

This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. These securities have not been and will not be registered under the United States Securities Act of 1933 and may not be offered or sold directly or indirectly in the United States of America, its territories or possessions, or to residents or nationals thereof.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada (the permanent information record in Québec). Copies of the documents incorporated herein by reference may be obtained on request without charge from your dealer or from the Vice-President and Corporate Secretary, Bell Canada, 1050 côte du Beaver Hall, Montréal, Québec H2Z 1S4 (telephone 514-870-5107).

New Issue

\$150,000,000

Bell Canada

9.25% Debentures, Series EO, Due 2053

(unsecured)

To be dated March 1, 1993

To mature May 15, 2053

The 9.25% Debentures, Series EO, Due 2053 (the "Series EO Debentures") may not be redeemed for any purpose prior to May 15, 2053.

In the opinion of Counsel, these debentures, subject to compliance with the prudent investment standards and general investment provisions, at the date of issue, will not be precluded as investments under the Insurance Companies Act (Canada) and will be eligible investments under certain federal and provincial statutes.

	<u>Price to Public</u>	<u>Underwriting Discount and Fee⁽¹⁾</u>	<u>Net Proceeds to Bell Canada^{(2) (3)}</u>
Per debenture	Non-fixed price	1.00%	99.00% ⁽⁴⁾
Total	Non-fixed price	\$1,500,000	\$148,500,000

(1) Consisting of an underwriting fee of \$9.00 and an underwriting discount of \$1.00 per \$1,000 principal amount of Series EO Debentures. The Underwriters' overall compensation will increase or decrease by the amount by which the aggregate price paid for the Series EO Debentures by the purchasers exceeds or is less than the gross proceeds paid by the Underwriters to Bell Canada.

(2) Plus accrued interest, if any, from March 1, 1993 to the date of delivery.

(3) Before deducting expenses of issue estimated at \$160,000.

(4) Per \$1,000 principal amount of Series EO Debentures.

The Underwriters have agreed to purchase the Series EO Debentures from Bell Canada at 99.9% of their principal amount, plus accrued interest, if any, from March 1, 1993 to the date of delivery, subject to the terms and conditions set forth in the Underwriting Agreement referred to under "Plan of Distribution", and will receive a fixed fee of \$1,350,000.

The Series EO Debentures will be offered to the public at prices to be negotiated by the Underwriters with purchasers. Accordingly, the price at which the securities will be offered and sold to the public may vary as between purchasers and during the period of distribution of the Series EO Debentures.

We, the Underwriters, as principals, conditionally offer \$150,000,000 aggregate principal amount of Series EO Debentures subject to prior sale, if, as and when issued by Bell Canada and accepted by us in accordance with the conditions contained in the agreement referred to under "Plan of Distribution", and subject to the approval of certain legal matters on behalf of Bell Canada by McMaster Meighen and on our behalf by Lafleur Brown.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the closing will occur on or about March 1, 1993.

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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 Bell Canada dated February 26, 1992;
- (b) Consolidated Financial Statements of Bell Canada for the year ended December 31, 1991, and the Auditors' Report thereon provided on pages 10 to 25 of Bell Canada's Annual Report 1991;
- (c) Quarterly Reports of Bell Canada for the first, second and third quarters of 1992 containing the unaudited interim Consolidated Financial Statements for the three months ended March 31, 1992, the six months ended June 30, 1992 and the nine months ended September 30, 1992; and
- (d) Material Change Report of Bell Canada dated June 13, 1992 with respect to the June 12, 1992 decision of the Canadian Radio-television and Telecommunications Commission ("CRTC").

Any Annual Information Form, material change reports (excluding confidential reports), interim financial statements and information circulars filed by Bell Canada with the various securities commissions or similar authorities in Canada after the date of this short form prospectus and prior to the termination of the offering made hereby, shall be deemed to be incorporated by reference into this short form prospectus.

Any statement contained 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. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.

