New Issue February 14, 2002

BCE Bell Canada Enterprises

BCE Inc.

$510,000,000

20,000,000 Shares

Cumulative Redeemable First Preferred Shares, Series AA

Until September 1, 2007, the Cumulative Redeemable First Preferred Shares, Series AA (the **''Series AA Preferred Shares''**) will be entitled to fixed cumulative preferred cash dividends of $1.3625 per share per annum, as and when declared by the board of directors of BCE Inc., which will accrue from the date of issue and will be payable quarterly on the first day of March, June, September and December in each year with, assuming an issue date of March 1, 2002, the initial dividend, if declared, payable on June 1, 2002 in the amount of $0.340625 per share. See **''Details of the Offering''**.

Thereafter, for the initial Subsequent Fixed Rate Period, commencing on September 1, 2007 and ending on and including August 31, 2012 and for each succeeding Subsequent Fixed Rate Period, commencing on the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period and ending on and including August 31 in the fifth year thereafter, the Series AA Preferred Shares will be entitled to fixed cumulative preferred cash dividends, as and when declared by the board of directors of BCE Inc. BCE Inc. shall determine on the 25th day prior to the first day of each Subsequent Fixed Rate Period the annual dividend rate for each Subsequent Fixed Rate Period, which shall not be less than 80% of the five-year Government of Canada Yield, and give notice thereof. See **''Details of the Offering''**.

Conversion into a Further Series of Preferred Shares

Holders of Series AA Preferred Shares will have the right to convert their shares into Cumulative Redeemable First Preferred Shares, Series AB of BCE Inc. (the **''Series AB Preferred Shares''**), subject to certain conditions, on September 1, 2007 and every five years thereafter. See **''Details of the Offering''**.

On September 1, 2007 or on September 1 in every fifth year thereafter, BCE Inc. may redeem for cash the Series AA Preferred Shares, in whole but not in part, at BCE Inc.'s option, at $25.00 per share plus accrued and unpaid dividends. See **''Details of the Offering''**.

The Toronto Stock Exchange has conditionally approved the listing of the Series AA Preferred Shares, subject to BCE Inc. fulfilling the requirements of such exchange on or before May 6, 2002.

On February 4, 2002, the holders of the 12,000,000 Cumulative Redeemable First Preferred Shares, Series W (the **''Series W Preferred Shares''**) outstanding granted to BCE Inc. an option to purchase all of such Series W Preferred Shares (the **''Option''**) at a price of $25.50 per share. The exercise of the Option by BCE Inc. is conditional upon the investment by such holders of the proceeds to be received from BCE Inc. as consideration for the sale of the Series W Preferred Shares, upon the exercise of the Option by BCE Inc., in an equal number of Series AA Preferred Shares to be issued by BCE Inc. at the price of $25.50 per share. In addition to the 8,000,000 Series AA Preferred Shares to be issued to the public by BCE Inc., this short form prospectus also qualifies the 12,000,000 Series AA Preferred Shares that would be issued to the holders of the Series W Preferred Shares if BCE Inc. exercises the Option. However, there is no assurance that all or part of such 12,000,000 Series AA Preferred Shares will be so issued and the issuance of any of such shares is not a condition of closing of the issue to the public of the 8,000,000 Series AA Preferred Shares also qualified by this short form prospectus. No underwriting fee will be paid in respect of the issue of the Series AA Preferred Shares to such parties. See **''Plan of Distribution''**.

Price: $25.50 per share

	Price to Public	Underwriting Fee(1)	Net Proceeds to BCE Inc.(2)
Per Share	$25.50	$0.765	$24.735
Total	$204,000,000	$6,120,000	$197,880,000

(1) The underwriting fee is $0.255 for each share sold to certain institutions and $0.765 per share for all other shares purchased by the Underwriters. The total represents the underwriting fee assuming no Series AA Preferred Shares are sold to such institutions.
(2) Before deducting expenses of issue estimated at $300,000.

The Underwriters, as principals, conditionally offer the Series AA Preferred Shares, subject to prior sale, if, as and when issued by BCE Inc. and accepted by the Underwriters, in accordance with the conditions contained in the Underwriting Agreement referred to under **''Plan of Distribution''** and subject to the approval of certain legal matters on behalf of BCE Inc. by Ms. Martine Turcotte and Mr. Marc J. Ryan, Chief Legal Officer and Corporate Secretary, respectively, of BCE Inc., and on behalf of the Underwriters by Borden Ladner Gervais LLP, Montreal.

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 date of closing and the date on which the Series AA Preferred Shares in definitive form will be ready for delivery will be on or about March 1, 2002 or on such later date as may be agreed with the Underwriters but not later than March 26, 2002.

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DOCUMENTS INCORPORATED BY REFERENCE

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

(a) Annual Information Form of BCE Inc. dated March 9, 2001, for the year ended December 31, 2000;

(b) Audited Consolidated Financial Statements of BCE Inc. for the year ended December 31, 2000, and the Auditors' Report thereon provided on pages 36 to 60 and page 16, respectively, of the 2000 Annual Report of BCE Inc.;

(c) Management's Discussion and Analysis for the year ended December 31, 2000 provided on pages 17 to 35 of the 2000 Annual Report of BCE Inc. (the **''Annual MD&A''**);

(d) Unaudited Interim Consolidated Financial Statements of BCE Inc. for the periods ended March 31, June 30 and September 30, 2001;

(e) Management's Discussion and Analysis of 2001 First, Second and Third Quarter Results of BCE Inc. dated May 22, 2001, August 14, 2001 and November 8, 2001, respectively;

(f) Management Proxy Circular of BCE Inc. dated February 21, 2001 in connection with the Annual and Special Meeting of the shareholders of BCE Inc. held on April 25, 2001;

(g) Risk Factors provided on pages 1 to 17 of the Revised Version of the Safe Harbor Notice concerning Forward-Looking Statements of BCE Inc. dated December 12, 2001 (the **''Safe Harbor Notice''**);

(h) Audited Consolidated Financial Statements of Teleglobe Inc. (**''Teleglobe''**) for the year ended December 31, 2000, prepared in accordance with generally accepted accounting principles in Canada (**''Canadian GAAP''**) and the Auditors' Report thereon provided on pages 13 to 41 and page 12, respectively, of the 2000 Financial Information of Teleglobe prepared in accordance with Canadian GAAP; and

(i) to the extent permitted by applicable securities law, any other documents which BCE Inc. elects to incorporate by reference into this short form prospectus.

Any documents of the type referred to above and any material change reports (excluding confidential material change reports), interim or annual financial statements, including comparative interim financial statements and comparative financial statements for BCE Inc.'s most recently completed financial year, together with the accompanying report of BCE Inc.'s auditors, any exhibits to interim and annual consolidated financial statements containing updated earnings coverage information and any information circulars of BCE Inc. filed by BCE Inc. with the various securities commissions or similar authorities in Canada after the date of this short form prospectus and prior to the completion or withdrawal of any offering hereunder, shall be deemed to be incorporated by reference into this short form prospectus.

Any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for the purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. 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 make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this short form prospectus, except as so modified or superseded.

In this short form prospectus, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars.

SUMMARY OF THE OFFERING

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

Issuer: BCE Inc.

Issue: Cumulative Redeemable First Preferred Shares, Series AA.

Amount: $510,000,000 (20,000,000 shares).

Price and Yield: The Series AA Preferred Shares are offered at a price of $25.50 per share. A purchaser will realize a pre-tax yield of 5.03% per annum based on 22 quarterly dividend payments of $0.340625 over the 5.5 year period from the expected closing date of March 1, 2002 to September 1, 2007 and assuming the Series AA Preferred Shares have a value of $25.00 on September 1, 2007.

Principal Characteristics of Series AA Preferred Shares

Dividends: Until September 1, 2007, fixed cumulative preferred cash dividends of an annual amount equal to $1.3625 per share will, if declared, be payable quarterly on the first day of March, June, September and December in each year. Assuming an issue date of March 1, 2002, an initial dividend, if declared, of $0.340625 per share will be payable on June 1, 2002.

From September 1, 2007, for the initial Subsequent Fixed Rate Period, commencing on September 1, 2007 and ending on and including August 31, 2012, and for each succeeding Subsequent Fixed Rate Period, commencing on the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period and ending on and including August 31 in the fifth year thereafter, the Series AA Preferred Shares will be entitled to fixed cumulative preferred cash dividends, as and when declared by the board of directors of BCE Inc. BCE Inc. shall determine on the 25th day prior to the first day of each Subsequent Fixed Rate Period the annual dividend rate for each Subsequent Fixed Rate Period and give notice thereof. Such annual dividend rate shall not be less than 80% of the five-year Government of Canada Yield determined on the 25th day prior to the first day of each Subsequent Fixed Rate Period.

Redemption: The Series AA Preferred Shares are not redeemable prior to September 1, 2007. The Series AA Preferred Shares will be redeemable on September 1, 2007 or on September 1 in every fifth year thereafter for cash, in whole but not in part, at BCE Inc.'s option, at $25.00 per share, together with accrued and unpaid dividends up to but excluding the date of redemption.

Conversion into Series AB Preferred Shares: Holders of Series AA Preferred Shares will, subject to the automatic conversion provisions, have the right to convert, on September 1, 2007 and on September 1 every five years thereafter (a **''Series AA Conversion Date''**), their shares into an equal number of Series AB Preferred Shares upon giving to BCE Inc. notice thereof not earlier than 45 days prior to, but not later than the close of business on the 10th day preceding, a Series AA Conversion Date.

Automatic Conversion Provisions: Following the close of business on the 10th day preceding a Series AA Conversion Date, if BCE Inc. determines after having taken into account all shares tendered for conversion by holders of Series AA Preferred Shares and Series AB Preferred Shares, as the case may be, that there would be outstanding on such Series AA Conversion Date less than 2,500,000 Series AA Preferred Shares, such remaining number of Series AA Preferred Shares shall automatically be converted on such Series AA Conversion Date into an equal number of Series AB Preferred Shares. Additionally, if BCE Inc. determines at such time that there would be outstanding on such Series AA Conversion Date less than 2,500,000 Series AB Preferred Shares then, no Series AA Preferred Shares shall be converted into Series AB Preferred Shares.

Principal Characteristics of Series AB Preferred Shares

Dividends: From September 1, 2007, floating adjustable cumulative preferred cash dividends, if declared, will be payable monthly on the twelfth day of each month following the month of September 2007, with the annual floating dividend rate for the first month equal to 80% of Prime. The dividend rate will float in relation to changes in Prime and will be adjusted upwards or downwards on a monthly basis whenever the Calculated Trading Price of the Series AB Preferred Shares is $24.875 or less or $25.125 or more respectively. The maximum monthly adjustment for changes related to the Calculated Trading Price will be +/-4.00% of Prime. However, the annual floating dividend rate applicable in a month will in no event be less than 50% of Prime or be greater than Prime.

Redemption: The Series AB Preferred Shares will be redeemable at any time for cash, in whole but not in part, at BCE Inc.'s option, at $25.50 per share, together with accrued and unpaid dividends up to but excluding the date of redemption.

Conversion into Series AA Preferred Shares: Holders of Series AB Preferred Shares will, subject to the automatic conversion provisions, have the right to convert, on September 1, 2012 and on September 1 every five years thereafter (a **''Series AB Conversion Date''**), their shares into an equal number of Series AA Preferred Shares upon giving to BCE Inc. notice thereof not earlier than 45 days prior to, but not later than the close of business on the 10th day preceding, a Series AB Conversion Date.

Automatic Conversion Provisions: Following the close of business on the 10th day preceding a Series AB Conversion Date, if BCE Inc. determines after having taken into account all shares tendered for conversion by holders of Series AB Preferred Shares and Series AA Preferred Shares, as the case may be, that there would be outstanding on such Series AB Conversion Date less than 2,500,000 Series AB Preferred Shares, such remaining number of Series AB Preferred Shares shall automatically be converted on such Series AB Conversion Date into an equal number of Series AA Preferred Shares. Additionally, if BCE Inc. determines at such time that there would be outstanding on such Series AB Conversion Date less than 2,500,000 Series AA Preferred Shares then no Series AB Preferred Shares shall be converted into Series AA Preferred Shares.

