

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "1933 Act") or any state securities laws, and accordingly will not be offered, sold or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons without the availability of an exemption from registration. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with the securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of BCE Inc. at 1 Carrefour Alexander-Graham-Bell, Building A, 7<sup>th</sup> Floor, Verdun (Québec) H3E 3B3, telephone: (514) 786-8424 and are also available electronically at [www.sedar.com](http://www.sedar.com).

## Short Form Prospectus

New Issue

December 21, 2011

The logo for BCE Inc., consisting of the letters "BCE" in a bold, blue, sans-serif font.

**BCE Inc.**

**\$250,000,000**

### **10,000,000 Cumulative Redeemable First Preferred Shares, Series AK**

This short form prospectus qualifies the distribution (the "**Offering**") of 10,000,000 Cumulative Redeemable First Preferred Shares, Series AK (the "**Series AK Preferred Shares**") of BCE Inc. (the "**Corporation**" or "**BCE**"). The Series AK Preferred Shares offered by this short form prospectus constitute an additional issuance of Series AK Preferred Shares that the Corporation initially issued on July 5, 2011. See "Details of the Offering – Description of the Series AK Preferred Shares - General". The Corporation anticipates that the closing date of this offering will be January 4, 2012 (the "**Closing Date**").

The holders of the Series AK Preferred Shares will be entitled to receive fixed, cumulative, preferential cash dividends, if, as and when declared by the Corporation's board of directors (the "**Board of Directors**") for the initial period up to but excluding December 31, 2016 (the "**Initial Fixed Rate Period**") payable quarterly on the last day of March, June, September and December each year at an annual rate of \$1.0375 per share. The first dividend on the Series AK Preferred Shares offered by this short form prospectus, if declared, will be payable on March 31, 2012 and will be \$0.25938 per share. See "Details of the Offering".

For each five-year period after the Initial Fixed Rate Period (each, a "**Subsequent Fixed Rate Period**"), the holders of Series AK Preferred Shares will be entitled to receive fixed, cumulative, preferential cash dividends, if, as and when declared by the Board of Directors, payable quarterly on the last day of March, June, September and December in each year, in the amount per share per annum determined by multiplying the Annual Fixed Dividend Rate (as defined herein) applicable to such Subsequent Fixed Rate Period by \$25.00. The Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period will be equal to the sum of the Government of Canada Yield (as defined herein) on the 30<sup>th</sup> day prior to the first day of such Subsequent Fixed Rate Period plus 1.88%. See "Details of the Offering".

#### **Option to Convert Into Series AL Preferred Shares**

Subject to the Corporation's right to redeem Series AK Preferred Shares, the holders of Series AK Preferred Shares will have the right, at their option, to convert their Series AK Preferred Shares into Cumulative Redeemable First Preferred Shares, Series AL (the "**Series AL Preferred Shares**", and together with the Series AK Preferred Shares, the "**Preferred Shares**"), subject to certain conditions, on December 31, 2016 and on December 31 every five years thereafter. The holders of Series AL Preferred Shares will be entitled to receive floating rate cumulative preferential cash dividends, if, as and when declared by the Board of Directors, payable quarterly on the last day of March, June, September and December in each year (the initial quarterly dividend period and each subsequent quarterly dividend period is referred to as a "**Quarterly Floating Rate Period**"), in the amount per share determined by multiplying the applicable Floating Quarterly Dividend Rate (as defined herein) by \$25.00. The Floating Quarterly Dividend Rate will be equal to the sum of the T-Bill Rate (as defined herein) plus

1.88% (calculated on the basis of the actual number of days in the applicable Quarterly Floating Rate Period divided by 365) determined as of the 30<sup>th</sup> day prior to the first day of the applicable Quarterly Floating Rate Period. See "Details of the Offering".

Subject to the provisions described under "Details of the Offering – Description of the Series AK Preferred Shares – Restrictions on Dividends and Retirement of Shares", on December 31, 2016 and on December 31 every five years thereafter, the Corporation may, at its option, redeem all or any part of the then outstanding Series AK Preferred Shares by the payment of an amount in cash for each Series AK Preferred Share so redeemed of \$25.00 plus all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption. See "Details of the Offering – Description of the Series AK Preferred Shares – Redemption".

The Preferred Shares do not have a fixed maturity date and are not redeemable at the option of the holders thereof. See "Risk Factors".

**The Underwriters (as defined herein) may offer the Series AK Preferred Shares at a price lower than that stated below. See "Plan of Distribution".**

RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., TD Securities Inc., CIBC World Markets Inc., National Bank Financial Inc., Scotia Capital Inc., Desjardins Securities Inc., GMP Securities L.P., Laurentian Bank Securities Inc., Macquarie Capital Markets Canada Ltd. and Raymond James Ltd. (collectively, the "Underwriters"), as principals, conditionally offer the Series AK Preferred Shares, subject to prior sale, if, as and when issued by the Corporation and accepted by the Underwriters in accordance with the conditions contained in the underwriting agreement referred to under "Plan of Distribution", and subject to approval of certain legal matters on behalf of the Corporation by Ms. Martine Turcotte, Vice Chair, Québec of BCE, Mr. Michel Lalonde, Senior Vice-President - General Counsel of BCE and Stikeman Elliott LLP and on behalf of the Underwriters by Norton Rose OR LLP. See "Plan of Distribution". The offering price was determined by negotiation between the Corporation and the Underwriters. In connection with this Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series AK Preferred Shares at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be interrupted or discontinued at any time. See "Plan of Distribution".

**The outstanding Series AK Preferred Shares and the Series AL Preferred Shares into which such shares may be converted are listed on the Toronto Stock Exchange ("TSX") under the symbols "BCE.PR.K" and "BCE.PR.L", respectively. The TSX has conditionally approved the listing of the additional Series AK Preferred Shares and the additional Series AL Preferred Shares described under this short form prospectus under the same symbols. Listing is subject to the Corporation fulfilling all the listing requirements of the TSX on or before March 12, 2012.**

The issued and outstanding Cumulative Redeemable First Preferred Shares, Series R (the "**Series R Shares**"), the Cumulative Redeemable First Preferred Shares, Series S (the "**Series S Shares**"), the Cumulative Redeemable First Preferred Shares, Series T (the "**Series T Shares**"), the Cumulative Redeemable First Preferred Shares, Series Y (the "**Series Y Shares**"), the Cumulative Redeemable First Preferred Shares, Series Z (the "**Series Z Shares**"), the Cumulative Redeemable First Preferred Shares, Series AA (the "**Series AA Shares**"), the Cumulative Redeemable First Preferred Shares, Series AB (the "**Series AB Shares**"), the Cumulative Redeemable First Preferred Shares, Series AC (the "**Series AC Shares**"), the Cumulative Redeemable First Preferred Shares, Series AD (the "**Series AD Shares**"), the Cumulative Redeemable First Preferred Shares, Series AE (the "**Series AE Shares**"), the Cumulative Redeemable First Preferred Shares, Series AF (the "**Series AF Shares**"), the Cumulative Redeemable First Preferred Shares, Series AG (the "**Series AG Shares**"), the Cumulative Redeemable First Preferred Shares, Series AH (the "**Series AH Shares**"), the Cumulative Redeemable First Preferred Shares, Series AI (the "**Series AI Shares**"), the Cumulative Redeemable First Preferred Shares, Series AJ (the "**Series AJ Shares**") and the Series AK Preferred Shares of the Corporation are listed on the TSX under the symbols "BCE.PR.R", "BCE.PR.S", "BCE.PR.T", "BCE.PR.Y", "BCE.PR.Z", "BCE.PR.A", "BCE.PR.B", "BCE.PR.C", "BCE.PR.D", "BCE.PR.E", "BCE.PR.F", "BCE.PR.G", "BCE.PR.H", "BCE.PR.I", "BCE.PR.J" and "BCE.PR.K", respectively. On December 12, 2011, the last trading day before the filing of the preliminary short form prospectus, the closing price of the Series R Shares, the Series S Shares, the Series T Shares, the Series Y Shares, the Series Z Shares, the Series AA Shares, the Series AB Shares, the Series AC Shares, the Series AD Shares, the Series AE Shares, the Series AF Shares, the Series AG Shares, the Series AH Shares, the Series AI Shares, the Series AJ Shares and the Series AK Preferred Shares, was \$24.00, \$21.75, \$20.32, \$22.23, \$21.72, \$22.89, \$22.40, \$23.10, \$21.91, \$21.75, \$24.30, \$24.00, \$21.75, \$22.75, \$21.75 and \$25.05, respectively.

Standard & Poor's Rating Services ("S&P") has assigned a rating of P-2 (low) for the Series AK Preferred Shares and DBRS Limited ("DBRS") has assigned a provisional rating of Pfd-3 (high) for the Series AK Preferred Shares. See "Credit Ratings".

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**Price: \$25.00 per Series AK Preferred Share to yield initially 4.15% per annum**

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	<b>Price to the Public<sup>(1)</sup></b>	<b>Underwriters' Fee<sup>(1)(2)</sup></b>	<b>Net Proceeds to the Corporation<sup>(1)(3)</sup></b>
Per Series AK Preferred Share	\$25.00	\$0.75	\$24.25
Total	\$250,000,000	\$7,500,000	\$242,500,000

- (1) The Corporation has granted to the Underwriters an over-allotment option (the "**Over-Allotment Option**") to purchase on the same terms up to 1,200,000 additional Series AK Preferred Shares, exercisable at any time until the date that is 30 days following the Closing Date. If the Over-Allotment Option is exercised in full, the total "Price to the Public", "Underwriters' Fee" and "Net Proceeds to the Corporation", before deducting expenses of the Offering, would be \$280,000,000, \$8,400,000 and \$271,600,000, respectively (assuming no Series AK Preferred Shares are sold to those institutions referred to in (2) below). This short form prospectus qualifies the grant of the Over-Allotment Option, as well as the distribution of the Series AK Preferred Shares issuable upon exercise of the Over-Allotment Option. A purchaser who acquires any of the Series AK Preferred Shares forming part of the Underwriters' over-allocation position acquires such Series AK Preferred Shares under this short form prospectus regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".
- (2) The Underwriters' fee is \$0.25 per share for each Series AK Preferred Share sold to certain institutions and \$0.75 per share for all other Series AK Preferred Shares sold. The Underwriters' Fee set forth in the table assumes that no shares are sold to such institutions.
- (3) Before deduction of expenses of the issue payable by the Corporation estimated at \$600,000.

<b>Underwriters' Position</b>	<b>Maximum Size or number of securities held</b>	<b>Exercise Period</b>	<b>Exercise Price</b>
<b>Over-Allotment Option</b>	Option to acquire up to an additional 1,200,000 Series AK Preferred Shares	30 days following the Closing Date	\$25.00 per share

The head and registered office of the Corporation is located at 1 Carrefour Alexander-Graham-Bell, Building A, 8<sup>th</sup> Floor, Verdun (Québec) H3E 3B3. Unless otherwise specifically stated, all dollar amounts in this short form prospectus are expressed in Canadian dollars.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the closing of the Offering will occur on January 4, 2012 or on such other date as the Corporation and the Underwriters may agree, but not later than January 12, 2012. A book-entry only certificate representing the Series AK Preferred Shares distributed hereunder will be issued in registered form only to CDS Clearing and Depository Services Inc. ("**CDS**"), or its nominee, and will be deposited with CDS on the Closing Date. A purchaser of the Series AK Preferred Shares will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom the shares are purchased. See "Book-Entry Only System".

**All the Underwriters, except GMP Securities L.P., Laurentian Bank Securities Inc., Macquarie Capital Markets Canada Ltd. and Raymond James Ltd., are subsidiaries or affiliates of lenders that have made credit facilities available to the Corporation and its related issuers. Accordingly, the Corporation may be considered to be a connected issuer of such Underwriters for purposes of applicable Canadian securities laws. See "Plan of Distribution".**

## TABLE OF CONTENTS

Documents Incorporated by Reference .....	1
Summary of Offering .....	3
Cautionary Note Regarding Forward-Looking Statements .....	6
Intercorporate Relationships .....	7
Business of the Corporation .....	8
Recent Developments.....	8
Prior Sales .....	9
Trading Price and Volume of the Corporation's Securities .....	9
Description of the Share Capital of the Corporation .....	11
Consolidated Capitalization of the Corporation .....	12
Use of Proceeds.....	13
Details of the Offering .....	13
Book-Entry Only System .....	21
Earnings Coverage Ratios .....	22
Credit Ratings .....	22
Plan of Distribution .....	23
Certain Canadian Federal Income Tax Considerations .....	24
Eligibility for Investment .....	26
Risk Factors.....	27
Auditors, Transfer Agent and Registrar .....	30
Legal Matters .....	30
Interest of Experts .....	30
Purchasers' Statutory Rights.....	30
Consent of the Independent Registered Chartered Accountants .....	A-1
Certificate of the Issuer .....	C-1
Certificate of the Underwriters.....	C-2

## DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of the Corporation at the address set forth on the cover page of this short form prospectus, and are also available electronically at [www.sedar.com](http://www.sedar.com).