BELL CANADA

Bell Canada was incorporated by special act of the Parliament of Canada in 1880 and continued under the Canada Business Corporations Act effective April 21, 1982. Bell Canada may also be legally designated as The Bell Telephone Company of Canada or La Compagnie de Téléphone Bell du Canada and it has its principal and registered offices at 1050 côte du Beaver Hall, Montréal, Québec, Canada H2Z 1S4.

Bell Canada is the largest Canadian supplier of telecommunications services and, as a telecommunications operating company, owns and operates a public switched network for voice, data and image communications in the provinces of Ontario and Québec, through its operating divisions Bell Ontario and Bell Québec. Bell Canada owns a 100% interest in the Directory Business division of Tele-Direct (Publications) Inc. which is engaged in the sale of telephone directory advertising and in the publishing of white pages and Yellow Pages* directories for Bell Canada. In addition, Bell Canada has minority common equity interests in Bell-Northern Research Ltd., an industrial research and development organization.

BCE Inc. ("BCE"), directly and through one of its subsidiaries, owns all the outstanding voting shares of Bell Canada. BCE* is Canada's largest telecommunications company. Its core businesses are the provision of telecommunications services and the manufacture of telecommunications equipment. BCE also has major interests in financial services and in a number of other businesses.

*Trademark

CURRENT OPERATING RESULTS

Consolidated results for the three months and the twelve months ended December 31, 1992, along with the comparative figures for 1991 are summarized below:

	Three months ended December 31		Twelve months ended December 31	
	1992 ⁽¹⁾	1991	1992 ⁽¹⁾	1991
	(millions of dollars)			
Operating revenues	\$1,985.5	\$1,954.7	\$7,862.8	\$7,729.0
Operating expenses	<u>1,422.2</u>	<u>1,399.9</u>	<u>5,620.1</u>	<u>5,555.7</u>
Net revenues	<u>\$ 563.3</u>	<u>\$ 554.8</u>	<u>\$2,242.7</u>	<u>\$2,173.3</u>
Net income	<u>\$ 263.4</u>	<u>\$ 249.7</u>	<u>\$1,006.1</u>	<u>\$ 986.0</u>

(1) Unaudited.

RECENT DEVELOPMENTS

Outlook for 1993

As the year 1992 ended, weak economic conditions continued to prevail in the territory served by Bell Canada. While Bell Canada expects that its local and access services revenues will increase in 1993, it expects that its toll and network services revenues will remain unchanged in 1993 due to the modest growth in the economy, to the increased activities of resellers and of other alternative telecommunications suppliers and, to some extent, to the rate reductions for long distance services which were implemented in 1992. In particular, it is expected that the trend of declining message toll service ("MTS") messages experienced in the fourth quarter of 1992 will continue and will result in an overall decrease in MTS messages in 1993 over 1992. Bell Canada estimates that, without rate relief, its regulated rate of return on average common equity (regulated ROE) will be 10.76 per cent in 1993, compared with 12.70 per cent in 1992.

In view of these factors and in order to maintain its financial position while continuing to make large capital expenditures related to its network, Bell Canada filed with the CRTC on February 5, 1993 an application for a general increase in local rates. In its application, Bell Canada requests interim rate increases to take effect on April 1, 1993 and additional increases to take effect from September 1, 1993. The requested increases in revenues would be approximately \$210 million and \$450 million in 1993 and 1994, respectively, and would generate regulated ROE's of approximately 12.25% in 1993 and 12.75% in 1994. The hearing of Bell Canada's application is scheduled to commence on May 17, 1993. On February 12, 1993, the CRTC invited the general public to comment on Bell Canada's application for interim rate increases by March 8, 1993.

Bell Canada is not relying only on its application for rate relief to improve its financial position. Bell Canada will also pursue aggressively the continuation of its productivity programs in 1993 and subsequent years to effect operating cost reductions; as well Bell Canada will continue to develop and introduce a wide range of new products and services for its customers. Other measures to enable Bell Canada to deal effectively with competition will also be pursued, including any required changes to the way in which Bell Canada structures its operations.

