



BCE

THE BOARD OF DIRECTORS' LETTER TO SHAREHOLDERS
APPROACH TO EXECUTIVE COMPENSATION

EXTRACT FROM THE BCE 2016 MANAGEMENT PROXY CIRCULAR DATED MARCH 3, 2016

8 The Board of Directors' Letter to Shareholders

2015 Highlights

- Compensation policies or components remained stable in 2015
- Strong corporate results and a number of organizational changes, including retirement of long-serving CFO, Siim Vanaselja, are reflected in 2015 compensation decisions at executive officer level

Dear fellow shareholders:

On behalf of the Compensation Committee and the Board, we are pleased to share with you our approach to executive compensation, including the framework we have used to make our compensation decisions for 2015.

96%
Say on Pay
approval

Our annual "Say on Pay" advisory vote once again received overwhelming support, with 95.56% of the votes cast in favour of our executive compensation program. We appreciate this support and

believe it reflects broad and deep shareholder endorsement that our compensation philosophy aligns the interests of shareholders and management, especially by incorporating our dividend growth strategy into our long-term incentive performance criteria.

In 2015, the dividend was increased by 5.3% to reach \$2.60. With the announcement of another increase of 5% in 2016, this will bring the annual dividend payout to \$2.73. The 2016 dividend increase represents the twelfth increase to BCE's annual common share dividend, an 87% increase, in the past seven years.

In 2015, we comfortably achieved all 2015 financial guidance targets. Revenue increased 2.2% and adjusted EBITDA grew 3.0%, both measures ahead of plan and at mid-point of financial guidance. Higher adjusted EBITDA margin of 39.7% reflects continued strong wireless profitability, positive wireline growth and efficient cost containment. Adjusted EPS of \$3.36 in 2015, near the high end of guidance range, reflects higher adjusted EBITDA driven by the increased contribution of Bell's growth services. The 9.3% growth in free cash flow supported a 16.9% capital intensity ratio and the 2015 dividend increase.

Our approach to executive compensation

BCE is focused on a pay-for-performance approach to compensation for all team members, including our executive team. This philosophy supports the execution of Bell's 6 Strategic Imperatives (Improve Customer Service, Leverage Wireline Momentum, Achieve a Competitive Cost Structure, Accelerate Wireless, Invest in Broadband and Expand Media Leadership) and our commitment to deliver ongoing and stable returns to shareholders.

Our approach to compensation is to achieve one ultimate goal: to grow long-term value for you

Our executive compensation policies and programs are designed to attract and retain the highest calibre of talent at a competitive cost to the Corporation and to ensure they are motivated to pursue our goal to grow long-term shareholder value.

We recognize that long-term growth and value creation requires taking an acceptable level of risk and we ensure our compensation policies and practices reward executives for short-, medium- and long-term decision making and performance and do not encourage undue risk taking or produce excessive compensation levels. We are committed to ensuring there is a strong and direct link between our financial results, shareholder value creation and the resulting executive compensation. This alignment between shareholder value creation and the compensation of our executives is demonstrated in a new addition to our proxy this year, the CEO look-back table, which can be found in section 10 entitled *President and CEO Compensation*.

Our key compensation decisions for 2015

Following a number of changes in our compensation programs in 2014, including the extension of our clawback policy to executive officers, our compensation programs remained largely unchanged in 2015.

BASE SALARY

Our policy is for base salaries to be positioned at the 50th percentile of our comparator group. Salaries are reviewed from time to time and adjusted to reflect increases in responsibilities and market trends. In 2015, due to changes in the senior management team, aggregate NEO salaries decreased by 1% over the 2014 levels. Details about any changes to base salaries of 2015 NEOs can be found in section 11 entitled *Compensation of Our Named Executive Officers*.

ANNUAL SHORT-TERM INCENTIVE PLAN

Annual short-term incentive targets remained at their 2014 levels of 100% of base salary for all of our executive officers and 150% for our President and CEO.

Our annual short-term incentive plan is designed to reward achievement of a range of critical financial and operating metrics. The financial metrics – adjusted EBITDA, revenue and free cash flow – are key

indicators widely used to measure financial performance in the communications industry across North America. These metrics have been used in the plan since 2009. The operating metrics continued to be based on the 6 Strategic Imperatives that guide the continued strength of the Bell brand, our improved competitiveness and market performance and an enhanced ability to return value to shareholders. This combination of well-established financial and operating measures aligned with our strategy provides the team with a clear and motivating compensation structure.