The following documents, filed with securities commissions or similar authorities in each of the provinces of Canada, are specifically incorporated by reference in, and form an integral part of, this short form prospectus:

- (a) BCE's audited Consolidated Financial Statements for the year ended December 31, 2010, and the Report of Independent Registered Chartered Accountants thereon (the "**BCE 2010 Financial Statements**") and the Report of Independent Registered Chartered Accountants on BCE's internal control over financial reporting, provided on pages 89 to 130 of the BCE Inc. 2010 Annual Report (the "**BCE 2010 Annual Report**");
- (b) BCE's Management's Discussion and Analysis for the year ended December 31, 2010 (the "**BCE 2010 MD&A**") provided on pages 22 to 87 and on page 131 of the BCE 2010 Annual Report;
- (c) BCE's Annual Information Form dated March 10, 2011 for the year ended December 31, 2010 (the "**BCE 2010 AIF**");
- (d) BCE's Management Proxy Circular dated March 10, 2011 in connection with the annual general meeting of the shareholders of BCE held on May 12, 2011;

- (e) BCE's unaudited interim consolidated financial statements for the three-month periods ended March 31, 2011 and 2010 provided on pages 27 to 55 of the BCE 2011 First Quarter Shareholder Report (the "**BCE 2011 First Quarter Shareholder Report**");
- (f) BCE's Management's Discussion and Analysis for the three-month period ended March 31, 2011 (the "**BCE 2011 First Quarter MD&A**") provided on pages 2 to 26 of the BCE 2011 First Quarter Shareholder Report;
- (g) BCE's unaudited interim consolidated financial statements for the three-month and six-month periods ended June 30, 2011 and 2010 provided on pages 28 to 43 of the BCE 2011 Second Quarter Shareholder Report (the "**BCE 2011 Second Quarter Shareholder Report**");
- (h) BCE's Management's Discussion and Analysis for the three-month and six-month periods ended June 30, 2011 (the "**BCE 2011 Second Quarter MD&A**") provided on pages 2 to 27 of the BCE 2011 Second Quarter Shareholder Report;
- (i) BCE's unaudited interim consolidated financial statements for the three-month and nine-month periods ended September 30, 2011 and 2010 provided on pages 31 to 47 of the BCE 2011 Third Quarter Shareholder Report (the "**BCE 2011 Third Quarter Shareholder Report**");
- (j) BCE's Management's Discussion and Analysis for the three-month and nine-month periods ended September 30, 2011 (the "**BCE 2011 Third Quarter MD&A**") provided on pages 2 to 30 of the BCE 2011 Third Quarter Shareholder Report; and
- (k) BCE's material change report with respect to its acquisition of the remaining 85% interest in Bell Media Inc. (formerly CTVglobemedia Inc.) ("**Bell Media**") that it did not already own dated April 1, 2011.

**Any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for purposes of this short form prospectus to the extent that a statement contained in this short form prospectus or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference into this short form prospectus modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this short form prospectus.**

Any document of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* ("**NI 44-101**") to be incorporated by reference into a short form prospectus, including any annual information forms, material change reports (except confidential material change reports), business acquisition reports, interim financial statements, annual financial statements and the auditor's report thereon, management's discussion and analysis and information circulars filed by the Corporation with securities commissions or similar authorities in Canada after the date of this short form prospectus and before the termination of the distribution of the securities to be distributed under this short form prospectus, shall be deemed to be incorporated by reference into this short form prospectus.

## SUMMARY OF OFFERING

*This summary is qualified by the detailed information appearing elsewhere in this short form prospectus. For the definition of the terms used but not defined in this summary, refer to "Plan of Distribution" and "Details of the Offering".*

<b>Issuer:</b>	BCE Inc.
<b>The Offering:</b>	Cumulative Redeemable First Preferred Shares, Series AK
<b>Amount:</b>	\$250 million
<b>Price per share:</b>	\$25.00

### **Principal Characteristics of Series AK Preferred Shares**

**Dividends:** Until December 30, 2016, the holders of the Series AK Preferred Shares will be entitled to receive fixed, cumulative, preferential cash dividends, if, as and when declared by the Board of Directors, payable quarterly on the last day of March, June, September and December in each year during the Initial Fixed Rate Period, at an annual rate equal to \$1.0375 per share. The first dividend on the Series AK Preferred Shares offered by this short form prospectus, if declared, will be payable on March 31, 2012 and will be \$0.25938 per share.

Starting with the initial Subsequent Fixed Rate Period, from and including December 31, 2016 up to, but excluding, December 31, 2021, and for each succeeding Subsequent Fixed Rate Period, from and including the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period up to, but excluding, December 31 in the fifth year thereafter, the Series AK Preferred Shares will be entitled to receive fixed, cumulative, preferential cash dividends, if, as and when declared by the Board of Directors, payable quarterly on the last day of March, June, September and December in each year during the Subsequent Fixed Rate Period, in an annual amount per share determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$25.00.

**Redemption:** The Series AK Preferred Shares will not be redeemable by the Corporation prior to December 31, 2016. On December 31, 2016 and on December 31 every five years thereafter (or, if such date is not a Business Day, the immediately following Business Day), and subject to certain other restrictions set out under the heading "Details of the Offering - Description of the Series AK Preferred Shares –Restrictions on Dividends and Retirement of Shares", the Corporation may, at its option, on at least 30 days and not more than 60 days prior written notice, redeem all or any number of the outstanding Series AK Preferred Shares by payment in cash of a per share sum equal to \$25.00, in each case together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any tax required to be deducted or withheld by the Corporation).

**Conversion into Series AL Preferred Shares** Subject to the right of the Corporation to redeem the Series AK Preferred Shares, each holder of Series AK Preferred Shares will have the right, at its option, on December 31, 2016 and on December 31 every five years thereafter, to convert, subject to the restrictions on conversion described below and the payment or delivery to the Corporation of evidence of payment of the tax (if any) payable, all or any of the Series AK Preferred Shares into Series AL Preferred Shares on the basis of one Series AL Preferred Share for each Series AK Preferred Share converted. If a Series AK Conversion Date falls on a day that is not a Business Day, such Series AK Conversion Date will be the immediately following Business Day.

***Automatic Conversion Provisions***

If the Corporation determines that there would remain outstanding on a Series AK Conversion Date fewer than 1,000,000 Series AK Preferred Shares, after having taken into account all Election Notices in respect of Series AK Preferred Shares tendered for conversion into Series AL Preferred Shares and all Election Notices in respect of Series AL Preferred Shares tendered for conversion into Series AK Preferred Shares, then, all, but not part, of the remaining outstanding Series AK Preferred Shares will be automatically converted into Series AL Preferred Shares on the basis of one Series AL Preferred Share for each Series AK Preferred Share, on the applicable Series AK Conversion Date.

Additionally, if the Corporation determines at such time that there would remain outstanding on a Series AK Conversion Date fewer than 1,000,000 Series AL Preferred Shares, after having taken into account the Election Notice in respect of all Series AK Preferred Shares tendered for conversion into Series AL Preferred Shares and the Election Notice in respect of all Series AL Preferred Shares tendered for conversion into Series AK Preferred Shares, holders of Series AK Preferred Shares will not be entitled to convert their shares into Series AL Preferred Shares.

**Principal Characteristics of Series AL Preferred Shares**

***Dividends:***

Holders of Series AL Preferred Shares will be entitled to receive floating rate cumulative preferential cash dividends, if, as and when declared by the Board of Directors, payable quarterly on the last day of March, June, September and December in each year, in the amount per share determined by multiplying the applicable Floating Quarterly Dividend Rate by \$25.00.

***Redemption:***

The Series AL Preferred Shares will not be redeemable by the Corporation on or prior to December 31, 2016. Subject to certain other restrictions set out under the heading "Details of the Offering – Description of the Series AL Preferred Shares – Restrictions on Dividends and Retirement of Shares", the Corporation may, at its option, on at least 30 days and not more than 60 days prior written notice, redeem all or any number of the outstanding Series AL Preferred Shares by payment in cash of a per share sum equal to (i) \$25.00 in the case of redemptions on December 31, 2021 and on December 31 every five years thereafter, or (ii) \$25.50 in the case of redemptions on any date which is not a Series AL Conversion Date after December 31, 2016, in each case together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any tax required to be deducted or withheld by the Corporation).

***Conversion into Series AK Preferred Shares***

Subject to the right of the Corporation to redeem the Series AL Preferred Shares, each holder of Series AL Preferred Shares will have the right, at its option, on any Series AL Conversion Date, to convert, subject to the restrictions on conversion described below and the payment or delivery to the Corporation of evidence of payment of the tax (if any) payable, all or any of the Series AL Preferred Shares into Series AK Preferred Shares on the basis of one Series AK Preferred Share for each Series AL Preferred Share converted.

***Automatic Conversion Provisions***

If the Corporation determines that there would remain outstanding on a Series AL Conversion Date fewer than 1,000,000 Series AL Preferred Shares, after having taken into account all Election Notices in respect of Series AL Preferred Shares tendered for conversion into Series AK Preferred Shares and all Election Notices in respect of Series AK Preferred Shares tendered for conversion into Series AL Preferred Shares, then, all, but not part, of the remaining outstanding Series AL Preferred Shares will be automatically converted into Series AK Preferred Shares on the basis of one Series AK Preferred Share for each Series AL Preferred Share, on the applicable Series AL Conversion Date.

Additionally, if the Corporation determines that there would remain outstanding on a Series AL Conversion Date fewer than 1,000,000 Series AK Preferred Shares, after having taken into account the Election Notice in respect of all Series AL Preferred Shares tendered for conversion into Series AK Preferred Shares and the Election Notice in respect of all Series AK Preferred Shares tendered for conversion into Series AL Preferred Shares, holders of Series AL Preferred Shares will not be entitled to convert their shares into Series AK Preferred Shares.

**Priority:**

The First Preferred Shares rank in priority to all other shares of the Corporation with respect to the payment of dividends and with respect to the distribution of assets in the event of the liquidation, dissolution or winding up of the Corporation. Each series of First Preferred Shares ranks in such respects on a parity with every other series of First Preferred Shares.

**Tax on Preferred Share Dividends:**

The Corporation will elect, in the manner and within the time provided under Part VI.1 of the Tax Act, to pay or cause payment of the tax, under Part VI.1 of the Tax Act at a rate such that the corporate holders of Series AK Preferred Shares and Series AL Preferred Shares will not be required to pay tax under Part IV.1 of the Tax Act on dividends received on such shares.



## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This short form prospectus and the documents incorporated herein by reference contain forward-looking statements about the Corporation's objectives, plans, strategic priorities, financial condition, results of operations, cash flows, business strategies, outlook and other statements that are not historical facts. A statement we make is forward-looking when it uses what we know and expect today to make a statement about the future. Forward-looking statements may include words such as aim, anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, seek, should, strategy, strive, target and will. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws and of the United States Private Securities Litigation Reform Act of 1995.

Unless otherwise indicated, forward-looking statements contained in this short form prospectus describe the Corporation's expectations, as applicable, as at the date of this short form prospectus and forward-looking statements contained in the documents incorporated herein by reference describe the Corporation's expectations, as applicable, as of the date of such documents, unless otherwise indicated in such documents. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Forward-looking statements, by their very nature, are subject to numerous risks and uncertainties and are based on several assumptions which give rise to the possibility that actual results could differ materially from expectations expressed in or implied by such forward-looking statements and that the Corporation's objectives, strategies, plans, strategic priorities and other statements that are not historical facts may not be achieved. As a result, we cannot guarantee that any forward-looking statement will materialize and, accordingly, prospective investors are cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements are provided in this short form prospectus and in the documents incorporated by reference for the purpose of giving information about management's current expectations and plans and allowing investors and others to get a better understanding of our operating environment. However, readers are cautioned that it may not be appropriate to use such forward-looking statements for any other purpose.

Forward-looking statements made in this short form prospectus and in the documents incorporated herein by reference are based on a number of assumptions that the Corporation believed were reasonable on the day it made the forward-looking statements. Refer, in particular, to the BCE 2010 MD&A under the heading "Business Outlook and Assumptions" on pages 33 to 35 of the BCE 2010 Annual Report, as updated in the BCE 2011 First Quarter MD&A under the heading "Assumptions and Risks that Could Affect Our Business and Results" on pages 21 to 24 of the BCE 2011 First Quarter Shareholder Report, as further updated in the BCE 2011 Second Quarter MD&A under the heading "Assumptions and Risks that Could Affect Our Business and Results" on pages 22 to 24 of the BCE 2011 Second Quarter Shareholder Report, and as further updated in the BCE 2011 Third Quarter MD&A under the heading "Assumptions and Risks that Could Affect Our Business and Results" on pages 25 to 27 of the BCE 2011 Third Quarter Shareholder Report, for a discussion of certain assumptions that the Corporation has made in making forward-looking statements.

Factors that could cause actual results or events to differ materially from those expressed in or implied by the forward-looking statements contained in this short form prospectus or the documents incorporated by reference are disclosed under "Risk Factors".

Readers are cautioned that the risks referred to above are not the only ones that could impact the Corporation. Additional risks and uncertainties not currently known to the Corporation or that the Corporation currently deems to be immaterial may also have a material adverse effect on the Corporation's business, financial condition or results of operations.

Except as otherwise indicated, forward-looking statements do not reflect the potential impact of any non-recurring or other unusual items or of any dispositions, monetizations, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after the date of such statements. The financial impact of these transactions and non-recurring and other unusual items can be complex and depends on the facts particular to each of them. We therefore cannot describe the expected impact in a meaningful way or in the same way we present known risks affecting our business.

## INTERCORPORATE RELATIONSHIPS

BCE was incorporated in 1970 and was continued under the *Canada Business Corporations Act* (the "**CBCA**") in 1979. It is governed by a certificate and articles of amalgamation dated August 1, 2004, by a certificate and articles of arrangement dated July 10, 2006, by a certificate and articles of amendment dated January 25, 2007 and by a certificate and articles of amendment dated June 29, 2011 (collectively, the "**Articles**").

The table below shows BCE's main subsidiaries, where they are incorporated or registered, and the percentage of voting and non-voting securities that BCE beneficially owns or directly or indirectly exercises control or direction over. BCE has other subsidiaries, but they have not been included in the table because each represents 10% or less of our total consolidated assets and 10% or less of our total consolidated operating revenues. These other subsidiaries together represented 20% or less of our total consolidated assets and 20% or less of our total consolidated operating revenues at December 31, 2010.

SUBSIDIARY	WHERE IT IS INCORPORATED OR REGISTERED	PERCENTAGE OF VOTING SECURITIES THAT BCE INC. HELD AT DECEMBER 31, 2010 <sup>(1)</sup>
Bell Canada	Canada	100 %
Bell Mobility Inc. (" <b>Bell Mobility</b> ")	Canada	100 %
Bell ExpressVu Limited Partnership	Ontario	100 %
Bell Media	Canada	100 %

(1) BCE does not own any outstanding non-voting securities issued by these subsidiaries.