Judgment of the Federal Court of Appeal

Following the June 12, 1992 decision of the CRTC on long distance competition, Bell Canada filed an appeal before the Canadian Federal Court of Appeal (the "Court") of certain specific parts of that decision regarding the payment of start-up costs associated with the implementation of the decision, and regarding the amount of contribution competitors should pay to support affordable local service. On December 23, 1992, the Court rendered its judgment and rejected Bell Canada's appeal. Bell Canada has indicated that it does not intend to appeal further the Court's decision.

Ratings of Bell Canada's Debt Securities

On December 22, 1992, Moody's Investors Service, Inc. lowered the long-term debt ratings of Bell Canada's unsecured debt (which includes the Series EO Debentures) from Aa2 to Aa3. On February 1, 1993 Standard & Poor's Corporation lowered its rating on similar debt from AA to AA-.

On February 8, 1993, Canadian Bond Rating Service and Dominion Bond Rating Service Limited confirmed that their current ratings of Bell Canada's debentures of A+ and AA, respectively, will apply to the Series EO Debentures.

Subsidiary and Associated Companies

In December 1992, Bell Canada sold to a subsidiary of BCE its remaining shares of Alouette Telecommunications Inc. ("Alouette"), a holding company owned by BCE and other companies, including other members of Stentor Canadian Network Management ("Stentor"), a working association of nine major Canadian telephone companies, including Bell Canada, and Spar Aerospace Limited. Alouette holds 96% of the shares of Telesat Canada, which is engaged in the provision of satellite communications services principally between locations within Canada.

On January 1, 1993, Stentor Resources Centre Inc. ("SRCI"), a company jointly-held by the telephone company members of Stentor, commenced its operations. This company has consolidated some of the telephone companies' engineering and research and development and all the national and international marketing activities. SRCI has approximately 2,500 employees, of whom some 1,400 were provided by Bell Canada. SRCI recovers its operating costs from its shareholders.

In November 1992, Bell Canada announced its intention to form three wholly-owned subsidiaries to provide end-to-end information management systems and services. Bell Sygma Inc. ("Sygma") will be the holding and management company of Bell Sygma Systems Management Inc., a data processing company, and of Bell Sygma Telecom Solutions Inc., a systems integration company. These companies will continue to provide these services to Bell Canada through operating agreements. In addition, the new companies will compete for new business in Canada's growing information services market. On December 30, 1992, the CRTC granted Bell Canada's request for interim approval of these transactions. On January 25, 1993, the CRTC initiated a public proceeding on the subject; all comments by interested parties must be filed by June 17, 1993. Effective February 1, 1993, Bell Canada transferred its data centres and 2,800 employees of its Operations Development organization to the new companies.

Regulation

On December 16, 1992, the CRTC announced a major review of regulation in the telecommunications industry. The review will look at changes that may be necessary in the regulation of federally-regulated telephone companies, in light of developments in the industry such as increasing competition and technological evolution. The review will address three key issues: (1) whether the CRTC's historical form of monopoly regulation is still appropriate; (2) whether there are alternatives to traditional rate of return regulation; and (3) whether the telephone companies should be granted increased regulatory flexibility in competitive markets. In addition, the review will examine ways to reduce the annual shortfall in revenues from local and access services in order to encourage efficiency and stimulate investment in network infrastructure and services. The oral hearing is scheduled to begin on November 1, 1993. Should the CRTC approve a new regulatory framework, the detailed aspects of implementation would be dealt with in subsequent proceedings. These issues are similar to those raised in the August 5, 1992 petition filed by Stentor Telecom Policy Inc. with the cabinet of the Federal Government, which petition was withdrawn on January 26, 1993.

