

BCE Acquisition of MTS Analyst Conference Call

May 2, 2016



Safe harbour notice

Certain statements made in this presentation are forward-looking statements. These statements include, without limitation, statements relating to the proposed acquisition by BCE of all of the issued and outstanding common shares of Manitoba Telecom Services Inc. (“MTS”) (the “MTS Transaction”), and the proposed subsequent disposition to Telus Corporation (“Telus”) of a portion of MTS’ wireless postpaid customers and proposed assumption by Telus of a portion of MTS’ dealer locations, the expected timing and impact of such transactions, the expected sources of funding of the MTS Transaction, certain strategic, operational and financial benefits expected to result from the MTS Transaction, our network deployment and capital investment plans, BCE’s dividend growth strategy, the expected return, and timing thereof, of BCE’s leverage ratio within policy range, our business outlook, objectives, plans and strategic priorities, and other statements that are not historical facts. All such forward-looking statements are made pursuant to the safe harbour provisions of applicable Canadian securities laws and of the United States *Private Securities Litigation Reform Act of 1995*.

Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties and are based on several assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in or implied by such forward-looking statements. As a result, we cannot guarantee that any forward-looking statement will materialize and we caution you against relying on any of these forward-looking statements. For a description of relevant assumptions and risks, please consult BCE’s 2015 Annual MD&A dated March 3, 2016, as updated in BCE’s 2016 First Quarter MD&A dated April 27, 2016, and BCE’s news releases dated April 28, 2016 and May 2, 2016 announcing, respectively, its financial results for the first quarter of 2016 and the above-mentioned proposed transactions, all filed with the Canadian provincial securities regulatory authorities (available at sedar.com) and with the U.S. Securities and Exchange Commission (available at sec.gov), and which are also available on BCE’s website at BCE.ca.

The forward-looking statements contained in this presentation describe our expectations at May 2, 2016 and, accordingly, are subject to change after such date. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking statements contained in this presentation, whether as a result of new information, future events or otherwise.

George Cope

President & Chief Executive Officer
BCE & Bell Canada

Transaction overview

- **Acquiring all MTS outstanding common shares for ~\$3.1B or \$40 per common share**
 - Represents 23.2% premium to MTS' weighted-average price on the TSX for the 20-day period ending April 29, 2016
 - No further dividends to be declared by MTS after its Q2'16 dividend expected to be declared in May and paid in July
 - Recommended unanimously by MTS Board of Directors
- **Implied transaction multiple of ~10.1x 2016E EBITDA⁽¹⁾ or ~8.2x including tax asset value and NPV of cost synergies**
- **Immediate and long-term financial benefits**
 - Accretive on FCF and FCF per share immediately
 - Sizeable tax loss carry forward value totaling more than \$400M with value to BCE of ~\$300M, or ~\$4.00 per MTS share
 - Annualized cost synergies expected to be in the range of \$50M (NPV of ~\$450M)
- **Consistent with capital markets strategy**
 - Supports dividend growth model
 - Maintaining strong investment-grade balance sheet and financial flexibility
- **MTS shareholder and regulatory (CRTC, Competition Bureau and ISED) approvals required**
- **Closing of transaction expected by end of 2016/early 2017**

⁽¹⁾ Based on latest analyst consensus estimates



Acquiring one of Canada's leading communications providers



Strategic rationale

Accelerate Wireless

- Bell becomes #1 wireless provider in Manitoba with addition of MTS subscribers
- On a pro forma basis, Bell is the wireless EBITDA leader in Canada⁽¹⁾

Invest in Broadband Networks and Services

- Increases Bell's IPTV footprint by ~350k homes
- MTS delivers high-speed Internet and IPTV to ~70% of homes in Manitoba (~90% of these homes with speeds up to 50 Mbps)

Leverage Wireline Momentum

- Increases Bell's Internet subscriber base by 6.6% or 224k; increases Bell's IPTV subscriber base by 8.6% or 106k
- Enhances ability to compete with the cable operators in Manitoba
- Improves Bell's business markets positioning by expanding local fibre footprint to cover Manitoba and moves national off-net traffic on-net
- MTS wireline EBITDA margin of ~40% similar to Bell's

Expand Media Leadership

- Improves competitive position of Bell Media's TV and SVOD properties

Achieve a Competitive Cost Structure

- ~\$50M in pre-tax annualized operating cost synergies
- Ability to reinvest cost synergies into broadband networks
- Sizeable value of tax assets to BCE of ~\$300M

Acquisition of MTS furthers Bell's strategic imperatives



⁽¹⁾ Based on Q1'16 results



Building on MTS's strong legacy in Manitoba

- **Commitment to invest \$1B in Manitoba over 5 years to expand and enhance broadband infrastructure**
 - Gigabit Fibe Internet launch within 12 months (20x faster than average speeds for MTS customers today)
 - Customer access to Fibe TV, North America's most innovative TV platform
 - Expansion of wireless 4G LTE network coverage with doubling of mobile download data speeds
- **Winnipeg to become Bell's Western Canada headquarters for ~6,900 employees**
- **In recognition of MTS strong brand presence, services to be branded Bell MTS**
- **Maintain longstanding commitment to local communities**
 - Ongoing support for United Way
 - New Bell Let's Talk initiative focused on mental health support for aboriginal communities
 - Arena naming rights and other local sponsorships maintained or extended
 - Increased focus and exposure for local media and entertainment assets, including the Winnipeg Jets
 - BCE's strong balance sheet will support the long-term funding of the MTS pension plan