As at December 31, 2010, BCE also owned 44.1% of the voting securities of Bell Aliant Regional Communications Income Fund, with the remaining interest publicly held. On January 1, 2011, Bell Aliant Regional Communications Income Fund completed a plan of arrangement under Section 192 of the CBCA (the "**Bell Aliant Plan of Arrangement**") pursuant to which it converted to a corporate structure. Under the Bell Aliant Plan of Arrangement, BCE and Bell Canada exchanged, through a series of steps, substantially all of their direct and indirect interests in Bell Aliant Regional Communications Income Fund and its underlying entities for an aggregate of 100,376,270 common shares of Bell Aliant Inc., the successor to Bell Aliant Regional Communications Income Fund. Immediately following the completion of the Bell Aliant Plan of Arrangement, BCE directly and indirectly owned 100,376,270 common shares of Bell Aliant Inc., representing 44.1% of the outstanding common shares of Bell Aliant Inc., with the remaining interest publicly held. In addition, under the Bell Aliant Plan of Arrangement, Bell Aliant Regional Communications Holdings Inc., the former Bell Aliant Regional Communications Inc. and 7538332 Canada Inc. (all underlying entities of Bell Aliant Regional Communications Income Fund) amalgamated under the CBCA to continue as Bell Aliant Regional Communications Inc. ("**Bell Aliant Amalco**"). Under the amalgamation, Bell Canada exchanged one voting common share in Bell Aliant Regional Communications Holdings Inc. for one voting common share of Bell Aliant Amalco. The balance of the outstanding shares of Bell Aliant Amalco are owned by Bell Aliant Inc.

Pursuant to an Amended and Restated Securityholder's Agreement dated January 1, 2011, entered into among Bell Aliant Inc., Bell Aliant Regional Communications, Limited Partnership, Bell Aliant Amalco, 6583458 Canada Inc., BCE and Bell Canada, BCE has, among others, the following rights with respect to Bell Aliant Inc.:

- For so long as BCE owns a 30% or greater interest in Bell Aliant Inc., and provided that certain major commercial agreements are in place, BCE has the right to appoint a majority of the directors of Bell Aliant Amalco and to direct Bell Aliant Inc. with respect to the nomination of up to a majority of the directors of Bell Aliant Inc.
- For so long as BCE owns a 20% or greater interest in Bell Aliant Inc., BCE also has the ability to veto certain actions of Bell Aliant Inc. and its subsidiaries (such as certain material business plans and corporate transactions, material changes in business, leverage in excess of 2.5 times debt to earnings before interest, taxes, depreciation and amortization, the appointment and change of the chief executive officer and entering into material commercial agreements with our competitors).

## **BUSINESS OF THE CORPORATION**

BCE is Canada's largest communications company, providing consumers and businesses with solutions to all their communications needs: Bell Mobility wireless, high-speed Bell Internet, Bell Satellite TV and Bell Fibe TV, Bell Home Phone local and long distance, and Bell Business Markets IP-broadband and information and communications technology (ICT) services. Bell Media is Canada's premier multimedia company with leading assets in television, radio and digital media, including CTV, Canada's #1 television network, and the country's most-watched specialty channels.

Additional information about BCE's business is included in the documents incorporated by reference into this short form prospectus.

## **RECENT DEVELOPMENTS**

### **Acquisition of Ownership Position in Maple Leaf Sports and Entertainment ("MLSE")**

On December 9, 2011, BCE announced that it and the BCE Master Trust Fund, a trust that holds and manages pension fund investments serving the pension obligations of BCE group pension plan participants, in a joint ownership arrangement with Rogers Communications Inc. ("**Rogers**"), entered into an agreement to purchase a net 75% ownership position in MLSE from Ontario Teachers' Pension Plan. MLSE is Canada's largest sports and entertainment company and owner of the professional sports teams in Toronto, Canada's largest marketplace: The Toronto Maple Leafs, Toronto Raptors, Toronto Marlies and Toronto FC. BCE's net cash commitment, following a planned leveraged recapitalization of MLSE, is expected to total \$398 million, representing a 28% equity interest in MLSE, and is expected to be funded with cash on hand at closing. Through a co-investment arrangement with BCE, the BCE Master Trust Fund is expected to contribute \$135 million toward the MLSE acquisition. The total investments by BCE and the BCE Master Trust Fund equal the 37.5% equity interest to be acquired by Rogers. Subject to customary termination rights and closing conditions, including any required regulatory and league approvals, the transaction is expected to close in mid-2012.

### **Dividend Increase and Deployment of Surplus Cash**

On December 8, 2011, BCE announced a 5% increase in its annual common share dividend from \$2.07 to \$2.17 per share, effective with BCE's 2012 first quarter dividend payable on April 15, 2012 to shareholders of record at the close of business on March 15, 2012.

On December 8, 2011, BCE also announced its plans for the use of its year-end 2011 surplus cash balance that include a normal course issuer bid ("**NCIB**") program for up to \$250 million and a \$750 million voluntary prepayment in December 2011 to Bell Canada's defined benefit pension plan to reduce its future pension obligation. Under the NCIB, BCE may purchase for cancellation up to 6,500,000 common shares (subject to a maximum aggregate purchase price of \$250 million) over the twelve-month period starting December 12, 2011 and ending on December 11, 2012, representing approximately 0.8% of its 778,943,093 issued and outstanding common shares as at December 2, 2011.

### **Review of Usage-Based Billing ("UBB")**

As discussed in more detail in the BCE 2010 MD&A and in the BCE 2011 First Quarter MD&A, on January 25, 2011, the Canadian Radio-television and Telecommunications Commission (the "**CRTC**") issued Telecom Decision 2011-44 approving wholesale UBB rates for Bell Canada at a discount of 15% from the comparable UBB rates for Bell Canada's retail Internet services. On February 8, 2011, the CRTC initiated a proceeding to review its decisions regarding UBB and suspended implementation of wholesale UBB pending the outcome of this review.

On November 15, 2011, the CRTC issued another UBB decision which replaces the outcome of Telecom Decision 2011-44 issued on January 25, 2011. The latest decision lowers the monthly access rates that a primary Internet service provider ("**ISP**") (such as Bell Canada and Bell Aliant Regional Communications, Limited Partnership) that chooses to have a wholesale UBB model may charge to independent ISPs but also approves a "capacity-based" usage charge that requires independent ISPs to buy network capacity to accommodate the bandwidth usage of their end users on the primary ISP's network. The decision also substantially lowered certain cable carriers' wholesale rates as compared to incumbent local exchange carriers' rates.

## Bell TV

The licences under which we offer Bell Fibe TV service were recently renewed until August 31, 2018. As part of this renewal, Bell Fibe TV service is now authorized to be provided in new licence areas throughout Ontario and Québec.

### PRIOR SALES

On July 5, 2011, the Corporation issued 13,800,000 Cumulative Redeemable First Preferred Shares, Series AK at an issue price of \$25.00 per share for gross proceeds of \$345 million.

### TRADING PRICE AND VOLUME OF THE CORPORATION'S SECURITIES

The following table shows the monthly range of high and low price, as well as the total monthly volume on the TSX of each class of the Corporation's securities traded on the TSX for the 12-month period before the date of the preliminary short form prospectus.

	Common Shares	Preferred Shares Series R	Preferred Shares Series S	Preferred Shares Series T	Preferred Shares Series Y	Preferred Shares Series Z	Preferred Shares Series AA	Preferred Shares Series AB
<b>December 2010</b>								
High	\$36.25	\$23.20	\$23.50	\$23.29	\$23.38	\$23.18	\$24.07	\$22.79
Low	\$34.90	\$22.71	\$22.10	\$22.40	\$22.26	\$22.52	\$23.65	\$22.53
Volume	38,974,745	162,453	25,338	184,263	218,726	41,847	229,700	102,822
<b>January 2011</b>								
High	\$36.45	\$23.85	\$23.00	\$23.24	\$23.66	\$23.38	\$24.30	\$23.25
Low	\$35.09	\$23.12	\$22.51	\$22.76	\$22.81	\$22.76	\$23.52	\$22.61
Volume	24,611,201	375,097	28,570	177,513	573,688	72,621	219,420	37,803
<b>February 2011</b>								
High	\$36.74	\$23.74	\$24.00	\$23.24	\$23.60	\$23.50	\$24.23	\$23.84
Low	\$35.30	\$23.03	\$22.58	\$23.00	\$23.16	\$22.78	\$23.75	\$23.00
Volume	28,156,301	145,282	32,289	53,955	89,728	27,547	222,879	27,838
<b>March 2011</b>								
High	\$36.00	\$23.74	\$23.50	\$23.48	\$23.60	\$23.63	\$24.23	\$24.01
Low	\$33.75	\$23.34	\$22.79	\$23.00	\$23.15	\$22.95	\$23.73	\$23.00
Volume	40,215,039	219,646	33,315	121,725	160,626	65,560	242,746	88,783
<b>April 2011</b>								
High	\$35.85	\$23.75	\$23.49	\$23.45	\$24.89	\$23.30	\$24.41	\$23.99
Low	\$35.07	\$23.25	\$23.03	\$23.00	\$23.05	\$23.00	\$24.01	\$23.50
Volume	22,306,321	78,020	104,390	44,838	103,335	27,032	351,200	19,720
<b>May 2011</b>								
High	\$39.28	\$24.15	\$24.56	\$23.65	\$24.48	\$23.80	\$24.65	\$24.38
Low	\$35.38	\$23.40	\$23.38	\$23.20	\$23.50	\$23.15	\$24.10	\$23.90
Volume	26,107,491	66,041	34,955	221,863	45,044	38,239	246,203	414,657
<b>June 2011</b>								
High	\$39.03	\$24.36	\$24.49	\$24.24	\$24.15	\$25.00	\$24.97	\$24.24
Low	\$36.88	\$23.66	\$23.63	\$23.56	\$23.50	\$23.53	\$24.26	\$23.95
Volume	35,485,451	221,498	28,060	282,517	87,002	24,165	135,337	178,131
<b>July 2011</b>								
High	\$38.58	\$24.49	\$24.49	\$24.11	\$24.40	\$24.59	\$25.24	\$24.34
Low	\$36.26	\$23.81	\$23.70	\$23.68	\$23.83	\$23.54	\$24.53	\$23.94
Volume	23,132,735	235,751	29,090	127,278	262,139	20,086	158,153	266,562
<b>August 2011</b>								
High	\$39.65	\$24.49	\$23.99	\$23.95	\$24.39	\$24.00	\$25.00	\$24.34
Low	\$34.99	\$23.11	\$22.50	\$22.71	\$22.52	\$23.00	\$23.82	\$23.00
Volume	43,609,406	214,576	21,931	87,196	119,869	18,660	160,214	63,116

	Common Shares	Preferred Shares Series R	Preferred Shares Series S	Preferred Shares Series T	Preferred Shares Series Y	Preferred Shares Series Z	Preferred Shares Series AA	Preferred Shares Series AB	
<b>September 2011</b>									
High	\$39.39	\$24.36	\$23.00	\$23.00	\$23.00	\$23.83	\$24.75	\$23.75	
Low	\$37.50	\$23.52	\$20.52	\$20.30	\$20.55	\$21.51	\$22.50	\$22.50	
Volume	38,208,560	86,881	21,590	230,285	131,124	15,069	185,812	149,367	
<b>October 2011</b>									
High	\$39.87	\$23.75	\$21.60	\$20.63	\$21.73	\$21.91	\$22.95	\$22.84	
Low	\$38.02	\$22.66	\$19.90	\$19.61	\$20.51	\$20.60	\$21.35	\$21.00	
Volume	30,868,254	106,396	57,357	358,290	64,574	47,664	229,424	92,700	
<b>November 2011</b>									
High	\$40.00	\$24.50	\$21.51	\$20.81	\$21.90	\$21.77	\$22.25	\$22.50	
Low	\$38.85	\$22.75	\$20.25	\$19.91	\$21.18	\$20.75	\$21.79	\$21.50	
Volume	26,029,349	249,203	191,395	318,638	54,935	41,148	169,616	67,179	
<b>December 2011 (December 1 to December 12)</b>									
High	\$41.36	\$24.25	\$21.75	\$20.45	\$22.85	\$22.00	\$23.00	\$22.99	
Low	\$39.60	\$23.75	\$21.52	\$20.28	\$21.79	\$21.35	\$22.22	\$22.00	
Volume	23,300,420	50,940	9,653	342,049	19,016	8,899	52,422	2,208	
	Preferred Shares Series AC	Preferred Shares Series AD	Preferred Shares Series AE	Preferred Shares Series AF	Preferred Shares Series AG	Preferred Shares Series AH	Preferred Shares Series AI	Preferred Shares Series AJ	Preferred Shares Series AK
<b>December 2010</b>									
High	\$24.05	\$23.99	\$23.40	\$24.06	\$22.78	\$22.41	\$23.46	-	-
Low	\$23.16	\$22.00	\$21.99	\$23.50	\$22.15	\$22.00	\$22.70	-	-
Volume	170,383	41,210	13,440	304,932	358,777	86,605	111,290	-	-
<b>January 2011</b>									
High	\$23.90	\$24.05	\$23.10	\$23.75	\$23.00	\$23.00	\$23.25	-	-
Low	\$23.25	\$23.05	\$22.51	\$23.50	\$22.42	\$22.52	\$22.88	-	-
Volume	300,088	15,707	9,232	95,024	318,649	19,728	249,940	-	-
<b>February 2011</b>									
High	\$23.82	\$23.90	\$23.29	\$23.75	\$23.24	\$23.19	\$23.50	-	-
Low	\$23.51	\$23.50	\$22.32	\$23.15	\$22.70	\$22.75	\$23.01	-	-
Volume	123,865	43,074	72,645	104,693	134,756	117,820	310,671	-	-
<b>March 2011</b>									
High	\$23.75	\$23.83	\$23.30	\$24.42	\$23.49	\$23.23	\$23.50	-	-
Low	\$23.45	\$23.10	\$22.51	\$23.26	\$22.79	\$22.75	\$23.00	-	-
Volume	243,065	51,800	13,898	238,732	129,365	165,418	163,195	-	-
<b>April 2011</b>									
High	\$24.00	\$24.70	\$23.15	\$24.48	\$23.70	\$23.37	\$24.19	-	-
Low	\$23.44	\$23.60	\$22.55	\$23.54	\$22.90	\$22.90	\$23.00	-	-
Volume	358,857	45,915	82,459	183,063	241,362	19,851	131,576	-	-
<b>May 2011</b>									
High	\$24.00	\$24.74	\$23.60	\$24.10	\$24.14	\$23.50	\$24.58	-	-
Low	\$22.71	\$23.75	\$22.61	\$23.72	\$23.54	\$22.86	\$23.54	-	-
Volume	649,327	2,800	31,010	207,805	155,200	210,063	97,691	-	-
<b>June 2011</b>									
High	\$24.30	\$24.73	\$23.54	\$24.39	\$24.22	\$24.10	\$24.57	-	-
Low	\$23.76	\$23.77	\$22.95	\$23.99	\$23.86	\$23.25	\$23.69	-	-
Volume	219,420	17,538	30,746	257,924	362,791	284,689	235,477	-	-
<b>July 2011</b>									
High	\$24.75	\$24.37	\$23.67	\$24.35	\$24.20	\$24.10	\$24.00	-	\$25.40
Low	\$24.10	\$22.65	\$23.06	\$24.02	\$23.95	\$23.83	\$22.78	-	\$24.74
Volume	235,108	18,825	46,515	183,105	89,897	37,154	272,643	-	1,317,400
<b>August 2011</b>									
High	\$24.49	\$24.92	\$23.35	\$24.40	\$24.20	\$23.94	\$23.39	\$24.00	\$25.42
Low	\$23.40	\$22.30	\$22.00	\$23.74	\$23.00	\$22.30	\$22.02	\$22.00	\$24.81

