

Bell Aliant Preferred Equity Inc.
Form CB
August 15, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form CB

TENDER OFFER/RIGHTS OFFERING NOTIFICATION FORM

Please place an X in the box(es) to designate the appropriate rule provision(s) relied upon to file this Form:

Securities Act Rule 801 (Rights Offering)	..
Securities Act Rule 802 (Exchange Offer)	X
Exchange Act Rule 13e-4(h)(8) (Issuer Tender Offer)	..
Exchange Act Rule 14d-1(c) (Third Party Tender Offer)	X
Exchange Act Rule 14e-2(d) (Subject Company Response)	..
Filed or submitted in paper if permitted by Regulation S-T Rule 101(b)(8)	..

Bell Aliant Preferred Equity Inc.

(Name of Subject Company)

N/A

Edgar Filing: Bell Aliant Preferred Equity Inc. - Form CB
(Translation of Subject Company's Name into English (if applicable))

Canada

(Jurisdiction of Subject Company's Incorporation or Organization)

BCE Inc.

(Name of Person(s) Furnishing Form)

Bell Aliant Preferred Equity Inc. Series A Preferred Shares

Bell Aliant Preferred Equity Inc. Series C Preferred Shares

Bell Aliant Preferred Equity Inc. Series E Preferred Shares

(Title of Class of Subject Securities)

07787C206

07787C404

07787C602

(CUSIP Number of Class of Securities (if applicable))

Michel Lalande

Corporate Secretary

BCE Inc.

1, carrefour Alexander-Graham-Bell

Building A, 7th Floor

Verdun, Québec

Canada H3E 3B3

with a copy to:

Donald R. Crawshaw

Sullivan & Cromwell LLP

125 Broad Street

New York, New York 10004-2498

(Name, Address (including zip code) and Telephone Number (including area code) of Person(s) Authorized

Edgar Filing: Bell Aliant Preferred Equity Inc. - Form CB
to Receive Notices and Communications on Behalf of Subject Company)

August 14, 2014

(Date Tender Offer/Rights Offering Commenced)

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This Form CB is being furnished by BCE Inc. (the Offeror), a company governed by the laws of Canada, in connection with the commencement of offers for each Series A Preferred Share, Series C Preferred Share, and Series E Preferred Share (collectively, the Preferred Shares) of Bell Aliant Preferred Equity Inc. (Prefco).

PART I INFORMATION SENT TO SECURITY HOLDERS

Item 1. *Home Jurisdiction Documents*

(a) The following documents have been published in the home jurisdiction of the Offeror and are attached as exhibits to this Form CB:

Attachment A: Preferred Share Exchange Offer and Circular, dated August 14, 2014

Attachment B: Letter of Transmittal and Election Form

(b)

Not Applicable.

Item 2. *Informational Legends*

A legend complying with Rule 802(b) under the Securities Act of 1933, as amended, has been included on page (i) (continuation from cover page) of the Preferred Share Exchange Offer and Circular furnished as Exhibit 1.1, under the heading Notice to Preferred Shareholders in the United States .

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PART II INFORMATION NOT REQUIRED TO BE SENT TO SECURITY HOLDERS

Exhibit Index

- 1.1 Barclays Capital Canada Inc. Valuation and Fairness Opinion, dated July 22, 2014.
- 1.2 Scotia Capital Inc. Fairness Opinion, dated July 22, 2014.
- 2.1 The audited consolidated financial statements of BCE for the years ended December 31, 2013 and 2012 and notes and the auditor's report in respect thereof (incorporated by reference to Exhibit 99.2 to BCE's Form 40-F filed with the Commission on March 12, 2014 (the Form 40-F)).
- 2.2 Management's discussion and analysis of financial condition and results of operations of BCE for the year ended December 31, 2013 (incorporated by reference to Exhibit 99.2 of the Form 40-F).
- 2.3 Annual Information Form of BCE dated March 6, 2014 for the year ended December 31, 2013 (incorporated by reference to Exhibit 99.1 of the Form 40-F).
- 2.4 The notice of annual meeting and management proxy circular of BCE dated March 6, 2014, in connection with the annual meeting of BCE's shareholders held on May 6, 2014 (incorporated by reference to Exhibit 99.1 to BCE's Form 6-K, furnished to the Commission on March 25, 2014).
- 2.5 The unaudited consolidated interim financial statements of BCE for the six months ended June 30, 2014 and 2013 and notes related thereto (incorporated by reference to Exhibit 99.1 to BCE's Form 6-K, furnished to the Commission on August 7, 2014).
- 2.6 Management's discussion and analysis of financial condition and results of operations of BCE for the six months ended June 30, 2014 and 2013 (incorporated by reference to Exhibit 99.1 to BCE's Form 6-K, furnished to the Commission on August 7, 2014).