Priority: The First Preferred Shares rank in priority to all other shares of BCE Inc. 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 BCE Inc. 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: BCE Inc. will elect, in the manner and within the time provided under Part VI.1 of the *Income Tax Act* (Canada), to pay tax at a rate such that holders of Series AA Preferred Shares and Series AB Preferred Shares will not be required to pay tax on dividends received on such shares under Part IV.1 of such Act.

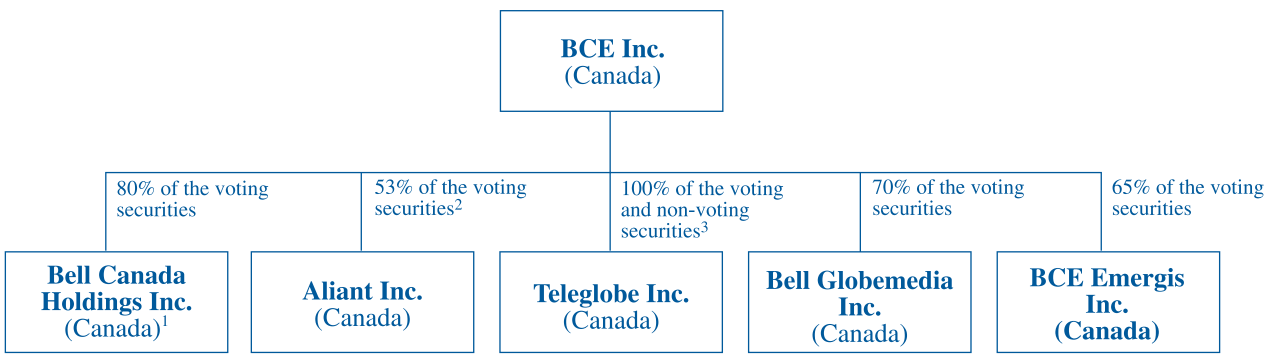
BCE INC.

BCE Inc. was incorporated in 1970 and continued under the *Canada Business Corporations Act* (**''CBCA''**) in 1979. BCE Inc. has its principal and registered offices at 1000, rue de La Gauchetière Ouest, bureau 3700, Montréal (Québec) H3B 4Y7.

BCE Inc. is Canada's largest communications company. BCE Inc. had, on a consolidated basis (unaudited), revenues of $21.7 billion, net earnings of $523 million and cash flows from operations of $4.6 billion in 2001, and had total assets of $54.3 billion and approximately 75,175 employees at December 31, 2001.

BCE Inc. has close to 23 million customer connections through the wireline, wireless, data/Internet and satellite services it provides, largely under the Bell brand. BCE Inc. leverages those connections with extensive content creation capabilities through Bell Globemedia Inc. (**''Bell Globemedia''**) which features some of the strongest brands in the industry — CTV, Canada's leading private broadcaster, The Globe and Mail, Canada's National Newspaper and Sympatico-Lycos, the leading Canadian Internet portal. As well, BCE Inc. has extensive e-commerce capabilities provided under the BCE Emergis brand and serves international customers through Teleglobe, a global connectivity, content distribution and Internet hosting company. BCE Inc. shares are listed in Canada, the United States and Europe.

The intercorporate relationships among BCE Inc. and its major subsidiaries as of December 31, 2001 are as follows:



1 Bell Canada Holdings Inc. holds 100% of the voting securities of Bell Canada.

2 Aliant is held 14% by BCE Inc. and 39% by Bell Canada.

3 Teleglobe is held 77% by BCE Inc. and 23% by Bell Canada.

RECENT DEVELOPMENTS

Summary of Fourth Quarter and Annual 2001 Unaudited Results

BCE Inc.'s unaudited consolidated results for the three months and twelve months ended December 31, 2001, along with the comparative figures for the corresponding period of 2000, are summarized below:

	Three months ended December 31		Twelve months ended December 31	
	2001	2000	2001	2000
	(millions of dollars, except per share amounts)			
	(unaudited)		(unaudited)	(audited)
Operating revenues				
Bell Canada	4,562	4,176	17,254	15,800
Bell Globemedia	354	85	1,203	98
Teleglobe	526	326	2,065	326
BCE Emergis	181	141	656	468
BCE Ventures	498	358	1,670	1,402
Corporate and other, including intercompany eliminations	(373)	(216)	(1,137)	(662)
Total operating revenues	5,748	4,870	21,711	17,432
Earnings (loss) from continuing operations				
Bell Canada	(100)	204	689	994
Bell Globemedia	(25)	(16)	(150)	(78)
Teleglobe	(158)	(186)	(607)	(241)
BCE Emergis	(45)	(64)	(281)	(209)
BCE Ventures	(24)	(13)	(281)	(361)
Corporate and other, including intercompany eliminations	40	97	3,049	207
Total earnings (loss) from continuing operations	(312)	22	2,419	312
Discontinued operations	—	(35)	(1,896)	4,549
Dividends on preferred shares	(14)	(18)	(64)	(79)
Net earnings (loss) applicable to common shares	(326)	(31)	459	4,782
Net earnings (loss) per common shares-basic				
Continuing operations	(0.40)	0.01	2.92	0.35
Net earnings (loss)	(0.40)	(0.04)	0.57	7.43
Average number of common shares outstanding (millions)	808.5	746.1	807.9	670.0

Financial Review

When compared to 2000, the increase in 2001 in BCE Inc.'s operating revenues on a year-to-date basis and in the fourth quarter was mainly due to higher revenues from all operating segments, particularly as a result of:

- the inclusion of the results of Bell Globemedia and Teleglobe for a complete year in 2001;
- improved results from the Bell Canada segment, primarily due to growth in the number of Internet subscribers, higher SmartTouch and network access services revenues from the local and access market, an increase in the cellular and PCS subscriber base and growth in the number of Bell ExpressVu subscribers, partially offset by a continuing decline in long distance revenues mainly attributable to pricing pressures from increased competition;
- improved results from BCE Emergis Inc. (**''BCE Emergis''**) primarily due to an increase in sales of e-Invoicing solutions; and
- higher revenues generated from BCE Ventures Inc., primarily as a result of various business acquisitions within Bell Canada International Inc. (**''BCI''**) and CGI Group Inc.

When compared to 2000, the increase in 2001 in BCE Inc.'s earnings from continuing operations on a year-to-date basis primarily reflects improvements from Corporate and BCE Ventures, partially offset by decreases from all core business units. The increase in earnings can more specifically be attributed in part to:

- an after tax gain of $2,901 million on the sale of common shares of Nortel Networks Corporation and the settlement of short-term forward contracts relating to such shares;

partially offset by:

- restructuring and other charges at Bell Canada, Bell Globemedia and Teleglobe amounting to $589 million (on an after tax basis) in 2001, compared to only $37 million in 2000;
- an increase in goodwill expense of $485 million, resulting from the business acquisitions of CTV Inc., The Globe and Mail, Globe Interactive, Teleglobe and others during the year 2000.

The decrease in BCE Inc.'s earnings from continuing operations in the fourth quarter of 2001, when compared to 2000, primarily reflects decreases from Bell Canada, Bell Globemedia, BCE Ventures and Corporate, partially offset by improvements from Teleglobe and BCE Emergis. The decrease in earnings can more specifically be attributed in part to:

- restructuring and other charges at Bell Canada, Bell Globemedia and Teleglobe amounting to $398 million (on an after tax basis) in 2001, compared to only $6 million in 2000; and
- an increase in goodwill expense of $38 million, resulting from the business acquisitions of CTV Inc., The Globe and Mail, Globe Interactive, Teleglobe and others during the year 2000.

Bell Canada

Bell Distribution Lawsuits

Bell Distribution Inc. (**''BDI''**), a wholly-owned subsidiary of Bell Canada, is involved in the distribution and sale of Bell Canada, Bell Mobility, ExpressVu and Sympatico wireless and wireline communications products and services through its BellWorld/Bell Mobility outlets owned by franchisees, independent dealers or BDI itself. On October 16, 2001, 15 of BDI's Quebec franchisees filed a court proceeding against BDI before the Quebec Superior Court claiming damages of $25,135,000, the nullity of specific clauses of their franchise agreement, as well as injunctive relief. On December 19, 2001, 44 of BDI's Quebec independent dealers filed a court proceeding against BDI before the Quebec Superior Court claiming damages of $55,000,000, the nullity of specific clauses of their independent dealer agreement as well as injunctive relief. BDI's Quebec franchisees and independent dealers allege that BDI is in breach of the franchise agreement and independent dealer agreement, respectively, in a number of respects including with respect to the direct and indirect competition created or allowed by BDI, the products supply structure and the compensation structure. They also allege unfair competition by Bell Canada and its business units. BDI intends to vigorously defend itself against these claims.

Canadian Human Rights Tribunal Proceedings

On November 2, 2000, the Federal Court of Canada allowed Bell Canada's application for judicial review of the Canadian Human Rights Tribunal's (the **''Tribunal''**) determination that it could proceed with an inquiry into the 1994 pay equity complaints filed by members of the Communications, Energy and Paperworkers Union of Canada and the Canadian Telephone Employees' Association. The Federal Court found that the Tribunal lacked institutional independence and prohibited further proceedings in the matter. Hearings before the Tribunal into the merits of the case were suspended. The Canadian Human Rights Commission appealed this decision and on May 24, 2001, the Federal Court of Appeal allowed the appeal. On August 20, 2001, Bell Canada filed for leave to appeal the Federal Court of Appeal decision to the Supreme Court of Canada. Hearings before the Tribunal resumed in September 2001. On December 13, 2001, the Supreme Court of Canada granted Bell Canada's application for leave to appeal. Bell Canada intends to seek a stay of the proceedings before the Tribunal pending the appeal to the Supreme Court of Canada which is expected to be heard towards the end of 2002.

Teleglobe Inc.

Debt Rating by Moody's Investors Service

On January 29, 2002, Moody's Investors Service (**''Moody's''**) announced that it has lowered the rating of U.S. $1.2 billion of Teleglobe's debt from Baa1 to Baa3 and left the rating under review for further downgrade. This action represents an interim step of the review initiated by Moody's on January 7, 2002. Moody's reiterated its position that the review reflects a re-evaluation by Moody's of the degree of possible additional support from BCE Inc. that should be incorporated in Teleglobe's rating given the financial performance of Teleglobe and the current difficult conditions in the long haul telecommunications capacity sector. Moody's indicated that its review will seek to develop a rating that places greater emphasis on Teleglobe's own business prospects and future funding requirements. Moody's also indicated that upon conclusion of its review, there is a significant possibility that Teleglobe's debt will be rated below investment grade.

Class Action Lawsuits

During 2000, several class action lawsuits were filed in the United States District Court for the Southern District of New York against Teleglobe and certain of its former officers. The complaints generally allege that the defendants violated the U.S. Securities and Exchange Commission Rule 10b-5 and defrauded investors who purchased Teleglobe stock between February 10, 1999 and July 29, 1999. These complaints were consolidated and lead plaintiffs appointed in the fourth quarter of 2000. On February 9, 2001, the lead plaintiffs filed a consolidated amended complaint, which did not contain specific claims for money damages. On April 10, 2001, Teleglobe filed a motion to dismiss the complaints. On January 2, 2002, the Court dismissed the consolidated amended complaint in its entirety and granted the plaintiffs twenty days to replead. The aforesaid twenty-day period has expired and the plaintiffs have not repled. Plaintiffs have not disclosed whether they intend to appeal the dismissal of their complaint.

Bell Canada International Inc.

On December 3, 2001, BCI, an approximately 74% owned subsidiary of BCE Inc., announced a recapitalization plan (the **''Recapitalization Plan''**) intended, among other things, to enable BCI to meet its short-term funding commitments, as well as a complementary plan which has resulted in the reorganization of the Latin American joint venture, Telecom Américas Ltd. (**''Telecom Américas''**), into a company focused on the Brazilian mobile wireless market. BCI, through Telecom Américas, owns and operates 4 Brazilian B Band cellular companies.

