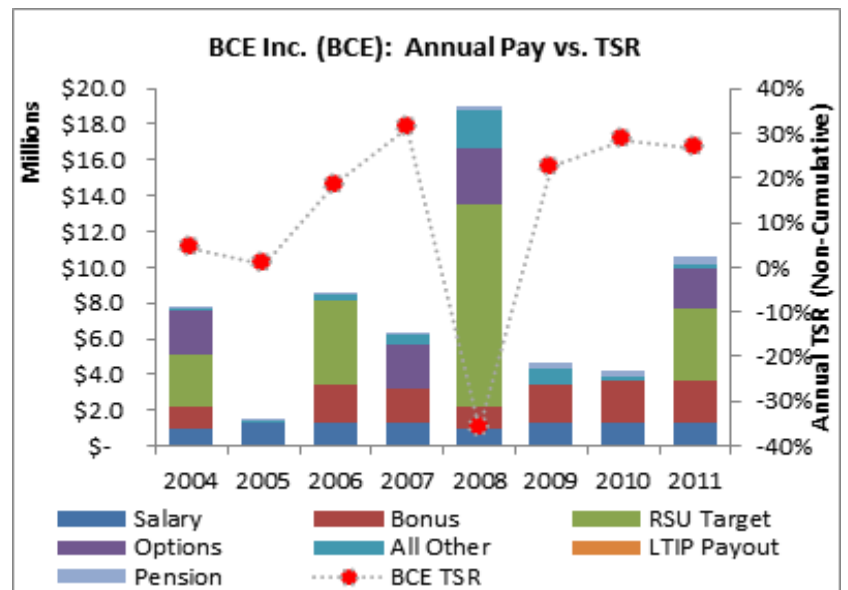
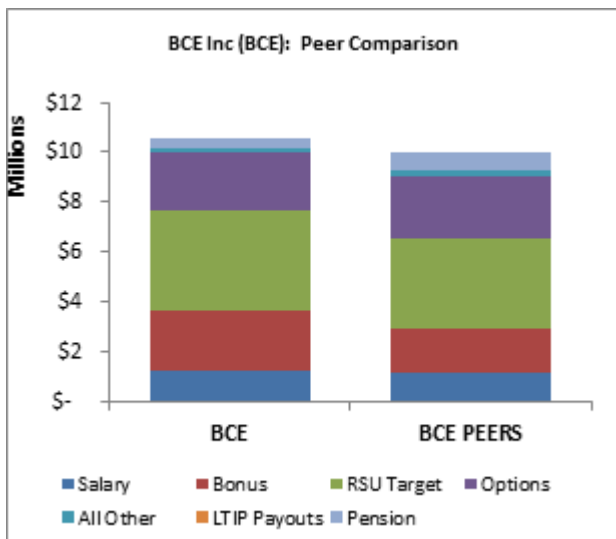


BCE Inc (BCE): 2004-2011 Pay for Performance

PAY FOR PERFORMANCE SCORE				
1 YEAR = 2	4 YEAR = 1	6 YEAR = 1	8 YEAR = 8	TOTAL: 12/24

In 2011, BCE ranked in the top four in its 11-firm peer group in both TSR (2nd) and ROE (4th). BCE's short- and long-term incentives are both based on operational metrics (EBITDA, Revenue, Free Cash Flow and Earnings Growth). In 2011, CEO bonus had stayed stable year-over-year, after financial performance met or nearly met targets.

On an annual basis, BCE's CEO pay has not aligned closely with TSR. This lack of alignment extends into mid-term (4 and 6 year) observations, driven primarily by the tripling of CEO pay in 2008 while TSR was -37%. As described above, however, **none of BCE's incentive plans are based on share-based metrics. This may explain the lack of short- and mid-term alignment.** In our 8-year observation BCE's pay/performance alignment is very strong, thus driving their Pay for Performance Score to 12 out of 24.



COMPANY'S DISCLOSED PEER FIRMS	
TICKER	NAME
TSE:ATD.B	Alimentation Couche-Tard Inc.
TSE:TRP	TransCanada Corp.
TSE:BBD.B	Bombardier Inc.
TSE:ECA	Encana Corporation
TSE:MG	Magna International Inc.
TSE:MRU.A	Metro Inc.
TSE:POT	Potash Corporation of Saskatchewan Inc.
TSE:RIM	Research In Motion Limited
TSE:TCK.B	Teck Resources Limited
TSE:SC	Shoppers Drug Mart Corporation