PART III CONSENT TO SERVICE OF PROCESS

The Offeror is also filing an irrevocable consent and power of attorney on Form F-X with the Securities and Exchange Commission on the date hereof. The Offeror will promptly communicate any change in the name or address of the agent for service to the Commission by amendment of the Form F-X.

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SIGNATURES

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

BCE INC.

Date: August 14, 2014

By: /s/ Paul Stinis

Name: Paul Stinis

Title: Senior Vice President and Treasurer

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Attachment A

*This document is important and requires your immediate attention. If you are in doubt as to how to deal with it, you should consult your investment dealer, broker, lawyer or other professional advisor. **Frequently Asked Questions can be found on page 1 of this Offer and Circular.***

If you have questions, please contact CST Phoenix Advisors, our information agent, by telephone at 1-866-822-1244 (Toll Free in North America) or 1-201-806-7301 (Collect Outside North America) or by email at inquiries@phoenixadvisorscst.com.

*This Offer has not been approved by any securities regulatory authority nor has any securities regulatory authority expressed an opinion about the fairness or merits of the Offer, the securities offered pursuant to the Offer or the adequacy of the information contained in this document. Any representation to the contrary is an offence. **Preferred Shareholders in the United States should read the Notice to Preferred Shareholders in the United States on page (i) of this Offer and Circular.***

Information has been incorporated by reference in this Offer and Circular from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary's Office at 1 Carrefour Alexander-Graham-Bell, Building A, 7th floor, Verdun, Québec, Canada, H3E 3B3 or by telephone: 1-514-786-8424, and are also available electronically on SEDAR at www.sedar.com.

August 14, 2014

BCE INC.

OFFER TO EXCHANGE

all of the issued and outstanding Series A Preferred Shares, Series C Preferred Shares and Series E Preferred Shares of

BELL ALIANT PREFERRED EQUITY INC.

on the basis of (a) one BCE Inc. Series AM Preferred Share for each Series A Preferred Share;

(b) one BCE Inc. Series AO Preferred Share for each Series C Preferred Share; and

(c) one BCE Inc. Series AQ Preferred Share for each Series E Preferred Share

BCE Inc. hereby offers (the **Offer**) to exchange, upon the terms and subject to the conditions described herein, all of the issued and outstanding Series A Preferred Shares, Series C Preferred Shares and Series E Preferred Shares of Bell Aliant Preferred Equity Inc. for newly issued preferred shares of BCE Inc., having financial terms that are the same as those attached to the Preferred Shares for which they are being exchanged.

THE OFFER WILL BE OPEN FOR ACCEPTANCE FROM THE DATE HEREOF UNTIL 5:00 P.M. (EASTERN TIME) ON SEPTEMBER 19, 2014 UNLESS THE OFFER IS EXTENDED OR WITHDRAWN BY THE OFFEROR.

Each Preferred Shareholder will be entitled to receive: (a) for each Series A Preferred Share, a newly issued Offeror Series AM Preferred Share; (b) for each Series C Preferred Share, a newly issued Offeror Series AO Preferred Share; and (c) for each Series E Preferred Share, a newly issued Offeror Series AQ Preferred Share.

The Prefco Board (with the exception of the Interested Directors), upon the unanimous recommendation of the Prefco Special Committee made after consultation with its financial and legal advisors, has unanimously determined that the consideration to be received under the Offer is fair, from a financial point of view, to the holders of Preferred Shares and, accordingly, has unanimously recommended that Preferred Shareholders ACCEPT the Offer and TENDER their Preferred Shares to the Offer.

Preferred Shareholders may accept the Offer by following the procedures for book-entry transfer established by CDS. **Preferred Shareholders should contact the CDS Participants through which their Preferred Shares are held sufficiently in advance of the Expiry Time in order to take the necessary steps to deposit such Preferred Shares under the Offer prior to the Expiry Time.** See Section 3 of the Offer, Manner of Acceptance .

Questions and requests for assistance may be directed to the Depositary or the Information Agent. Contact details may be found on the back page of this document. Additional copies of this document and related materials may

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be obtained without charge on request from the Depository or the Information Agent at their respective offices specified on the back page of this document. Copies of this document and related materials may also be found on SEDAR at www.sedar.com.

The Offeror, Prefco and Bell Aliant Inc. entered into a support agreement dated July 23, 2014, pursuant to which Prefco has agreed to support the Offer. See Section 5 of the Circular, [Agreements Relating to the Offer](#) [Support Agreement](#) .

Concurrently with making the Offer, the Offeror has offered to purchase all of the issued and outstanding Common Shares of Bell Aliant Inc., other than Common Shares held by the Offeror and its Affiliates. The Offer is conditional upon the completion of the Common Share Offer. However, the Common Share Offer is not conditional upon the completion of the Offer.