	Preferred Shares Series AC	Preferred Shares Series AD	Preferred Shares Series AE	Preferred Shares Series AF	Preferred Shares Series AG	Preferred Shares Series AH	Preferred Shares Series AI	Preferred Shares Series AJ	Preferred Shares Series AK
Volume	560,055	9,500	215,502	587,993	297,554	133,147	287,518	15,281	428,146
<b>September 2011</b>									
High	\$24.00	\$23.24	\$22.99	\$24.40	\$24.15	\$23.00	\$23.32	\$24.25	\$25.45
Low	\$23.39	\$22.30	\$21.63	\$23.46	\$23.00	\$21.81	\$22.15	\$21.13	\$25.00
Volume	211,611	4,250	25,125	165,002	87,241	27,974	110,248	23,453	249,373
<b>October 2011</b>									
High	\$23.62	\$21.99	\$21.80	\$23.70	\$23.74	\$21.49	\$22.94	\$23.00	\$25.99
Low	\$22.01	\$20.50	\$20.01	\$22.16	\$22.52	\$20.00	\$21.16	\$21.32	\$25.11
Volume	134,283	14,400	57,258	91,906	97,867	59,685	163,408	24,393	277,385
<b>November 2011</b>									
High	\$23.24	\$22.34	\$21.95	\$24.11	\$23.56	\$22.00	\$23.15	\$22.00	\$26.00
Low	\$22.39	\$21.25	\$20.41	\$22.46	\$22.50	\$20.75	\$21.83	\$21.74	\$24.90
Volume	472,966	8,238	13,034	351,451	272,647	44,865	80,344	25,067	354,379
<b>December 2011 (December 1 to December 12)</b>									
High	\$23.16	\$22.35	\$21.97	\$24.30	\$24.00	\$21.75	\$23.00	\$21.90	\$25.25
Low	\$22.65	\$21.91	\$21.50	\$23.91	\$23.31	\$21.53	\$22.53	\$21.51	\$25.04
Volume	66,074	3,700	11,729	57,035	22,196	18,207	43,645	10,878	102,152

## DESCRIPTION OF THE SHARE CAPITAL OF THE CORPORATION

The Articles of the Corporation provide that its authorized share capital shall be divided into an unlimited number of common shares (the "**Common Shares**"), an unlimited number of class B shares (the "**Class B Shares**"), an unlimited number of first preferred shares issuable in series (the "**First Preferred Shares**"), and an unlimited number of second preferred shares issuable in series (the "**Second Preferred Shares**"), all without nominal or par value.

### Common Shares

Holders of Common Shares are entitled to one vote per share at all meetings of shareholders, except meetings at which only holders of other classes or series of shares of the Corporation are entitled to vote. Subject to the rights, privileges, restrictions and conditions attaching to any other class or series of shares of the Corporation, holders of Common Shares are entitled to receive such dividends payable in money, property, or by the issue of fully paid shares of the Corporation as may be declared by the Board of Directors, and they are also entitled to receive the remaining property of BCE upon liquidation, dissolution or winding up. Holders of Common Shares have no pre-emptive, redemption or conversion rights. All outstanding Common Shares of the Corporation are fully paid and non-assessable.

### First Preferred Shares

The Board of Directors may from time to time issue First Preferred Shares in one or more series and determine for any such series its designation, number of shares and respective rights, privileges, restrictions and conditions. The First Preferred Shares rank in priority to all other shares of the Corporation with respect to the payment of dividends and with respect to the distribution of assets in the event of the liquidation, dissolution or winding up of the Corporation. Each series of First Preferred Shares ranks in such respects on a parity with every other series of First Preferred Shares.

The holders of First Preferred Shares do not have the right to receive notice of, attend, or vote at any meeting of shareholders except to the extent otherwise provided in the Articles of the Corporation with respect to any series of First Preferred Shares, or when the holders of First Preferred Shares are entitled to vote separately as a class or as a series as provided in the CBCA. In connection with any matter requiring the approval of the First Preferred Shares as a class, the holders of existing series of First Preferred Shares which are then outstanding are entitled to one vote in respect of each First Preferred Share held. The Corporation may, without the approval of the holders of the First Preferred Shares, as a class, create any new class of shares ranking on a parity with the First Preferred Shares. Holders of First Preferred Shares have no pre-emptive rights. All outstanding First Preferred Shares of the Corporation are fully-paid and non-assessable.

The provisions attaching to the First Preferred Shares may be repealed, altered, modified or amended with such approval as may then be required by the CBCA, currently being at least two-thirds of the votes cast at a meeting or adjourned meeting of the holders of such shares duly called for the purpose and at which a quorum is present.

Specific provisions relating to the Series AK Preferred Shares and the Series AL Preferred Shares are summarized under "Details of the Offering – Description of the Series AK Preferred Shares" and "Details of the Offering – Description of the Series AL Preferred Shares".

## Second Preferred Shares

The Second Preferred Shares are identical to the First Preferred Shares but are junior to the First Preferred Shares. There are no Second Preferred Shares outstanding as of the date of this short form prospectus.

## Class B Shares

The holders of Class B Shares are not entitled to receive notice of, or to attend or vote at, any meeting of shareholders, except as may be required by the CBCA. Subject to the rights, privileges, restrictions and conditions attaching to any other class or series of shares of the Corporation, holders of Class B Shares are entitled to receive such dividends payable in money, property, or by the issue of fully paid shares of the Corporation as may be declared by its board of directors, and they are also entitled to receive on an equal basis share for share with the holders of the Common Shares the remaining property of the Corporation upon liquidation, dissolution or winding up. A holder of Class B Shares has the right, at his option, to convert at any time and from time to time, all or part of his Class B Shares into Common Shares, on the basis of one Common Share for each Class B Share. Holders of Class B Shares have no pre-emptive or redemption rights. There are no Class B Shares outstanding as of the date of this short form prospectus.

## CONSOLIDATED CAPITALIZATION OF THE CORPORATION

The following table sets out the consolidated share and loan capital of the Corporation on an actual basis based on its unaudited consolidated financial statements as at September 30, 2011 and on a pro forma basis as adjusted to reflect the issuance, repurchase, repayment and redemption of all preferred shares and all long-term debt since January 1, 2010, including the issuance of the \$250 million Series AK Preferred Shares offered under this short form prospectus, the repayment on December 15, 2011 of \$250 million principal amount of Bell Canada's MTN Debentures, Series M-12, and the issuance on December 7, 2011 of \$115 million Bell Aliant Preferred Equity Inc. Cumulative Rate Reset Preferred Shares, Series C, as if they had occurred on January 1, 2010.

	As at September 30, 2011	
	(\$ millions)	
	Actual	As Adjusted
Debt due within one year .....	\$2,244	\$1,994
Long-term debt.....	\$12,725	\$12,725
Total long-term debt.....	\$14,969	\$14,969
Equity		
— Preferred shares.....	\$3,115	\$3,365
— Common shares.....	\$13,585	\$13,585
— Contributed surplus.....	\$2,530	\$2,530
— Accumulated other comprehensive income.....	\$32	\$32
— Deficit .....	\$(5,627)	\$(5,709)
— Non-controlling interest .....	\$809	\$921

## USE OF PROCEEDS

The net proceeds from the sale of the Series AK Preferred Shares are estimated to be approximately \$241.9 million (assuming no exercise of the Over-Allotment Option) and \$271 million (if the Over-Allotment Option is exercised in full) after deducting the Underwriters' fee of \$7.5 million (assuming no exercise of the Over-Allotment Option) and \$8.4 million (if the Over-Allotment Option is exercised in full) and assuming, in each case, that no Series AK Preferred Shares are sold to institutions and after deducting estimated expenses of the Offering of \$600,000. All expenses relating to the Offering and any compensation paid to the Underwriters will be paid by the Corporation. The proceeds of the Offering will be used for general corporate purposes.

## DETAILS OF THE OFFERING

### Description of the Series AK Preferred Shares

#### *General*

On July 5, 2011, the Corporation issued 13,800,000 Series AK Preferred Shares. The Series AK Preferred Shares and the Series AL Preferred Shares into which such shares may be converted are currently listed on the TSX under the symbols "BCE.PR.K" and "BCE.PR.L", respectively. The TSX has conditionally approved the listing of the additional Series AK Preferred Shares and the additional Series AL Preferred Shares described under this short form prospectus under the same symbols. As of the date of this short form prospectus, there are 13,800,000 Series AK Preferred Shares and no Series AL Preferred Shares issued and outstanding.

The following is a summary of certain provisions of the Series AK Preferred Shares as a series.

#### *Definition of Terms*

The following definitions are relevant to the Series AK Preferred Shares.

"**Annual Fixed Dividend Rate**" means, for any Subsequent Fixed Rate Period, the rate (expressed as a percentage) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 1.88%.

"**Bloomberg Screen GCAN5YR Page**" means the display designated as page "GCAN5YR<INDEX>" on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page) for purposes of displaying Government of Canada Yields.

"**Business Day**" means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the Cities of Montreal, Québec and Toronto, Ontario, for the transaction of banking business.

"**Fixed Rate Calculation Date**" means, for any Subsequent Fixed Rate Period, the 30<sup>th</sup> day prior to the first day of such Subsequent Fixed Rate Period.

"**Government of Canada Yield**" on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Montreal time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the average of the yields determined by two registered Canadian investment dealers selected by the Corporation, as being the yield to maturity on such date (assuming semi-annual compounding) which a Canadian dollar denominated non-callable Government of Canada bond would carry if issued in Canadian dollars at 100% of its principal amount on such date with a term to maturity of five years.

"**Initial Fixed Rate Period**" means the period from and including July 5, 2011 up to, but excluding, December 31, 2016.



**"Subsequent Fixed Rate Period"** means for the initial Subsequent Fixed Rate Period, the period from and including December 31, 2016 up to, but excluding, December 31, 2021 and for each succeeding Subsequent Fixed Rate Period, the period from and including the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period up to, but excluding, December 31 in the fifth year thereafter.

#### *Issue Price*

The Series AK Preferred Shares will have an issue price of \$25.00 per share.

#### *Dividends*

During the Initial Fixed Rate Period, the holders of the Series AK Preferred Shares will be entitled to receive fixed, cumulative, preferential cash dividends, if, as and when declared by the Board of Directors, payable quarterly on the last day of March, June, September and December in each year during the Initial Fixed Rate Period, at an annual rate equal to \$1.0375 per share. The first dividend on the Series AK Preferred Shares offered by this short form prospectus, if declared, will be payable on March 31, 2012 and will be \$0.25938 per share.

During each Subsequent Fixed Rate Period after the Initial Fixed Rate Period, the holders of Series AK Preferred Shares will be entitled to receive fixed, cumulative, preferential cash dividends, if, as and when declared by the Board of Directors, payable quarterly on the last day of March, June, September and December in each year during the Subsequent Fixed Rate Period, in an annual amount per share (rounded to the nearest one-thousandth (1/1000) on one cent) determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$25.00.

The Annual Fixed Dividend Rate applicable to a Subsequent Fixed Rate Period will be determined by the Corporation as of the Fixed Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding on the Corporation and all holders of Series AK Preferred Shares. The Corporation will, on the Fixed Rate Calculation Date (or the next following Business Day), send written notice of the Annual Fixed Dividend Rate for the next succeeding Subsequent Fixed Rate Period to the registered holders of the then outstanding Series AK Preferred Shares.

Payments of dividends and other amounts in respect of the Series AK Preferred Shares will be made by the Corporation to CDS, or its nominee, as the case may be, as registered holder of the Series AK Preferred Shares. As long as CDS, or its nominee, is the registered holder of the Series AK Preferred Shares, CDS, or its nominee, as the case may be, will be considered the sole owner of the Series AK Preferred Shares for the purpose of receiving payment on the Series AK Preferred Shares.

#### *Redemption*

Except as noted below, the Series AK Preferred Shares will not be redeemable by the Corporation prior to December 31, 2016. On December 31, 2016 and on December 31 every five years thereafter (or, if such date is not a Business Day, the immediately following Business Day), and subject to certain other restrictions set out below under the heading "Details of the Offering – Description of the Series AK Preferred Shares – Restrictions on Dividends and Retirement of Shares", the Corporation may, at its option, on at least 30 days and not more than 60 days prior written notice, redeem all or any number of the outstanding Series AK Preferred Shares by payment in cash of a per share sum equal to \$25.00, in each case together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any tax required to be deducted or withheld by the Corporation).

If less than all of the outstanding Series AK Preferred Shares are at any time to be redeemed, the particular shares to be redeemed shall be selected on a *pro rata* basis (disregarding fractions) or, if such shares are at such time listed on a stock exchange, with the consent of any applicable stock exchange, in such other manner as the Board of Directors may, in its sole discretion, determine by resolution.

The Series AK Preferred Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Series AK Preferred Shares. See "Risk Factors".