INTEREST AND ASSET COVERAGES

The following financial ratios are calculated based on financial information as at, or for the twelve months ended December 31, 1991 and September 30, 1992 and, to the extent not already reflected in such financial information, give effect to (i) this issue of Series EO Debentures; (ii) the issue on January 15, 1992 of common shares to BCE for \$100 million; (iii) the purchase for cancellation on January 15, 1992 of all of the then outstanding Class A Preferred Shares Series 1 from BCE for \$23.5 million; (iv) the redemption prior to maturity on February 17, 1992 of \$42 million principal amount of First Mortgage 8³/₈% Bonds, Series AY, Due 1993 at the principal amount plus accrued interest; (v) the repayment at maturity on March 15, 1992 of \$65 million principal amount of First Mortgage 8% Bonds, Series AT; (vi) the issue on March 16, 1992 of \$125 million principal amount of 9.70% Debentures, Series EJ, Due 2032; (vii) the issue on March 25, 1992 of \$125 million principal amount of 8⁷/₈% Debentures, Series EK, Due 1997; (viii) the redemption prior to maturity on March 28, 1992 of \$125 million principal amount of 12¹/₄% Debentures, Series DO, Due 1997 at a price equal to 102¹/₂% of the principal amount;

(ix) the issue on May 26, 1992 of U.S.\$200 million principal amount of 7³/₄% Debentures, Series EL, Due 2006 at a price of 99.657% of the principal amount; (x) the redemption prior to maturity on June 3, 1992 of \$50 million principal amount of 8% First Mortgage Bonds, Series AW, Due 1993 at the principal amount plus accrued interest; (xi) the redemption prior to maturity on June 3, 1992 of \$70 million principal amount of 10% First Mortgage Bonds, Series BG, Due 1996 at the principal amount; (xii) the issue on June 15, 1992 of \$250 million principal amount of 10% Debentures Series EH, Due 2041 at a price of 101.85% of the principal amount plus accrued interest; (xiii) the issue on June 15, 1992 of \$150 million principal amount of 9.50% Debentures, Series EM, Due 2002, at a price of 102% of the principal amount; (xiv) the redemption prior to maturity on June 22, 1992 of U.S.\$200 million principal amount of 8³/₄% Debentures, Series DA, Due 2006 at a price equal to 102.88% of the principal amount plus accrued interest; (xv) the redemption prior to maturity on July 20, 1992 of \$65 million principal amount of 8% First Mortgage Bonds, Series AV, Due 1994, at the principal amount; (xvi) the redemption prior to maturity on July 20, 1992 of \$50 million principal amount of 8¹/₈% First Mortgage Bonds, Series BD, Due 1994, at the principal amount; (xvii) the repayment at maturity on September 15, 1992 of \$45 million principal amount of 6.75% First Mortgage Bonds, Series AI; (xviii) the issue on September 17, 1992 of \$50 million principal amount of 7.30% Debentures, Series EN, Due 1997, at a price of 101.84% of the principal amount; (xix) the redemption prior to maturity on September 28, 1992 of \$50 million principal amount of 8% First Mortgage Bonds, Series BA, Due 1997, at a price equal to 100.375% of the principal amount plus accrued interest; (xx) the issue on October 15, 1992 of common shares to BCE for \$200 million; (xxi) the issue on February 5, 1993 of SFr.300 million principal amount of 5¹/₂% debt securities, Due 2003, at a price of 101.25% of the principal amount; (xxii) the redemption prior to maturity on February 8, 1993, of U.S.\$200 million principal amount of 9% Debentures, Series DE, Due 2008 at a price of 103.60% of the principal amount plus accrued interest; and (xxiii) the proposed issue in Europe on March 10, 1993 of \$150 million principal amount of 8% Debentures, Series EP, Due 1998.

	Twelve months ended	
	September 30, 1992 ⁽¹⁾	December 31, 1991
Earnings coverage of interest on long term debt of Bell Canada	3.8 times	3.9 times
Net tangible asset coverage for each \$1,000 of long term debt:		
Before deduction of deferred income taxes	2.8 times	2.8 times
After deduction of deferred income taxes	2.5 times	2.5 times

(1) Based on unaudited financial information.