The Recapitalization Plan

BCI has financial obligations maturing through April 30, 2002 (the **''Short-Term Obligations''**) in an aggregate amount of approximately $1.3 billion, which significantly exceed its cash on hand and committed sources of funds. Of this amount, approximately $626 million is expected to be settled in cash and by amending BCI's bank credit facility, while $656 million is expected to be settled through the issuance of BCI common shares. The Short-Term Obligations which are expected to be settled through the issuance of BCI common shares include: a put right held by affiliates of the American International Group, Inc. (**''AIG''**) in the amount of approximately $178 million (as at February 15, 2002) which is exercisable on or prior to December 11, 2002; principal and interest in the amount of approximately $78 million owing under a loan to BCI from BCE Inc. (the **''BCE Convertible Loan''**); and principal in the amount of $400 million owing under BCI's 6.75% and 6.50% convertible unsecured subordinated debentures due February 15, 2002 (the **''1999 Debentures''**). Absent the Recapitalization Plan, the settlement of $656 million of Short-Term Obligations through the issuance of BCI common shares could cause a change of control under the covenants of certain of BCI's debt instruments. In this case, approximately $1.1 billion of indebtedness would be accelerated and would be required to be settled in cash, including the $626 million referred to above.

The Recapitalization Plan includes the following:

a) A $440,241,800 rights offering (the **''Rights Offering''**) to subscribe for units consisting of principal warrants (the **''Principal Warrants''**) and anti-dilutive secondary warrants, with BCI common shares to be issued on February 15, 2002 upon the exercise of the Principal Warrants. The Rights Offering closed on January 11, 2002. Public shareholders exercised approximately 42% of the rights offered to them while BCE Inc. exercised all of the rights issued to it, as well as all remaining rights not exercised by the public under a back-stop commitment agreement. The exercise of these rights by BCE Inc. resulted in BCE Inc. investing a total of approximately $392 million in BCI. The BCI common shares to be issued upon the automatic exercise of the Principal Warrants on February 15, 2002 will be priced at a 49% discount to $0.2888, the weighted average trading price of BCI common shares for the 20-day period ending February 8, 2002;

b) The settlement of the Short-Term Obligations totalling approximately $656 million by the issuance of BCI common shares;

c) The amendment and restatement of BCI's existing bank credit facility in the reduced amount of $230 million with an extended maturity date to March 8, 2003; and

d) A commitment by BCE Inc. to top up its shareholding in BCI to 51% on February 15, 2002 in the event that it would otherwise fall below 51% after giving effect to the Rights Offering and the settlement of $656 million of the Short-Term Obligations by the issuance of BCI common shares. This commitment, together with the other anti-dilutive provisions, is intended to ensure, among other things, that the change of control covenants in BCI's debt instruments are not triggered. Given the level of public participation in the Rights Offering, BCE Inc. will not be required to invest additional funds pursuant to its top-up obligation.

The Recapitalization Plan envisages that all the transactions described above will be effective on February 15, 2002, except for the settlement of the AIG put right. The weighted average trading price of BCI's common shares for the 20-day trading period of January 14, 2002 to February 8, 2002 is $0.2888 per BCI common share. Based on this weighted average trading price, BCI will issue approximately 2,989 million shares to holders of the Principal Warrants (of which approximately 2,654 million shares will be issued to BCE Inc.), approximately 1,458 million shares to the holders of the 1999 Debentures and approximately 271 million shares to BCE Inc. under the BCE Convertible Loan. BCE Inc. will, in the aggregate, be issued approximately 2,925 million shares. BCE Inc.'s percentage ownership interest in BCI after the settlement date of February 15, 2002 is expected to be diluted to approximately 62.2%. The number of BCI common shares to be issued on February 15, 2002 in connection with the transactions described above does not reflect any shares that may be issued to AIG and pursuant to the exercise of the anti-dilutive secondary warrants which were issued to BCI shareholders who exercised their rights. BCI intends to use the proceeds of the Rights Offering to be received on February 15, 2002 to pay the accrued interest owed to holders of the 1999 Debentures, to reduce outstanding indebtedness under its existing bank credit facility, to fund its guarantee of an April 2002 Telecom Americas' obligation relating to the acquisition of Tess S.A., a Brazilian cellular company, and for general corporate and investment purposes.

The Telecom Américas Reorganization

In order to address in part the future funding requirements of Telecom Américas, on February 8, 2002, BCI with its partners in Telecom Américas, America Móvil S.A. de C.V. (**''América Móvil''**) of Mexico and Texas-based SBC International, Inc., completed the reorganization of Telecom Américas into a company focused on the Brazilian mobile wireless market. As part of the reorganization, Telecom Américas concluded a number of funding arrangements, including securing capital contributions from its principal shareholders, América Móvil and BCI, in the amount of US$240 million. Additional capital resources in the amount of US $120 million were committed in the form of a shareholder loan that is repayable in June 2004 in common shares of Telecom Américas. In addition, on February 12, 2002, Telecom Américas reached an agreement with a private investor for an equity investment of US$300 million. Upon the closing of the transaction, which is subject to the negotiation of definitive documentation and customary closing conditions, BCI's percentage ownership in Telecom Américas would decrease to 39% from 42%.

Discontinued Operation

On December 12, 2001, BCE Inc. announced that it intends to start accounting for BCI as a discontinued operation in the first quarter of 2002.

Threatened Litigation

On January 10, 2002, BCI announced that an institutional holder of 1999 Debentures is threatening to institute legal proceedings against BCI in connection with the settlement of the 1999 Debentures through the issuance of common shares under the Recapitalization Plan. It is alleged that such settlement results in inequitable treatment of debentureholders as compared with the holders of common shares. BCI is of the view that the allegations are without merit and it intends to vigorously defend its position if litigation is commenced.

SIGNIFICANT ACQUISITION

The Teleglobe Acquisition

On November 1, 2000, BCE Inc. completed the acquisition of all of the outstanding common shares of Teleglobe that it did not already own. The aggregate purchase price of $7.4 billion was comprised of $240 million in cash and $7.2 billion in BCE Inc. common shares (approximately 174 million common shares were issued at $41.20 per BCE Inc. common share, which reflected the average of the high and low of the market value of the shares on November 1, 2000). This acquisition was accounted for using the purchase method. During the first quarter of 2001, the purchase price allocation relating to BCE Inc.'s acquisition of Teleglobe on November 1, 2000 was finalized. The final allocation of the purchase price was to tangible assets for $3.6 billion, tangible liabilities for $4.4 billion and goodwill for $8.1 billion. As a result of new accounting rules which became effective as of January 1, 2002, goodwill is no longer amortized. More information regarding the impact of the acquisition of Teleglobe on the operating results and financial position of BCE Inc. can be found in the Annual MD&A, which has been incorporated by reference into this short form prospectus.

USE OF PROCEEDS

The net proceeds from the sale of the 8,000,000 Series AA Preferred Shares to the public estimated at $197,580,000 after deducting expenses of issue will be used for the general corporate purposes of BCE Inc. The purchase price of $306,000,000 of the 12,000,000 Series AA Preferred Shares to be acquired by specified purchasers, if BCE Inc. exercises the Option, will be paid to BCE Inc. from the proceeds of the repurchase of the 12,000,000 Series W Preferred Shares of BCE Inc. held by such purchasers. Therefore, there will be no additional proceeds to BCE Inc. from the sale of such 12,000,000 Series AA Preferred Shares (see **''Plan of Distribution''**).

EARNINGS COVERAGES

BCE Inc.'s dividend requirements on all of its preferred shares, after giving effect to the issue of the Series AA Preferred Shares, the repurchase of all of the Series W Preferred Shares, subject to the exercise of the Option by BCE Inc., and adjusted to a before-tax equivalent using an effective income tax rate of 52.3%, amounted to approximately $187 million for the 12 months ended December 31, 2000, approximately $166 million for the 12 months ended September 30, 2001 and approximately $158 million for the 12 months ended December 31, 2001.

BCE Inc.'s interest requirements, after giving effect to the issuance of all long-term debt and repayment or redemption thereof since December 31, 2000, amounted to $1,145 million for the 12 months ended December 31, 2000, $1,381 million for the 12 months ended September 30, 2001 and approximately $1,366 million for the 12 months ended December 31, 2001.

BCE Inc.'s earnings before interest, income tax and non-controlling interest for the 12 months ended December 31, 2000 were $7,669 million, which is 5.76 times BCE Inc.'s aggregate preferred dividend and interest requirements for this period. BCE Inc.'s earnings before interest, income tax and non-controlling interest for the 12 months ended September 30, 2001 were $4,421 million, which is 2.86 times BCE Inc.'s aggregate preferred dividend and interest requirements for this period. BCE Inc.'s earnings before interest, income tax and non-controlling interest for the 12 months ended December 31, 2001 were $3,316 million, which is 2.18 times BCE Inc.'s aggregate preferred dividend and interest requirements for this period.

BCE Inc.'s earnings before interest, income tax, non-controlling interest and discontinued operations for the 12 months ended December 31, 2000 were $3,694 million, which is 2.77 times BCE Inc.'s aggregate preferred dividend and interest requirements for this period. BCE Inc.'s earnings before interest, income tax, non-controlling interest and discontinued operations for the 12 months ended September 30, 2001 were $6,926 million, which is 4.48 times BCE Inc.'s aggregate preferred dividend and interest requirements for this period. BCE Inc.'s earnings before interest, income tax, non-controlling interest and discontinued operations for the 12 months ended December 31, 2001 were $5,212 million, which is 3.42 times BCE Inc.'s aggregate preferred dividend and interest requirements for this period.

PLAN OF DISTRIBUTION

Under an agreement dated February 4, 2002 (the **''Underwriting Agreement''**) between BCE Inc. and TD Securities Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., Scotia Capital Inc., HSBC Securities (Canada) Inc. and Merrill Lynch Canada Inc. as underwriters (the **''Underwriters''**), BCE Inc. has agreed to sell and the Underwriters have agreed to purchase on March 1, 2002, or on such later date as may be agreed upon, but in any event not later than March 26, 2002, all but not less than all of the 8,000,000 Series AA Preferred Shares offered to the public hereby at a price of $25.50 per share, payable in cash to BCE Inc. against delivery of the Series AA Preferred Shares, and BCE Inc. has agreed to pay the Underwriters a fee equal to $0.255 per Series AA Preferred Share sold to certain institutions and $0.765 per share for all other Series AA Preferred Shares purchased by the Underwriters. All fees payable to the Underwriters will be paid on account of services rendered in connection with the offering and will be paid out of the general funds of BCE Inc.

The obligations of the Underwriters under the Underwriting Agreement may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated by them or BCE Inc. upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all the Series AA Preferred Shares if any Series AA Preferred Shares are purchased under the Underwriting Agreement.

On February 4, 2002, the holders of the 12,000,000 Series W Preferred Shares outstanding granted to BCE Inc. an option to purchase all of such Series W Preferred Shares (the **''Option''**) at a price of $25.50 per share. The exercise of the Option by BCE Inc. is conditional upon the investment by such holders of the proceeds to be received from BCE Inc. as consideration for the sale of the Series W Preferred Shares, upon the exercise of the Option by BCE Inc., in an equal number of Series AA Preferred Shares to be issued by BCE Inc. at the price of $25.50 per share. Should BCE Inc. elect to exercise the Option, it is currently expected that such exercise would be effective as of the date of closing of the issue to the public of the 8,000,000 Series AA Preferred Shares. In addition to the 8,000,000 Series AA Preferred Shares to be issued to the public by BCE Inc., this short form prospectus also qualifies the 12,000,000 Series AA Preferred Shares that would be issued to the holders of the Series W Preferred Shares if BCE Inc. exercises the Option. However, there is no assurance that all or part of such 12,000,000 Series AA Preferred Shares will be so issued and the issuance of any of such shares is not a condition of closing of the issue to the public of the 8,000,000 Series AA Preferred Shares also qualified by this short form prospectus. No underwriting fee will be paid to the Underwriters by BCE Inc. in respect of the issue of the Series AA Preferred Shares to such parties.

The Series AA Preferred Shares have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the **''Securities Act''**) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Each Underwriter has agreed that, except as permitted by the Underwriting Agreement, it will not offer, sell or deliver the Series AA Preferred Shares, (i) as part of their distribution at anytime or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Series AA Preferred Shares during the restricted period a confirmation or other notice setting forth the restrictions on offers and sales of the Series AA Preferred Shares within the United States or to, or for the account or benefit of, U.S. persons. In addition, until 40 days after the commencement of the offering, an offer or sale of Series AA Preferred Shares within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In connection with this offering and subject to the foregoing and to applicable law, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series AA Preferred Shares at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

CONSOLIDATED CAPITALIZATION

The following table sets out the share and loan capital of BCE Inc. as at December 31, 2000:

		As at December 31, 2000
		($ millions)
Long-term debt(1)		14,615
Non-controlling interest		3,764
Shareholders' Equity	— Preferred shares	1,300
	— Common shares	13,833
	— Contributed surplus	985
	— Currency translation adjustment	(178)
	— Retained earnings	1,521

(1) Includes current portion of long-term debt due within one year of $571 million at December 31, 2000.