The Offer is subject to certain conditions described herein, including: (a) there having been validly tendered under the Offer and not withdrawn such number of Preferred Shares representing at least 66^{2/3}% of the outstanding Preferred Shares, and (b) the conditions of the Common Share Offer set forth in the Support Agreement having been satisfied, or to the extent permitted by Law and the terms of the Support Agreement, waived by the Offeror such that the Offeror will be bound to take up and pay for the Common Shares validly deposited (and not properly withdrawn) under the Common Share Offer. See Section 4 of the Offer, [Conditions of the Offer](#) . Subject to the provisions of the Support Agreement, the Offeror reserves the right to withdraw or extend the Offer and to not take up and pay for Deposited Preferred Shares unless each of the conditions of the Offer is satisfied or waived by the Offeror at or prior to the Expiry Time.

The purpose of the Offer is to enable the Offeror to exchange all outstanding Preferred Shares for newly issued preferred shares of the Offeror, having financial terms that are the same as those attached to the Preferred Shares for which they are being exchanged. Provided that the Minimum Tender Condition is met, the Offeror will have a sufficient number of Preferred Shares to acquire all of the Preferred Shares not tendered to the Offer pursuant to a Subsequent Acquisition Transaction or, if a sufficient number of Preferred Shares are tendered, a Compulsory Acquisition. See Section 23 of the Circular, [Acquisition of Preferred Shares Not Deposited under the Offer](#) .

There is currently no market through which the Offeror Preferred Shares or the Offeror Converted Preferred Shares may be sold and Preferred Shareholders who tender their Preferred Shares to the Offer may not be able to resell the Offeror Preferred Shares or the Offeror Converted Preferred Shares. This may affect the pricing of the Offeror Preferred Shares and the Offeror Converted Preferred Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Offeror Preferred Shares and the Offeror Converted Preferred Shares and the extent of issuer regulation. See Section 28 of the Circular, [Risk Factors](#) . The TSX has conditionally approved the listing of the Offeror Preferred Shares and the Offeror Converted Preferred Shares into which the Offeror Preferred Shares may be converted. Listing is subject to the Offeror fulfilling all of the listing requirements of the TSX.

An investment in the Offeror Preferred Shares offered pursuant to the Offer involves certain risks. For a discussion of risk factors you should consider in evaluating the Offer, refer to Section 28 of the Circular, [Risk Factors](#) .

No person has been authorized to give any information or make any representation other than those contained in this document, and, if given or made, that information or representation must not be relied upon as having been authorized by the Offeror.

This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made to, nor will tenders be accepted from or on behalf of, Preferred Shareholders in any jurisdiction in which the making or acceptance of the Offer would not be in compliance with the Laws of such jurisdiction. However, the Offeror may, in its sole discretion, take such action as it may deem necessary to extend the Offer to Preferred Shareholders in any such jurisdiction.

The registered and head office of the Offeror is located at 1 Carrefour Alexander-Graham-Bell, Building A, 8th floor, Verdun, Québec, Canada, H3E 3B3.

Capitalized terms used in this cover page and not otherwise defined, have the meanings given to such terms in the accompanying Offer, Circular and Glossary.

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NOTICE TO PREFERRED SHAREHOLDERS IN THE UNITED STATES

THE OFFEROR PREFERRED SHARES OFFERED UNDER THIS OFFER ARE BEING OFFERED PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED, PROVIDED BY RULE 802 THEREUNDER.

THE SECURITIES OFFERED PURSUANT TO THIS OFFER AND CIRCULAR HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (SEC) OR ANY U.S. STATE SECURITIES COMMISSION NOR HAS THE SEC OR ANY U.S. STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE OFFER AND CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Offer is being made for the securities of a Canadian foreign private issuer that does not have securities registered under Section 12 of the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the Exchange Act). Accordingly, the Offer is not subject to Section 14(d) of the Exchange Act or Regulation 14D promulgated thereunder. The Offer is being conducted in accordance with Section 14(e) of the Exchange Act and Regulation 14E promulgated thereunder as applicable to a tender offer in which less than 10% of the class of securities outstanding that is subject to the tender offer is held by U.S. holders.

The Offeror is exempt from filing a Tender Offer Statement on Schedule TO with the SEC, but may file other documents regarding the Offer with the SEC. Preferred Shareholders will be able to obtain the documents free of charge at the SEC s website, www.sec.gov.

The Offer is being made in accordance with the disclosure requirements of Canada. Preferred Shareholders should be aware that such requirements are different from those of the United States. The financial statements of the Offeror included or incorporated by reference herein have been prepared in accordance with International Financial Reporting Standards and may not be comparable to the financial statements of United States companies.

Preferred Shareholders in the United States should be aware that the disposition of their Preferred Shares and the acquisition of Offeror Preferred Shares by them as described herein may have tax consequences both in the United States and in Canada. Such consequences may not be fully described herein and such Preferred Shareholders are encouraged to consult their tax advisors. See **Certain Canadian Federal Income Tax Considerations** in Section 24 of the Circular.

It may be difficult for you to enforce your rights and any claim you may have arising under the U.S. federal Securities Laws, since the Offeror is located in Canada, and some or all of its officers and directors may be residents of Canada. You may not be able to sue a foreign company or its officers or directors in a foreign court for violations of the U.S. Securities Laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a U.S. court s judgment.