PLAN OF DISTRIBUTION

Under an agreement dated February 11, 1993, as amended February 18, 1993, between Bell Canada and Wood Gundy Inc., RBC Dominion Securities Inc., Burns Fry Limited, Lévesque Beaubien Geoffrion Inc., Toronto Dominion Securities Inc., Nesbitt Thomson Ltd., Richardson Greenshields of Canada Limited and ScotiaMcLeod Inc. as underwriters (the "Underwriters"), Bell Canada has agreed to sell and the Underwriters have agreed to purchase on March 1, 1993, or on such later date as may be agreed upon, but in any event not later than April 1, 1993, all but not less than all of \$150,000,000 principal amount of Series EO Debentures at a price of \$99.90 per \$100 of such principal amount of Series EO Debentures, plus accrued interest, if any, to the date of delivery, payable in cash to Bell Canada against delivery of such principal amount of Series EO Debentures. In consideration for their services in connection with this offering, Bell Canada has agreed to pay the Underwriters a fee of \$0.90 per \$100 of such principal amount of Series EO Debentures. 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 Bell Canada.

The Series EO Debentures will be offered to the public at prices to be negotiated by the Underwriters with purchasers. Accordingly, the price at which the securities will be offered and sold to the public may vary as between purchasers and during the period of distribution of the Series EO Debentures. The Underwriters' overall compensation will increase or decrease by the amount by which the aggregate price paid for the Series EO Debentures by the purchasers exceeds or is less than the gross proceeds paid by the Underwriters to Bell Canada.

The obligations of the Underwriters under such 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 Bell Canada upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all such principal amount of Series EO Debentures if any Series EO Debentures are purchased under such agreement.

In connection with this offering, the Underwriters may over-allot the Series EO Debentures offered by this short form prospectus or effect transactions which stabilize or maintain the market price of such Series EO

Debentures at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Series EO Debentures have not been and will not be registered under the United States Securities Act of 1933 and, subject to certain exceptions, may not be offered or sold within the United States. In addition, until 40 days after the commencement of the offering, an offer or sale of Series EO Debentures within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of that act.

The Underwriters may offer separately for sale by a prospectus to be filed in each province all or part of the principal amount of the Series EO Debentures and of the interest payments attaching to such Series EO Debentures subject to compliance with the securities legislation applicable in each of the provinces of Canada.

USE OF PROCEEDS

The net proceeds from the sale of the Series EO Debentures offered hereby, estimated at \$148,340,000 after deducting the expenses of issue estimated at \$160,000, will form part of the general funds of Bell Canada and will be used to pay for part of Bell Canada's expenditures for the acquisition and construction of additions and improvements to its telecommunications system and to provide additional working funds.

DETAILS OF THE OFFERING

General

The following is a brief summary of the material attributes and characteristics of the 9.25% Debentures, Series EO, Due 2053 of Bell Canada, to be dated March 1, 1993 and to mature May 15, 2053. This summary does not purport to be complete and for full particulars reference is made to the Indenture referred to below.

The Series EO Debentures will be payable as to principal and interest in lawful money of Canada at any branch in Canada of the bank designated in the Series EO Debentures, at the holder's option.

Interest on the Series EO Debentures will be payable at the rate of 9.25% per annum half-yearly on May 15 and November 15. The first payment will be made on May 15, 1993 and will be \$19.01 per \$1,000 principal amount of Series EO Debentures.

Indenture

The Series EO Debentures are to be issued under an indenture dated as of July 1, 1976 and indentures supplemental thereto, executed by Bell Canada in favour of The Royal Trust Company, Trustee, including a thirty-sixth supplemental indenture to be executed by Bell Canada in favour of The Royal Trust Company, Trustee (hereinafter collectively referred to as the "Indenture"). The thirty-sixth supplemental indenture will provide for the creation of \$500,000,000 aggregate principal amount of Series EO Debentures of which \$150,000,000 aggregate principal amount is offered by this short form prospectus and up to a maximum of \$350,000,000 aggregate principal amount may be authorized to be executed, certified and delivered from time to time. All debentures issued under the Indenture and outstanding are collectively referred to as the "Debentures".

