

BCE ONTARIO EMPLOYEES' PENSION SURPLUS COMMITTEE

(BCE Inc. Pension Plan)

March 10, 2008

Dear Pension Plan Member:

INTRODUCTION

We are the BCE ONTARIO EMPLOYEES' PENSION SURPLUS COMMITTEE (formerly the REP Steering Committee) (the "Committee"), a group of former employees of certain BCE Inc. subsidiaries ("BCE" or the "Company"). We are an independent Committee, not formed by or part of BCE. The Committee includes the following individuals: Robert Adlam and Mike Grosz (both of whom are former Bell Sygma-CGI employees), Robert George (a former Bell Sygma-ISM/IBM employee) and Susan Brady (a former BCI employee). We are all former members of the BCE Inc. Pension Plan (Reg. No. 0908061) (the "Pension Plan"). We, as well as you, are persons who have an interest in the Pension Plan. We are writing to **invite you to join** the BCE ONTARIO EMPLOYEES' PENSION SURPLUS GROUP (the "BCE-O Surplus Group").

As further explained below, the Committee is seeking your support to negotiate a fair and equitable distribution of approximately \$49 Million in Pension Plan surplus as between BCE and some 1000+ eligible Pension Plan members and former members from Ontario (the "Affected Ontario Members").

BACKGROUND

As you may be aware, BCE went through a number of sales, divestitures and downsizings in the 1990s which resulted in the termination of employment of a number of employees, including us and you. For those employees who were affected by the downsizings, pension accruals and membership in the Pension Plan ceased. In connection with these downsizings and sales, BCE implemented three "partial wind ups" of the Pension Plan. Most of these employees worked in Ontario. The Ontario employees affected by the three partial wind ups (i.e., the Affected Ontario Members) are further described as follows:

- Effective December 31, 1993, the Pension Plan was partially wound-up as a result of the closure of Bell Canada International's office (BCI) in Ottawa and the transfer of those operations to an affiliate, BCE Telecom International (the "1993 PWU"). The 1993 PWU affected 26 employees, all of whom were employed in Ontario and terminated employment and Plan membership as of December 31, 1993;
- Effective October 15, 1996, the Pension Plan was partially wound-up as a result of the sale of part of the Bell Sygma operations to ISM/IBM

Canada (the "1996 PWU"). Bell Sygma was a participating employer in the Pension Plan at the time. The 1996 PWU affected employees whose employment transferred to IBM, all of whom terminated Plan membership as of October 15, 1996. Among this group, 120 employees were employed in Ontario; and

- Effective December 31, 1999, the Pension Plan was partially wound-up further to the sale of Bell Sygma to CGI Telecom (the "1999 PWU"). CGI acquired the former Bell Sygma in July, 1998 and became a participating employer in the Pension Plan for a period of time. CGI subsequently terminated participation in the Pension Plan (except with respect to a certain group of employees who would have been eligible to retire with an unreduced pension by December 31, 2005). The 1999 PWU affected employees whose employment transferred to CGI, all of whom terminated Plan membership as of December 31, 1999 when CGI ceased participation in the Pension Plan. In addition, certain "Option B" employees had the option to elect to continue in the Plan from 2000 until their date of early retirement prior to the end of 2005, and these employees are also included as Affected Ontario Members. The 1999 PWU (including the "Option B" group) affected 880 employees in Ontario.

The Company has identified you as a person who belongs to one of the three partial wind up groups mentioned above. Our Committee was formed for the purpose of ensuring that the pension surplus rights and interests of the Affected Ontario Members are protected and promoted.

PENSION SURPLUS

In conjunction with the three partial wind ups, affected Ontario members had their regular pension benefits "settled" from the Pension Plan; members were given the option of either immediately retiring under the Plan (if they were retirement age eligible), leaving their "deferred" pension in the Pension Plan for payment at a later date, or electing to withdraw the lump sum commuted value of their pension and transfer it into a locked-in registered retirement savings arrangement.

After BCE accounts for all the pension benefits, there is a surplus remaining in the Pension Plan. That is, there is an excess of funds over and above the amount required to satisfy all pension obligations owed to the Affected Ontario Members in the three partial wind up groups. Our reading of the relevant Pension Plan and financial documentation filed by BCE with the Ontario pension regulator, the Financial Services Commission of Ontario (FSCO), indicates that as of December 31, 2004 there is a surplus attributable to the three partial wind up groups as follows:

1993 partial wind up group:	\$ 716,000
1996 partial wind up group:	4,938,000

1999 partial wind up group: $\frac{43,235,000}{\$48,889,000^*}$

- * these amounts have not been verified by the Committee's actuarial consultants, are approximate only and can vary for a number of reasons between now and the date of any distribution.

In July, 2004 the Supreme Court of Canada in the "*Monsanto*" decision determined that when a pension plan is partially wound up in Ontario, any surplus remaining in the pension plan that is attributable to the portion of the plan affected by the partial wind up must be distributed from the plan to the rightful beneficiaries. The *Monsanto* case dealt with pension benefits covered by Ontario pension legislation. As a result of this Court decision, BCE is now required to deal with the distribution of surplus assets attributable to the Ontario portion of the three partial wind ups. It is because of the *Monsanto* case that the Committee is looking to settle the surplus issues pertaining to the Affected Ontario Members.