Preferred Shareholders should be aware that, during the period of the Offer, the Offeror or its affiliates may purchase securities otherwise than under the Offer, such as in open market or privately negotiated purchases.

Offeror Preferred Shares issuable to any Persons within the United States that the Offeror determines to be an affiliate of the Offeror as such term is defined in Rule 144 under the U.S. Securities Act of 1933, as amended or to have been such an affiliate in the 90 days prior to the date of issuance of such Offeror Preferred Shares, shall be represented by a certificate bearing a restrictive legend.

CURRENCY

All references to \$ means Canadian dollars. References to US\$ mean United States dollars.

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INFORMATION CONTAINED IN THE OFFER AND CIRCULAR

Certain information in this document has been taken from or is based on documents that are expressly referred to in this document. All summaries of, and references to, documents that are specified in this document as having been filed, or that are contained in documents specified as having been filed, on SEDAR are qualified in their entirety by reference to the complete text of those documents as filed, or as contained in documents filed, under the Offeror's, or Prefco's profile at www.sedar.com, as applicable. Preferred Shareholders are urged to read carefully the full text of those documents, which may also be obtained on request without charge from the Corporate Secretary of the Offeror at 1 Carrefour Alexander-Graham-Bell, Building A, 7th floor, Verdun, Québec, Canada, H3E 3B3 or by telephone: 1-514-786-8424.

Information contained in this document concerning Prefco and its Affiliates is based solely upon, and the Offeror Board has relied, without independent verification, exclusively upon information contained in publicly available documents or records of Prefco and its Affiliates on file with Securities Regulatory Authorities and other public sources. While the Offeror Board has no reason to believe that such information is inaccurate or incomplete, the Offeror Board does not assume any responsibility for the accuracy or completeness of any such information contained therein, or information provided to the Offeror by Prefco, or that was obtained from publicly available sources.

Information contained in this document is given as of August 7, 2014, unless otherwise specifically stated.

AVAILABILITY OF DISCLOSURE DOCUMENTS

The Offeror is a reporting issuer or the equivalent in all of the provinces of Canada and files its continuous disclosure documents with the applicable Securities Regulatory Authorities of Canada. Such documents are available under the Offeror's profile at www.sedar.com. The Offeror is also subject to the reporting requirements of the Exchange Act and files annual and current reports with the SEC. Such documents may be obtained by visiting the SEC's website at www.sec.gov.

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FORWARD-LOOKING STATEMENTS

The Offer, the Circular, including the documents incorporated by reference, and other sections of this document, contain forward-looking statements including, but not limited to, those relating to the Offer, information concerning Prefco and the Offeror (and their respective Affiliates), and other statements that are not historical facts. Furthermore, certain statements made herein, including, but not limited to, those relating to the tax treatment of Preferred Shareholders, the satisfaction of the conditions to consummate the Offer, the process for obtaining the remaining Required Regulatory Approvals applicable to the Offer and other approvals, the expected Expiry Time, the estimated expenses of the Offers, the completion of a Compulsory Acquisition or a Subsequent Acquisition Transaction, the anticipated effect of the Common Share Offer and the Offer and expected benefits of tendering Preferred Shares to the Offer, and other statements that are not historical facts, are also forward-looking statements. All such forward-looking statements are subject to important risks, uncertainties and assumptions. These statements are forward-looking because they are based on the Offeror's current expectations, estimates and assumptions of anticipated future events and circumstances. Forward-looking statements are typically identified by the words assumption, goal, guidance, objective, outlook, project, strategy, target and other similar expressions or future or conditional verbs such as aim, anticipate, believe, could, expect, intend, may, plan, seek, should, strive and will. All such forward-looking statements are made pursuant to the safe harbor provisions of applicable Canadian Securities Laws. It is important to know that:

unless otherwise indicated, forward-looking statements in the Offer, the Circular and its appendices and other sections of this document, describe the Offeror's expectations as at August 7, 2014 and, accordingly, are subject to change after such date;

the Offeror's actual results and events could differ materially from those expressed or implied in the forward-looking statements in the Offer, the Circular and its appendices, including the documents incorporated by reference, and other sections of this document, if known or unknown risks affect its business or the Offer, or if its estimates or assumptions turn out to be inaccurate. As a result, the Offeror cannot guarantee that the results or events expressed or implied in any forward-looking statement will materialize, and accordingly, you are cautioned against relying on these forward-looking statements; and

the Offeror disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available, as a result of future events or for any other reason, except in accordance with applicable Canadian Securities Laws.

The Offeror made a number of assumptions in making forward-looking statements in the Offer, the Circular and its appendices, including the documents incorporated by reference, and other sections of this document. In particular, in making these statements, the Offeror has assumed, among other things, that the Offeror and/or the Company will receive the remaining Required Regulatory Approvals applicable to the Offer and that the other conditions to the Offer will be satisfied on a timely basis in accordance with their terms.