There is no material relationship between Bell Canada or any of its affiliates and The Royal Trust Company, the Trustee under the Indenture.

Form and Denominations

The Series EO Debentures will be available in fully registered form only, in denominations of \$1,000 or any multiple of \$1,000.

The Series EO Debentures in any authorized denomination will be exchangeable for an equal aggregate principal amount of Series EO Debentures in any other authorized denomination.

Transferability

The Series EO Debentures will be transferable at the offices of the Trustee, The Royal Trust Company, in Montréal and Toronto.

Sinking Fund

No sinking fund has been provided in respect of any Debentures or First Mortgage Bonds of Bell Canada now outstanding, nor will any sinking fund be provided in respect of the Series EO Debentures offered by this short form prospectus.

Redemption

The Series EO Debentures may not be redeemed for any purpose prior to May 15, 2053.

Open Market Purchases

Bell Canada will have the right at any time and from time to time to purchase Series EO Debentures in the market, by tender or by private contract at any price.

Ranking

In the opinion of Counsel, the Debentures and all debentures issued under an indenture entered into between Bell Canada and Morgan Guaranty Trust Company of New York dated as of April 1, 1976 and indentures supplemental thereto, will rank *pari passu* as unsecured obligations of Bell Canada.

First Mortgage Trust Indenture

As at December 31, 1992 Bell Canada had outstanding under its Trust Indenture and Mortgage, dated as of March 1, 1925 (the "First Mortgage Trust Indenture") between Bell Canada and The Royal Trust Company as trustee (as supplemented by supplemental indentures confirming the liens thereof) First Mortgage Bonds in the aggregate principal amount of \$120.0 million and U.S. \$408.0 million. Effective July 1, 1989 National Trust Company was appointed successor trustee under the First Mortgage Trust Indenture.

All the property of Bell Canada now owned or hereafter acquired and all securities now owned or hereafter acquired by Bell Canada are subject to the liens of the First Mortgage Trust Indenture.

The Indenture pursuant to which the Series EO Debentures are to be issued provides that nothing therein contained shall prevent Bell Canada from subjecting any property to the liens of the First Mortgage Trust Indenture or from taking any action deemed necessary by it in order to comply with the requirements of the First Mortgage Trust Indenture.

Covenants

The Indenture contains covenants to the following effect:

1. ***Covenant Not to Issue More First Mortgage Bonds.*** Bell Canada will not issue any First Mortgage Bonds except those which may be issued in respect of bonds which may be surrendered for transfer, exchange or substitution or which may be issued in replacement of bonds mutilated, destroyed, lost or stolen. Nothing in the Indenture contained shall in any way affect or be deemed to affect the liens created by the First Mortgage Trust Indenture on any property heretofore or hereafter acquired by Bell Canada, nor prevent Bell Canada from taking any action deemed necessary by it in order to comply with the requirements of the First Mortgage Trust Indenture.
2. ***Limitation on Liens.*** Subject to the exceptions set forth in Paragraph 4, Bell Canada will not issue, assume or guarantee any Debt secured by, and will not after the date of the Indenture secure any Debt by, a Mortgage upon any property of Bell Canada (whether now owned or hereafter acquired), without in any such case effectively providing concurrently therewith that the Debentures (together with any other Debt of Bell Canada which may then be outstanding and entitled to the benefit of a covenant similar in effect to this covenant) shall be secured equally and rateably with such Debt; provided, however, that the foregoing restrictions shall not apply to Debt secured by:
 - (i) Purchase Money Mortgages;
 - (ii) Mortgages on property of a corporation existing at the time such corporation is merged into or consolidated with Bell Canada or at the time of a sale, lease or other disposition to Bell Canada of the properties of a corporation as an entirety or substantially as an entirety;
 - (iii) Mortgages required by the First Mortgage Trust Indenture and permitted by Paragraph 1 hereof;
 - (iv) Mortgages on current assets of Bell Canada securing Current Debt of Bell Canada; or

(v) any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any Mortgage referred to in the foregoing clauses (i) or (ii) or any Mortgage (other than Mortgages created by the First Mortgage Trust Indenture) existing at the date of the Indenture, provided, however, that the principal amount of Debt secured thereby shall not exceed the principal amount of Debt so secured at the time of such extension, renewal or replacement, and that such extension, renewal or replacement shall be limited to all or a part of the property which secured the Mortgage so extended, renewed or replaced (plus improvements on such property).