Subsequent to December 31, 2000, **''Long-term debt''** includes: the issuance by Bell Canada of $400 million of 6.25% Series M-10 Debentures on January 18, 2001, $300 million of additional 6.25% Series M-10 Debentures on February 28, 2001, $200 million of Floating Rate Series M-9 Debentures on March 16, 2001, $200 million of 7.85% Series M-11 Debentures on April 2, 2001, $250 million of 6.90% Series M-12 Debentures on July 16, 2001, $250 million of 6.15% Series M-2 Debentures on September 4, 2001, $200 million of additional 7.85% Series M-11 Debentures on October 30, 2001 and $500 million of 6.25% Series M-13 Debentures on January 15, 2002; the issuance by Aliant Inc. of $150 million of 6.80% Series 4 Notes on May 11, 2001 and $100 million of 5.35% Medium Term Notes on January 15, 2002; the issuance by Telesat of 8.20% Series 2001 Notes on November 8, 2001; the repayment by Bell Canada of $150 million of 7.25% Series EY Debentures on June 13, 2001 and $125 million of 10.875% Series DP Debentures on June 15, 2001; and the repayment by Aliant Inc. of $55 million of 7.35% Series AH Debentures on July 23, 2001, $50 million of 10.25% Series AC Mortgage Bonds on August 2, 2001, and $30 million of 10.00% Series T Debentures on September 24, 2001. Subsequent to December 31, 2000 and subject to the exercise of the Option by BCE Inc., **''Shareholders' Equity''** includes the repurchase of all of the Series W Preferred Shares and the issuance of $510,000,000 of Series AA Preferred Shares contemplated by this short form prospectus expected to take place on March 1, 2002.

DESCRIPTION OF SHARE CAPITAL

The articles of BCE Inc. 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, an unlimited number of First Preferred Shares issuable in series, and an unlimited number of Second Preferred Shares issuable in series, 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 BCE Inc. are entitled to vote. Subject to the rights, privileges, restrictions and conditions attaching to any other class or series of shares of BCE Inc., holders of Common Shares are entitled to receive such dividends payable in money, property, or by the issue of fully paid shares of BCE Inc. as may be declared by its board of directors, and they are also entitled to receive the remaining property of BCE Inc. upon liquidation, dissolution or winding-up. Holders of Common Shares have no pre-emptive, redemption or conversion rights. All outstanding Common Shares of BCE Inc. are fully paid and non-assessable.

First Preferred Shares

The board of directors of BCE Inc. 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 BCE Inc. 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 BCE Inc. 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 incorporation of BCE Inc. 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 outstanding are entitled to one vote in respect of each First Preferred Share held. BCE Inc. 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 BCE Inc. 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.

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 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 BCE Inc., holders of Class B Shares are entitled to receive such dividends payable in money, property, or by the issue of fully paid shares of BCE Inc. 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 BCE Inc. 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.

DETAILS OF THE OFFERING

General

On January 23, 2002, the board of directors of BCE Inc. authorized the creation of 20,000,000 Series AA Preferred Shares and 20,000,000 Series AB Preferred Shares of BCE Inc. The Series AA Preferred Shares offered hereby and the Series AB Preferred Shares will have attached thereto the series provisions summarized below. BCE Inc. will furnish upon request a copy of the text of the provisions attaching to the Series AA Preferred Shares and the Series AB Preferred Shares.

20,000,000 of the Series AA Preferred Shares are issuable immediately and 20,000,000 of the Series AB Preferred Shares are issuable upon conversion of such Series AA Preferred Shares.

Details of the Series AA Preferred Shares

Definition of Terms

The following definitions are relevant to the Series AA Preferred Shares:

''Dividend Payment Date'' means the first day of each of March, June, September and December in each year and the first Dividend Payment Date shall be June 1, 2002.

''Government of Canada Yield'' on any date means the average of the yields determined by two registered Canadian investment dealers, selected by BCE Inc., as being the yield to maturity on such date compounded semi-annually and calculated in accordance with generally accepted financial practice, which a non-callable Government of Canada Bond would carry, if issued in Canadian dollars in Canada at 100% of its principal amount on such date with a term to maturity of five years.

''Subsequent Fixed Rate Period'' means for the initial Subsequent Fixed Rate Period, the period commencing on September 1, 2007 and ending on and including August 31, 2012 and for each succeeding Subsequent Fixed Rate

Period, the period commencing on the day immediately following the end of the immediately preceding Fixed Rate Period and ending on and including August 31 in the fifth year thereafter.

Dividends

Until September 1, 2007, the holders of the Series AA Preferred Shares will be entitled to receive fixed cumulative preferred cash dividends, as and when declared by the board of directors of BCE Inc., in an annual amount equal to $1.3625 per share which will accrue from the date of issue and will be payable quarterly on each Dividend Payment Date. Assuming an issue date of March 1, 2002, the initial dividend, if declared, will be payable on June 1, 2002, and will amount to $0.340625 per share.

From September 1, 2007, the holders of Series AA Preferred Shares will be entitled to receive fixed cumulative preferred cash dividends as and when declared by the board of directors of BCE Inc., in the amount per share per annum determined by multiplying the annual dividend rate by $25.00, payable quarterly on each Dividend Payment Date.

BCE Inc. shall determine on the 25th day prior to the first day of each Subsequent Fixed Rate Period, the annual dividend rate for each Subsequent Fixed Rate Period, which annual dividend rate shall not be less than 80% of the Government of Canada Yield in effect at 10:00 A.M. (Montréal time) on the said 25th day prior to the first day of each Subsequent Fixed Rate Period and give notice thereof: (i) within one (1) business day to all stock exchanges in Canada on which the Series AA Preferred Shares are listed for trading or if the Series AA Preferred Shares are not listed on a stock exchange in Canada, to the Investment Dealers Association of Canada; and (ii) within three (3) business days to the holders of the Series AA Preferred Shares by publication once in the national edition of The Globe and Mail in the English language and once in the City of Montréal in both the French and English languages in a daily newspaper of general circulation in Montréal; provided that if any such newspaper is not being generally circulated at that time, such notice shall be published in another equivalent publication.

Redemption

The Series AA Preferred Shares will not be redeemable prior to September 1, 2007. The Series AA Preferred Shares will be redeemable at the option of BCE Inc., in whole but not in part, subject to applicable law and to **''Restrictions on Dividends and Retirement of Shares''**, on September 1, 2007 or on September 1 in every fifth year thereafter at $25.00 per share, plus an amount equal to all accrued and unpaid dividends up to but excluding the date of redemption. Notice of the redemption will be given by BCE Inc. not less than 45 days nor more than 60 days prior to the date fixed for redemption.

Conversion of Series AA Preferred Shares into Series AB Preferred Shares

Holders of Series AA Preferred Shares shall have the right, at their option, on September 1, 2007 and on September 1 in every fifth year thereafter (a **''Series AA Conversion Date''**), to convert, subject to the terms and conditions attaching to such shares, all or any Series AA Preferred Shares registered in their name into Series AB Preferred Shares of BCE Inc. on the basis of one Series AB Preferred Share for each Series AA Preferred Share. The conversion of Series AA Preferred Shares may be effected by surrender of the certificate(s) representing the same not earlier than 45 days prior to the Series AA Conversion Date but not later than the close of business on the 10th day preceding the Series AA Conversion Date at any office of any transfer agent of BCE Inc. at which the Series AA Preferred Shares are transferable accompanied by payment or evidence of payment of the tax (if any) payable, as provided in the terms and conditions attaching to the Series AA Preferred Shares, and a written instrument of surrender in form satisfactory to BCE Inc. duly executed by the holder or his attorney authorized in writing.

BCE Inc. shall, not less than 45 days nor more than 60 days prior to the applicable Series AA Conversion Date, give notice in writing to the then holders of the Series AA Preferred Shares of the above-mentioned conversion right.

Holders of Series AA Preferred Shares shall not be entitled to convert their shares into Series AB Preferred Shares if, following the close of business on the 10th day preceding a Series AA Conversion Date, BCE Inc. determines that there would remain outstanding on a Series AA Conversion Date less than 2,500,000 Series AB Preferred Shares, after having taken into account all Series AA Preferred Shares tendered for conversion into Series AB Preferred Shares and all Series AB Preferred Shares tendered for conversion into Series AA Preferred Shares. BCE Inc. shall give notice in writing thereof to all the affected holders of the Series AA Preferred Shares prior to the applicable Series AA Conversion Date and will issue and deliver, prior to such Series AA Conversion Date, to the holders of Series AA

Preferred Shares who have tendered Series AA Preferred Shares for conversion, new certificates evidencing the Series AA Preferred Shares tendered for conversion. Furthermore, if following the close of business on the 10th day preceding a Series AA Conversion Date BCE Inc. determines that there would remain outstanding on a Series AA Conversion Date less than 2,500,000 Series AA Preferred Shares after having taken into account all Series AA Preferred Shares tendered for conversion into Series AB Preferred Shares and all Series AB Preferred Shares tendered for conversion into Series AA Preferred Shares then, all, but not part, of the remaining outstanding Series AA Preferred Shares shall automatically be converted into Series AB Preferred Shares on the basis of one Series AB Preferred Share for each Series AA Preferred Share on the applicable Series AA Conversion Date and BCE Inc. shall give notice in writing thereof to the holders of such remaining Series AA Preferred Shares prior to the Series AA Conversion Date.

If BCE Inc. gives notice to the holders of the Series AA Preferred Shares of the redemption on a Series AA Conversion Date of all the Series AA Preferred Shares, BCE Inc. shall not be required to give notice as provided hereunder to the holders of the Series AA Preferred Shares of the conversion right of holders of Series AA Preferred Shares and the right of any holder of Series AA Preferred Shares to convert such Series AA Preferred Shares shall cease and terminate in that event.

Purchase for Cancellation

BCE Inc. may at any time purchase for cancellation all or any part of the Series AA Preferred Shares in the open market through or from an investment dealer or any firm holding membership on a recognized stock exchange, or by private agreement or otherwise, at the lowest price or prices at which in the opinion of the Board of Directors of BCE Inc. such shares are obtainable.

Restrictions on Dividends and Retirement of Shares

BCE Inc. will not, without the approval of the holders of outstanding Series AA Preferred Shares:

(a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of BCE Inc. ranking junior to Series AA Preferred Shares) on the Common Shares or any other shares of BCE Inc. ranking junior to the Series AA Preferred Shares;

(b) redeem, purchase or otherwise retire or make any capital distribution on or in respect of the Common Shares or any other shares of BCE Inc. ranking junior to the Series AA Preferred Shares (except out of the net cash proceeds of a substantially concurrent issue of shares of BCE Inc. ranking junior to the Series AA Preferred Shares);

(c) purchase or otherwise retire less than all the Series AA Preferred Shares then outstanding; or

(d) redeem, purchase or otherwise retire (except in connection with the exercise of any retraction privilege or mandatory redemption obligation attaching thereto) any other shares of BCE Inc. ranking on a parity with the Series AA Preferred Shares;

unless, in each such case, all cumulative dividends on outstanding Series AA Preferred Shares accrued up to and including the dividend payable for the last completed period for which dividends were payable shall have been declared and paid. Any approval of the holders of the Series AA Preferred Shares required with respect to the foregoing may be given by the affirmative vote of the holders of the majority of the shares represented at a meeting, or adjourned meeting, of the holders of Series AA Preferred Shares duly called for the purpose and at which a quorum is present.

Rights on Liquidation

In the event of any liquidation, dissolution or winding-up of BCE Inc., or any other distribution of assets of BCE Inc. for the purposes of winding up its affairs, the holders of the Series AA Preferred Shares will be entitled to receive $25.00 per Series AA Preferred Share plus an amount equal to all accrued and unpaid dividends up to but excluding the date of payment or distribution before any payment or distribution is made to the holders of the Common Shares or any other shares of BCE Inc. ranking junior to the Series AA Preferred Shares. Upon payment of such amounts, the holders of the Series AA Preferred Shares will not be entitled to share in any further distribution of assets of BCE Inc.

