached Notice of Conversion Privilege have been sent to the registered holders of BCE Inc. Cumulative Redeemable First Preferred Shares, Series AM (the "Series AM Preferred Shares").

Beginning on March 1, 2016 and ending on March 16, 2016, holders of Series AM Preferred Shares will have the right to choose one of the following options with regards to their shares:

1. To retain any or all of their Series AM Preferred Shares and continue to receive a fixed quarterly dividend; or
2. To convert, on a one-for-one basis, any or all of their Series AM Preferred Shares into BCE Inc. Cumulative Redeemable First Preferred Shares, Series AN (the "Series AN Preferred Shares") and receive a floating quarterly dividend.

Effective March 31, 2016, the fixed dividend rate for the Series AM Preferred Shares will be set for a five-year period as explained in more detail in paragraph 4 of the attached Notice of Conversion Privilege. **Should you wish to continue receiving a fixed quarterly dividend for the five-year period beginning March 31, 2016, you do not need to take any action with respect to this notice. However, should you wish to receive a floating quarterly dividend, you must elect to convert your Series AM Preferred Shares into Series AN Preferred Shares as explained in more detail in the attached Notice of Conversion Privilege.**

In order to convert your shares, you must exercise your right of conversion during the conversion period, which runs from March 1, 2016 to March 16, 2016, inclusively. Should Series AN Preferred Shares be issued following the conversion on March 31, 2016 of Series AM Preferred Shares, the Series AN Preferred Shares so issued will begin trading under the symbol BCE.PR.N. Should any Series AM Preferred Shares remain outstanding after March 31, 2016, they will continue to trade under symbol BCE.PR.M.

Holders of both the Series AM Preferred Shares and the Series AN Preferred Shares will have the opportunity to convert their shares again on March 31, 2021, and every five years thereafter as long as the shares remain outstanding.

Should you require advice as to whether to exercise your conversion privilege, please contact your investment advisor.

If you cannot locate your share certificate or have any questions about the steps to be followed, please contact CST Trust Company at 1-800-561-0934, the transfer agent and registrar for BCE Inc.'s preferred shares.

Please see the attached Notice of Conversion Privilege for further details.

Yours sincerely,

Glen LeBlanc  
*Executive Vice-President and Chief Financial Officer*  
BCE Inc.



## NOTICE OF CONVERSION PRIVILEGE

### TO ALL HOLDERS OF CUMULATIVE REDEEMABLE FIRST PREFERRED SHARES, SERIES AM (the “Series AM Preferred Shares”) OF BCE INC.

NOTICE IS HEREBY GIVEN THAT:

1. Holders of BCE Inc. Series AM Preferred Shares have the right to convert all or part of their shares, effective on March 31, 2016, on a one-for-one basis, into Cumulative Redeemable First Preferred Shares, Series AN of BCE Inc. (the “Series AN Preferred Shares”).
2. Holders not wishing to convert or who do not comply with the instructions set out in paragraph 3 below by the appropriate deadline will, subject to paragraph 6 below, retain their Series AM Preferred Shares and, accordingly, will continue to receive a fixed quarterly dividend as described in paragraph 4 below. However, but subject to paragraph 6 below, on March 31, 2021, and every five years thereafter, holders of both Series AM Preferred Shares and Series AN Preferred Shares will have the right to convert their shares into shares of the other series.
3. Registered holders electing to convert all or part of their Series AM Preferred Shares into Series AN Preferred Shares must provide a written notice thereof, accompanied by their Series AM Preferred Share certificate with the transfer form on the back thereof or other appropriate stock transfer power of attorney duly endorsed, and deliver it, at the latest by 5:00 p.m. (Montréal/Toronto time) on March 16, 2016, to one of the following addresses of CST Trust Company:

**By Mail:**

P.O. Box 1036  
Adelaide Street Postal Station  
Toronto, (Ontario) M5C 2K4  
CANADA  
Attention: Corporate Actions

**By Personal Delivery, Courier or Registered Mail:**

320 Bay Street, B1 Level  
Toronto (Ontario) M5H 4A6  
CANADA  
Attention: Corporate Actions

Delivery may be done in person, by courier, by registered mail or by mail. However, if share certificates are delivered by courier, by registered mail or by mail, shareholders must ensure that they are sent sufficiently in advance so that they are received by CST Trust Company by the above-mentioned deadline.

