



Extract from the BCE 2014 Management Proxy Circular
DATED MARCH 6, 2014

COMPENSATION DISCUSSION & ANALYSIS



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COMPENSATION DISCUSSION & ANALYSIS

This section describes our compensation philosophy, policies and programs and discusses the compensation provided in 2013 to our President and CEO, our CFO and our three other most highly compensated executive officers. In 2013 these executive officers continued to grow and contribute to the success of Bell. They are referred to in this document as the “NEOs” and are as follows:

- George A. Cope, President and CEO – BCE and Bell Canada
- Siim A. Vanaselja, EVP and CFO – BCE and Bell Canada
- Wade Oosterman, President – Bell Mobility and Bell Residential Services and Chief Brand Officer – Bell Canada
- Kevin W. Crull, President – Bell Media
- Thomas Little, President – Bell Business Markets

9.1 OVERALL OBJECTIVE OF THE EXECUTIVE COMPENSATION PROGRAM

Our executive compensation is based on a pay-for-performance philosophy. Its overall goal is to create sustainable value for shareholders by:

- attracting, motivating and retaining the executive officers needed to drive the business strategy; and
- rewarding them for financial and operating performance and leadership excellence.

9.2 SETTING EXECUTIVE COMPENSATION

The roles of management and the Compensation Committee in setting and administering executive compensation are described below.

MANAGEMENT

- Proposes the elements of a compensation program that supports a performance culture
- Implements the processes required to administer the program
- Manages the process used to establish performance objectives and to measure individual and corporate performance against set objectives
- Provides the Compensation Committee with an assessment of the results achieved by each of the executive officers, as well as an assessment of the leadership attributes each demonstrates in fulfilling their roles and responsibilities
- Recommends to the Compensation Committee the base salary as well as the annual short- and long-term incentive awards for the officers of the Corporation
- Proposes the succession plan for the officers of the Corporation

COMPENSATION COMMITTEE

- Oversees, and recommends for approval by the Board, the Corporation’s executive compensation philosophy, policies, programs and grants of equity-based compensation
- Reviews with the President and CEO any proposed major changes in organization or personnel, including the succession plan
- Reviews any proposed major changes in the Corporation’s benefit plans and recommends for approval any change requiring Board approval
- Reviews annually with the members of the Board the performance of the President and CEO and other executive officers
- Recommends annually to the members of the Board all forms of compensation for the President and CEO and other officers
- Reviews the Corporation’s executive compensation disclosure for inclusion in the Corporation’s public disclosure documents
- Reviews and monitors the Corporation’s exposure to risk associated with its executive compensation and policies and identifies practices and policies to mitigate such risk
- Seeks advice from independent compensation consultants on emerging trends in executive compensation and, when considered advisable by the committee, other professional advice to enable the committee to function independently of management

BENCHMARKING AND COMPARATOR GROUP

To ensure the competitiveness of the compensation provided to our executives, the Compensation Committee regularly reviews the compensation for similar executive positions at other companies with whom we compete for talent (our comparator group).

In late 2012, Towers Watson conducted a benchmarking study of all executive positions, including the NEOs, using our comparator group presented further in this section.

Our comparator group is designed to be representative of the Canadian marketplace while avoiding overweighting any particular

industry. We regularly review the composition of our comparator group to ensure that the companies continue to reflect our context in terms of size, revenues, market capitalization and complexity. The Compensation Committee uses our comparator group to benchmark the value of executive total compensation, base salary, short- and long-term incentives, benefits, retirement programs and perquisites. The comparator group of 22 companies, the rationale for its use and comparative financial information are outlined in the two tables below.

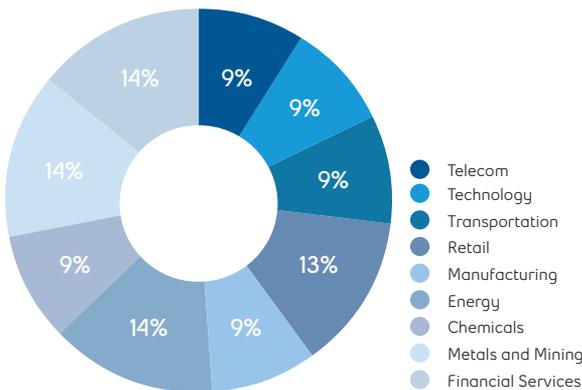
DESCRIPTION	RATIONALE FOR USE	LIST OF COMPANIES
Represents a select sample of the largest Canadian companies based on revenues and market capitalization and reflects an approximately equal representation of industries	Ensures the competitiveness of our executive compensation by comparing it to that offered at companies that are similar to us in terms of complexity, including size, revenues and market capitalization, and that compete with us for key talent. The balanced representation of industries ensures that our comparator group is representative of the marketplace in which we compete for talent	<ul style="list-style-type: none"> • Agrium Inc. • Air Canada • Alimentation Couche-Tard Inc. • Barrick Gold Corporation • BlackBerry Inc. • Bombardier Inc. • Canadian National Railway Company • CGI Group Inc. • EnCana Corporation • Kinross Gold Corporation • Magna International Inc. • Manulife Financial Corporation • Metro Inc. • Potash Corporation of Saskatchewan Inc. • Rogers Communications Inc. • Royal Bank of Canada • Shoppers Drug Mart Corporation • Suncor Energy Inc. • Teck Resources Limited • TELUS Corporation • The Toronto-Dominion Bank • TransCanada Corporation

COMPARATIVE FINANCIAL INFORMATION

	COMPARATOR GROUP		
	BCE	MEDIAN	75 TH PERCENTILE
Total revenue (\$M)	20,400	11,893	18,542
Market capitalization (\$M)	35,691	17,751	32,791
Net income (\$M)	2,388	1,037	1,767
Dividend yield	5.10%	2.05%	3.40%
Employees	55,830	25,901	67,250

The comparative financial information was obtained from publicly available 2013 results.