### *Conversion of Series AK Preferred Shares into Series AL Preferred Shares*

Subject to the right of the Corporation to redeem the Series AK Preferred Shares as described above, each holder of Series AK Preferred Shares will have the right, at its option, on December 31, 2016 and on December 31 every five years thereafter (a "**Series AK Conversion Date**"), to convert, subject to the restrictions on conversion described below and the payment or delivery to the Corporation of evidence of payment of the tax (if any) payable, all or any of the Series AK Preferred Shares into Series AL Preferred Shares on the basis of one Series AL Preferred Share for each Series AK Preferred Share converted. If a Series AK Conversion Date falls on a day that is not a Business Day, such Series AK Conversion Date will be the immediately following Business Day. The conversion of Series AK Preferred Shares may be effected upon written notice (each notice, an "**Election Notice**") given by the registered holder of the Series AK Preferred Shares not earlier than the 30<sup>th</sup> day prior to, but not later than 5:00 p.m. (Montreal time) on the 15<sup>th</sup> day preceding the applicable Series AK Conversion Date. Once received by the Corporation, an Election Notice is irrevocable.

The Corporation will, at least 30 days and not more than 60 days prior to the applicable Series AK Conversion Date, give notice in writing to the then registered holders of the Series AK Preferred Shares of the Series AK Conversion Date. On the 30<sup>th</sup> day prior to each Series AK Conversion Date (or the next following Business Day), the Corporation will send notice in writing to the then registered holders of the Series AK Preferred Shares of the Annual Fixed Dividend Rate for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate applicable to the Series AL Preferred Shares for the next succeeding Quarterly Floating Rate Period (as these terms are defined below).

If the Corporation gives notice to the registered holders of the Series AK Preferred Shares of the redemption on a Series AK Conversion Date of all the Series AK Preferred Shares, the Corporation will not be required to give notice as provided hereunder to the registered holders of the Series AK Preferred Shares of the Annual Fixed Dividend Rate, the Floating Quarterly Dividend Rate or of the conversion right of holders of Series AK Preferred Shares and the right of any holder of Series AK Preferred Shares to convert such Series AK Preferred Shares will cease and terminate in that event.

Holders of Series AK Preferred Shares will not be entitled to convert their shares into Series AL Preferred Shares if the Corporation determines that there would remain outstanding on a Series AK Conversion Date fewer than 1,000,000 Series AL Preferred Shares, after having taken into account the Election Notice in respect of all Series AK Preferred Shares tendered for conversion into Series AL Preferred Shares and the Election Notice in respect of all Series AL Preferred Shares tendered for conversion into Series AK Preferred Shares. The Corporation will give notice in writing to all affected holders of Series AK Preferred Shares of their inability to convert their Series AK Preferred Shares prior to the applicable Series AK Conversion Date. Furthermore, if the Corporation determines that there would remain outstanding on a Series AK Conversion Date fewer than 1,000,000 Series AK Preferred Shares, after having taken into account all Election Notices in respect of Series AK Preferred Shares tendered for conversion into Series AL Preferred Shares and all Election Notices in respect of Series AL Preferred Shares tendered for conversion into Series AK Preferred Shares, then, all, but not part, of the remaining outstanding Series AK Preferred Shares will be automatically converted into Series AL Preferred Shares on the basis of one Series AL Preferred Share for each Series AK Preferred Share, on the applicable Series AK Conversion Date. The Corporation will give notice in writing to this effect to the then registered holders of such remaining Series AK Preferred Shares prior to the applicable Series AK Conversion Date.

Upon exercise by a registered holder of its right to convert Series AK Preferred Shares into Series AL Preferred Shares (and upon an automatic conversion), the Corporation reserves the right not to issue Series AL Preferred Shares to any person whose address is in, or whom the Corporation or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require the Corporation to take any action to comply with the securities or analogous laws of such jurisdiction.

### *Purchase for Cancellation*

Subject to applicable law and to the provisions described below under "Details of the Offering – Description of the Series AK Preferred Shares – Restrictions on Dividends and Retirement of Shares", the Corporation may at any time purchase for cancellation all or any number of the Series AK Preferred Shares.

### *Rights on Liquidation*

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, whether voluntary or involuntary, subject to the prior satisfaction of the claims of all creditors of the Corporation and of holders of shares of the Corporation ranking prior to the Series AK Preferred Shares, the holders of the Series AK Preferred Shares will be entitled to receive an amount equal to \$25.00 per share, together with an amount equal to all accrued and unpaid dividends thereon up to but excluding the date of payment or distribution (less any tax required to be deducted or withheld by the Corporation), before any amount is paid or any assets of the Corporation are distributed to the holders of the Common Shares or any other shares ranking junior as to capital to the Series AK Preferred Shares. Upon payment of such amounts, the holders of the Series AK Preferred Shares will not be entitled to share in any further distribution of the assets of the Corporation.

### *Restrictions on Dividends and Retirement of Shares*

So long as any of the Series AK Preferred Shares are outstanding, the Corporation will not, without the approval of the holders of the Series AK Preferred Shares:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of the Corporation ranking as to capital and dividends junior to the Series AK Preferred Shares) on the Common Shares or any other shares of the Corporation ranking as to dividends junior to the Series AK Preferred Shares;
- (b) except out of the net cash proceeds of a substantially concurrent issue of shares of the Corporation ranking as to capital and dividends junior to the Series AK Preferred Shares, redeem or call for redemption, purchase for cancellation or otherwise pay off, retire or make any return of capital in respect of the Common Shares or any other shares of the Corporation ranking as to capital junior to the Series AK Preferred Shares;
- (c) redeem or call for redemption, purchase for cancellation, or otherwise pay off or retire for value or make any return of capital in respect of less than all of the Series AK Preferred Shares then outstanding; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off or retire for value or make any return of capital in respect of any other shares of BCE ranking as to dividends or capital on a parity with the Series AK Preferred Shares,

unless, in each such case, all accrued and unpaid dividends on the Series AK Preferred Shares up to and including the dividend payable for the last completed period for which dividends were payable on the Series AK Preferred Shares have been declared and paid or moneys set apart for payment.

Any approval of the holders of the Series AK Preferred Shares required with respect to the foregoing may be given by the affirmative vote of the holders of the majority of the Series AK Preferred Shares present or represented at a meeting, or adjourned meeting, of the holders of Series AK Preferred Shares duly called for the purpose and at which a quorum is present.

### *Shareholder Approvals*

In addition to any other approvals required by law (including any approvals required by the TSX), the approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Series AK Preferred Shares as a series and any other approval to be given as a series by the holders of the Series AK Preferred Shares may be given by a resolution signed by all holders of the Series AK Preferred Shares, or by a resolution passed by the affirmative vote of not less than two-thirds of the votes cast by the holders who voted in respect of that resolution at a meeting of the holders duly called for that purpose and at which the holders of at least 10% of the outstanding Series AK Preferred Shares are present in person or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Series AK Preferred Shares then present in person or represented by proxy would form the necessary quorum. At any meeting of holders of Series AK Preferred Shares as a series, each such holder as at the applicable record date shall be entitled to one vote in respect of each Series AK Preferred Share held by such holder.

Holders of the Series AK Preferred Shares will not be entitled to vote separately as a class or series on a proposal to amend the articles of the Corporation to (a) increase any maximum number of authorized shares of a class or series having rights or privileges equal to or superior to the Series AK Preferred Shares or (b) create a new class or series of shares equal or superior to the Series AK Preferred Shares.

#### *Issue of Additional Series of First Preferred Shares*

The Corporation may issue other series of First Preferred Shares ranking on a parity with the Series AK Preferred Shares without the authorization of the holders of the Series AK Preferred Shares.

#### *Voting Rights with Respect to the Corporation*

The holders of the Series AK Preferred Shares will not (except as otherwise provided by law and, except as noted below, in respect of meetings of the holders of First Preferred Shares as a class and meetings of holders of Series AK Preferred Shares as a series) be entitled to receive notice of, attend, or vote at any meeting of shareholders of the Corporation, unless and until the Corporation shall have failed to pay eight quarterly dividends on the Series AK Preferred Shares, whether or not consecutive and whether or not such dividends were declared and whether or not there are any moneys of the Corporation properly applicable to the payment of such dividends. In the event of such non-payment, and for only so long as any such dividends remain in arrears, the holders of the Series AK Preferred Shares as at the applicable record date will be entitled to receive notice of and to attend each meeting of the Corporation's shareholders which takes place more than 60 days after the date on which such failure first occurred, other than meetings at which only holders of another specified class or series are entitled to vote, and be entitled to vote together with all of the voting shares of the Corporation on the basis of one vote in respect of each Series AK Preferred Share held by such holder, until all such arrears of such dividends have been paid, whereupon such rights shall cease.

#### *Tax Election*

The Corporation will elect, in the manner and within the time provided under Part VI.1 of the Tax Act, to pay or cause payment of the tax, under Part VI.1 of the Tax Act at a rate such that the corporate holders of Series AK Preferred Shares will not be required to pay tax under Part IV.1 of the Tax Act on dividends received on such shares.

#### *Business Day*

If any action is required to be taken by the Corporation on a day that is not a Business Day, then such action will be required to be taken on the next succeeding day that is a Business Day.

### **Description of the Series AL Preferred Shares**

The following is a summary of certain provisions attaching to the Series AL Preferred Shares as a series.

#### *Definition of Terms*

The following definitions are relevant to the Series AL Preferred Shares.

**"Business Day"** means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the Cities of Montreal, Québec and Toronto, Ontario, for the transaction of banking business.

**"Floating Quarterly Dividend Rate"** means, for any Quarterly Floating Rate Period, the rate (expressed as a percentage) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 1.88% (calculated on the basis of the actual number of days in such Quarterly Floating Rate Period divided by 365).

**"Floating Rate Calculation Date"** means, for any Quarterly Floating Rate Period, the 30<sup>th</sup> day prior to the first day of such Quarterly Floating Rate Period.

**"Quarterly Floating Rate Period"** means, for the initial Quarterly Floating Rate Period, the period from and including December 31, 2016 up to, but excluding March 31, 2017, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period up to, but excluding, the next succeeding Quarterly Period Commencement Date.

**"Quarterly Period Commencement Date"** means the last calendar day of each of March, June, September and December in each year.

**"T-Bill Rate"** means, for any Quarterly Floating Rate 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 Floating Rate Calculation Date.

#### *Dividends*

The holders of the Series AL Preferred Shares will be entitled to receive floating rate cumulative preferential cash dividends, if, as and when declared by the Board of Directors, payable quarterly on the last day of March, June, September and December in each year, in the amount per share (rounded to the nearest one-thousandth (1/1000) of one cent) determined by multiplying the applicable Floating Quarterly Dividend Rate by \$25.00.

The Floating Quarterly Dividend Rate for each Quarterly Floating Rate Period will be determined by the Corporation on the applicable Floating Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon the Corporation and upon all holders of Series AL Preferred Shares. The Corporation will, on the relevant Floating Rate Calculation Date (or the next following Business Day), send written notice of the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period to the registered holders of the then outstanding Series AL Preferred Shares.

Payments of dividends and other amounts in respect of the Series AL Preferred Shares will be made by the Corporation to CDS, or its nominee, as the case may be, as registered holder of the Series AL Preferred Shares. As long as CDS, or its nominee, is the registered holder of the Series AL Preferred Shares, CDS, or its nominee, as the case may be, will be considered the sole owner of the Series AL Preferred Shares for the purpose of receiving payment on the Series AL Preferred Shares.

#### *Redemption*

Except as noted below, the Series AL Preferred Shares will not be redeemable by the Corporation on or prior to December 31, 2016. Subject to certain other restrictions set out below under the heading "Details of the Offering – Description of the Series AL Preferred Shares – Restrictions on Dividends and Retirement of Shares", the Corporation may, at its option, on at least 30 days and not more than 60 days prior written notice, redeem all or any number of the outstanding Series AL Preferred Shares by payment in cash of a per share sum equal to (i) \$25.00 in the case of redemptions on December 31, 2021 and on December 31 every five years thereafter (each a "**Series AL Conversion Date**"), or (ii) \$25.50 in the case of redemptions on any date which is not a Series AL Conversion Date after December 31, 2016, in each case together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any tax required to be deducted or withheld by the Corporation). If a Series AL Conversion Date falls on a day that is not a Business Day, such Series AL Conversion Date will be the immediately following Business Day.

If less than all of the outstanding Series AL Preferred Shares are at any time to be redeemed, the particular shares to be redeemed shall be selected on a pro rata basis (disregarding fractions) or, if such shares are at such time listed on a stock exchange, with the consent of any applicable stock exchange, in such other manner as the Board of Directors may, in its sole discretion, determine by resolution.

The Series AL Preferred Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Series AL Preferred Shares. See "Risk Factors".

### *Conversion of Series AL Preferred Shares into Series AK Preferred Shares*

Subject to the right of the Corporation to redeem the Series AL Preferred Shares as described above, each holder of Series AL Preferred Shares will have the right, at its option, on any Series AL Conversion Date, to convert, subject to the restrictions on conversion described below and the payment or delivery to the Corporation of evidence of payment of the tax (if any) payable, all or any of the Series AL Preferred Shares into Series AK Preferred Shares on the basis of one Series AK Preferred Share for each Series AL Preferred Share converted. If a Series AL Conversion Date falls on a day that is not a Business Day, such Series AL Conversion Date will be the immediately following Business Day. The conversion of Series AL Preferred Shares may be effected upon an Election Notice given by the registered holder of the Series AL Preferred Shares not earlier than the 30<sup>th</sup> day prior to, but not later than 5:00 p.m. (Montreal time) on the 15<sup>th</sup> day preceding the applicable Series AL Conversion Date. Once received by the Corporation, an Election Notice is irrevocable.

The Corporation will, at least 30 days and not more than 60 days prior to the applicable Series AL Conversion Date, give notice in writing to the then registered holders of the Series AL Preferred Shares of the Series AL Conversion Date. On the 30<sup>th</sup> day prior to each Series AL Conversion Date (or the next following Business Day), the Corporation will send notice in writing to the then registered holders of Series AL Preferred Shares of the Floating Quarterly Dividend Rate for the next Quarterly Floating Rate Period and of the Annual Fixed Dividend Rate applicable to the Series AK Preferred Shares for the next Subsequent Fixed Rate Period.