Voting Rights

The holders of Series AA Preferred Shares will not be entitled (except as otherwise provided by law) to receive notice of, attend, or vote at, any meeting of the shareholders of BCE Inc. unless BCE Inc. shall have failed to pay eight dividends on the Series AA Preferred Shares, whether or not consecutive. In that event, and for only so long as any such dividends remain in arrears, the holders of Series AA Preferred Shares will be entitled to receive notice of and to attend all shareholders' meetings which take place more than sixty (60) days after the date on which the failure first occurred, and to one vote for each share held, except meetings at which only holders of another specified class or series are entitled to vote.

In connection with any action to be taken by BCE Inc. which requires the approval of the holders of Series AA Preferred Shares voting as a series or as part of the class, each such share shall entitle the holder thereof to one vote.

Tax Election

BCE Inc. will elect, in the manner and within the time provided under Part VI.1 of the *Income Tax Act* (Canada), to pay tax at a rate such that holders of Series AA Preferred Shares will not be required to pay tax on dividends received on the Series AA Preferred Shares under Part IV.1 of such Act.

Modification

The provisions attaching to the Series AA Preferred Shares as a series may be repealed, altered, modified or amended with such approvals 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 Series AA Preferred Shares duly called for the purpose and at which a quorum is present. The provisions relating to the Series AA Preferred Shares shall not be amended or otherwise changed unless, contemporaneously therewith, the provisions relating to the Series AB Preferred Shares are, to the extent deemed required by BCE Inc., amended or otherwise changed in the same proportion and in the same manner.

Details of the Series AB Preferred Shares

Definition of Terms

The following definitions are relevant to the Series AB Preferred Shares:

''Banks'' means any two of Royal Bank of Canada, Bank of Montreal, The Bank of Nova Scotia, The Toronto-Dominion Bank and Canadian Imperial Bank of Commerce and any successor of any of them as may be designated from time to time by BCE Inc. by notice given to the transfer agent for the Series AB Preferred Shares, such notice to take effect on, and to be given at least two (2) business days prior to, the commencement of a particular Dividend Period and, until such notice is first given, means Royal Bank of Canada and The Toronto-Dominion Bank.

''Calculated Trading Price'' for any month means:

(a) the aggregate of the Daily Adjusted Trading Value for all Trading Days in such Month;

divided by

(b) the aggregate of the Daily Trading Volume for all Trading Days in such Month.

''Daily Accrued Dividend Deduction'' for any Trading Day means:

(a) the product obtained by multiplying the dividend on a Series AB Preferred Share applicable in respect of the Month in which the Trading Day falls by the number of days elapsed from but excluding the day prior to the Ex-Dividend Date immediately preceding such Trading Day to and including such Trading Day (or if such Trading Day is an Ex-Dividend Date, by one (1) day);

divided by

(b) the number of days from and including such Ex-Dividend Date to but excluding the following Ex-Dividend Date.

''Daily Adjusted Trading Value'' for any Trading Day means:

(a) the aggregate dollar value of all transactions of Series AB Preferred Shares on the Exchange (made on the basis of the normal settlement period in effect on the Exchange) occurring during such Trading Day;

less

(b) the Daily Trading Volume for such Trading Day multiplied by the Daily Accrued Dividend Deduction for such Trading Day.

''Daily Trading Volume'' for any Trading Day means the aggregate number of Series AB Preferred Shares traded in all transactions (made on the basis of the normal settlement period in effect on the Exchange) occurring during such Trading Day on the Exchange.

''Deemed Record Date'' means the last Trading Day of a month with respect to which no dividend is declared by the board of directors of BCE Inc.

''Dividend Period'' means a Month.

''Exchange'' means The Toronto Stock Exchange or such other exchange or trading market in Canada as may be determined from time to time by BCE Inc. as being the principal trading market for the Series AB Preferred Shares.

''Ex-Dividend Date'' means:

(a) the Trading Day which, under the rules or normal practices of the Exchange, is designated or recognized as the Ex-Dividend Date relative to any dividend record date for the Series AB Preferred Shares; or

(b) if the board of directors of BCE Inc. fails to declare a dividend in respect of a Month, the Trading Day which, under the rules or normal practices of the Exchange, would be recognized as the Ex-Dividend Date relative to any Deemed Record Date for the Series AB Preferred Shares.

''Month'' means a calendar month.

''Prime'' for a Month means the average (rounded to the nearest one-thousandth (1/1000) of one percent (0.001%)) of the Prime Rate in effect on each day of such Month.

''Prime Rate'' for any day means the average (rounded to the nearest one-thousandth (1/1000) of one percent (0.001%)) of the annual rates of interest announced from time to time by the Banks as the reference rates then in effect for such day for determining interest rates on Canadian dollar commercial loans made to prime commercial borrowers in Canada. If one of the Banks does not have such an interest rate in effect on a day, the Prime Rate for such day shall be such interest rate in effect for that day of the other Bank; if both Banks do not have such an interest rate in effect on a day, the Prime Rate for that day shall be equal to one and a half percent (1.5%) per annum plus the average yield expressed as a percentage per annum on 91-day Government of Canada Treasury Bills, as reported by the Bank of Canada, for the weekly tender for the week immediately preceding that day; and if both of such Banks do not have such an interest rate in effect on a day and the Bank of Canada does not report such average yield per annum, the Prime rate for that day shall be equal to the Prime Rate for the next preceding day. The Prime Rate and Prime shall be determined from time to time by an officer of BCE Inc. from quotations supplied by the Banks or otherwise publicly available. Such determination shall, in the absence of manifest error, be final and binding upon BCE Inc. and upon all holders of Series AB Preferred Shares.

''Trading Day'' means a day on which the Exchange is open for trading or, in any other case, a business day.

Dividends

The holders of the Series AB Preferred Shares will be entitled to receive floating adjustable cumulative preferred cash dividends, as and when declared by the board of directors of BCE Inc., which will be payable on the twelfth day of each Month commencing with the Month immediately following the date of issue of the Series AB Preferred Shares. The annual floating dividend rate for the first Month will be equal to 80% of Prime. The dividend rate will float in relation to changes in Prime and will be adjusted upwards or downwards on a monthly basis by an adjustment factor (the **''Adjustment Factor''**) whenever the Calculated Trading Price of the Series AB Preferred Shares is $24.875 or less or $25.125 or more respectively. The maximum monthly adjustment for changes in the Calculated Trading Price will be +/-4.00% of Prime. The annual floating dividend rate applicable for a Month will in no event be less than 50% of Prime or be greater than Prime.

The Adjustment Factor for a Month will be based on the Calculated Trading Price of the Series AB Preferred Shares for the preceding Month determined in accordance with the following table:

If the Calculated Trading Price for the Preceding Month is	The Adjustment Factor as a Percentage of Prime shall be
$25.50 or more	–4.00%
$25.375 and less than $25.50	–3.00%
$25.25 and less than $25.375	–2.00%
$25.125 and less than $25.25	–1.00%
Greater than $24.875 and less than $25.125	nil
Greater than $24.75 to $24.875	1.00%
Greater than $24.625 to $24.75	2.00%
Greater than $24.50 to $24.625	3.00%
$24.50 or less	4.00%

The maximum Adjustment Factor for any Month will be ±4.00% of Prime.

If in any Month there is no trade of at least a board lot of the Series AB Preferred Shares on the Exchange, the Adjustment Factor for the following Month will be nil.

The annual floating dividend rate for a Month will be calculated by BCE Inc. as promptly as practicable, and notice thereof will be given to each stock exchange on which the Series AB Preferred Shares are listed for trading.

Redemption

The Series AB Preferred Shares will be redeemable at the option of BCE Inc., subject to applicable law and to **''Restrictions on Dividends and Retirement of Shares''** at any time for cash, in whole but not in part, at BCE Inc.'s option, at $25.50 per share, plus an amount equal to all accrued and unpaid dividends up to but excluding the date of redemption. Notice of the redemption will be given by BCE Inc. not less than 45 days nor more than 60 days prior to the date fixed for redemption.

Conversion of Series AB Preferred Shares into Series AA Preferred Shares

Holders of Series AB Preferred Shares shall have the right, at their option, on September 1, 2012 and on September 1 in every fifth year thereafter (a **''Series AB Conversion Date''**), to convert, subject to the terms and conditions attaching to such shares, all or any Series AB Preferred Shares registered in their name into Series AA Preferred Shares of BCE Inc. on the basis of one Series AA Preferred Share for each Series AB Preferred Share. The conversion of Series AB Preferred Shares may be effected by surrender of the certificate(s) representing the same not earlier than 45 days prior to the Series AB Conversion Date but not later than the close of business on the 10th day preceding the Series AB Conversion Date at any office of any transfer agent of BCE Inc. at which the Series AB Preferred Shares are transferable accompanied by payment or evidence of payment of the tax (if any) payable, as provided in the terms and conditions attaching to the Series AB Preferred Shares, and a written instrument of surrender in form satisfactory to BCE Inc. duly executed by the holder or his attorney authorized in writing.

BCE Inc. shall, not less than 45 days nor more than 60 days prior to the applicable Series AB Conversion Date, give notice in writing to the then holders of the Series AB Preferred Shares of the above-mentioned conversion right. BCE Inc. shall also give notice as provided under **''Details of the Series AA Preferred Shares''** of the annual dividend rate applicable to the Series AA Preferred Shares for each Subsequent Fixed Rate Period (as previously defined under **''Details of the Series AA Preferred Shares''**).

Holders of Series AB Preferred Shares shall not be entitled to convert their shares into Series AA Preferred Shares if, following the close of business on the 10th day preceding a Series AB Conversion Date, BCE Inc. determines that there would remain outstanding on a Series AB Conversion Date less than 2,500,000 Series AA Preferred Shares, after having taken into account all Series AB Preferred Shares tendered for conversion into Series AA Preferred Shares and all Series AA Preferred Shares tendered for conversion into Series AB Preferred Shares. BCE Inc. shall give notice in writing thereof to all the affected holders of the Series AB Preferred Shares prior to the applicable Series AB Conversion Date and will issue and deliver, prior to such Series AB Conversion Date, to the holders of Series AB Preferred Shares who have tendered Series AB Preferred Shares for conversion, new certificates evidencing the Series AB Preferred Shares tendered for conversion. Furthermore, if following the close of business on the 10th day preceding a Series AB Conversion Date BCE Inc. determines that there would remain outstanding on a Series AB Conversion Date less than 2,500,000 Series AB Preferred Shares after having taken into account all Series AB Preferred Shares tendered for conversion into Series AA Preferred Shares and all Series AA Preferred Shares tendered for conversion into Series AB Preferred Shares then, all, but not part, of the remaining outstanding Series AB Preferred Shares shall automatically be converted into Series AA Preferred Shares on the basis of one Series AA Preferred Share for each Series AB Preferred Share on the applicable Series AB Conversion Date and BCE Inc. shall give notice in writing thereof to the holders of such remaining Series AB Preferred Shares prior to the Series AB Conversion Date.

If BCE Inc. gives notice to the holders of the Series AB Preferred Shares of the redemption on a Series AB Conversion Date of all the Series AB Preferred Shares, BCE Inc. shall not be required to give notice as provided hereunder to the holders of the Series AB Preferred Shares of the conversion right of holders of Series AB Preferred Shares and the right of any holder of Series AB Preferred Shares to convert such Series AB Preferred Shares shall cease and terminate in that event.

Purchase for Cancellation

BCE Inc. may at any time purchase for cancellation all or any part of the Series AB Preferred Shares in the open market through or from an investment dealer or any firm holding membership on a recognized stock exchange, or by private agreement or otherwise, at the lowest price or prices at which in the opinion of the Board of Directors of BCE Inc. such shares are obtainable.