4. As of March 31, 2016, the Series AM Preferred Shares will, should they remain outstanding, pay, on a quarterly basis, as and when declared by the Board of Directors of BCE Inc., a fixed cash dividend for the following five years that will be based on a fixed rate equal to the sum of: (a) the yield to maturity compounded semi-annually (the “Government of Canada Yield”), computed on March 1, 2016 in accordance with the articles of BCE Inc., of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years, and (b) 2.09 per cent. The “Government of Canada Yield” computed on March 1, 2016 is 0.674%. Accordingly, the annual fixed dividend rate applicable to the Series AM Preferred Shares for the period of five years beginning on March 31, 2016 will be 2.764%.
5. As of March 31, 2016, the Series AN Preferred Shares, if issued, will pay, for each quarterly period beginning with the quarterly period from and including March 31, 2016 up to but excluding June 30, 2016, as and when declared by the Board of Directors of BCE Inc., a quarterly floating dividend rate equal to the “Floating Quarterly Dividend Rate” for such quarterly period. The “Floating Quarterly Dividend Rate” for any such quarterly period shall be equal to the rate, expressed as a percentage, equal to the sum of: (a) the “T-Bill Rate”, calculated in accordance with the articles of BCE Inc. on the 30<sup>th</sup> day prior to the first day of the new quarterly period, and (b) 2.09 per cent, calculated on the basis of the actual number of days in such quarterly period divided by 365. The “T-Bill Rate” means, for any quarterly period, the average yield

expressed as a percentage per annum on three-month Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable calculation date. The "Floating Quarterly Dividend Rate" computed on March 1, 2016 and applicable to the Series AN Preferred Shares for the quarterly period beginning on March 31, 2016 will be 0.63625% (annual rate of 2.552%, based on an initial T-Bill Rate of 0.462%).

6. After March 16, 2016, if BCE Inc. determines that there would be less than 1,000,000 Series AM Preferred Shares outstanding after the conversion date (March 31, 2016), BCE Inc. will automatically convert all remaining Series AM Preferred Shares into Series AN Preferred Shares. However, if BCE Inc. determines that there would be less than 1,000,000 Series AN Preferred Shares outstanding after the conversion date, then no Series AM Preferred Shares will be converted into Series AN Preferred Shares.

## **INSTRUCTIONS WITH RESPECT TO SIGNATURES FOR REGISTERED HOLDERS**

The signature of registered holders in the conversion panel must correspond to the name as written upon the face of the share certificate in every particular without any change whatsoever and must be guaranteed by an “Eligible Institution” or in some other manner satisfactory to CST Trust Company.

If the conversion panel is signed by a person such as an executor or trustee, or on behalf of a corporation, partnership or association, or is executed by any other person acting in a representative capacity, the signature must be guaranteed by an “Eligible Institution” or in some other manner satisfactory to CST Trust Company and the share certificate must be accompanied by satisfactory evidence of authority to act.

An “Eligible Institution” means a Canadian Schedule 1 chartered bank, a member of the Securities Transfer Agent Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange Inc Medallion Signature Program (MSP). Members of these programs are usually members of a recognized stock exchange in Canada and the United States, members of the Investment Industry Regulatory Organization of Canada, members of the National Association of Securities Dealers or banks and trust companies in the United States. Signature guarantees are not accepted from treasury branches, credit unions or caisses populaires unless they are members of the STAMP Medallion Program.

BCE Inc. or its transfer agent may, in their discretion, require additional evidence of authority or additional documentation.

DATED in Montréal, this 1<sup>st</sup> day of March, 2016.

BCE Inc.