If the Corporation gives notice to the registered holders of the Series AL Preferred Shares of the redemption on a Series AL Conversion Date of all the Series AL Preferred Shares, the Corporation will not be required to give notice as provided hereunder to the registered holders of the Series AL Preferred Shares of the Annual Fixed Dividend Rate, the Floating Quarterly Dividend Rate or of the conversion right of holders of Series AL Preferred Shares and the right of any holder of Series AL Preferred Shares to convert such Series AL Preferred Shares will cease and terminate in that event.

Holders of Series AL Preferred Shares will not be entitled to convert their shares into Series AK Preferred Shares if the Corporation determines that there would remain outstanding on a Series AL Conversion Date fewer than 1,000,000 Series AK Preferred Shares, after having taken into account the Election Notice in respect of all Series AL Preferred Shares tendered for conversion into Series AK Preferred Shares and the Election Notice in respect of all Series AK Preferred Shares tendered for conversion into Series AL Preferred Shares. The Corporation will give notice in writing to all affected holders of Series AL Preferred Shares of their inability to convert their Series AL Preferred Shares prior to the applicable Series AL Conversion Date. Furthermore, if the Corporation determines that there would remain outstanding on a Series AL Conversion Date fewer than 1,000,000 Series AL Preferred Shares, after having taken into account all Election Notices in respect of Series AL Preferred Shares tendered for conversion into Series AK Preferred Shares and all Election Notices in respect of Series AK Preferred Shares tendered for conversion into Series AL Preferred Shares, then, all, but not part, of the remaining outstanding Series AL Preferred Shares will be automatically converted into Series AK Preferred Shares on the basis of one Series AK Preferred Share for each Series AL Preferred Share, on the applicable Series AL Conversion Date. The Corporation will give notice in writing to this effect to the then registered holders of such remaining Series AL Preferred Shares prior to the applicable Series AL Conversion Date.

Upon exercise by a registered holder of its right to convert Series AL Preferred Shares into Series AK Preferred Shares (and upon an automatic conversion), the Corporation reserves the right not to issue Series AK Preferred Shares to any person whose address is in, or whom the Corporation or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require the Corporation to take any action to comply with the securities or analogous laws of such jurisdiction.

### *Purchase for Cancellation*

Subject to applicable law and to the provisions described below under "Details of the Offering – Description of the Series AL Preferred Shares – Restrictions on Dividends and Retirement of Shares", the Corporation may at any time purchase for cancellation all or any number of the Series AL Preferred Shares.

### *Rights on Liquidation*

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, whether voluntary or involuntary, subject to the prior satisfaction of the claims of all creditors of the Corporation and of holders of shares of the Corporation ranking prior to the Series AL Preferred Shares, the holders of the Series AL Preferred Shares will be entitled to receive an amount equal to \$25.00 per share, together with an amount equal to all accrued and unpaid dividends thereon up to but excluding the date of payment or distribution (less any tax required to be deducted or withheld by the Corporation), before any amount is paid or any assets of the Corporation are distributed to the holders of the Common Shares or any other shares ranking junior as to capital to the Series AL Preferred Shares. Upon payment of such amounts, the holders of the Series AL Preferred Shares will not be entitled to share in any further distribution of the assets of the Corporation.

### *Restrictions on Dividends and Retirement of Shares*

So long as any of the Series AL Preferred Shares are outstanding, the Corporation will not, without the approval of the holders of the Series AL Preferred Shares:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of the Corporation ranking as to capital and dividends junior to the Series AL Preferred Shares) on the Common Shares or any other shares of the Corporation ranking as to dividends junior to the Series AL Preferred Shares;
- (b) except out of the net cash proceeds of a substantially concurrent issue of shares of the Corporation ranking as to capital and dividends junior to the Series AL Preferred Shares, redeem or call for redemption, purchase for cancellation or otherwise pay off, retire or make any return of capital in respect of the Common Shares or any other shares of the Corporation ranking as to capital junior to the Series AL Preferred Shares;
- (c) redeem or call for redemption, purchase for cancellation, or otherwise pay off or retire for value or make any return of capital in respect of less than all of the Series AL Preferred Shares then outstanding; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off or retire for value or make any return of capital in respect of any other shares of BCE ranking as to dividends or capital on a parity with the Series AL Preferred Shares,

unless, in each such case, all accrued and unpaid dividends on the Series AL Preferred Shares up to and including the dividend payable for the last completed period for which dividends were payable on the Series AL Preferred Shares have been declared and paid or moneys set apart for payment.

Any approval of the holders of the Series AL Preferred Shares required with respect to the foregoing may be given by the affirmative vote of the holders of the majority of the Series AL Preferred Shares present or represented at a meeting, or adjourned meeting, of the holders of Series AL Preferred Shares duly called for the purpose and at which a quorum is present.

### *Shareholder Approvals*

In addition to any other approvals required by law (including any approvals required by the TSX), the approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Series AL Preferred Shares as a series and any other approval as a series to be given by the holders of the Series AL Preferred Shares may be given by a resolution signed by all holders of the Series AL Preferred Shares, or by a resolution passed by the affirmative vote of not less than two-thirds of the votes cast by the holders who voted in respect of that resolution at a meeting of the holders duly called for that purpose and at which the holders of at least 10% of the outstanding Series AL Preferred Shares are present in person or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Series AL Preferred Shares then present in person or represented by proxy would form the necessary quorum. At any meeting of holders of Series AL Preferred Shares as a series, each such holder shall be entitled to one vote in respect of each Series AL Preferred Share held by such holder.

Holders of the Series AL Preferred Shares will not be entitled to vote separately as a class or series on a proposal to amend the articles of the Corporation to (a) increase any maximum number of authorized shares of a class or series having rights or privileges equal to or superior to the Series AL Preferred Shares or (b) create a new class or series of shares equal or superior to the Series AL Preferred Shares.

#### *Issue of Additional Series of First Preferred Shares*

The Corporation may issue other series of First Preferred Shares ranking on a parity with the Series AL Preferred Shares without the authorization of the holders of the Series AL Preferred Shares.

#### *Voting Rights with Respect to the Corporation*

The holders of the Series AL Preferred Shares will not (except as otherwise provided by law and, except as noted below, in respect of meetings of the holders of First Preferred Shares as a class and meetings of holders of Series AL Preferred Shares as a series) be entitled to receive notice of, attend, or vote at, any meeting of shareholders of the Corporation, unless and until the Corporation shall have failed to pay eight quarterly dividends on the Series AL Preferred Shares, whether or not consecutive and whether or not such dividends were declared and whether or not there are any moneys of the Corporation properly applicable to the payment of such dividends. In the event of such non-payment, and for only so long as any such dividends remain in arrears, the holders of the Series AL Preferred Shares as at the applicable record date will be entitled to receive notice of and to attend each meeting of the Corporation's shareholders which takes place more than 60 days after the date on which such failure first occurred, other than meetings at which only holders of another specified class or series are entitled to vote, and be entitled to vote together with all of the voting shares of the Corporation on the basis of one vote in respect of each Series AL Preferred Share held by such holder, until all such arrears of such dividends shall have been paid, whereupon such rights shall cease.

#### *Tax Election*

The Corporation will elect, in the manner and within the time provided under Part VI.1 of the Tax Act, to pay or cause payment of the tax, under Part VI.1 of the Tax Act at a rate such that the corporate holders of Series AL Preferred Shares will not be required to pay tax under Part IV.1 of the Tax Act on dividends received on such shares.

#### *Business Day*

If any action is required to be taken by the Corporation on a day that is not a Business Day, then such action will be required to be taken on the next succeeding day that is a Business Day.

### **BOOK-ENTRY ONLY SYSTEM**

The Series AK Preferred Shares offered hereby and any Series AL Preferred Shares which may be issued following the due conversion of Series AK Preferred Shares will be issued in "book-entry only" form and must be purchased, transferred, converted or redeemed through participants ("**Participants**") in the depository service of CDS. Each of the Underwriters is a Participant or has arrangements with a Participant. On the Closing Date, the Corporation will cause a global certificate or certificates representing the Series AK Preferred Shares offered hereby to be delivered to, and registered in the name of, CDS or its nominee. No holder of Preferred Shares will be entitled to a certificate or other instrument from the Corporation or CDS evidencing that holder's ownership thereof, and no holder will be shown on the records maintained by CDS except through a book-entry account of a Participant acting on behalf of such holder. Each holder of Preferred Shares will receive a customer confirmation of purchase from the registered dealer from which the Preferred Shares are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Preferred Shares.

The ability of a beneficial owner of Preferred Shares to pledge such shares or otherwise take action with respect to such owner's interest in such shares (other than through a Participant) may be limited due to the lack of a physical certificate.



The Corporation has the option to terminate registration of the Preferred Shares through the book-based system, in which event certificates for Preferred Shares in fully registered form will be issued to the beneficial owners of such shares or their nominees.

### **EARNINGS COVERAGE RATIOS**

The Corporation adopted International Financial Reporting Standards ("**IFRS**") effective for interim and annual periods commencing January 1, 2011. Financial results under IFRS for 2010 and 2011 are unaudited. Prior to the adoption of IFRS, the Corporation prepared its consolidated financial statements using previous Canadian generally accepted accounting principles ("**Previous Canadian GAAP**").

The following earnings coverage ratios are calculated for the 12 months ended December 31, 2010 under both Previous Canadian GAAP and IFRS and for the 12 months ended September 30, 2011 under IFRS and give effect to the issuance, repurchase, repayment and redemption of all preferred shares and all long-term debt since January 1, 2010, including the issuance of the \$250 million Series AK Preferred Shares offered under this short form prospectus and the repayment on December 15, 2011 of \$250 million principal amount of Bell Canada's MTN Debentures, Series M-12, as if these transactions occurred on January 1, 2010 and October 1, 2010, respectively.

#### **Previous Canadian GAAP**

The following information was computed under Previous Canadian GAAP. After giving effect to the above transactions, the Corporation's consolidated dividend requirements on all of its outstanding preferred shares, adjusted to a before-tax equivalent using an effective income tax rate of 30.6%, amounted to \$197 million for the 12 months ended December 31, 2010. The Corporation's interest on long-term debt requirements for the 12 months ended December 31, 2010 amounted to \$807 million. The Corporation's net earnings attributable to common shareholders before interest expense and income tax for the 12 months ended December 31, 2010 was approximately \$3,375 million, which is 3.4 times the Corporation's aggregate dividend and interest on long-term debt requirements for this period.

The earnings coverage ratio set out above does not purport to be indicative of an earnings coverage ratio for any future period.

#### **IFRS**

The following information was computed under IFRS. After giving effect to the above transactions, the Corporation's consolidated dividend requirements on all of its outstanding preferred shares, adjusted to a before-tax equivalent using an effective income tax rate of 30.6%, amounted to \$197 million for the 12 months ended December 31, 2010 and using an effective tax rate of 28.8% amounted to \$201 million for the 12 months ended September 30, 2011. The Corporation's interest on long-term debt requirements for the 12 months ended December 31, 2010 amounted to \$824 million and for the 12 months ended September 30, 2011 amounted to \$855 million. The Corporation's net earnings attributable to common shareholders before interest expense and income tax for the 12 months ended December 31, 2010 and September 30, 2011 were approximately \$3,760 million and \$3,569 million, respectively, which is 3.7 times and 3.4 times the Corporation's aggregate dividend and interest on long-term debt requirements for this period.

The earnings coverage ratios set out above do not purport to be indicative of an earnings coverage ratio for any future period.

### **CREDIT RATINGS**

As of the date of this short form prospectus, the Series AK Preferred Shares to be issued pursuant to this short form prospectus have been assigned a provisional rating of Pfd-3 (high) by DBRS, and a rating of P-2 (low) by S&P (each, a "**Rating Agency**"). Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities. Ratings for preferred shares range from "Pfd-1 (high)" (DBRS) and "P-1 (high)" (S&P), which represent the highest quality of securities, to "D" (DBRS and S&P), which represent the lowest quality of securities rated. The Pfd-3 (high) rating for the Series AK Preferred Shares is the seventh highest credit rating of the sixteen credit ratings given by DBRS and the P-2 (low) rating is the sixth highest credit rating of the eighteen credit ratings given by S&P. The nine highest credit ratings given

by DBRS and the six highest credit ratings given by S&P are investment grade ratings. Each rating should be evaluated independently of another rating. The credit ratings assigned to the Series AK Preferred Shares by the Rating Agencies are not recommendations to purchase, hold or sell the Series AK Preferred Shares inasmuch as such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a Rating Agency in the future if in its judgment circumstances so warrant.

## PLAN OF DISTRIBUTION

Under an underwriting agreement (the "**Underwriting Agreement**") dated December 13, 2011, among the Corporation and the Underwriters, the Corporation has agreed to sell and the Underwriters have severally (and not jointly and severally) agreed to purchase, as principals, subject to compliance with the terms and conditions contained therein and to all necessary legal requirements, on January 4, 2012 or such other date not later than January 12, 2012 as may be agreed upon by the parties, all but not less than all of the 10,000,000 Series AK Preferred Shares at an aggregate price of \$250 million payable in cash to the Corporation against delivery of the Series AK Preferred Shares.

In consideration for their services in connection with the Offering, the Corporation has agreed to pay the Underwriters a fee equal to \$0.25 per Series AK Preferred Share sold to certain institutions and \$0.75 per share with respect to all other sales of Series AK Preferred Shares. Assuming that no Series AK Preferred Shares are sold to such institutions, the Underwriters' fee will be \$7.5 million. All fees payable to the Underwriters will be paid on account of services rendered in connection with the issue and will be paid out of the proceeds of the Offering.

The Corporation has granted to the Underwriters the Over-Allotment Option, whereby they may purchase up to an additional 1,200,000 Series AK Preferred Shares, being a number equal to 12% of the number of Series AK Preferred Shares sold in the Offering. The Underwriters may exercise the Over-Allotment Option solely for the purpose of covering over-allotments and for market stabilization purposes as permitted pursuant to applicable Canadian securities laws. The Underwriters may exercise the Over-Allotment Option at any time until the date that is 30 days following the Closing Date. If the Underwriters exercise the Over-Allotment Option in full and assuming that no Series AK Preferred Shares issued upon the exercise of the Over-Allotment Option are sold to institutions, the Underwriters will receive an aggregate fee of \$8.4 million, being \$0.75 per Series AK Preferred Share sold under the Offering (including the Over-Allotment Option). This short form prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Series AK Preferred Shares issuable upon the exercise of the Over-Allotment Option.