INDUSTRY DISTRIBUTION OF COMPARATOR GROUP



The comparator group information is just one of the factors the Compensation Committee takes into consideration when making recommendations to the Board with regard to target executive compensation. The Compensation Committee also considers:

- the relative pay levels among its most direct industry competitors
- the relative size, scope and complexity of comparator businesses
- BCE's relative performance against these comparators.

9.3 COMPENSATION POLICY AND COMPONENTS

To achieve our objective, we use three key elements of compensation with an aggregate target value positioned at the 60th percentile of what is paid in the competitive market for similar positions. Consideration is also given to pay levels among our most direct competitors within our comparator group and their relative size, scope and complexity.

	PRIMARY OBJECTIVE	WHAT DOES THE COMPENSATION ELEMENT REWARD?	HOW IS THE AMOUNT OR TARGET DETERMINED?	HOW DOES THE COMPENSATION ELEMENT FIT INTO THE OVERALL OBJECTIVE?	FORM OF PAYMENT
ANNUAL BASE SALARY	Provides a market-competitive fixed rate of pay	The scope and responsibilities of the position and the specific skills needed to fulfill them	Set at the 50th percentile of what is paid in the competitive market for similar positions	Provides a vehicle to attract and retain skilled executives who can deliver on our overall goal while keeping the emphasis on rewarding actual performance	Cash
ANNUAL SHORT-TERM INCENTIVE	Encourages performance against our annual corporate and individual objectives	The achievement of our annual objectives	Set at the 75th percentile of what is paid in the competitive market for similar positions	Provides a vehicle to reward actual performance against objectives that are designed to support our overall Corporation targets	Choice of cash and/or DSUs <ul style="list-style-type: none"> • Payment in DSUs further aligns the interests of executives and shareholders as DSUs are payable only upon cessation of employment
EQUITY-BASED LONG-TERM INCENTIVE PLAN	Aligns long-term interests of executives and shareholders	The creation of shareholder value	Brings total compensation ⁽¹⁾ to the 60th percentile of what is paid in the competitive market for similar positions	Provides a vehicle to attract and retain skilled executives while rewarding the achievement of our overall goal of creating sustained shareholder value	RSUs (50%) <ul style="list-style-type: none"> • Aligns executives' interests to share return growth PSUs (25%) <ul style="list-style-type: none"> • Aligns executives' interests to dividend growth and their compensation to the Corporation's performance Stock Options (25%) <ul style="list-style-type: none"> • Aligns executives' interests with share price growth and their compensation to the corporation's performance

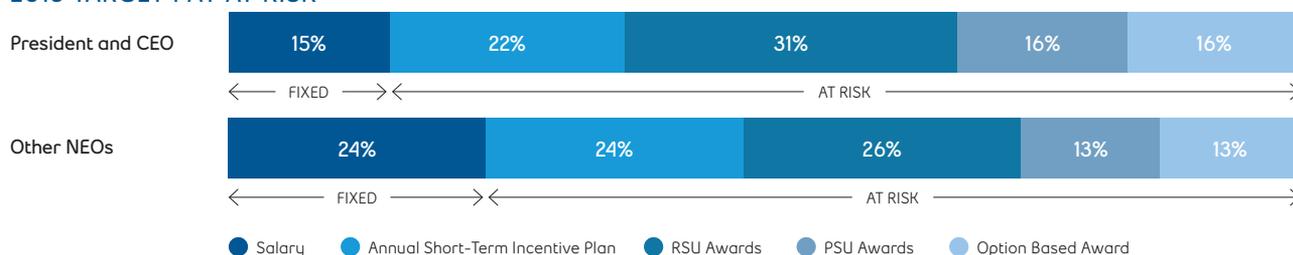
(1) Total compensation comprises base salary, annual short- and long-term incentives.

We also offer competitive pension, benefits and perquisites to promote the hiring and retention of qualified executives. These are discussed in section 9.5 entitled *2013 Compensation Elements* under the heading *Pension, Benefits and Perquisites*.

9.4 2013 NAMED EXECUTIVE OFFICERS' TARGET PAY AT RISK

Our commitment to aligning pay to performance leverages a compensation mix that includes short-, medium- and long-term components. As the graphic below outlines, the pay design prioritizes pay at risk over fixed pay to ensure that executive remuneration is aligned to Corporation performance over the short and long term.

2013 TARGET PAY AT RISK⁽¹⁾



(1) Based on 2013 actual base salary. At-risk components are based on target levels. Excludes pension and other compensation elements.

9.5 2013 COMPENSATION ELEMENTS

BASE SALARIES

The Compensation Committee recommends for Board approval the base salary of each executive officer within a salary range that reflects the scope and responsibilities of the position, the executive officer's experience, the positioning of his or her base salary and total compensation versus the comparator group and internal equity. The mid-point of the salary range corresponds to

the median of the salary paid by our comparator group for similar positions. Typically, the salary range is 20% around the mid-point.

To ensure individual accountability and higher levels of performance, base salaries offered to all of our executives have been adjusted only to reflect sustained performance levels as well as an increase in responsibilities or job scope.

ANNUAL SHORT-TERM INCENTIVE

The annual short-term incentive applicable to the President and CEO and all executive officers has two components. The corporate performance component is based on quantitative financial targets and qualitative objectives aligned with our 6 Strategic Imperatives. There is also an individual component that allows the Compensation Committee to assess and reward leadership behaviours demonstrated by the executive in the achievement of business-unit and overall corporate results.