BCE committed to maintaining a strong local presence and significant investment in Manitoba



Jay Forbes

President & Chief Executive Officer
MTS

Significant value for MTS shareholders

- **Transaction creates meaningful and immediate value**

- \$40 offer price represents a 23.2% premium to MTS' weighted-average closing share price on the TSX for the 20-day period ending April 29, 2016
- 40% premium to MTS's closing price of \$28.59 on November 20, 2015 (business day prior to announcement of the sale of Allstream)
- Attractive valuation multiple of ~10.1x 2016E EBITDA⁽¹⁾

- **Unanimously approved by MTS Board of Directors**

- Fairness opinion obtained from TD Securities, Barclays Capital and CIBC World Markets that consideration to be received under the offer is fair from a financial point of view to MTS shareholders

- **Tax-free roll-over election for taxable Canadian resident MTS shareholders**

- **Enhances long-term value potential through opportunity to acquire ownership in BCE**

- Enables participation in growth potential of a company with a strong mix of growth assets
- BCE has one of the highest dividend yields of any TSX-listed company with a proven track record of dividend growth
- Attractive investment-grade credit profile underpinned by a healthy balance sheet

- **Advantages to Manitoba are clear and compelling**

- Winnipeg to become Western Canadian headquarters for combined operations
- Over \$1B in infrastructure investment over the next 5 years
- New and continued commitment to community initiatives, such as naming rights for the home of the Winnipeg Jets and launch of Bell Let's Talk in Manitoba

Transaction allows MTS shareholders to crystalize the inherent value of their holdings and to participate in BCE's growth

⁽¹⁾ Based on latest analyst consensus estimates

Glen LeBlanc

EVP & Chief Financial Officer
BCE & Bell Canada

Key transaction details

- **Transaction enterprise value of ~\$3.9B**
- **~\$3.1B total value for MTS common shareholders**
 - Represents a \$577M premium to the 20-day volume weighted average price as of April 29
 - Transaction multiple of ~10.1x 2016E EBITDA⁽¹⁾
- **Aggregate consideration a combination of cash (45%) and BCE common equity (55%)**
 - \$18 per share for cash component
 - Share consideration based on BCE's 20-day volume-weighted average price of \$59.21
 - Fixed exchange ratio for equity component of 0.3716 of a BCE share per MTS common share

MTS shareholder election	Per MTS common share
Option 1 ⁽²⁾	\$40 in cash
Option 2 ⁽²⁾	0.6756 of a BCE common share

⁽¹⁾ Based on latest analyst consensus estimates

⁽²⁾ Subject to pro-ration

- **MTS common shareholders to receive ~28M BCE common shares**
 - MTS shareholders to own ~3% of pro forma BCE common equity
- **MTS debt to remain outstanding at closing on existing terms**
- **Acquisition to be effected through a plan of arrangement**
 - MTS shareholders to approve the privatization of MTS by BCE and remove 20% ownership restriction under MTS articles
- **Tax-free rollover election afforded to Canadian resident MTS shareholders**
- **BCE retains right to match any superior proposal**
 - Non-solicitation covenant
 - Break fee of \$120M payable by MTS
- **Reverse break fee of \$120M payable by BCE in certain circumstances**

Financial overview

Estimated financing structure (\$M)

Uses

MTS debt rollover	928
Acquisition of MTS (76.7M shares @ \$40 per share)	3,068
Total uses	3,996

Sources

MTS debt rollover	928
MTS cash	136
New transaction debt & Telus divestiture proceeds	1,245
Issuance of BCE common equity	1,687
Total funding	3,996

Financing structure

- ~\$3.1B funding requirement for acquisition of MTS common shares
- Aggregate cash component totaling ~\$1.4B
- ~28M BCE common shares to be issued

Financial expectations

- No impact on 2016 financial guidance
- Accretive to FCF and FCF per share immediately
- Strong investment grade credit profile maintained
- Leverage ratio not materially impacted
 - Pro forma net leverage ratio at closing similar to YE2015
 - Expected to return within policy range within next couple of years

Telus transaction

- Selling 1/3 of MTS's wireless postpaid customers to Telus following completion of MTS acquisition
- Approximately 140k postpaid subscribers to be sold
- 425k total pro forma combined Bell MTS wireless subscribers in Manitoba after sale to Telus
- Telus to assume approximately 1/3 of MTS's dealer locations
- Divestiture proceeds commensurate with MTS transaction
- BCE MTS transaction not conditional on BCE Telus transaction



**Telus transaction reduces BCE's overall cash requirement
for acquisition of MTS**



Next steps

2nd half of May/Early June	• File for all regulatory approvals • Mailing of proxy circular to MTS shareholders
2nd half of June/Early July	• MTS shareholder meeting to vote on Plan of Arrangement
End of 2016/Early 2017	• Expected completion of MTS acquisition and Telus transaction