The TSX has conditionally approved the listing of the additional Series AK Preferred Shares and the additional Series AL Preferred Shares described under this short form prospectus under the symbols "BCE.PR.K" and "BCE.PR.L". Listing is subject to the Corporation fulfilling all the listing requirements of the TSX on or before March 12, 2012.

The obligations of the Underwriters under the Underwriting Agreement may be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all the Series AK Preferred Shares if any Series AK Preferred Shares are purchased under the Underwriting Agreement.

The Underwriters may not, throughout the period of distribution, bid for or purchase the Series AK Preferred Shares. The foregoing restriction is subject to certain exemptions, as long as the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Series AK Preferred Shares. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market-making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. In connection with the Offering, the Underwriters may effect transactions which stabilize or maintain the market price of the Series AK Preferred Shares at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Underwriting Agreement provides that, without the Underwriters prior written consent, which consent will not be unreasonably withheld, the Corporation will not directly or indirectly (excluding Bell Aliant Inc. and its subsidiaries) issue or disclose to the public any intention to issue any preferred shares or securities or other financial instruments convertible into or having the right to acquire preferred shares or enter into any agreement or arrangement under which the Corporation acquires or transfers to another, in whole or in part, any of the economic consequences of ownership of preferred shares, or agree to

become bound to do so, other than the Series AK Preferred Shares, for a period from today until during the period commencing on the date of the Underwriting Agreement and ending 45 days after the closing of the Offering.

All of the Underwriters, except GMP Securities L.P., Laurentian Bank Securities Inc., Macquarie Capital Markets Canada Ltd. and Raymond James Ltd., are subsidiaries or affiliates of lenders (the "**Lenders**") that have made credit facilities (the "**Credit Facilities**") available to the Corporation and its related issuers. As at September 30, 2011, a total amount of approximately \$792.8 million (of which \$518.8 million represents indebtedness of Bell Canada, \$267.8 million represents indebtedness of Bell Aliant Inc. and \$6.2 million represents indebtedness of Bell Media) was outstanding under the Credit Facilities. Accordingly, the Corporation may be considered to be a connected issuer to the Underwriters, other than GMP Securities L.P., Laurentian Bank Securities Inc., Macquarie Capital Markets Canada Ltd. and Raymond James Ltd., for purposes of securities laws in certain Canadian provinces. The Corporation and its related issuers are not and have not been in default of their respective obligations to the Lenders under the Credit Facilities, which are unsecured. The decision to distribute Series AK Preferred Shares was made by the Corporation and the terms and conditions of distribution, including the issue price of the Series AK Preferred Shares, was determined through negotiations between the Corporation and the Underwriters. The Lenders did not have any involvement in such decision and did not have any involvement in such determination. None of the Underwriters will receive any benefit from the offering of Series AK Preferred Shares other than its portion of the Underwriters' Fee payable by the Corporation per Series AK Preferred Share sold to such Underwriters. Certain of the Underwriters or their affiliates have in the past engaged, and may in the future engage, in transactions with and perform services, including commercial banking, financial advisory and investment banking services, for the Corporation and its related issuers in the ordinary course of business for which they have received or may receive customary compensation.

The Series AK Preferred Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws and may not be offered, sold or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons without the availability of an exemption from registration. The distribution of this short form prospectus and the offering and sale of the Series AK Preferred Shares are also subject to certain restrictions under the laws of certain other jurisdictions outside of Canada. Each Underwriter has agreed that it will not offer for sale or sell or deliver the Series AK Preferred Shares in any such jurisdiction except in accordance with the laws thereof.

The Underwriters propose to offer the Series AK Preferred Shares initially at the offering price specified on the cover page of this short form prospectus. After the Underwriters have made a reasonable effort to sell all of the Series AK Preferred Shares at the price specified on the cover page, the offering price may be decreased and may be further changed from time to time to an amount not greater than that set out on the cover page, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Series AK Preferred Shares is less than the price paid by the Underwriters to the Corporation.

#### **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of Stikeman Elliott LLP, counsel to the Corporation, and of Norton Rose OR LLP, counsel to the Underwriters, the following is a summary of the principal Canadian income tax considerations under the Tax Act generally applicable to a holder of Series AK Preferred Shares acquired pursuant to this short form prospectus and to a holder of Series AL Preferred Shares who acquired them as a result of the conversion of the Series AK Preferred Shares (a "**Holder**") who, for purposes of the Tax Act and at all relevant times, is or is deemed to be a resident of Canada, deals at arm's length with and is not affiliated with the Corporation and holds any Series AK Preferred Shares or Series AL Preferred Shares as capital property. Generally, the Series AK Preferred Shares and the Series AL Preferred Shares will be capital property to a Holder provided the Holder does not hold such shares in the course of carrying on a business of trading or dealing in securities and does not acquire them as part of an adventure or concern in the nature of a trade. Certain Holders who might not otherwise be considered to hold Series AK Preferred Shares or Series AL Preferred Shares as capital property may, in certain circumstances, be entitled to have them and every other "Canadian security", as defined in the Tax Act, owned by such Holder in the taxation year of the election or any subsequent taxation year, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is not applicable to a Holder that is a "financial institution" for the purposes of the "mark to market property" rules, to a Holder that is a "specified financial institution", to a Holder an interest in which would be a "tax shelter investment" or to a Holder to whom the "functional currency" reporting rules apply, each as defined in the Tax Act. Such Holders should consult their own tax advisors.

This summary is based upon the current provisions of the Tax Act, the regulations thereunder (the "**Regulations**"), all specific proposals to amend the Tax Act and the Regulations publicly announced by the Minister of Finance prior to the date hereof (the "**Proposals**") and counsel's understanding of the current published administrative and assessing policies and practices of the Canada Revenue Agency (the "**CRA**"). This summary assumes that all proposed amendments will be enacted in the form proposed. No assurances can be given that the Proposals will be enacted as proposed or at all. This summary does not otherwise take into account or anticipate any change in law, whether by legislative, governmental or judicial action, nor does it take into account or consider any provincial, territorial or foreign income tax legislation or considerations.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any particular Holder are made. Accordingly, prospective Holders should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring, holding and disposing of Series AK Preferred Shares or Series AL Preferred Shares, including the application and effect of the income and other tax laws of any country, province, state or local tax authority. Accordingly, prospective Holders should consult their own tax advisors with respect to their particular circumstances.**

### **Dividends**

Dividends received or deemed to be received on the Series AK Preferred Shares or the Series AL Preferred Shares by an individual (other than certain trusts) will be included in the individual's income and generally will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received by individuals from taxable Canadian corporations. In certain circumstances, such individuals will be entitled to an enhanced dividend tax credit in respect of "eligible dividends". Eligible dividends generally include dividends received from public corporations resident in Canada to the extent such corporations do not have a "low rate income pool" (as defined in the Tax Act). The Corporation will notify shareholders, in accordance with the Tax Act, of the extent to which dividends on the Series AK Preferred Shares or the Series AL Preferred Shares are eligible dividends. Prospective purchasers are urged to consult their own tax advisors in this respect. Dividends received or deemed to be received by an individual (including certain trusts) may give rise to a liability for alternative minimum tax.

Dividends received or deemed to be received on the Series AK Preferred Shares or the Series AL Preferred Shares by a corporation will be included in computing its income and will generally be deductible in computing its taxable income. A "private corporation", as defined in the Tax Act, or any other corporation controlled, whether by reason of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay refundable tax under Part IV of the Tax Act of 33 1/3% on dividends received (or deemed to be received) on the Series AK Preferred Shares and the Series AL Preferred Shares to the extent such dividends are deductible in computing its taxable income.

The Series AK Preferred Shares and the Series AL Preferred Shares will be "taxable preferred shares" as defined in the Tax Act. The terms of the Series AK Preferred Shares and the Series AL Preferred Shares require the Corporation to make the necessary election under Part VI.1 of the Tax Act so that corporate Holders will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series AK Preferred Shares and the Series AL Preferred Shares.

### **Dispositions**

A Holder who disposes of or is deemed to dispose of Series AK Preferred Shares or Series AL Preferred Shares (on redemption for cash or otherwise, but not on conversion of Series AK Preferred Shares into Series AL Preferred Shares or Series AL Preferred Shares into Series AK Preferred Shares, as the case may be) will generally realize a capital gain (or sustain a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to such Holder. For this purpose, the adjusted cost base to a Holder of Series AK Preferred Shares, or, as the case may be, Series AL Preferred Shares, will be determined at any time by averaging the cost of such Series AK Preferred Shares, or, as the case may be, Series AL Preferred Shares, with the adjusted cost base of any other Series AK Preferred Shares, or, as the case may be, Series AL Preferred Shares, owned by the Holder as capital property at that time. The amount of any deemed dividend arising on the redemption or purchase for cancellation by the Corporation of Series AK Preferred Shares or Series AL Preferred Shares will not be included in computing the proceeds of disposition to a Holder for purposes of computing the capital gain or capital loss arising on the disposition of such shares.

Generally, one half of any capital gain (a taxable capital gain) realized by a Holder for a taxation year must be included in the Holder's income in the year. A Holder is required to deduct one-half of any capital loss (an allowable capital loss) realized in the year from taxable capital gains realized in the year. Allowable capital losses in excess of taxable capital gains realized in a year may be carried back and deducted in any of the three preceding taxation years, or in any subsequent year, from net taxable capital gains realized in such years (but not against other income) to the extent and under the circumstances described in the Tax Act. If the Holder is a corporation, any such capital loss realized on a disposition of a Series AK Preferred Shares, or as the case may be, Series AL Preferred Shares, may in certain circumstances be reduced by the amount of any dividends which have been received or which are deemed to have been received on such Series AK Preferred Shares, or, as the case may be, Series AL Preferred Shares. Similar rules may apply where Series AK Preferred Shares or Series AL Preferred Shares are owned by a partnership or a trust of which a corporation, trust or partnership is a member or beneficiary. Taxable capital gains realized by a Holder who is an individual (including certain trusts) may give rise to alternative minimum tax depending on the Holder's circumstances.

A Holder that is throughout the year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax at a rate of 6 2/3% on certain investment income, including taxable capital gains (as defined above), but excluding dividends or deemed dividends deductible in computing taxable income.

### **Redemption**

If the Corporation redeems or otherwise acquires Series AK Preferred Shares or Series AL Preferred Shares, other than by a purchase in the open market in the manner in which shares are normally purchased by a member of the public in the open market, the Holder will be deemed to have received a dividend equal to the amount, if any, paid by the Corporation in excess of the paid-up capital (as determined for purposes of the Tax Act) of such shares at such time. Generally, the difference between the amount paid by the Corporation and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on the disposition of such shares. In the case of a corporate shareholder, it is possible that in certain circumstances all or part of the deemed dividend may be treated as proceeds of disposition and not a dividend.

### **Conversion**

The conversion of a Series AK Preferred Share into a Series AL Preferred Share or a Series AL Preferred Share into a Series AK Preferred Share will be deemed not to be a disposition of property and accordingly will not give rise to any capital gain or capital loss. The cost to a Holder of a Series AL Preferred Share or Series AK Preferred Share, as the case may be, received on the conversion will be deemed to be equal to the Holder's adjusted cost base of the converted Series AK Preferred Share or Series AL Preferred Share, as the case may be, immediately before the conversion.

## **ELIGIBILITY FOR INVESTMENT**

In the opinion of Stikeman Elliott LLP, counsel to the Corporation and Norton Rose OR LLP, counsel to the Underwriters, the Series AK Preferred Shares and the Series AL Preferred Shares, provided they are listed on a designated stock exchange (which currently includes the TSX), if issued on the date of this short form prospectus, would be qualified investments under the Tax Act and the Regulations thereunder for a trust governed by a registered retirement savings plan ("RRSP"), a registered retirement income fund ("RRIF"), a registered education savings plan, a deferred profit sharing plan, a registered disability savings plan and a tax-free savings account ("TFSA") (collectively referred to as "**Deferred Income Plans**").

Notwithstanding that the Series AK Preferred Shares and the Series AL Preferred Shares may be qualified investments, the holder of a TFSA or the annuitant under a RRSP or RRIF, will be subject to a penalty tax on the Series AK Preferred Shares and the Series AL Preferred Shares and other tax consequences may result if the Series AK Preferred Shares and the Series AL Preferred Shares are a "prohibited investment" for the TFSA, RRSP or RRIF, as the case may be. The Series AK Preferred Shares and the Series AL Preferred Shares will generally be a "prohibited investment" if the holder or the annuitant, as the case may be, does not deal at arm's length with the Corporation for purposes of the Tax Act or the holder or the annuitant, as the case may be, has a "significant interest" (as defined in the Tax Act) in the Corporation or a corporation, partnership or trust with which the Corporation does not deal at arm's length for purposes of the Tax Act. Holders are advised to consult their own tax advisors in this regard.

## RISK FACTORS

An investment in the Preferred Shares involves risks which prospective purchasers should take into consideration when making a decision to purchase such securities. Investors should consider carefully before investing in the Preferred Shares the risks described below as well as the other information in this short form prospectus and the documents incorporated by reference herein, including, without limitation, the risk factors disclosed in the BCE 2010 MD&A included in the BCE 2010 Annual Report on pages 70 to 76 under the heading "Risks that Could Affect Our Business and Results", on pages 60 to 63 under the heading "Our Competitive Environment" and on pages 63 to 69 under the heading "Our Regulatory Environment", as updated in the BCE 2011 First Quarter MD&A under the headings "Updates to Our Regulatory Environment" and "Assumptions and Risks that Could Affect Our Business and Results" on pages 17 to 20, and 21 to 24, respectively, of the BCE 2011 First Quarter Shareholder Report, as further updated in the BCE 2011 Second Quarter MD&A, under the headings "Updates to Our Regulatory Environment" and "Assumptions and Risks that Could Affect Our Business and Results" provided on pages 20 to 22, and 22 to 24, respectively, of the BCE 2011 Second Quarter Shareholder Report, and as further updated in the BCE 2011 Third Quarter MD&A under the headings "Updates to Our Regulatory Environment" and "Assumptions and Risks that Could Affect Our Business and Results" on pages 22 to 25, and 25 to 27, respectively, of the BCE 2011 Third Quarter Shareholder Report, which BCE 2010 MD&A, BCE 2011 First Quarter MD&A, BCE 2011 Second Quarter MD&A and BCE 2011 Third Quarter MD&A are incorporated by reference into this short form prospectus.