The Compensation Committee reviews annual short-term incentive targets for our executive officers each year as well as upon hire, promotion or when there are significant changes in the responsibilities of an executive officer. When making a recommendation to set or increase the incentive target of an executive officer, the Compensation Committee takes into consideration the scope of the executive officer's responsibilities, the executive officer's base salary, internal equity and the positioning of his or her annual short-term incentive target compared to market.

Annual short-term incentive awards are calculated as follows:



In order to reinforce our One Company/One Team concept, 70% of the executive officers' annual short-term incentive award is based on corporate objectives. In order to recognize and reward personal accomplishments, 30% of the executive officers' annual short-term incentive award is based on individual performance.

Following the end of each year, the Compensation Committee and the Board evaluate the performance of the Corporation against the corporate objectives established for the year to determine the corporate performance index. This can vary between 0% and 150%, with a target performance of 100%. The Compensation Committee may, at its discretion, recommend to the Board a different payout level from that suggested by the quantitative results to take into account unforeseen occurrences and non-recurring events and also to ensure that the payout is appropriate versus actual performance in the Compensation Committee's judgment. Over the past five years, the board exercised this discretion twice. In 2009, the revenue results were lowered by 5% as a result of unanticipated revenues from acquisitions and in 2010, the corporate performance factor was reduced by 5% as a reflection of challenges in customer service. In 2013, no such discretionary adjustments were made.

At the conclusion of the year, the Compensation Committee and the independent directors of the Board assess the individual performance and the demonstration of leadership skills of the President and CEO. In addition, the President and CEO provides the Compensation Committee with his assessment of the leadership behaviours demonstrated by the other executive officers. Taking into account all information provided, including the recommendations of the President and CEO, the Compensation Committee exercises its discretion and recommends for Board approval the individual performance index for each of the executive officers. The index may vary between 0 and 3.0x, with a target performance of 1.0x.

The maximum payout that can be achieved on the combined corporate and individual performance under the annual short-term incentive formula is two times the target award.



At the beginning of each year, the Compensation Committee recommends for approval by the Board, the Corporation's financial and operating objectives used to determine the corporate performance objectives that will account for 70% of the weighting of the annual short-term incentive award for that year. The Compensation Committee reviews corporate performance from year to year,

ensuring a consistent difficulty in achieving target results in light of the Corporation's progress and the competitive environment.

The following illustration indicates the corporate performance objectives employed for setting annual short-term incentive awards for 2013, and the rationale for their use.

BCE'S INCENTIVE PLANS ARE STRUCTURED TO MAXIMIZE SHAREHOLDER VALUE. SHARE PRICE AND CAPITAL RETURNS ARE DRIVEN BY OPERATIONAL AND FINANCIAL RESULTS (REVENUE, EBITDA AND FREE CASH FLOW), DIVIDEND GROWTH WITHIN OUR FREE CASH FLOW PAYOUT POLICY RANGE AND GENERAL MARKET CONDITIONS. THESE FINANCIAL AND OPERATING GOALS LARGELY RESULT FROM THE SUCCESSFUL EXECUTION OF THE CORPORATION'S 6 STRATEGIC IMPERATIVES

WHY USE EBITDA⁽¹⁾?

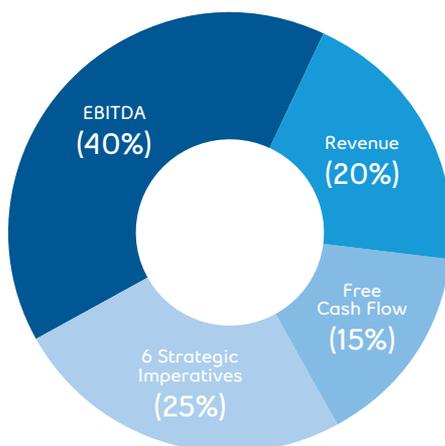
EBITDA is an industry-wide measure of in-year operational profitability and is a common measure for valuation of companies in the industry.

As such, EBITDA measures our executives' operational efficiency and their success in ensuring the value from revenues flows to the enterprise value of the Corporation.

WHY USE THE 6 STRATEGIC IMPERATIVES?

The 6 Strategic Imperatives focus our efforts on achieving our goal of being recognized by customers as Canada's leading communications company. Their assessment includes many operating metrics typically used in the industry.

As such, progress made against the 6 Strategic Imperatives provides a relevant measure of our executives' success in executing on the operating plan required to achieve our goal.



WHY USE REVENUE?

Revenue is a simple measure of the total value of the products and services sold by the Corporation.

As such, revenue provides a relevant measure of our executives' ability to design and sell attractive products and services, to compete in the market, to attract customers and to capture value from those products and services.

WHY USE FREE CASH FLOW⁽²⁾?

Free Cash Flow measures the cash generated by the business after paying short-term operating costs, making long-term investments and meeting financing costs. It is commonly used as a valuation measure for companies in the industry.

As such, Free Cash Flow is a measure of our executives' success in running the business as a whole and in generating cash that may be returned to shareholders or further invested in the business.

(1) The term EBITDA does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other companies. We define EBITDA as operating revenues less operating costs, as shown in BCE's consolidated income statements. We use EBITDA to evaluate the performance of our businesses as it reflects their ongoing profitability. We believe that certain investors and analysts use EBITDA to measure a company's ability to service debt and to meet other payment obligations or as a common measurement to value companies in the telecommunications industry. EBITDA also is one component in the determination of annual short-term incentive compensation for all management employees. EBITDA has no directly comparable IFRS financial measure.