Restrictions on Dividends and Retirement of Shares

BCE Inc. will not, without the approval of the holders of outstanding Series AB Preferred Shares:

(a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of BCE Inc. ranking junior to the Series AB Preferred shares) on the Common Shares or any other shares of BCE Inc. ranking junior to the Series AB Preferred Shares;

(b) redeem, purchase or otherwise retire or make any capital distribution on or in respect of the Common Shares or any other shares of BCE Inc. ranking junior to the Series AB Preferred Shares (except out of the net cash proceeds of a substantially concurrent issue of shares of BCE Inc. ranking junior to the Series AB Preferred Shares);

(c) purchase or otherwise retire less than all the Series AB Preferred Shares then outstanding; or

(d) redeem, purchase or otherwise retire (except in connection with the exercise of any retraction privilege or mandatory redemption obligation attaching thereto) any other shares of BCE Inc. ranking on a parity with the Series AB Preferred Shares;

unless, in each such case, all cumulative dividends on outstanding Series AB Preferred Shares accrued up to and including the dividend payable for the last completed period for which dividends were payable shall have been declared and paid. Any approval of the holders of the Series AB Preferred Shares required with respect to the foregoing may be given by the affirmative vote of the holders of the majority of the shares represented at a meeting, or adjourned meeting, of the holders of Series AB Preferred Shares duly called for the purpose and at which a quorum is present.

Rights on Liquidation

In the event of any liquidation, dissolution or winding-up of BCE Inc., or any other distribution of assets of BCE Inc. for the purposes of winding up its affairs, the holders of the Series AB Preferred Shares will be entitled to receive $25.00 per Series AB Preferred Share plus an amount equal to all accrued and unpaid dividends up to but excluding the date of payment or distribution before any payment or distribution is made to the holders of the Common Shares or any other shares of BCE Inc. ranking junior to the Series AB Preferred Shares. Upon payment of such amounts, the holders of the Series AB Preferred Shares will not be entitled to share in any further distribution of assets of BCE Inc.

Voting Rights

The holders of Series AB Preferred Shares will not be entitled (except as otherwise provided by law) to receive notice of, attend, or vote at, any meeting of the shareholders of BCE Inc. unless BCE Inc. shall have failed to pay eight dividends on the Series AB Preferred Shares, whether or not consecutive. In that event, and for only so long as any such dividends remain in arrears, the holders of Series AB Preferred Shares will be entitled to receive notice of and to attend all shareholders' meetings which take place more than sixty (60) days after the date on which the failure first occurred, and to one vote for each share held, except meetings at which only holders of another specified class or series are entitled to vote.

In connection with any action to be taken by BCE Inc. which requires the approval of the holders of Series AB Preferred Shares voting as a series or as part of the class, each such share shall entitle the holder thereof to one vote.

Tax Election

BCE Inc. will elect, in the manner and within the time provided under Part VI.1 of the *Income Tax Act* (Canada), to pay tax at a rate such that holders of Series AB Preferred Shares will not be required to pay tax on dividends received on the Series AB Preferred Shares under Part IV.1 of such Act.

Modification

The provisions attaching to the Series AB Preferred Shares as a series may be repealed, altered, modified or amended with such approvals 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 Series AB Preferred Shares duly called for the purpose and at which a quorum is present. The provisions relating to the Series AB Preferred Shares shall not be amended or otherwise changed unless, contemporaneously therewith, the provisions relating to the Series AA Preferred Shares are, to the extent deemed required by BCE Inc., amended or otherwise changed in the same proportion and in the same manner.

RISK FACTORS

The purchase of the Series AA Preferred Shares offered hereby involves certain risks which prospective purchasers should take into consideration when making a decision to purchase Series AA Preferred Shares. These risk factors have been disclosed in the Safe Harbor Notice, under the heading **''Risk Factors''**, which has been incorporated by reference into this short form prospectus.

In addition, there is no assurance that any credit rating assigned to the Series AA Preferred Shares issued hereunder will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. A lowering or withdrawal of such rating may have an adverse effect on the market value of the Series AA Preferred Shares.

RATINGS

The Series AA Preferred Shares are rated Pfd-2 (high) by Dominion Bond Rating Service Limited (**''DBRS''**), the second of the six standard categories used by DBRS for preferred shares. The Series AA Preferred Shares are rated P-1 (Low) by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. (**''S&P''**), the highest of the eight standard categories used by S&P for preferred shares.

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities. Ratings for preferred shares range from **''Pfd-1 (high)''** from DBRS and **''P-1 (High)''** from S&P, which represent the highest quality of securities, to **''D''** from DBRS and S&P, which represent the lowest quality of securities rated. The Pfd-2 (high) rating for the Series AA Preferred Shares is the highest of the three sub-categories within the second of the six standard categories of DBRS and the P-1 (Low) rating is the lowest of the three sub-categories within the highest of the eight standard categories of ratings granted by S&P in the Canadian market. Each rating should be evaluated independently of any other rating. The credit ratings accorded to the Series AA Preferred Shares by the rating agencies are not recommendations to purchase, hold or sell Series AA 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.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Ms. Martine Turcotte and Mr. Marc J. Ryan, Chief Legal Officer and Corporate Secretary, respectively, of BCE Inc., and of Borden Ladner Gervais LLP, Montreal, at the time of issue, the following is a general summary of the principal Canadian federal income tax considerations generally applicable to a prospective purchaser who, within the meaning of the *Income Tax Act* (Canada) (the **''Act''**), is resident in Canada and will hold Series AA

Preferred Shares or Series AB Preferred Shares, as the case may be, as capital property and deals at arm's length with BCE Inc. Under the Act, shares, including the Series AA Preferred Shares and Series AB Preferred Shares issued upon conversion of Series AA Preferred Shares, acquired by certain holders, including **''restricted financial institutions''** (as defined in the Act), registered or licensed investment dealers or corporations controlled by one or more of the foregoing, will generally not be held as capital property by such holders and will be subject to special **''mark-to-market''** rules.

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 purchaser. Accordingly, prospective purchasers are urged to consult their own tax advisors with respect to their particular circumstances.

This summary is based upon the current provisions of the Act, the regulations thereunder, all specific proposals to amend the Act and the regulations publicly announced by the Minister of Finance prior to the date hereof and the administrative practices published by Canada Customs and Revenue Agency. This summary does not otherwise take into account any changes in law, whether by legislative, governmental or judicial decision or action, nor does it take into account or consider any provincial, territorial or foreign income tax considerations.

Taxation of Dividends

Dividends (including deemed dividends) received on the Series AA Preferred Shares and Series AB Preferred Shares by an individual will be included in the individual's income and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations.

Dividends (including deemed dividends) received on the Series AA Preferred Shares and Series AB Preferred Shares by a corporation other than a **''specified financial institution''**, as defined in the Act, will be included in computing the corporation's income and will generally be deductible in computing the taxable income of the corporation.

Dividends (including deemed dividends) received on the Series AA Preferred Shares and Series AB Preferred Shares by a corporation that is a **''specified financial institution''**, within the meaning of the Act, will be included in computing the corporation's income and will generally be deductible in computing the corporation's taxable income, provided the Series AA Preferred Shares and Series AB Preferred Shares are not **''term preferred shares''** within the meaning of the Act at the time the dividend is paid. A share may be considered a term preferred share if, as a consequence of its terms or conditions, the issuing corporation or any person related thereto or any partnership or trust of which the issuing corporation or a person related thereto is a member or beneficiary ''may reasonably be expected at any time to redeem, acquire or cancel, in whole or in part, the share or reduce its paid-up capital''. TD Securities Inc., has delivered its opinion of even date herewith that the terms and conditions of the Series AA Preferred Shares and Series AB Preferred Shares are not such that, as a consequence of such terms and conditions, BCE Inc. or a person related thereto or any partnership or trust of which BCE Inc. or a person related thereto is a member or beneficiary may reasonably be expected at any time to redeem, acquire or cancel, in whole or in part, any of the Series AA Preferred Shares and Series AB Preferred Shares or to reduce their paid-up capital. Based and relying, in part, on such opinion, the Series AA Preferred Shares and Series AB Preferred Shares will not be, in the opinion of counsel, term preferred shares.

A private corporation, as defined in the Act, or any other corporation controlled by or for the benefit of an individual or a related group of individuals, will generally be liable to pay a 33⅓% refundable tax under Part IV of the Act on dividends received (or deemed to be received) on the Series AA Preferred Shares and Series AB Preferred Shares to the extent such dividends are deductible in computing its taxable income.

The Series AA Preferred Shares and Series AB Preferred Shares are **''taxable preferred shares''** as defined in the Act. The terms of the Series AA Preferred Shares and Series AB Preferred Shares require BCE Inc. to make the necessary election under Part VI.1 of the Act so that corporate shareholders will not be subject to tax under Part IV.1 of the Act on dividends paid (or deemed to be paid) by BCE Inc. on the Series AA Preferred Shares and Series AB Preferred Shares. Consequently, provided that such election is made, dividends on the Series AA Preferred Shares and Series AB Preferred Shares received (or deemed to be received) by corporations, including **''specified financial institutions''**, will not be subject to the 10% tax payable under Part IV.1 of the Act.

Disposition of Series AA Preferred Shares and Series AB Preferred Shares

A holder who disposes of or is deemed to dispose of Series AA Preferred Shares and/or Series AB Preferred Shares will generally realize a capital gain (or sustain a capital loss) to the extent that the holder's proceeds of disposition, net of any costs of disposition, exceed (or are less than) the adjusted cost base of such shares to the holder. If the holder is a corporation, any capital loss may in certain circumstances be reduced by the amount of certain dividends, including certain deemed dividends, which have been received on the Series AA Preferred Shares and/or Series AB Preferred Shares. Analogous rules apply to a partnership or trust of which a corporation is a member or beneficiary.

Redemption of Series AA Preferred Shares and Series AB Preferred Shares

If BCE Inc. redeems Series AA Preferred Shares and/or Series AB Preferred Shares, or otherwise acquires or cancels Series AA Preferred Shares and/or Series AB Preferred Shares (other than by a purchase in the open market in the manner in which shares are normally purchased by any 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 BCE Inc. in excess of the paid-up capital of such shares at such time as computed for purposes of the Act. The amount of any such deemed dividend will generally not be included in computing the holder's proceeds of disposition for purposes of computing the capital gain or loss arising on disposition of such Series AA Preferred Shares and/or Series AB Preferred Shares. In the case of a corporate holder, it is possible that in certain circumstances all or part of any such deemed dividend may be treated as proceeds of disposition and not as a dividend.

Conversion of Series AA Preferred Shares and Series AB Preferred Shares

The conversion of the Series AA Preferred Shares into Series AB Preferred Shares and of the Series AB Preferred Shares into Series AA Preferred Shares will not constitute a disposition thereof and the cost to the holder of the Series AB Preferred Shares or Series AA Preferred Shares, as the case may be, acquired on the conversion will be the adjusted cost base to the holder of the converted Series AA Preferred Shares or Series AB Preferred Shares, as the case may be, immediately before the conversion.

ELIGIBILITY FOR INVESTMENT

In the opinion of Ms. Martine Turcotte and Mr. Marc J. Ryan, Chief Legal Officer and Corporate Secretary, respectively, of BCE Inc., and Borden Ladner Gervais LLP, Montreal, the Series AA Preferred Shares will, at the time of issue, qualify as investments under the *Income Tax Act* (Canada) for trusts governed by a registered retirement savings plan, a registered retirement income fund or a deferred profit sharing plan under the *Income Tax Act* (Canada).

LEGAL MATTERS

Legal matters in connection with the issuance of the Series AA Preferred Shares have been passed upon on behalf of BCE Inc. by Ms. Martine Turcotte and Mr. Marc J. Ryan, Chief Legal Officer and Corporate Secretary, respectively, of BCE Inc., and on behalf of the Underwriters by Borden Ladner Gervais LLP, Montréal.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Series AA Preferred Shares offered hereunder is Computershare Trust Company of Canada at its principal offices in Montréal and Toronto.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission 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 adviser.