FY 2011 FINANCIAL PERFORMANCE RANKINGS						
#	PEER	TSR	PEER	ROE	PEER	ROA
1	TSE:ATD.B	70.2%	TSE:BBD.B	268.8%	TSE:POT	18.3%
2	TSE:BCE	26.7%	TSE:POT	38.0%	TSE:ATD.B	10.4%
3	TSE:TRP	21.9%	TSE:ATD.B	21.2%	TSE:SC	8.4%
4	TSE:MRU	0.7%	TSE:BCE	20.8%	TSE:RIM	8.4%
5	TSE:SC	-7.2%	TSE:TCK.B	15.1%	TSE:TCK.B	7.8%
6	TSE:POT	-17.8%	TSE:MRU	15.0%	TSE:MRU	7.8%
7	TSE:BBD.B	-20.0%	TSE:SC	14.4%	TSE:MG	6.7%
8	TSE:MG	-32.9%	TSE:MG	12.0%	TSE:BCE	5.7%
9	TSE:ECA	-33.0%	TSE:RIM	11.4%	TSE:BBD.B	3.5%
10	TSE:TCK.B	-40.8%	TSE:TRP	9.5%	TSE:TRP	3.1%
11	TSE:RIM	-79.0%	TSE:ECA	0.8%	TSE:ECA	0.4%

CEO COMPENSATION RANKINGS AGAINST COMPANY'S DISCLOSED PEER FIRMS										
	PEER	TOTAL PAY	PEER	SALARY	PEER	BONUS	PEER	TOTAL CASH	PEER	TOTAL EQUITY
1	TSE:RIM	\$12,388,475	TSE:RIM	\$2,070,305	TSE:MG	\$6,852,034	TSE:MG	\$7,159,140	TSE:RIM	\$10,289,000
2	TSE:MG	\$10,963,496	TSE:ECA	\$1,399,929	TSE:BCE	\$2,445,313	TSE:BCE	\$3,695,313	TSE:ECA	\$7,725,580
3	TSE:TCK.B	\$10,800,418	TSE:TCK.B	\$1,350,000	TSE:BBD.B	\$1,556,993	TSE:BBD.B	\$2,829,826	TSE:TCK.B	\$7,353,750
4	TSE:BCE	\$10,584,951	TSE:BBD.B	\$1,272,833	TSE:TCK.B	\$1,451,900	TSE:TCK.B	\$2,801,900	TSE:BCE	\$6,269,514
5	TSE:ECA	\$10,364,165	TSE:BCE	\$1,250,000	TSE:TRP	\$1,350,000	TSE:ECA	\$2,607,367	TSE:BBD.B	\$5,159,480
6	TSE:BBD.B	\$8,542,695	TSE:ATD.B	\$1,250,000	TSE:ATD.B	\$1,309,375	TSE:ATD.B	\$2,559,375	TSE:POT	\$4,497,328
7	TSE:POT	\$8,340,410	TSE:POT	\$1,169,080	TSE:POT	\$1,226,446	TSE:TRP	\$2,433,338	TSE:SC	\$4,418,053
8	TSE:ATD.B	\$7,513,086	TSE:TRP	\$1,083,338	TSE:ECA	\$1,207,439	TSE:POT	\$2,395,526	TSE:TRP	\$3,587,345
9	TSE:TRP	\$6,862,716	TSE:SC	\$837,039	TSE:MRU.A	\$744,000	TSE:RIM	\$2,070,305	TSE:MG	\$3,426,017
10	TSE:SC	\$6,848,792	TSE:MRU.A	\$767,789	TSE:SC	\$312,500	TSE:MRU.A	\$1,511,789	TSE:ATD.B	\$1,925,095
11	TSE:MRU.A	\$3,403,947	TSE:MG	\$307,106	TSE:RIM	\$0	TSE:SC	\$1,149,539	TSE:MRU.A	\$1,720,763

PAY FOR PERFORMANCE SCORING

For 2012, the Clarkson Centre for Board Effectiveness (CCBE), prepared a Pay for Performance report for each firm currently listed on the TSX 60 Index that has at least 8 years of historical compensation or share price data available. The CCBE's Performance Score measures how closely CEO pay and TSR are aligned over four different time horizons. Compensation data is gathered from the firm's public filings, and valued at the time of grant. Options are valued using the binomial tree fair value method, and PSUs are valued at the grant date value of the target payout. TSR is calculated using a 30-day average start and end date share price, and assumes the reinvestment of dividends.

CCBE collected pay and performance data for up to ten peer companies for each TSX 60 constituent. Peer companies were selected from each TSX 60 constituent's performance benchmarking peer group, as disclosed in its most recent Management Information Circular. If a performance peer group was not disclosed, the CCBE collected information on the disclosed constituents of the total pay benchmarking peer group. If a peer group had more than 10 constituents, we randomly selected ten from among the disclosed list.

Our Pay for Performance Score takes into account alignment between change in CEO pay and TSR in 1-, 4-, 6- and 8-year observations. CEO pay change is 'smoothed' to account for outlying years. For example, in our 8-year observation we calculate CEO pay change as the percent change of the sum of total CEO pay from 2004-2007 against the sum of total CEO pay from 2008-2011. This helps to normalize our longer observations for unusual events like CEO turnover and large one-time payouts. The Pay for Performance Score gives significantly more weight to longer-term observations than shorter ones.

1-YEAR SCORE	4-YEAR SCORE	6-YEAR SCORE	8-YEAR SCORE
A = 3	A = 4	A = 7	A = 10
B = 3	B = 3	B = 5	B = 8
C = 2	C = 2	C = 3	C = 5
D = 1	D = 1	D = 1	D = 3
E = 0	E = 0	E = 0	E = 0