(2) The term Free Cash Flow does not have any standardized meaning under IFRS. It is therefore unlikely to be comparable to similar measures presented by other companies. For 2013, we define Free Cash Flow as cash flows from operating activities excluding acquisition costs paid, plus dividends/distributions received from Bell Aliant, less capital expenditures, preferred share dividends, dividends/distributions paid by subsidiaries to non-controlling interest, and Bell Aliant Free Cash Flow. We consider Free Cash Flow to be an important indicator of the financial strength and performance of our business because it shows how much cash is available to repay debt and reinvest in our Corporation. We present Free Cash Flow consistently from period to period, which allows us to compare our financial performance on a consistent basis. We believe that certain investors and analysts use Free Cash Flow to value a business and its underlying assets. The most comparable IFRS financial measure is cash from operating activities.

Financial Objectives



Financial objectives account for 75% of the weighting of the overall corporate objectives (EBITDA 40%, Revenue 20% and Free Cash Flow 15%). The Compensation Committee sets a threshold, a low, a target and a maximum value for each financial objective. The payout varies between 0% and 150% depending on the performance, as illustrated in the table below.

Target values are set within the financial guidance ranges provided to the investment community, which ensures that payouts are well aligned to the performance expectations of our shareholders. A payout exceeding the target award requires exceptional performance versus market expectations on these measures and versus other companies in the sector.

OVERALL PERFORMANCE	THRESHOLD	LOW	TARGET	STRETCH
Payout ⁽¹⁾	0%	50%	100%	150%

(1) The overall performance takes into account the results and relative weight of each financial objective. Results achieved between these values are interpolated.

6 Strategic Imperatives



The remaining 25% weighting of the overall corporate objectives is used to recognize the achievements related to the Corporation's 6 Strategic Imperatives:

- Improve customer service
- Leverage wireline momentum
- Achieve a competitive cost structure
- Accelerate wireless
- Invest in broadband
- Expand Media leadership

Progress on the 6 Strategic Imperatives is evaluated by measuring performance against a set of operating metrics, many of which are commonly used across the industry. Each strategic imperative carries an equal weight. The following ranking scale applies and the total out of 36 possible points is then converted to a result out of 25%:

POINTS	0	1	2	3	4	5	6
Results	Failed	Significantly Below	Below	Slightly Below	Met	Exceeded	Stretched

The cumulative total of points earned for the 6 Strategic Imperatives determines the payout according to the following table:

SUM OF POINTS	THRESHOLD 0 POINTS (6 X 0 POINTS)	TARGET 30 POINTS (6 X 5 POINTS)	STRETCH 36 POINTS (6 X 6 POINTS)
Payout ⁽¹⁾	0%	100%	150%

(1) The results achieved between these values are interpolated.

The Board and the Compensation Committee believe that these operating objectives were set for 2013 at an ambitious level but could be achieved under normal economic and market conditions. Payout at target may only be achieved by exceeding these operating objectives. Hence, the 2013 results that exceeded the aggregate target for the 6 Strategic Imperatives are a reflection of the Corporation's exceptional execution and delivery on its operational targets.

2013 Corporate Performance Index

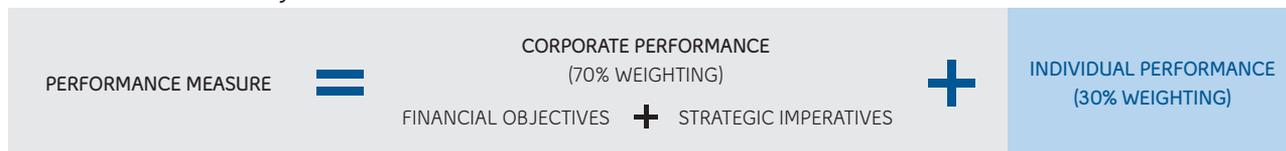
The following table outlines the corporate objectives and results achieved for 2013.

COMPONENT	WEIGHTING	CALCULATED PAYOUT	2013 TARGET	2013 RESULTS	COMMENTS
EBITDA	40%	Payout: 45% Min: 0% Max: 60%	\$6,809 million	\$6,817 million	Bell reported EBITDA growth of 3.4% for 2013, which was in line with our increased full-year financial guidance range and exceeded our internal targets. Results were driven by strong performances across all business units.
Revenue	20%	Payout: 16% Min: 0% Max: 30%	\$18,148 million	\$18,109 million	Bell reported revenue growth of 2.6% for 2013, which was in line with our financial guidance range but below our internal targets, largely due to the high competitive intensity in wireless, consumer and business markets, as well as a challenging year for advertising in Media. Bell revenues reflected growth of 4.7% in Wireless, and a strong contribution from Bell Media driven by our acquisition of Astral, with the Wireline segment showing a decline of 1.2% year over year.
Free Cash Flow	15%	Payout: 17% Min: 0% Max: 22.5%	\$2,560 million	\$2,571 million	BCE reported Free Cash Flow within our financial guidance range and exceeding our internal targets. Growth of 5.9% year over year for 2013 was driven largely by strong EBITDA performance while continuing to invest more capital in broadband networks, and delivering dividend growth to shareholders.
Strategic Imperatives Progress	25%	Payout: 33% Min: 0% Max: 37.5%	various	N/A	The Board approves a scorecard of approximately 30 operating metrics to monitor the progress against the strategic imperatives. Considerable progress was made on each imperative and expectations were exceeded in most cases. In addition to the strong performance in the Wireless, Wireline and Media sectors, strong results were also achieved in the areas of Investment in Broadband Services, Improve Customer Service and Achieving a Competitive Cost Structure. Further details may be found under section 10 entitled <i>President and CEO Compensation</i> .
Total	100%	111%			

The financial results for 2013, along with the progress made against the 6 Strategic Imperatives, were reviewed by the Compensation Committee against the set of financial and operating objectives

used for setting annual short-term incentive awards. Based on their assessment, the Compensation Committee recommended, and the Board approved, a corporate payout index of **111%**.