3. *Limitation on Sale and Leaseback Transactions.* Subject to the exceptions set forth in Paragraph 4, Bell Canada will not enter into any Sale and Leaseback Transaction unless the net proceeds of the sale or transfer of the property involved therein have been determined by the directors of Bell Canada to be at least equal to the fair value of such property at the time of such sale or transfer and, either (i) the property sold or transferred could have been subjected to the lien of a Purchase Money Mortgage pursuant to the provisions of Paragraph 2 (i), or (ii) Bell Canada applies or causes to be applied an amount equal to the net proceeds of such sale or transfer within 120 days of the receipt thereof to the retirement (whether at maturity or by prepayment) of Debt of Bell Canada which was Funded Debt at the time of original issuance, assumption or guarantee thereof.

4. *Additional Permitted Liens and Sale and Leaseback Transactions.* In addition to Mortgages and Sale and Leaseback Transactions permitted by Paragraphs 2 and 3, Bell Canada may:

(i) issue, assume or guarantee any Debt secured by, or secure after the date of the Indenture any Debt by, a Mortgage upon any property of Bell Canada (whether now owned or hereafter acquired); and

(ii) enter into any Sale and Leaseback Transaction

if, after giving effect thereto, the sum of (a) the aggregate principal amount of Debt secured by Mortgages of Bell Canada permitted only by this Paragraph 4 plus (b) Attributable Debt existing at such time in respect of Sale and Leaseback Transactions of Bell Canada entered into after the date of the Indenture and permitted only by this Paragraph 4, does not at such time exceed 5% of the Net Worth of Bell Canada.

5. *Limitations on Issuance of Additional Funded Debt.* (a) Bell Canada will not issue, assume or guarantee any Funded Debt (other than Funded Debt secured by Purchase Money Mortgages and other than Funded Debt issued as an extension, retirement, renewal or replacement of Debt which was Funded Debt at time of original issuance, assumption or guarantee without increasing the principal amount thereof) ranking equally with the Debentures unless Earnings Available for Payment of Interest Charges during any period of 12 successive calendar months selected by Bell Canada out of 18 such months next preceding the date of the proposed issuance, assumption or guarantee of the new Funded Debt shall have been not less than one and three-quarters times the sum of (i) annualized interest charges on all Funded Debt outstanding at the date of such proposed issuance, assumption or guarantee (except Funded Debt held in any purchase, sinking, amortization or analogous fund and Funded Debt to be retired by the Funded Debt proposed to be issued or to be retired by Funded Debt issued since the beginning of such 12 month period) plus (ii) annualized interest charges on the Funded Debt proposed to be issued, assumed or guaranteed.

(b) Bell Canada will not issue, assume or guarantee any Funded Debt (other than Funded Debt secured by Purchase Money Mortgages and other than Funded Debt issued as an extension, retirement, renewal or replacement of Debt which was Funded Debt at time of original issuance, assumption or guarantee without increasing the principal amount thereof) ranking equally with the Debentures unless all Funded Debt of Bell Canada outstanding at the date of such proposed issuance, assumption or guarantee (except Funded Debt held in any purchase, sinking, amortization or analogous fund) shall not exceed 66 $\frac{2}{3}$ % of the Tangible Property of Bell Canada (after giving effect to such issuance, assumption or guarantee and the receipt and application of the proceeds thereof).