*Credit rating may not reflect actual performance of the Corporation.*

The credit rating applied to the Series AK Preferred Shares is an assessment, by the rating agency, of the Corporation's ability to pay its obligations. The credit rating is based on certain assumptions about the future performance of the Corporation that may or may not reflect the actual performance of the Corporation. Changes in the credit rating of the Series AK Preferred Shares or in any credit rating assigned to the Series AL Preferred Shares in the future may affect the market price or value and the liquidity of the Series AK Preferred Shares or the Series AL Preferred Shares, as applicable. There is no assurance that any credit rating assigned to the Series AK Preferred Shares or the Series AL Preferred Shares will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the rating agency.

*The market value of Series AK Preferred Shares and Series AL Preferred Shares will be affected by a number of factors and, accordingly, their trading prices will fluctuate.*

From time to time, the stock market experiences significant price and volume volatility that may affect the market price of the Series AK Preferred Shares and the Series AL Preferred Shares for reasons unrelated to the Corporation's performance. The value of the Series AK Preferred Shares and Series AL Preferred Shares are also subject to market fluctuations based upon factors which influence the Corporation's operations, such as legislative or regulatory developments, competition, technological change and global capital market activity.

The value of Series AK Preferred Shares and Series AL Preferred Shares will be affected by the general creditworthiness of the Corporation. The BCE 2010 MD&A, the BCE 2011 First Quarter MD&A, the BCE 2011 Second Quarter MD&A and the BCE 2011 Third Quarter MD&A are incorporated by reference into this short form prospectus and discuss, among other things, known material trends and events, and risks or uncertainties that are reasonably expected to have a material effect on the Corporation's business, financial condition or results of operations. See also the discussion under "Earnings Coverage Ratios", which ratios are relevant to an assessment of the risk that the Corporation will be unable to pay dividends on the Series AK Preferred Shares and the Series AL Preferred Shares.

The market value of the Series AK Preferred Shares and the Series AL Preferred Shares, as with other preferred shares, is primarily affected by changes (actual or anticipated) in prevailing interest rates and in the credit rating assigned to such shares. The market price or value of the Series AK Preferred Shares and the Series AL Preferred Shares will decline as prevailing interest rates for comparable instruments rise, and increase as prevailing interest rates for comparable instruments decline. Real or anticipated changes in credit ratings on the Series AK Preferred Shares and the Series AL Preferred Shares may also affect the cost at which the Corporation can transact or obtain funding, and thereby affect its liquidity, business, financial condition or results of operations.

Prevailing yields on similar securities will affect the market value of the Series AK Preferred Shares and the Series AL Preferred Shares. Assuming all other factors remain unchanged, the market value of the Series AK Preferred Shares and the Series AL Preferred Shares would be expected to decline as prevailing yields for similar securities rise and would be expected

to increase as prevailing yields for similar securities decline. Spreads over the Government of Canada Bond Yield, T-Bill Rate and comparable benchmark rates of interest for similar securities may affect the market value of the Series AK Preferred Shares and the Series AL Preferred Shares.

The market value of Series AK Preferred Shares and Series AL Preferred Shares may also be influenced by similar factors that affect the trading prices of the Corporation's Common Shares, including the Corporation's financial results and political, economic, financial and other factors that can affect the capital markets generally, the stock exchanges on which the Corporation's common shares are traded and the market segment of which the Corporation is a part.

*The Corporation may redeem Series AK Preferred Shares and Series AL Preferred Shares.*

The Corporation may choose to redeem the Series AK Preferred Shares and the Series AL Preferred Shares from time to time, in accordance with its rights described under "Details of the Offering – Description of the Series AK Preferred Shares – Redemption" and "Details of the Offering – Description of the Series AL Preferred Shares – Redemption", including when prevailing interest rates are lower than the yields borne by the Series AK Preferred Shares and the Series AL Preferred Shares. If prevailing rates are lower at the time of redemption, a purchaser would not be able to reinvest the redemption proceeds in a comparable security at an effective yield as high as the yields on the Series AK Preferred Shares or the Series AL Preferred Shares being redeemed. The Corporation's redemption right may also adversely impact a purchaser's ability to sell Series AK Preferred Shares and Series AL Preferred Shares as the optional redemption date or period approaches.

*The Series AK Preferred Shares and the Series AL Preferred Shares do not have a fixed maturity date, may not be redeemed at the holder's option and may be liquidated by the holder only in limited circumstances.*

Neither Series AK Preferred Shares nor the Series AL Preferred Shares have a fixed maturity date and are not redeemable or retractable at the option of the holders of Series AK Preferred Shares or Series AL Preferred Shares, as applicable. The ability of a holder to liquidate its holdings of Series AK Preferred Shares or Series AL Preferred Shares may be limited.

*Listing on the TSX does not guarantee an active trading market for the Series AK Preferred Shares and there is currently no trading market for the Series AL Preferred Shares.*

Although the Series AK Preferred Shares are listed for trading on the TSX and the TSX has conditionally approved the listing of the Series AK Preferred Shares offered by this short form prospectus, there is limited trading activity and there can be no assurance that an active trading market will continue. The market price of the Series AK Preferred Shares will be affected by many factors. See "Risk Factors - The market value of Series AK Preferred Shares and Series AL Preferred Shares will be affected by a number of factors and, accordingly, their trading prices will fluctuate".

There is currently no trading market for the Series AL Preferred Shares. There can be no assurance that an active trading market will develop for the Series AL Preferred Shares following the issuance of any of those shares, or if developed, that such a market will be sustained at the issue price of the Series AL Preferred Shares. If an active or liquid market for the Series AL Preferred Shares fails to develop or be sustained, the prices at which the Series AL Preferred Shares trade may be adversely affected.

The offering price of the Series AK Preferred Shares specified on the cover page of this short form prospectus has been determined by negotiation between the Corporation and Underwriters based on several factors and may bear no relationship to the prices at which the Series AK Preferred Shares and the Series AL Preferred Shares will trade in the public market subsequent to such offering. See "Plan of Distribution".

*Creditors of the Corporation rank ahead of holders of Series AK Preferred Shares and Series AL Preferred Shares in the event of an insolvency or winding up of the Corporation.*

Creditors of the Corporation would rank ahead of holders of Series AK Preferred Shares and Series AL Preferred Shares in the event of an insolvency or winding up of the Corporation.

The Series AK Preferred Shares and the Series AL Preferred Shares rank equally with other First Preferred Shares that may be outstanding in the event of an insolvency or winding up of the Corporation. If the Corporation becomes insolvent or is wound-up, the Corporation's assets must be used to pay debt, including inter-company debt, before payments may be made on Series AK Preferred Shares, Series AL Preferred Shares and other preferred shares.

*The dividend rates on the Series AK Preferred Shares and the Series AL Preferred Shares will reset.*

The dividend rate in respect of the Series AK Preferred Shares will reset on December 31, 2016 and on December 31 every five years thereafter. The dividend rate in respect of the Series AL Preferred Shares will reset quarterly. In each case, the new dividend rate is unlikely to be the same as, and may be lower than, the dividend rate for the applicable preceding dividend period.

*Investments in the Series AL Preferred Shares, given their floating interest component, entail risks not associated with investments in the Series AK Preferred Shares.*

Investments in the Series AL Preferred Shares, given their floating interest component, entail risks not associated with investments in the Series AK Preferred Shares. The resetting of the applicable rate on a Series AL Preferred Share may result in a lower dividend compared to fixed rate Series AK Preferred Shares. The applicable rate on a Series AL Preferred Share will fluctuate in accordance with fluctuations in the T-Bill Rate on which the applicable rate is based, which in turn may fluctuate and be affected by a number of interrelated factors, including economic, financial and political events over which the Corporation has no control.

*The Series AK Preferred Shares and the Series AL Preferred Shares may be converted or redeemed without the holders' consent in certain circumstances.*

An investment in the Series AK Preferred Shares, or in the Series AL Preferred Shares, as the case may be, may become an investment in Series AL Preferred Shares, or in Series AK Preferred Shares, respectively, without the consent of the holder in the event of an automatic conversion in the circumstances described under "Details of the Offering – Description of the Series AK Preferred Shares – Conversion of Series AK Preferred Shares into Series AL Preferred Shares" and "Details of the Offering – Description of the Series AL Preferred Shares – Conversion of Series AL Preferred Shares into Series AK Preferred Shares". Upon the automatic conversion of the Series AK Preferred Shares into Series AL Preferred Shares, the dividend rate on the Series AL Preferred Shares will be a floating rate that is adjusted quarterly by reference to the T-Bill Rate which may vary from time to time while, upon the automatic conversion of the Series AL Preferred Shares into Series AK Preferred Shares, the dividend rate on the Series AK Preferred Shares will be, for each five-year period, a fixed rate that is determined by reference to the Government of Canada Yield on the 30<sup>th</sup> day prior to the first day of each such five-year period. In addition, holders may be prevented from converting their Series AK Preferred Shares into Series AL Preferred Shares, and vice versa, in certain circumstances.

*The declaration of dividends on the Series AK Preferred Shares and the Series AL Preferred Shares is at the discretion of the Board of Directors.*

Holders of Series AK Preferred Shares and Series AL Preferred Shares do not have a right to dividends on such shares unless declared by the Board of Directors. The declaration of dividends is at the discretion of the Board of Directors even if the Corporation has sufficient funds, net of its liabilities, to pay such dividends.

The Corporation may not declare or pay a dividend if there are reasonable grounds for believing that (i) the Corporation is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realizable value of the Corporation's assets would thereby be less than the aggregate of its liabilities and stated capital of its outstanding shares. Liabilities of the Corporation will include those arising in the course of its business, indebtedness, including inter-company debt, and amounts, if any, that are owing by the Corporation under guarantees in respect of which a demand for payment has been made. See "Consolidated Capitalization of the Corporation".



*Holders of the Series AK Preferred Shares and the Series AL Preferred Shares do not have voting rights except under limited circumstances.*

Holders of Series AK Preferred Shares and Series AL Preferred Shares will generally not have voting rights at meetings of the shareholders of the Corporation except under limited circumstances. Holders of Series AK Preferred Shares and Series AL Preferred Shares will generally not have the right to elect the Board of Directors. See "Details of the Offering".

#### **AUDITORS, TRANSFER AGENT AND REGISTRAR**

The external auditors of the Corporation are Deloitte & Touche LLP, independent registered chartered accountants, at their offices in Montreal, Québec. For the Series AK Preferred Shares and the Series AL Preferred Shares, Canadian Stock Transfer Company Inc., acting as administrative agent for CIBC Mellon Trust Company, is the transfer agent and registrar at its offices in Montreal, Québec, Toronto, Ontario, Vancouver, British Columbia, Calgary, Alberta and Halifax, Nova Scotia.

#### **LEGAL MATTERS**

Certain legal matters relating to the offering of the Series AK Preferred Shares will be passed upon by Ms. Martine Turcotte, Vice Chair, Québec of BCE, Mr. Michel Lalonde, Senior Vice-President - General Counsel of BCE and Stikeman Elliott LLP on behalf of the Corporation and on behalf of the Underwriters by Norton Rose OR LLP.

#### **INTEREST OF EXPERTS**

As at the date hereof, the partners and associates of Stikeman Elliott LLP as a group and the partners and associates of Norton Rose OR LLP as a group beneficially own, directly or indirectly, less than 1% of the outstanding securities of the Corporation.

Deloitte & Touche LLP, the external auditors of the Corporation, reported on the BCE 2010 Financial Statements and on BCE's internal control over financial reporting, which reports are incorporated by reference herein. Deloitte & Touche LLP is independent within the meaning of the Code of Ethics of the Ordre des Comptables Agréés du Québec.

#### **PURCHASERS' STATUTORY RIGHTS**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

## **CONSENT OF THE INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS**

We have read the short form prospectus of BCE Inc. dated December 21, 2011 qualifying the distribution of \$250,000,000 Cumulative Redeemable First Preferred Shares, Series AK of BCE Inc. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above mentioned prospectus of our reports to the board of directors and shareholders of BCE Inc. on the consolidated balance sheets of BCE Inc. and subsidiaries as at December 31, 2010 and 2009, and the consolidated statements of operations, deficit, comprehensive income and cash flows for each of the years in the three year period ended December 31, 2010 and on the effectiveness of BCE Inc.'s internal control over financial reporting as of December 31, 2010. Our reports are dated March 10, 2011.

(signed) Deloitte & Touche LLP <sup>(1)</sup>  
Independent Registered Chartered Accountants  
Montréal, Canada  
December 21, 2011

<sup>(1)</sup> Chartered accountants auditor permit no. 9335

**CERTIFICATE OF THE ISSUER**

Dated: December 21, 2011

This short form prospectus, together with the documents incorporated in this prospectus by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

**BCE INC.**

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

*(Signed) GEORGE A. COPE*  
President and Chief Executive Officer of BCE Inc.

*(Signed) SIMA. VANASELIA*  
Executive Vice-President and Chief  
Financial Officer of BCE Inc.

On behalf of the Board of Directors of BCE Inc.

*(Signed) THOMAS C. O'NEILL*  
Director

*(Signed) PAUL R. WEISS*  
Director

## CERTIFICATE OF THE UNDERWRITERS

Dated: December 21, 2011

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

RBC Dominion Securities Inc.

*(signed) James W. McKenna*

BMO Nesbitt Burns Inc.

*(signed) Darryl White*

TD Securities Inc.

*(signed) Jeremy Walker*

CIBC World Markets Inc.

*(signed) Alexandre Prunier*

National Bank Financial Inc.

*(signed) Louis Gendron*

Scotia Capital Inc.

*(signed) Éric Michaud*

Desjardins Securities Inc.

*(signed) Mathieu Cardinal*

GMP Securities L.P.

*(signed) Neil Selfe*

Laurentian Bank Securities Inc.

*(signed) Michel Richard*

Macquarie Capital Markets Canada  
Ltd.

*(signed) Mike Mackasey*

Raymond James Ltd.

*(signed) J. Graham Fell*