Individual Performance Objectives



The individual performance component is based on an assessment of the performance of an executive on two dimensions.

The first dimension is the achievement of results measured against the pre-determined business unit objectives. At the beginning of the year, the Compensation Committee reviews the President and CEO's individual performance goals for that year and recommends them to the Board for approval. Our President and CEO's goals, as well as those of our other executive officers, are designed to support the execution of the 6 Strategic Imperatives and thereby create value for shareholders.

The other dimension is the demonstration of the leadership attributes required to achieve those results. These include people leadership attributes, which serve to build and leverage talent and drive team effectiveness, along with strategic leadership attributes, which reinforce the transformation of the business and the execution of the strategy.

At the end of the year, the Compensation Committee and the independent directors of the Board assess the President and CEO's performance on both the achievement of results against the pre-determined objectives as well as the demonstration of leadership in the attainment of those results. Likewise, the President and CEO provides the Compensation Committee with his assessment of the performance of the other executive officers.

Taking into account all the information provided, including the recommendations of the President and CEO, the Compensation Committee makes an informed judgment and recommends for Board approval the individual performance index (between 0 and 3x) for each of the executive officers. This multiplier index applies on 30% of the total target bonus only. In 2013, individual performance indexes for the NEOs ranged from 1.75x to 2.75x, with an average index of 2.1x. Combined with the corporate performance factor of 111%, the 2013 annual short-term incentive awards for our NEOs ranged from \$781,200 to \$2,891,700, with an average payout of \$1,339,785.

EQUITY-BASED COMPENSATION

DSU PLAN

The DSU plan is designed to further align the interests of the executive officers to those of the shareholders by providing a mechanism to receive incentive compensation in the form of equity. Executive officers and other key employees of the Corporation and those of certain subsidiaries may elect to participate in the DSU plan.

Executive officers can choose to have up to 100% of their annual short-term incentive award paid in DSUs instead of cash. The award is converted into DSUs based on the market value of a BCE common share on the day before the award becomes effective. Vested PSUs and RSUs may also be rolled into DSUs at time of payout. DSUs count towards the minimum share ownership requirements, which are described under the *Share Ownership Requirements* section.

DSUs have the same value as BCE common shares. The number and terms of outstanding DSUs are not taken into account when determining if and how many DSUs will be awarded under the plan. No vesting conditions are attached to DSUs; they therefore vest at time of grant.

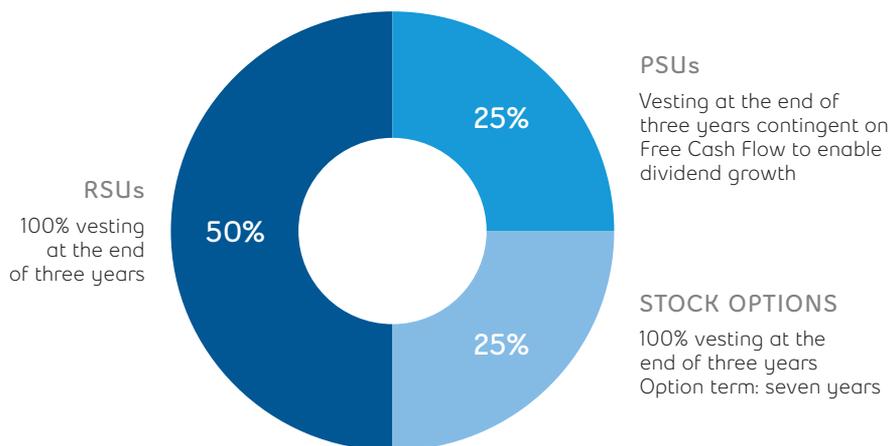
Dividend equivalents in the form of additional DSUs are equal in value to dividends paid on BCE common shares and credited to the participant's account on each dividend payment date based on the number of units in the account as of the dividend record date.

The Compensation Committee may also recommend for Board approval special awards of DSUs to recognize outstanding achievements or for reaching certain corporate objectives. There were no such awards made in 2013.

Holders of DSUs cannot settle their DSUs while they are employed by a company within the BCE group of companies. Once they leave the BCE group, the Corporation will buy, through a trustee, a number of BCE common shares on the open market equal to the number of DSUs a participant holds in the plan, after withholding taxes and any other deductions. These shares are then delivered to the former employee or to the estate in case of death.

LONG-TERM INCENTIVE PLAN

Our long-term incentive plan is designed to reward the creation of value for our shareholders while providing a vehicle to attract and retain talented and skilled executives. Being 100% equity-based, our long-term incentive plan's value to the executive is very much dependent on increasing share-price performance, which in turn benefits all shareholders. Furthermore, the PSU component of the long-term incentive plan rewards the achievement of earnings growth targets that enable BCE to grow its dividend, which also aligns with shareholders' interests. Similar to the 2011 and 2012 grants, the 2013 grants under our long-term incentive plan were allocated as follows:



Below are the key terms that apply to each component of the long-term incentive plan:

ELEMENT	RSUs	PSUs	STOCK OPTIONS
Shareholder interest alignment	RSUs align executives' and shareholders' interests in share return growth. Time vesting also supports the retention of executives to better enable the Corporation to execute its long-term strategy.	PSUs align executives' and shareholders' interests in dividend growth and their compensation to the Corporation's performance. Multi-year vesting also supports the retention of executives to better enable the Corporation to execute its long-term strategy.	Stock options align executives' and shareholders' interests in share price growth and their compensation to the Corporation's performance. Multi-year vesting also supports the retention of executives to better enable the Corporation to execute its long-term strategy.
Term	Three years.		Seven years (10-year maximum under the plan text).
Vesting type	Three-year cliff vesting.		
Vesting date for 2013 grants	December 31, 2015.		February 18, 2016 (three years from the date of grant).
Vesting criteria	Being employed by BCE or Bell on the vesting date.	Being employed by BCE or Bell on the vesting date. To achieve 100% vesting, earnings growth must be sufficient to provide the Board with the ability to increase the dividend by a target compound annual dividend growth rate over the three-year performance period while keeping the dividend payout ratio between 65% and 75% of the Free Cash Flow available to common shareholders. Pro-rated payment is made if the target is only partially attained.	Being employed by BCE or Bell on the vesting date.
Dividend equivalents	Credited as additional units, at the same rate as dividends declared on BCE common shares.		None.
Methods of payment ⁽¹⁾	Cash, BCE common shares or DSUs.		BCE common shares when options are exercised.
Pricing at time of grant	Conversion from dollar value to units made using the volume weighted average of the trading price per common share for the last five consecutive trading days ending immediately on the last trading day prior to the effective date of the grant and rounded up to the nearest unit.		Higher of the volume weighted average of the trading price per common share of a board lot of common shares traded on the Toronto Stock Exchange; 1) on the trading day immediately prior to the effective date of the grant, or if at least one board lot of common shares has not been traded on such day, then the volume weighted average of the trading price per common share of a board lot of common shares for the next preceding day for which at least one board lot was so traded; and 2) for the last five consecutive trading days ending immediately on the trading day prior to the effective date of the grant.
Clawback	With the exception of Mr. G.A. Cope, for whom the clawback clause of his employment agreement is disclosed under section 9.6 entitled <i>Identification and Mitigation of Risks Associated With Our Compensation Policies and Practices</i> , no clawback clause was applicable on RSUs and PSUs. In 2014, all NEOs and EVPs will be subject to the same clawback provision as Mr. Cope.		Option holders will lose all of their unexercised options if they engage in prohibited behaviours after they leave our Corporation. This includes using our confidential information for the benefit of another employer. In addition, the option holder must reimburse the after-tax profit realized on exercising any options during the six-month period preceding the date on which the prohibited behaviour began.

(1) At any time, the Compensation Committee may require that a participant receive a long-term incentive payment in BCE common shares or in DSUs as an interim measure to help the participant reach his/her mandatory share ownership requirement.

The Compensation Committee may also recommend special grants to recognize specific achievements or, in some cases, to retain or motivate executive officers and key employees. For details of special grants, please refer to section 11 entitled *Compensation of Our Named Executive Officers*.

Information on change in control and termination provisions applicable to stock options can be found under section 11.5 entitled *Termination and Change-In-Control Benefits*.

The Corporation uses the fair value method of accounting for equity-based compensation.

SHARE OWNERSHIP REQUIREMENTS

We believe in the importance of substantial share ownership, and our compensation programs are designed to encourage share ownership by executive officers. In order to encourage ongoing investment in the Corporation and to ensure continuous alignment of our executive officers' compensation with our objective of creating value for our shareholders, new levels of share ownership requirements were introduced for the President and CEO and EVPs in November 2013. These new milestones are to be reached 10 years from promotion or hire date. The following table outlines the current minimum share ownership levels as a percentage of annual base salary and the associated deadline applicable for each executive level.

POSITION	MULTIPLE OF BASE SALARY	
	5-YEAR TARGET ⁽¹⁾	10-YEAR TARGET
President and CEO	7.5x	10x
EVPs	3.0x	5x

(1) 50% of five-year target must be reached within three years.

NEO	BASE SALARY (\$)	OWNERSHIP REQUIREMENT		TOTAL BCE EQUITY OWNERSHIP VALUE ⁽¹⁾ (\$)	PERCENTAGE OF		
		5 YEAR	10 YEAR		OWNERSHIP IN DSUs	5-YEAR TARGET ACHIEVED	10-YEAR TARGET ACHIEVED
George A. Cope	1,400,000	7.5x	10x	49,301,605	94%	470%	352%
Siiim A. Vanaselja	575,000	3x	5x	14,342,438	98%	831%	499%
Wade Oosterman	750,000	3x	5x	27,530,054	79%	1,224%	734%
Kevin W. Crull	750,000	3x	5x	5,438,311	86%	242%	145%
Thomas Little	600,000	3x	5x	2,639,889	92%	147%	88% ⁽²⁾

(1) Estimated using a BCE share price of \$48.26 and Bell Aliant shares evaluated at cost.

(2) Mr. Little's deadline to attain his 10-year target is November, 2020.

Direct and indirect holdings of common shares of BCE and Bell Aliant, including shares or DSUs received under the following programs, can be used to reach the minimum share ownership level:

- DSU plan, described under *DSU Plan*
- Employees' Savings Plan (ESP), described under *Benefits and Perquisites*
- shares acquired and held by exercising stock options granted under our stock option plans, described under *Long-Term Incentive Plan*
- shares received and held upon payment of RSUs and PSUs, described under *Long-Term Incentive Plan*.

Option grants and unvested equity grants do not count towards the minimum share ownership level.

Share ownership status is calculated using the higher of acquisition cost and the current market value at time of review. The Compensation Committee reviews at least annually the status of compliance with the share ownership requirements. Concrete measures may be taken if the three- five- or 10-year targets are missed. These measures include, but are not limited to, the payment of a portion of the annual short-term incentive award in DSUs and, when stock options are exercised, the requirement to hold BCE common shares having a market value equal to a portion of the after-tax financial gain resulting from the exercise. These measures remain in effect until the target is reached. As shown in the table below, all of our NEOs have exceeded their five-year targets and all have exceeded their 10-year targets, except for Mr. Little.