The terms Attributable Debt, Current Debt, Debt, Earnings Available for Payment of Interest Charges, First Mortgage Trust Indenture, First Mortgage Bonds, Funded Debt, Mortgage, Net Worth of Bell Canada, Purchase Money Mortgage, Sale and Leaseback Transaction, and Tangible Property of Bell Canada are defined in the Indenture.

Modification

The Indenture and the rights of the holders of Debentures may in certain circumstances be modified. For that purpose, among others, the Indenture contains provisions making extraordinary resolutions binding upon all holders

of Debentures. "Extraordinary resolution" is defined, in effect, as a resolution passed at a meeting of Debentureholders by the affirmative votes of the holders of at least 66 $\frac{2}{3}$ % of the principal amount of Debentures voted on the resolution at a meeting of Debentureholders at which a quorum, as specified in the Indenture, is present or as one or more instruments in writing signed by the holders of at least 66 $\frac{2}{3}$ % in principal amount of all outstanding Debentures. In certain cases the modification requires separate assent by the holders of the required percentage of Debentures of each series.

TRANSFER AGENT AND REGISTRAR

The register for the Series EO Debentures will be kept at the principal office of the Trustee, The Royal Trust Company, in Montréal, and facilities for registration, exchange and transfer of the Series EO Debentures will be maintained at the principal offices of the Trustee 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 within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, but such remedies must be exercised by the purchaser within the time limit prescribed by the securities legislation of his province. The purchaser should refer to any applicable provisions of the securities legislation of his province for the particulars of these rights or consult with a legal adviser.

CERTIFICATE OF BELL CANADA

Dated: February 19, 1993

The foregoing, 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 short form prospectus as required by the securities laws of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland. This short form 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, as required by the securities laws of Québec.

Chief Executive Officer

(Signed) R. KEARNEY
President and
Chief Executive Officer

Chief Financial Officer

(Signed) R. A. HAMILTON HARDING
Vice-President (Finance) and
Chief Financial Officer

On behalf of the Board of Directors:

Director

(Signed) W. CHIPPINDALE

Director

(Signed) P.-G. TREMBLAY

CERTIFICATE OF UNDERWRITERS

Dated: February 19, 1993

To the best of our knowledge, information and belief, the foregoing, 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 short form prospectus as required by the securities laws of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland. To our knowledge this short form 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, as required by the securities laws of Québec.

Wood Gundy Inc.

RBC Dominion Securities Inc.

Burns Fry Limited

(Signed) DAVID CLIFFORD

(Signed) M. A. COURTOIS

(Signed) G. A. EDWARDS

Lévesque Beaubien Geoffrion Inc.

Toronto Dominion Securities Inc.

(Signed) G. LITTLEJOHN

(Signed) J. GRANDY

Nesbitt Thomson Ltd.

**Richardson Greenshields
of Canada Limited**

ScotiaMcLeod Inc.

(Signed) D. M. McENTYRE

(Signed) J. H. BRIDGMAN

(Signed) J. O. NADEAU

The following includes the names of all persons having an interest either directly or indirectly, to the extent of not less than 5% in the capital of:

Wood Gundy Inc.: wholly-owned by the CIBC Wood Gundy Corporation, a majority-owned subsidiary of a Canadian chartered bank;

RBC Dominion Securities Inc.: RBC Dominion Securities Limited, a majority-owned subsidiary of a Canadian chartered bank;

Burns Fry Limited: wholly-owned by Burns Fry Holdings Corporation;

Lévesque Beaubien Geoffrion Inc.: wholly-owned by Lévesque, Beaubien and Company Inc., a majority-owned subsidiary of a Canadian chartered bank;

Toronto Dominion Securities Inc.: wholly-owned subsidiary of a Canadian chartered bank;

Nesbitt Thomson Ltd.: The Nesbitt Thomson Corporation Limited, a majority-owned subsidiary of a Canadian chartered bank;

Richardson Greenshields of Canada Limited: wholly-owned by Richardson Greenshields Limited; and

ScotiaMcLeod Inc.: wholly-owned subsidiary of a Canadian chartered bank.