Certain risk factors could cause actual results or events to differ materially from the results or events expressed or implied in the forward-looking statements in the Offer, the Circular and its appendices, including the documents incorporated by reference, and other sections of this document. For a discussion regarding such risks, see, in particular, the sections of the Circular entitled Purpose of the Offer and Plans for Prefco, Certain Information Concerning the Securities of the Offeror, Regulatory Matters and Risk Factors, as well as section 9, Business Risks, of the Annual MD&A and the other sections of the Annual MD&A referred to in such section 9, as updated in the Offeror's management's discussion and analysis for the three months ended March 31, 2014 and 2013 and in the Interim MD&A. The Offeror cautions you that the risks described in the above-mentioned sections and in the documents incorporated by reference are not the only ones that could affect the Offer or the Offeror. Additional risks and uncertainties not presently known by the Offeror or that the Offeror currently believes are not material may also materially and adversely impact the successful completion of the Offer or the business, operations, financial condition, financial performance, cash flows, reputation or prospects of the Offeror. Except as otherwise indicated by the Offeror, forward-looking statements do not reflect the potential impact of any special items or of any dispositions, monetizations, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after August 7, 2014. The financial impact of these transactions and special items can be complex and depends on the facts particular to each of them. The Offeror, therefore, cannot describe the expected impact in a meaningful way or in the same way it presents known risks affecting its business. Forward-looking statements are presented herein for the purpose of providing information about the Offeror and the Offer and its anticipated impacts.

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FREQUENTLY ASKED QUESTIONS

The questions and answers below are not meant to be a substitute for the more detailed description and information contained in the Offer and Circular and the Letter of Transmittal. You are urged to read each of these documents carefully prior to making any decision regarding whether or not to tender your Preferred Shares. For ease of reference, cross-references are provided in this section to other sections of the Offer and Circular where you will find more complete descriptions of the topics mentioned below. Unless otherwise defined herein, capitalized terms have the meanings given to them in the Glossary.

Who is offering to exchange my Preferred Shares?

BCE Inc., Canada's largest communications company, is making the Offer to exchange your Preferred Shares for new preferred shares to be issued by BCE Inc. that will have the same financial terms as your existing Preferred Shares. See Section 1 of the Circular, "The Offeror".

What would I receive in exchange for my Preferred Shares?

In exchange for each of your existing Preferred Shares, you would receive one newly-issued preferred share of BCE Inc. having the same financial terms as your existing Preferred Shares.

Why should I accept the Offer?

The newly issued BCE Inc. preferred shares you will receive will have the same financial terms (including, without limitation, the dividend rate) as your existing Preferred Shares, and you will benefit from BCE Inc.'s superior size, business diversification and financial strength. BCE Inc. has received provisional ratings from each of DBRS and S&P for the new preferred shares that are one ranking higher than the existing ratings for your Preferred Shares. A special committee of independent directors of Bell Aliant Preferred Equity Inc., as well as its financial advisors, have all concluded that the consideration to be received under the Offer is fair, from a financial point of view, to the Preferred Shareholders. The board of directors of Bell Aliant Preferred Equity Inc. (other than directors who are executives of BCE Inc.), upon the recommendation of the special committee made after consultation with its financial and legal advisors, is making the unanimous recommendation that you accept the Offer. See Section 4 of the Circular, "Reasons to Accept the Offer" and Section 8 of the Circular, "Terms of the Offeror Preferred Shares".

Will I miss any dividend payments if I accept the Offer?

No. Acceptance of the Offer will not affect the amount or timing of dividends.

How long do I have to decide whether to tender to the Offer?

The Offer is open for acceptance until 5:00 p.m. (Eastern time) on September 19, 2014 unless the Offer is withdrawn or extended by the Offeror.

How do I tender my Preferred Shares to the Offer?

You should contact your investment dealer, broker, bank, trust company or other nominee through which your existing Preferred Shares are held in order to tender Preferred Shares to the Offer. See Section 3 of the Offer, "Manner of Acceptance".

Will I be able to withdraw previously tendered Preferred Shares?

Except as otherwise provided in Section 8 of the Offer, "Right to Withdraw Deposited Preferred Shares", all deposits of Preferred Shares pursuant to the Offer are irrevocable. Withdrawals must be effected via CDS through your investment dealer, broker, bank, trust company or other nominee. A notice of withdrawal must actually be received by CST Trust Company in a manner such that CST Trust Company has a written or printed copy of such notice of withdrawal.

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If I accept the Offer, when will I receive the consideration for my Preferred Shares?

If all of the conditions of the Offer are satisfied or waived by BCE Inc., BCE Inc. will take up Preferred Shares tendered to the Offer (and not withdrawn) within ten (10) calendar days after the Expiry Time and will pay for the Preferred Shares taken up as soon as possible, but in any event not later than three (3) Business Days after taking up the Preferred Shares. Any Preferred Shares tendered to the Offer after the first date on which Preferred Shares have been taken up by BCE Inc. will be taken up and paid for not later than ten (10) calendar days after such tender.