Below is the share ownership status for our NEOs as of March 6, 2014.

PENSION, BENEFITS AND PERQUISITES

PENSION

No change was made to our pension plan in 2013 as it was well positioned relative to market.

With the exception of Mr. S.A. Vanaselja, all NEOs participate in the Defined Contribution (DC) pension plan, which has been the only pension plan available to employees hired since 2004. Mr. S.A. Vanaselja, who was hired prior to 2004, participates in Bell Canada's Defined Benefit (DB) pension plan.

All our NEOs are eligible for supplementary retirement arrangements, except for Mr. Little, who will become eligible in 2015. The pension benefits provided to our NEOs are described under *Compensation of Our Named Executive Officers – Pension Arrangements*.

BENEFITS AND PERQUISITES

We believe that offering competitive and flexible benefits is essential to attract and retain qualified employees. The Corporation provides

the Omniflex benefit program, which gives employees the flexibility to choose health, life and accident insurance most suited to their individual needs. The NEOs are provided with additional benefits, mainly relating to incremental life and accident insurance.

We also offer to all of our employees the possibility to participate in our ESP. The ESP is designed to support long-term share ownership and to build greater interest in the growth and success of our Corporation. Under the ESP, when employees elect to contribute up to 6% of their eligible earnings to buy BCE common shares, the Corporation contributes \$1 for every \$3 that the employee contributes. The shares purchased with the Corporation contributions are vested to employees after two years. More information on the ESP can be found under *Compensation of Our Named Executive Officers – Employees' Savings Plans (ESPs)*.

The NEOs receive a competitive cash allowance for perquisites.

9.6 IDENTIFICATION AND MITIGATION OF RISKS ASSOCIATED WITH OUR COMPENSATION POLICIES AND PRACTICES

Our Risk Advisory Services (Internal Audit) and Human Resources groups conducted their annual compensation risk evaluation process to ensure that such practices do not encourage executives to take undue risk on behalf of the corporation for personal financial gain.

FIVE-PILLAR FRAMEWORK



OUR ASSESSMENT IDENTIFIED NO RISKS ASSOCIATED WITH OUR COMPENSATION POLICIES LIKELY TO HAVE A MATERIAL ADVERSE EFFECT ON THE CORPORATION

A balanced compensation plan should encourage executives to assume risk commensurate with delivery against strategic objectives and shareholders' appetite for risk. The plan should align the interests of management with those of shareholders and motivate the achievement of an acceptable level of return. Balanced performance is supported by transparency around risk-taking behaviour and a clear governance and oversight framework. Risk arises in relation to the compensation plan when factors exist within the design and operation of the compensation framework that prevent achieving these goals.

As part of the risk-assessment process, our five-pillar framework developed for the purpose of the annual assessment was used and relevant potential risks were identified for each of the pillars.

The risk factors identified across the five pillars form the focus of the risk assessment associated with compensation policies and practices. Each risk factor is considered in the context of specific plan design characteristics and relevant risk mitigation practices in order to reach a conclusion on the residual risk exposure. The following are relevant risk mitigation practices that are part of the assessment:

COMPENSATION COMMITTEE INDEPENDENCE AND USE OF EXTERNAL CONSULTANTS

- being composed entirely of independent members, the Compensation Committee avoids conflict of interest with respect to the compensation awarded to executives
- the Compensation Committee is also supported by advice from independent compensation consultants
- the Compensation Committee and the Board have discretionary powers to alter payouts on variable compensation programs to ensure pay aligns with actual performance and to reflect business conditions, circumstances, and events that were not foreseeable when the targets were set.

STRUCTURE OF VARIABLE COMPENSATION PLANS

- the structure of our compensation plans helps reduce the likelihood that executives will take undue risk to enhance their remuneration
- the annual short-term incentive plan is structured so that the maximum payout possible is capped at two times the target award. There is no minimum guaranteed payout on performance-based incentives. The balanced yet diversified combination of performance metrics (both financial and operational targets) also ensures that no single element is maximized at the expense of the health of the overall business. For example, financial performance could not be driven at the expense of customer service without impacting the service metric. Furthermore, all EVPs share the same financial targets associated with their annual short-term incentive plan and these are based on total Corporation results, thereby incenting all members of the senior management team to enhance overall Corporation performance
- the pay mix places emphasis on long-term incentives to ensure that executives focus on sustainable value creation. An executive is not motivated to take undue short-term risks because the short-term reward would not offset the negative impact on share ownership and the equity components of compensation
- stock options offer the greatest leverage to share price fluctuation and represent approximately 14% of the total target direct compensation offered to NEOs, thereby providing for the alignment of management objectives with those of shareholders while mitigating the likelihood of undue risk-taking associated with this component
 - stock options vest over three years and have a seven-year term, which supports our principle goal of creating sustained long-term value
- the annualized grants of long-term incentives allow for overlapping performance cycles that necessitate steadily increasing performance levels in order to realize payouts
- the three-year vesting feature on all long-term incentive vehicles discourages short-term-focused decision-making
- the annual long-term incentive grants enable the Compensation Committee to continually review targets and grant levels to ensure incentives remain properly aligned with market levels and Corporation performance
 - the annual process of setting targets requires the Compensation Committee to “back-test” the results achieved on previous targets to ensure that payouts are commensurate with associated levels of achieved performance

- stress testing in relation to the business environment and our business as a whole is performed on multiple payout scenarios to ensure the Compensation Committee is comfortable with the possible range of potential payouts under a total direct compensation approach.