BCE INC.
FOURTH QUARTER AND ANNUAL 2001 UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Operations (unaudited)

For the period ended December 31	Three months 2001	Three months 2000	Twelve months 2001	Twelve months 2000
	($ millions, except per share amounts)			
Operating revenues	5,748	4,870	21,711	17,432
Operating expenses	(3,857)	(3,132)	(14,244)	(10,646)
Amortization expense	(1,188)	(1,093)	(4,691)	(3,631)
Net benefit plans credit	30	29	121	109
Restructuring and other charges (Note 2)	(808)	—	(1,177)	—
Operating income (loss)	(75)	674	1,720	3,264
Other income (expense) (Note 3)	73	90	3,854	(189)
Earnings (loss) from continuing operations before the under-noted items	(2)	764	5,574	3,075
Interest expense — long-term debt	(309)	(324)	(1,205)	(1,003)
— other debt	(97)	(26)	(362)	(258)
Total interest expense	(406)	(350)	(1,567)	(1,261)
Earnings (loss) from continuing operations before income taxes and non-controlling interest	(408)	414	4,007	1,814
Income taxes	45	(353)	(1,556)	(1,323)
Non-controlling interest	51	(39)	(32)	(179)
Earnings (loss) from continuing operations	(312)	22	2,419	312
Discontinued operations (Note 4)	—	(35)	(1,896)	4,549
Net earnings (loss)	(312)	(13)	523	4,861
Dividends on preferred shares	(14)	(18)	(64)	(79)
Net earnings (loss) applicable to common shares	(326)	(31)	459	4,782
Net earnings (loss) per common share — basic (Note 5)				
Continuing operations	(0.40)	0.01	2.92	0.35
Net earnings (loss)	(0.40)	(0.04)	0.57	7.43
Net earnings (loss) per common share — diluted (Note 5)				
Continuing operations	(0.40)	—	2.89	0.32
Net earnings (loss)	(0.40)	(0.05)	0.56	7.04
Dividends per common share	0.30	0.30	1.20	1.24
Average number of common shares outstanding (millions)	808.5	746.1	807.9	670.0

Consolidated Statements of Retained Earnings (unaudited)

For the period ended December 31	Three months 2001	Three months 2000	Twelve months 2001	Twelve months 2000
	($ millions)			
Balance at beginning of period	1,456	2,006	1,521	7,894
Net earnings (loss)	(312)	(13)	523	4,861
Dividends — Preferred shares	(14)	(18)	(64)	(79)
— Common shares	(242)	(243)	(969)	(849)
— Distribution of Nortel Networks common shares	—	—	—	(10,114)
	(256)	(261)	(1,033)	(11,042)
Premium on redemption of common shares	—	(216)	(108)	(216)
Other	15	5	—	24
Balance at end of period	903	1,521	903	1,521

Consolidated Balance Sheets (unaudited)

	December 31 2001	December 31 2000
	($ millions)	
ASSETS		
Current assets		
Cash and cash equivalents[(1)]	569	260
Accounts receivable	4,118	4,344
Other current assets	1,213	2,096
Total current assets	5,900	6,700
Investments in significantly influenced and other companies	1,106	1,648
Capital assets	26,599	22,301
Future income taxes	1,004	1,117
Deferred charges and other assets	3,651	3,313
Goodwill	16,075	16,304
Total assets	54,335	51,383
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	5,792	5,486
Income and other taxes payable	681	144
Debt due within one year	4,942	5,884
Total current liabilities	11,415	11,514
Long-term debt	15,182	14,044
Future income taxes	924	715
Other long-term liabilities	4,129	3,885
Total liabilities	31,650	30,158
Non-controlling interest	5,695	3,764
SHAREHOLDERS' EQUITY		
Preferred shares	1,300	1,300
Common shareholders' equity		
Common shares[(2)]	13,827	13,833
Contributed surplus[(3)]	980	985
Retained earnings	903	1,521
Currency translation adjustment	(20)	(178)
Total common shareholders' equity	15,690	16,161
Total shareholders' equity	16,990	17,461
Total liabilities and shareholders' equity	54,335	51,383

(1) Cash and cash equivalents include $233 million of restricted cash. This amount represents BCE's share of Telecom Américas Ltd. (Telecom Américas) cash used by it to collateralize short-term bank loans of certain of its subsidiaries.

(2) At December 31, 2001, 808,514,211 (809,861,531 at December 31, 2000) BCE Inc. common shares and 18,527,376 (9,114,695 at December 31, 2000) BCE Inc. stock options were outstanding. The stock options were issued under BCE's Long-Term Incentive Stock Option Programs and are exercisable on a one-for-one basis for common shares of BCE Inc. Additionally, as a result of the acquisition of Teleglobe Inc. on November 1, 2000, Teleglobe Inc. stock option holders will receive, upon exercise of their stock options, 0.91 of a BCE Inc. common share for each Teleglobe Inc. stock option held. At December 31, 2001, the Teleglobe Inc. stock options outstanding were exercisable into 10,204,966 BCE Inc. common shares (18,934,537 at December 31, 2000).

(3) In 2001, the Corporation purchased and cancelled 4.5 million of its common shares for an aggregate price of $191 million.

Consolidated Statements of Cash Flows (unaudited)

For the period ended December 31	Three months 2001	Three months 2000	Twelve months 2001	Twelve months 2000
	($ millions)			
Cash flows from operating activities				
Earnings (loss) from continuing operations	(312)	22	2,419	312
Adjustments to reconcile earnings (loss) from continuing operations to cash flows from operating activities:				
Amortization expense	1,188	1,093	4,691	3,631
Restructuring and other charges	649	—	963	—
Gains on reduction of ownership in subsidiaries and joint ventures	(40)	55	(306)	1,168
Net gains on disposal of investments	(21)	(56)	(3,658)	(1,091)
Future income taxes	125	(89)	498	(139)
Other items	(243)	15	(508)	(93)
Change in non-cash working capital components	831	(618)	546	(1,473)
	2,177	422	4,645	2,315
Cash flows from investing activities				
Capital expenditures	(2,308)	(1,607)	(7,396)	(4,118)
Investments	(168)	(259)	(1,165)	(4,674)
Divestitures	141	250	4,961	717
Other items	(96)	(269)	246	(209)
	(2,431)	(1,885)	(3,354)	(8,284)
Cash flows from financing activities				
Dividends paid on common and preferred shares	(256)	(261)	(1,033)	(928)
Dividends paid by subsidiaries to non-controlling interest	(92)	—	(385)	(260)
Increase (decrease) of notes payable and bank advances	(227)	1,536	(2,098)	3,481
Issue of long-term debt	361	1,098	2,607	2,593
Repayment of long-term debt	(205)	(564)	(1,582)	(1,636)
Redemption of preferred shares by subsidiaries	—	(295)	(471)	(295)
Issue of common shares	5	5	71	36
Purchase of common shares for cancellation	—	(384)	(191)	(384)
Issue of common shares, preferred shares, convertible debentures and equity-settled notes by subsidiaries to non-controlling interest	89	189	1,460	568
Other items	55	26	62	87
	(270)	1,350	(1,560)	3,262
Effect of exchange rate changes on cash and cash equivalents	13	(56)	7	(69)
Cash used in continuing operations	(511)	(169)	(262)	(2,776)
Cash (used in) provided by discontinued operations	(8)	(79)	571	641
Net (decrease) increase in cash and cash equivalents	(519)	(248)	309	(2,135)
Cash and cash equivalents at beginning of period	1,088	508	260	2,395
Cash and cash equivalents at end of period	569	260	569	260

Segmented Information (unaudited)

For the period ended December 31	Three months 2001	Three months 2000	Twelve months 2001	Twelve months 2000
	($ millions)			
Operating revenues				
Bell Canada	4,562	4,176	17,254	15,800
Bell Globemedia	354	85	1,203	98
Teleglobe	526	326	2,065	326
BCE Emergis	181	141	656	468
BCE Ventures	498	358	1,670	1,402
Corporate and other, including intercompany eliminations	(373)	(216)	(1,137)	(662)
Total operating revenues	5,748	4,870	21,711	17,432
Earnings (loss) from continuing operations				
Bell Canada	(100)	204	689	994
Bell Globemedia	(25)	(16)	(150)	(78)
Teleglobe	(158)	(186)	(607)	(241)
BCE Emergis	(45)	(64)	(281)	(209)
BCE Ventures	(24)	(13)	(281)	(361)
Corporate and other, including intercompany eliminations	40	97	3,049	207
Total earnings (loss) from continuing operations	(312)	22	2,419	312

Notes to the Consolidated Financial Statements (unaudited)

These interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2000, as set out on pages 36 to 60 of BCE Inc.'s (BCE) 2000 Annual Report.

Note 1. Significant accounting policies

The interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, using the same accounting policies as outlined in Note 1 of the consolidated financial statements for the year ended December 31, 2000, except as noted below. All amounts are in Canadian dollars, except where otherwise indicated. Certain comparative figures in the consolidated financial statements have been reclassified to conform to the current period presentation.

Effective January 1, 2001, BCE adopted the revised recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook section 3500, Earnings Per Share (EPS). The revised Handbook section requires the presentation of both basic and diluted EPS on the face of the income statement regardless of the materiality of the difference between them. In addition, the treasury stock method is used to compute the dilutive effect of options, warrants and similar instruments as opposed to the previously used imputed earnings approach. The section also requires that a reconciliation of the calculation of the basic and diluted EPS computations be disclosed. The revised recommendations were applied retroactively with restatement of prior periods.

In 2001, BCE also adopted the new recommendations of the CICA Handbook section 1751, Interim Financial Statements, which changes the requirements for the presentation and disclosure of interim financial statements and the accompanying notes.

The CICA recently issued new Handbook Sections 1581, Business Combinations, and 3062, Goodwill and Other Intangible Assets. Effective July 1, 2001, the standards require that all business combinations be accounted for using the purchase method. Goodwill resulting from business acquisitions on or after July 1, 2001 is not being amortized. Additionally, effective January 1, 2002, goodwill and intangible assets with an indefinite life will no longer be amortized to earnings and will be assessed for impairment on an annual basis in accordance with the new standards, including a transitional impairment test whereby any resulting impairment will be charged to opening retained earnings. BCE's management is currently evaluating the impact of the adoption of the new standards, and although it is likely that the transitional impairment test will result in a significant impairment charge, BCE's management has not yet completed the assessment of the quantitative impact on its financial statements.

In addition, the CICA recently issued amendments to Handbook Section 1650, Foreign Currency Translation. Effective January 1, 2002, the standards require that all unrealized translation gains and losses on assets and liabilities denominated in foreign currencies be included in earnings for the year, including gains and losses on long-term monetary assets and liabilities, such as long-term debt, which were previously deferred and amortized on a straight-line basis over the remaining lives of the related items. These amendments will be applied retroactively with restatement of prior periods. At December 31, 2001, included in Other long-term assets was $271 million relating to unrealized foreign currency losses.

The CICA also recently issued new Handbook Section 3870, Stock-based compensation and other stock-based payments. This Section establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services and applies to transactions, including non-reciprocal transactions, in which an enterprise grants shares of common stock, stock options, or other equity instruments, or incurs liabilities based on the price of common stock or other equity instruments. This Section sets out a fair value based method of accounting and is required for certain stock-based transactions, effective January 1, 2002 and applied to awards granted on or after that date. BCE's management is currently evaluating the impact of the adoption of the new standard, and therefore has not yet assessed the impact on its financial statements.

Note 2. Restructuring and other charges

Bell Canada recorded a pre-tax charge of $736 million (BCE's share is $347 million on an after tax basis) in the fourth quarter of 2001, representing restructuring and other charges of $345 million and $391 million, respectively. The restructuring charge is related to employee severance, including enhanced pension benefits and other directly related employee costs, for approximately 2,800 employees, which resulted primarily from a decision to streamline certain management, clerical, line and other support functions. The restructuring program is expected to be substantially completed by the first half of 2002. At December 31, 2001, the remaining unpaid balance of this restructuring provision relating to employee severance and other directly related employee costs was $177 million. Other charges consisted primarily of the write-off of wireless (Bell Mobility) capital assets relating mainly to the analog and paging networks and PCS base stations.

Teleglobe recorded a pre-tax charge of $198 million (BCE's share is $126 million on an after tax basis) in 2001, representing restructuring and other charges related to the closing of certain facilities and network costs, employee severance and other related employee costs, for approximately 450 employees, which resulted primarily from a decision to restructure portions of its business due to changing international market conditions, as well as a write-down of certain assets. The restructuring program was substantially completed by December 2001. At December 31, 2001, the remaining unpaid balance of this restructuring provision was $52 million.

Bell Canada recorded a pre-tax charge of $239 million (BCE's share is $114 million on an after tax basis) in the first quarter of 2001, representing restructuring and other charges related to employee severance, including enhanced pension benefits and other directly related employee costs, for approximately 1,900 employees, which resulted primarily from a decision to streamline support functions, and the write-off of certain assets. The restructuring program was substantially completed by December 2001. At December 31, 2001, the remaining unpaid balance of this restructuring provision was $47 million.