If I decide not to tender, how will my Preferred Shares be affected?

If BCE Inc. takes up and pays for Preferred Shares under the Offer, BCE Inc. currently intends to take such action as is necessary, including effecting a Compulsory Acquisition or a Subsequent Acquisition Transaction, to acquire any Preferred Shares not tendered. It is BCE Inc.'s current intention that the consideration to be offered for such Preferred Shares under a Compulsory Acquisition or Subsequent Acquisition Transaction will be the same consideration offered pursuant to the Offer. In connection with such a transaction, you may have dissent rights.

What are some of the significant conditions to the Offer?

The Offer is subject to certain conditions described herein, including, among other things, at least 66^{2/3}% of the outstanding Preferred Shares having been validly tendered under the Offer and having not been withdrawn. Completion of the Offer is also conditional upon completion of BCE Inc.'s offer to purchase all of the outstanding common shares of Bell Aliant Inc. announced on July 23, 2014. There are no material regulatory approvals that have not already been obtained. See Section 4 of the Offer, Conditions of the Offer.

What will happen if the conditions to the Offer are not satisfied?

If the conditions to the Offer are not satisfied, the Offeror will not be obligated to take up, accept for payment or pay for any Preferred Shares tendered to the Offer.

What are the Canadian federal income tax consequences of accepting the Offer?

Taxable Canadian Preferred Shareholders who tender their Preferred Shares to the Offer will generally be entitled to a rollover to defer Canadian taxation on any capital gains in respect of such shares.

You are urged to consult your own tax advisors to determine the particular tax consequences to you of an exchange of your Preferred Shares pursuant to the Offer, or a disposition of your Preferred Shares pursuant to any Compulsory Acquisition or Subsequent Acquisition Transaction as described herein. The foregoing is a brief summary of Canadian federal income tax consequences only of accepting the Offer and is qualified by the description of the Canadian federal income tax considerations in Section 24 of the Circular, Certain Canadian Federal Income Tax Considerations.

Who can I call with questions about the Offer or for more information?

Questions and requests for assistance concerning the Offer may be directed to the Depositary (CST Trust Company) at 1-866-271-6893 toll free in North America, or at 1-416-682-3860 outside of North America, or by e-mail at inquiries@canstockta.com, or to the Information Agent (CST Phoenix Advisors) at 1-866-822-1244 toll free in North America, or at 1-201-806-7301 outside of North America, or by e-mail at inquiries@phoenixadvisorscst.com, or using the information found on the back page of this document.

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SUMMARY

The following is a summary only and is qualified in its entirety by the detailed provisions contained in the Offer and Circular. You should read the Offer and Circular in their entirety. Certain capitalized and other terms used in this summary are defined in the Glossary.

The Offer

The Offeror is offering to exchange, upon the terms and subject to the conditions of the Offer, all of the issued and outstanding Preferred Shares for newly issued Offeror Preferred Shares, having financial terms that are the same as those attached to the Preferred Shares for which they are being exchanged.

Under the Offer, each Preferred Shareholder will be entitled to receive: (a) for each Series A Preferred Share held by such Preferred Shareholder, an Offeror Series AM Preferred Share; (b) for each Series C Preferred Share held by such Preferred Shareholder, an Offeror Series AO Preferred Share; and (c) for each Series E Preferred Share held by such Preferred Shareholder, an Offeror Series AQ Preferred Share.

The Offeror expects to issue 11,500,000 Offeror Series AM Preferred Shares, 4,600,000 Offeror Series AO Preferred Shares and 9,200,000 Offeror Series AQ Preferred Shares assuming that all of the Preferred Shares are acquired upon completion of the Offer and any Compulsory Acquisition or Subsequent Acquisition Transaction.

The closing prices of the Series A Preferred Shares, the Series C Preferred Shares and the Series E Preferred Shares on the TSX on July 22, 2014, the last trading day prior to the announcement of the Offer, were \$21.40, \$25.59 and \$23.50, respectively.

There is currently no market through which the Offeror Preferred Shares or the Offeror Converted Preferred Shares may be sold and Preferred Shareholders who tender their Preferred Shares to the Offer may not be able to resell the Offeror Preferred Shares or the Offeror Converted Preferred Shares. This may affect the pricing of the Offeror Preferred Shares and the Offeror Converted Preferred Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Offeror Preferred Shares and the Offeror Converted Preferred Shares and the extent of issuer regulation. See Section 28 of the Circular, **Risk Factors**. The TSX has conditionally approved the listing of the Offeror Preferred Shares and the Offeror Converted Preferred Shares into which the Offeror Preferred Shares may be converted. Listing is subject to the Offeror fulfilling all of the listing requirements of the TSX.