THE COMMITTEE'S ACTIVITIES

Matters of pension surplus are very technical and complex, and highly regulated in Ontario. As a result, the Committee has retained professional legal advisors who have experience in these matters. We have retained the law firm of Koskie Minsky LLP in Toronto. They have extensive experience representing groups such as ours, and have successfully represented employees across Canada in major pension surplus cases, such as those involving the National Hockey League, Dominion Stores, Eaton's and Confederation Life. The firm also successfully represented the employees at the Supreme Court of Canada in the *Monsanto* case.

The Committee retained Koskie Minsky LLP in 1999. At that time, the composition and name of the Committee was different (the REP Steering Committee). The Committee's focus at that time was principally on the rights of the 1999 Bell Sygma / CGI partial wind up, since the original Committee members came from those operations and they were not wholly clear on the scope of the other partial wind ups. Since the *Monsanto* ruling, however, the Committee has expanded its mandate to also formally address the rights of the 1993 and 1996 partial wind up groups. The fact is that all three partial wind ups must be addressed at this time and, therefore, it is logical for one representative employee Committee to deal with all the wind ups. Also, BCE has expressly indicated its preference to working with a Committee that represents all of the Affected Ontario Members. Koskie Minsky LLP will be advising the Committee as a whole.

In order to advise the Committee on the actuarial and financial aspects of a distribution, the Committee will be retaining the services of a professional actuarial firm. Because of the complexity of these issues, the Committee may also retain other professionals and counsel to assist it as the need arises.

Our legal team at Koskie Minsky LLP has been in communication with BCE's legal counsel and the Company has indicated it would like to negotiate with the Committee toward a distribution of surplus assets. However, despite the high court's ruling in *Monsanto*, there are a number of outstanding issues that need to be addressed and resolved before any surplus can be distributed. These issues include:

- most importantly, how should the surplus be split as between the Company and the Affected Ontario Members;
- what is the most fair and appropriate manner in which to allocate individual surplus shares as among the Affected Ontario Members;
- what is the most tax-efficient and cost-effective manner in which to pay individual surplus shares;
- how to deal with the Committee's and the Company's legal and professional expenses incurred as part of the distribution.

The Company has agreed to work with the Committee and Koskie Minsky LLP to settle these and other issues relating to the surplus distribution. The Committee is interested in pursuing these negotiations but would also like to see a strong mandate from the membership so that it is satisfied that it is representative of the affected member group.

PLEASE JOIN THE BCE-O SURPLUS GROUP

In connection with the foregoing, we are asking that you please join the **BCE-O Surplus Group** to strengthen the position of the Committee and our lawyers in fairly representing affected employees' interests when negotiating the details of this surplus distribution.

We enclose an "Authorization and Membership Form" (the "Form") which enables you to join our Group and allows the Company to release your relevant personal information to the Committee and our lawyers and actuary (any personal information so collected will not be shared with other Plan members without your consent), and gives our lawyers and the Committee the authority to represent you in negotiating an agreement. The Form also allows us to contact you personally and to ensure that all communications from either the Committee or the Company are sent to the correct address.

As part of the Committee's mandate, we will continue to provide you with updates as negotiations progress, and we will also organize information meetings at the appropriate time at which our legal team will make presentations to members. Please be assured that by joining the BCE-O Surplus Group you are only giving the Committee a mandate to negotiate. **There will be no distribution of surplus based on any agreement in principle reached between BCE and the Committee without there first being a description of the distribution terms communicated to you and a**

vote from among the eligible Pension Plan membership. Also, the consent of the appropriate government authorities will be required, as well as certain Court approvals.

Please also be aware that there will be no obligation on you to directly pay any of the Committee's legal or other expenses during any of this process. We anticipate that all legal and professional expenses will be recovered from any settlement negotiated with the Company.

While a number of you, especially those belonging to the former Bell Sygma group, have in the past expressed support for the efforts of the Committee, given the now revised and broader nature of the Committee mandate we are asking that you please renew your support by returning the Form. While we may have a number of members' home addresses already as a result of past communications, given the passage of time the Form will also permit us to confirm your correct mailing address.

It is important that you complete the enclosed Form and send it to our lawyers in the enclosed, self-addressed, stamped envelope as soon as possible so that we can demonstrate that a sufficient number of the affected members are interested in this transaction.

Finally, it is important to note that any proposed distribution of surplus will **not** adversely affect the amount of your regular pension under the Plan. Your support for our initiative, if successful, can result in a cash distribution or benefit enhancement which is distinct from the pension which you have earned to date. This distribution can only increase your pension benefit security.

By joining the BCE-O Surplus Group and providing us with your address we will be able to communicate with you directly, so we urge you to please fill out the Form and return it as soon as possible. Once again, we stress that you are not responsible for directly paying the Committee's legal or other expenses during this process.

MORE INFORMATION

If you have any questions, you can contact any member of the Committee using the contact information below. You can also contact Koskie Minsky LLP at their toll-free number, which is **1-800-451-3225**. You may also email Koskie Minsky at **BCEsurplus@kmlaw.ca** or you may visit their website to obtain updates and information from time to time. Go to **www.kmlaw.ca**, click on the "pension surplus" link, and then the BCE pension surplus link.

We thank you all for your anticipated support. If you have any further questions, please do not hesitate to contact any of the Committee Members shown below.

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Enclosures: Authorization and Membership Form
Postage-paid return envelope