102%
2015 Corporate
performance index

In 2015, the Corporation demonstrated growth across all financial metrics and achieved all financial guidance targets. Revenue and adjusted EBITDA both exceeded internal targets. Free cash flow

was slightly below expectations, while we made significant progress on the 6 Strategic Imperatives. The continued momentum of the Fibe TV

service, strength of the wireless and media businesses, the favourable impact of the privatization of Bell Aliant and progress on customer service led to a strong year for BCE. Consequently, we were pleased to approve a corporate performance index of 102% out of a possible 150%. This index accounts for 70% of the annual short-term incentives paid out to executive officers, while personal performance accounts for the remaining 30%.

100%
Attainment of 2013
PSU vesting goals

LONG-TERM INCENTIVE PLAN

Our long-term incentive plan did not change in 2015. Executive grants comprise 50% RSUs, 25% PSUs and 25% option grants. The 2013 PSU grants which vested

in 2015 achieved 100% payout due to the fact that actual free cash flow per share came in above target, resulting in a payout ratio of 72.3% of free cash flow (i.e. within the target dividend payout ratio of between 65% – 75% of free cash flow available to common shareholders).

Organizational changes in 2015

In 2015, a number of changes occurred at the executive level, all crucial to ensuring our company remains a strong and confident competitor in every sector of Canadian communications. These changes are reflected in the compensation decisions described for our 2015 NEOs later in this document.

Our former CFO, Siim Vanaselja, retired in 2015 after a highly successful career at BCE that spanned more than two decades. After an extensive review of both internal and external potential candidates, Glen LeBlanc, CFO of Bell Aliant, was selected as his successor and became CFO of BCE and Bell Canada upon Mr. Vanaselja's retirement in June 2015.

The scope of Wade Oosterman's role was expanded to include Bell Media and he was appointed Group President of Bell and BCE, with the Presidents of Bell Media, Bell Mobility and Bell Residential & Small Business reporting directly to him. Mr. Oosterman also continues in his role as Bell's Chief Brand Officer.

Mary Ann Turcke was appointed President of Bell Media, responsible for all of the company's national operations, including TV, radio, digital and out of home. Ms. Turcke was formerly Group President, Media Sales,

Local TV and Radio for Bell Media. Blaik Kirby was promoted to President of Bell Mobility. He was previously Chief Marketing Officer (CMO) for Bell's wireless business unit. Rizwan Jamal was appointed President of Bell Residential & Small Business. He was formerly CMO for Bell Residential Services.

With the integration of customer service operations across the company in 2015, John Watson, previously EVP of Customer Service and now EVP of Customer Experience, added accountabilities for Field Services and Bell Aliant, more than doubling the span of control and scope in his role. Stephen Howe also added Bell Aliant to his portfolio this year and, with responsibility for wireless, wireline, TV and media, has one of the broadest scopes of a Chief Technology Officer in Canada.

As noted in section 11 entitled *Compensation of Our Named Executive Officers*, compensation adjustments were made for Wade Oosterman, John Watson and Stephen Howe in 2015 to recognize the scope of their roles and ensure their compensation remains competitive with their counterparts at our key competitors. Glen LeBlanc also received an adjustment to his compensation upon his appointment as CFO.

Looking ahead to 2016

Although we continually monitor compensation levels and trends in executive compensation, we are confident that our current compensation structure is competitive and meets the objectives of our compensation philosophy and, therefore, is expected to remain largely unchanged in 2016.

Conclusion

The responsibility for executive compensation rests with the Board, and we confirm that we fully understand the long-term implications of the executive compensation decisions we make and the programs we approve.

Members of the Compensation Committee will be present at the meeting to answer any questions you may have about executive compensation. Alternatively, shareholders can write to the Corporate Secretary's Office or the Investor Relations Group at 1 Carrefour Alexander-Graham-Bell, Building A, 7th floor, Verdun, Québec, Canada, H3E 3B3 or call 1-800-339-6353. Our approach to executive compensation supports the

execution of the Corporation's strategy, and we remain committed to developing the compensation policies and programs that will continue to produce the results that deliver value to you, our shareholders.

Thomas C. O'Neill
Chair of the Board

Ronald A. Breneman
Chair of the
Compensation Committee

March 3, 2016