The Offeror

The Offeror is Canada's largest communications company, providing residential, business and wholesale customers with a wide range of solutions to all their communications needs, including the following: wireless, high-speed Internet, Internet protocol television (IPTV) and satellite TV, local and long distance, business Internet protocol (IP)-broadband and information and communications technology (ICT) services. The Offeror reports the results of its operations in four segments: Bell Wireline, Bell Wireless, Bell Media and Bell Aliant. Bell Canada is the largest local exchange carrier in Ontario and Québec, and is comprised of the Offeror's Bell Wireline, Bell Wireless and Bell Media segments. Bell Media is a diversified Canadian multimedia company that holds assets in TV, radio, digital media and out-of-home advertising. The Offeror is incorporated under the CBCA. The registered and head office of the Offeror is located at 1 Carrefour Alexander-Graham-Bell, Building A, 8th Floor, Verdun, Québec, H3E 3B3. See Section 1 of the Circular, **The Offeror**.

The Offeror and its Affiliates beneficially own 100,376,270 Common Shares of the Company, representing approximately 44.06% of the outstanding Common Shares; (b) the Company owns all of the outstanding common shares of Bell Aliant GP, with the exception of one common share of Bell Aliant GP held by Bell Canada, a wholly-owned subsidiary of the Offeror; and (b) Bell Aliant GP owns 227,768,734 common shares of Prefco, representing 100% of the outstanding common shares of Prefco. None of the outstanding Preferred Shares are owned by the Offeror or any of its Affiliates. See Section 15 of the Circular, **Beneficial Ownership of and Trading in Securities** **Beneficial Ownership**.

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Prefco

Prefco, a wholly-owned Subsidiary of Bell Aliant GP, was formed for the sole purpose of being the issuer of preference shares for the Bell Aliant Group. Prefco is incorporated under the CBCA. Prefco's registered and head office is located at 7 South, Maritime Centre, 1505 Barrington Street, Halifax, Nova Scotia, B3J 3K5. See Section 2 of the Circular, Prefco.

Terms of the Offeror Preferred Shares

The Offeror Preferred Shares will have financial terms that are the same as those attached to the Preferred Shares for which they are being exchanged. The Offeror Converted Preferred Shares into which each respective class of Offeror Preferred Shares is convertible will have financial terms that are the same as those attached to the Converted Preferred Shares into which each respective class of Preferred Shares is convertible. The holders of each series of Offeror Preferred Shares, during the applicable Initial Fixed Rate Period for such series of Offeror Preferred Shares, will be entitled to receive fixed, cumulative, preferential cash dividends, if, as and when declared by the Offeror Board, payable quarterly on the last day of March, June, September and December each year at an annual rate of \$1.2125 per Offeror Series AM Preferred Share, \$1.1375 per Offeror Series AO Preferred Share and \$1.0625 per Offeror Series AQ Preferred Share. See the Rights, Privileges, Restrictions and Conditions Attached to the Offeror Preferred Shares and the Offeror Converted Preferred Shares appended hereto as Annex A.

The holders of each series of Offeror Preferred Shares, during the applicable Subsequent Fixed Rate Period for such series of Offeror Preferred Shares, will be entitled to receive fixed, cumulative, preferential cash dividends, if, as and when declared by the Offeror Board, payable quarterly on the last day of March, June, September and December in each year, in the amount per share per annum determined by multiplying the applicable Annual Fixed Dividend Rate for such series of Offeror Preferred Shares applicable to such Subsequent Fixed Rate Period by \$25.00. The Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period will be equal to the sum of the Government of Canada Yield on the 30th day prior to the first day of such Subsequent Fixed Rate Period plus 2.09% in the case of the Offeror Series AM Preferred Shares, 3.09% in the case of the Offeror Series AO Preferred Shares and 2.64% in the case of the Offeror Series AQ Preferred Shares. See the Rights, Privileges, Restrictions and Conditions Attached to the Offeror Preferred Shares and the Offeror Converted Preferred Shares appended hereto as Annex A.

Subject to the Offeror's right to redeem the Offeror Preferred Shares, the holders of Offeror Preferred Shares will have the right, at their option, to convert their Offeror Series AM Preferred Shares, Offeror Series AO Preferred Shares and Offeror Series AQ Preferred Shares, as applicable, into Offeror Series AN Preferred Shares, Offeror Series AP Preferred Shares and Offeror Series AR Preferred Shares, respectively, subject to certain conditions, on the applicable Offeror Preferred Share Conversion Date for such series of Offeror Preferred Shares.