INTERNAL CONTROLS AND TESTING

- to provide the Compensation Committee and the Board with the assurance that the approved compensation policies are applied as intended, the Corporation has set up a comprehensive set of internal controls that are performed as frequently as bi-weekly by members of the Human Resources, Finance and Legal groups. Any deviation from the set policies is then identified and presented to senior management for corrective action to be taken
- compensation exceptions for NEOs are very limited. Changes to the NEOs' compensation must be approved by the Board.

CLAWBACK AND FORFEITURE PROVISIONS

- Mr. Cope has a clawback clause in his employment agreement that provides for the Corporation, at its discretion, to clawback a portion of cash and equity compensation awarded to him as well as to obtain reimbursement for a portion of the gains realized on the exercise of options granted to him after his appointment
 - the clawback is enforceable in the event of a financial restatement due to gross negligence, intentional misconduct or fraud on Mr. Cope's part during the 24 months preceding the restatement, and it is determined that the cash or equity awards paid would have been lower had the restatement occurred prior to the payment of such awards
 - in 2014, the same clawback provision will be introduced for all NEOs and EVPs
- the stock option plan includes clawback provisions in case employees, including NEOs, engage in prohibited behaviours, as described in greater detail in section 9.5 entitled *2013 Compensation Elements* under the heading *Long-Term Incentive Plan*
- in the event of termination for cause, the individual forfeits all vested and unvested options and unvested RSU and PSU grants.

CHANGE IN CONTROL (CIC)

- in order to safeguard executives and maintain leadership during a change-in-control event; a double-trigger CIC policy is in place (requires a CIC and termination for reasons other than for cause or resignation for good reason for 18 months post CIC). This prevents the Corporation from being obliged to pay termination benefits during a CIC if an executive's employment is not terminated as part of the CIC.

SHARE OWNERSHIP

- stringent share ownership requirements are in place to align executives' interests with those of shareholders. The use of DSUs assists in the attainment of minimum ownership levels. Share ownership requirements are discussed under *Share Ownership Requirements*.

DEFERRED SHARE UNITS (DSUs)

- the DSU plan is designed to align the interests of the executive officers with those of the shareholders by providing a mechanism for executives to receive incentive compensation in the form of equity
- executives can convert up to 100% of their annual short-term incentive, vested PSUs and RSUs into DSUs. The DSU plan is explained in greater detail under *DSU Plan*.

TRADING AND HEDGING RESTRICTIONS

- to minimize the risk of an unintentional violation of insider trading prohibitions, we require that our executives trade BCE securities (including exercising stock options) during company-set permissible trading window periods, provided they are not otherwise aware of undisclosed material information

- the Compensation Committee also adopted a formal policy prohibiting all executives from hedging the economic exposure of their BCE share ownership and equity-based compensation. As shareownership requirements and the long-term incentive plan align shareholder and executive interests, these restrictions ensure this alignment is fully maintained.

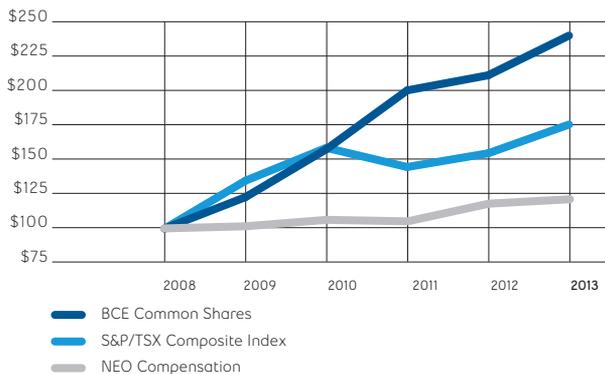
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP) PAYMENTS ARE CAPPED

- the SERP eligibility is only extended after five years of service as an officer
- SERP payouts are capped at 18% of pensionable earnings plus credited investment returns.

9.7 SHAREHOLDER RETURN PERFORMANCE GRAPH

FIVE-YEAR CUMULATIVE TOTAL RETURN ON \$100 INVESTMENT

DECEMBER 31, 2008 – DECEMBER 31, 2013



	2008	2009	2010	2011	2012	2013
BCE Common Shares	100	123	158	201	212	241
S&P/TSX Composite Index	100	135	159	145	155	176
NEO Compensation	100	101	106	105	118	122

The adjacent graph compares the yearly change in the cumulative annual total shareholder return on BCE common shares against the cumulative annual total return on the S&P/TSX Composite Index for the five-year period ending December 31, 2013, assuming an initial investment of \$100 on December 31, 2008, and quarterly reinvestment of all dividends. Also shown is the growth rate of the NEOs' compensation over the same five-year period. Compensation is defined as total direct compensation awarded to NEOs, including salary, annual short-term incentive awards and annualized grants of RSUs, PSUs and stock options. The Compensation Committee is satisfied that, while the compensation awarded to our NEOs remained fairly constant, a large portion of total compensation is awarded in the form of equity, and the actual payouts related to those awards are linked very closely to the evolution of the Corporation's share price and dividend growth.

BCE

BCE total return is based on the BCE common share price on the Toronto Stock Exchange and assumes the reinvestment of dividends.

S&P/TSX COMPOSITE INDEX

With approximately 95% coverage of the Canadian equities market, the S&P/TSX Composite Index is the primary gauge for Canadian-based, Toronto Stock Exchange-listed companies. Such companies include, among others: BCE, Royal Bank of Canada, Toronto-Dominion Bank, Suncor Energy, Canadian Natural Resources and Canadian National Railway Company.