Note 3. Other income (expense)

In September 2001, Bell Canada International Inc. (BCI) provided for a $149 million (US $94 million) loss relating to a put option that may potentially require BCI to repurchase a third party's indirect stake in Comunicación Celular S.A. Comcel S.A.

Included in Other income (expense) are gains on the reduction of ownership in subsidiaries and joint ventures in the amount of $306 million in 2001 ($40 million in the fourth quarter), resulting primarily from the issuance of shares to third parties relating to business acquisitions and public offerings at CGI, Aliant, BCI and BCE Emergis.

BCE recorded a gain of approximately $3.7 billion in 2001, relating to the settlement of short-term forward contracts on approximately 47.9 million Nortel Networks Corporation common shares as well as the sale of an equivalent number of Nortel Networks common shares. These transactions resulted in total proceeds of approximately $4.4 billion.

Note 4. Discontinued operations

	Three months		Twelve months	
For the period ended December 31	**2001**	**2000**	**2001**	**2000**
	($ millions)			
Excel Communications group (Excel)	—	(20)	(2,115)	(33)
BCI Latin American CLECs and Asia Mobile segments	—	(15)	219	607
Nortel Networks	—	—	—	4,055
ORBCOMM Global, L.P.	—	—	—	(80)
Discontinued operations	—	(35)	(1,896)	4,549

Excel provides retail telecommunications services such as long distance, paging and Internet services to residential and business customers in North America and the U.K. On August 26, 2001, Teleglobe Inc. and certain of its subsidiaries entered into definitive agreements for the sale of Excel's North American operations to an affiliate of VarTec Telecom, Inc. (VarTec). The U.K. operations, which are not part of the transaction, were shut down during the year. Consequently, the results of Excel have been reported as a discontinued operation. The gross proceeds, estimated at approximately US $250 million, are based on Excel's actual 2001 financial results and will be paid in the form of unsecured five-year interest-bearing promissory notes. After accounting for the discount provision on the notes receivable, closure costs of the U.K. operations, transaction costs, estimated operating losses up to the expected date of disposal and related items, the disposal of Excel will not result in any significant gain or loss. The sale is subject to regulatory and other approvals and is expected to be completed by the end of the first quarter of 2002. The results of operations of Excel include an impairment charge of $2,049 million, recorded in the first quarter of 2001, after completion of an assessment of the carrying value of BCE's investment in Excel. The assets of Excel were written down to their estimated net recoverable amount, which was determined using the undiscounted net future cash flows to be generated by these assets. The primary factor contributing to the impairment is a lower than expected operating profit due to a reduction in Excel's forecasted minute volumes and average revenue per minute that are expected to continue in the foreseeable future.

Effective February 23, 2001, BCI sold its 20% equity interest in KG Telecommunications Co. Ltd. (KG Telecom) for an aggregate cash consideration of approximately $785 million. KG Telecom represented BCI's last remaining operation in its Asia Mobile business segment. Additionally, effective March 31, 2001, BCI adopted a formal plan of disposal for all of its operations in its Latin American Competitive Local Exchange Carriers (CLECs) business segment, composed of Axtel S.A. de C.V. and the Vésper companies. Consequently, the results of these segments have been reported as discontinued operations. In September 2001, BCI wrote off its carrying value of $86 million in the Vésper companies.

Amounts included in the consolidated balance sheets relating to discontinued operations are as follows:

	December 31 2001	**December 31 2000**
	($ millions)	
Current assets	605	700
Non-current assets	737	3,569
Current liabilities	(528)	(902)
Non-current liabilities	(251)	(639)
Net assets of discontinued operations	563	2,728

The summarized statements of operations for the discontinued operations are as follows:

	Three months		Twelve months	
	2001	**2000**	**2001**	**2000**
	($ millions)			
For the period ended December 31				
Revenue	349	—	1,324	347
Operating earnings (loss) from discontinued operations, net of tax	—	(61)	(2,234)	3,692
Gain (loss) on discontinued operations, net of tax	—	45	416	1,076
Non-controlling interest	—	(19)	(78)	(219)
Net earnings (loss) from discontinued operations	—	(35)	(1,896)	4,549

Note 5. Earnings per share

The following is a reconciliation of the numerators and the denominators of the basic and diluted earnings per common share computations for earnings from continuing operations:

For the period ended December 31	Three months 2001	Three months 2000	Twelve months 2001	Twelve months 2000
Earnings (loss) from continuing operations (numerator) ($ millions)				
Earnings (loss) from continuing operations	(312)	22	2,419	312
Dividends on preferred shares	(14)	(18)	(64)	(79)
Earnings (loss) from continuing operations — basic	(326)	4	2,355	233
Exercise of put options by CGI shareholders	— (1)	(5)	2	(19)
Earnings (loss) from continuing operations — diluted	(326)	(1)	2,357	214
Weighted average number of common shares outstanding (denominator) (millions)				
Weighted average number of common shares outstanding — basic	808.5	746.1	807.9	670.0
Exercise of stock options	— (1)	2.9	4.4	2.3
Exercise of put options by CGI shareholders	— (1)	3.8	5.6	3.8
Weighted average number of common shares outstanding — diluted	808.5	752.8	817.9	676.1

(1) Anti-dilutive

Note 6. Business acquisitions and dispositions

Bell Globemedia

In December 2001, Bell Globemedia Inc. (Bell Globemedia) acquired 29.9% of The Comedy Network for approximately $36 million, bringing its total interest in the Comedy Network to 95.0%. In November 2001, Bell Globemedia completed the acquisition of Report on Business Tv from affiliates of The Thomson Corporation, pursuant to a previous agreement, for which Bell Globemedia had recorded an amount receivable of $60 million on its balance sheet, with the effective purchase price amounting to $61 million. Effective September 1, 2001, Bell Globemedia completed the acquisitions of CFCF-TV and CKY-TV, two CTV affiliated television stations in Montreal and Winnipeg, respectively, for a total aggregate cash consideration of approximately $183 million. The acquisitions were accounted for using the purchase method. The preliminary allocation of the total aggregate purchase price was to tangible assets for $45 million, tangible liabilities for $42 million (including $34 million of benefits and other costs payable on the acquisition) and goodwill and other intangible assets for $277 million.

In November 2001, Bell Globemedia completed the sale of its 40% interest in Sportsnet for a total cash consideration of approximately $138 million. No gain or loss was recognized on the sale.

On January 9, 2001, Bell Globemedia, a Canadian multi-media company in the fields of broadcasting, print and new media, was created. BCE owns 70.1% of Bell Globemedia that includes CTV, The Globe and Mail, Globe Interactive and Sympatico-Lycos. BCE transferred its interests in CTV, Sympatico-Lycos and other miscellaneous media interests to Bell Globemedia. This transaction was accounted for at fair value resulting in the recognition of a $33 million gain on reduction of ownership in subsidiary companies. The acquisition of The Globe and Mail and Globe Interactive was accounted for using the purchase method. The allocation of the purchase price was to tangible assets for $172 million, tangible liabilities for $63 million and goodwill for $668 million.

Teleglobe Inc.

On November 1, 2000, BCE completed the acquisition of substantially all of the outstanding common shares that it did not already own of Teleglobe Inc. Teleglobe Inc. is a global telecommunications carrier providing a broad range of international and domestic long distance and wireless telecommunications services including Internet connectivity, Internet access, data transmission, broadcast, voice, paging services and other value-added services on a wholesale and retail, residential and commercial basis. The aggregate purchase price of $7.4 billion was comprised of $240 million in cash and $7.2 billion in BCE Inc. common shares (approximately 174 million common shares were issued at $41.20 per BCE Inc. common share, which reflected the average of the high and low of the market value of the shares on November 1, 2000). The acquisition was accounted for using the purchase method. The purchase price allocation relating to the acquisition was finalized in the first quarter of 2001, and was to tangible assets for $3.7 billion, tangible liabilities for $4.4 billion and goodwill for $8.1 billion. As a result of the finalization of the purchase price allocation and the finalization of the fiscal 2000 year-end financial statements of Teleglobe Inc., BCE recorded a charge of $60 million relating to its share of asset write-downs and one-time charges recorded by Teleglobe Inc. in the fourth quarter of 2000.

BCE Ventures

On July 27, 2001, CGI acquired all of the outstanding common shares of IMRglobal Corp. (IMRglobal), for a total consideration of $553 million, on the basis of 1.5974 Class A subordinate share of CGI for each IMRglobal common share. The acquisition was accounted for using the purchase method. The preliminary allocation of the total purchase price was to tangible assets for $36 million (including working capital), tangible liabilities for $62 million and goodwill and other intangible assets for $579 million.

On April 9, 2001, Telecom Américas, a joint venture of BCI (BCI currently holds a 41.7% interest in Telecom Américas), closed its agreement to acquire a 100% interest in Tess S.A. (Tess), one of two B Band cellular companies operating in the Brazilian state of São Paulo, for a total consideration of approximately US $950 million ($1,480 million, of which $617 million represents BCI's proportionate interest). The consideration consisted of US $319 million in cash and US $631 million in notes payable, which had a fair value of US $571 million, making the effective purchase price US $890 million. The acquisition of Tess was accounted for using the purchase method. The preliminary allocation of BCI's proportionate interest of the purchase price of $617 million was to tangible assets for $793 million, tangible liabilities for $638 million and goodwill and other intangible assets for $462 million.

On March 27, 2001, Telecom Américas invested $470 million in Algar Telecom Leste S.A (ATL), increasing Telecom Américas' total economic ownership in ATL from 50% to 59%. Consequently, the accounting for ATL was changed from proportionate consolidation to full consolidation as of that date. As a result of this transaction, BCI indirectly invested $208 million in ATL and increased its effective economic interest from 22.1% to 26.1%. The acquisition of ATL was accounted for using the purchase method. The preliminary allocation of BCI's proportionate interest of the purchase price was to tangible assets for $483 million, tangible liabilities for $360 million and goodwill and other intangible assets for $85 million.

On March 13, 2001, Telecom Américas announced a number of agreements that will collectively result in the acquisition of an approximate additional 65% economic interest in the Brazilian cellular companies Telet S.A. (Telet) and Americel S.A. (Americel) (increasing Telecom Américas' economic interest to approximately 81% in both companies) for an aggregate purchase price of approximately US $580 million. At December 31, 2001, Telecom Américas had purchased an additional 60% interest in Telet and Americel for approximately US $528 million.

Note 7. BCE's commitment and support to the BCI Recapitalization Plan

On December 3, 2001, BCI announced a recapitalization plan which should enable the company to meet its short term funding commitments, as well as a complementary plan that will result in the reorganization of Telecom Américas, into a company focused on the Brazilian mobile wireless market. On January 11, 2002, BCI closed its rights offering for total gross proceeds of $440 million, in connection with its recapitalization plan. The public shareholders exercised 42% of the rights offered to them, with BCE funding the remaining balance of $392 million. Also included in the recapitalization plan is a settlement of approximately $478 million in obligations through the issuance of common shares (excluding the settlement of a put option obligation, as described in Note 3). BCE's percentage ownership in BCI after the settlement date of February 15, 2002 is expected to be diluted to approximately 62%, subject to further dilution upon settlement of the put obligation.

CERTIFICATE

Dated: February 14, 2002

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland. For the purpose of the Province of Quebec, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER
(Signed) J. C. Monty Chairman and Chief Executive Officer	(Signed) S. A. Vanaselja Chief Financial Officer

On behalf of the Board of Directors:

(Signed) J. E. Newall Director	(Signed) G. Saint-Pierre Director

CERTIFICATE OF UNDERWRITERS

Dated: February 14, 2002

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland. For the purpose of the Province of Québec, to our knowledge, this simplified prospectus, as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

TD Securities Inc.

By: (signed) Jacques Massicotte

CIBC World Markets Inc.

By: (signed) David Clifford

RBC Dominion Securities Inc.

By: (signed) Linda Boulanger

BMO Nesbitt Burns Inc.

By: (signed) Luigi Fraquelli

National Bank Financial Inc.

By: (signed) Xavier Guillard

Scotia Capital Inc.

By: (signed) John Faris

HSBC Securities (Canada) Inc.

By: (signed) Luc Buisson

Merrill Lynch Canada Inc.

By: (signed) Thomas Espiard

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