The holders of each series of Offeror Converted Preferred Shares will be entitled to receive floating rate, cumulative, preferential cash dividends, if, as and when declared by the Offeror Board, payable quarterly on the last day of March, June, September and December in each year, in the amount per share determined by multiplying the applicable Floating Quarterly Dividend Rate for such series of Offeror Converted Preferred Shares by \$25.00. The Floating Quarterly Dividend Rate will be equal to the sum of the T-Bill Rate plus 2.09% in the case of the Offeror Series AN Preferred Shares, 3.09% in the case of the Offeror Series AP Preferred Shares and 2.64% in the case of the Offeror Series AR Preferred Shares (in each case, calculated on the basis of the actual number of days in the applicable Quarterly Floating Rate Period divided by 365) determined as of the 30th day prior to the first day of the applicable Quarterly Floating Rate Period. See the Rights, Privileges, Restrictions and Conditions Attached to the Offeror Preferred Shares and the Offeror Converted Preferred Shares appended hereto as Annex A.

Subject to the provisions described in Annex A appended hereto, Rights, Privileges, Restrictions and Conditions Attached to the Offeror Preferred Shares and the Offeror Converted Preferred Shares, the Offeror may, at its option, redeem all or any part of any series of the then outstanding Offeror Preferred Shares on the applicable Offeror Preferred Share Conversion Date for such series of Offeror Preferred Shares by the payment of an amount in cash for each Offeror Preferred Share so redeemed of \$25.00 plus all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption.

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Subject to the provisions described in Annex A appended hereto, Rights, Privileges, Restrictions and Conditions Attached to the Offeror Preferred Shares and the Offeror Converted Preferred Shares, the Offeror may, at its option, redeem all or any part of any series of the then outstanding Offeror Converted Preferred Shares on the applicable Offeror Converted Preferred Share Conversion Date for such series of Offeror Converted Preferred Shares by the payment of \$25.00 plus all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption, or if redeemed on certain dates other than the applicable Offeror Converted Preferred Share Conversion Date for such series of Offeror Converted Preferred Shares, by the payment of \$25.50 plus all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption.

The Offeror Preferred Shares and the Offeror Converted Preferred Shares do not have a fixed maturity date and are not redeemable at the option of the holders thereof. See Section 28 of the Circular, Risk Factors.

Reasons to Accept the Offer

Preferred Shareholders should consider the following factors, among others, in making a decision whether to accept the Offer.

Same Financial Terms. Under the Offer, Preferred Shareholders who tender their Preferred Shares will receive Offeror Preferred Shares, having financial terms that are the same as those attached to the Preferred Shares for which they are being exchanged. The financial terms of the Offeror Converted Preferred Shares into which the Offeror Preferred Shares may be converted will also be the same as those attached to the Converted Preferred Shares into which the Preferred Shares may be converted.

Better Credit Profile. Following the completion of the Offer, existing Preferred Shareholders will benefit from the Offeror's superior size, business diversification and financial strength. The Offeror has received from each of DBRS and S&P provisional ratings for the Offeror Preferred Shares to be issued under the Offer that are one ranking higher, in each case, than the existing ratings for the Preferred Shares.

Unanimous Special Committee and Board Recommendation. The Prefco Special Committee, following consultation with its financial and legal advisors, has unanimously: (a) determined that the consideration to be received under the Offer is fair, from a financial point of view, to the Preferred Shareholders, and (b) recommended the entering into of the Support Agreement and recommended that the Prefco Board recommend that Preferred Shareholders accept the Offer. The Prefco Board (with the exception of the Interested Directors), upon the recommendation of the Prefco Special Committee, has unanimously: (a) determined that the consideration to be received under the Offer is fair, from a financial point of view, to the Preferred Shareholders, and (b) approved the entering into of the Support Agreement and the making of the unanimous recommendation that Preferred Shareholders accept the Offer.

Fairness Opinion. The Prefco Special Committee engaged Scotia to provide the Fairness Opinion in connection with the Offer. Based upon the assumptions, limitations and qualifications set forth in the Fairness Opinion, Scotia was of the opinion that, as of July 22, 2014, the consideration to be received pursuant to the Offer is fair, from a financial point of view, to the Preferred Shareholders. A copy of the Fairness Opinion is appended to the Directors' Circular as Appendix A. Preferred Shareholders should read the Fairness Opinion in its entirety.

Continued Entitlement to Dividends. Completion of the Offer will not affect the amount or timing of dividends. Any dividends declared by the Prefco Board for payment to Preferred Shareholders of record on a date prior to the date upon which such Preferred Shares are exchanged for Offeror Preferred Shares, will be paid on the payable date to all Preferred Shareholders of record on the record date for the dividend, notwithstanding the exchange of such Preferred Shares.

Opportunity to Defer Canadian Taxation on Capital Gains. Taxable Canadian Preferred Shareholders who tender their Preferred Shares to the Offer will generally be entitled to a rollover to defer Canadian taxation on any capital gains in respect of such shares. See Section 24 of the Circular, Certain Canadian Federal Income Tax Considerations.

Greater Liquidity. The Offeror already has 16 series of outstanding first preferred shares consisting of an aggregate of 135,000,000 shares listed on the TSX. It is expected that the Offeror Preferred Shares will benefit from increased liquidity relative to the Preferred Shares.

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