

THE SECURITIES ACT

)

Order No. 3345

)

Subsection 20(1)

)

May 24, 2001

BELL CANADA

WHEREAS:

(A) Bell Canada has applied to The Manitoba Securities Commission (the "Commission") for an order pursuant to subsection 20(1) of *The Securities Act*, R.S.M. 1988, c. S50 as amended (the "Act"), that the issuance of certain convertible preferred shares of Bell Canada upon the automatic conversion of other convertible preferred shares of Bell Canada under the terms attaching to such shares will be exempt from sections 6 and 37 of the Act;

(B) It has been represented to the Commission by Bell Canada that:

1. Bell Canada was incorporated by special act of the Parliament of Canada in 1880 and was continued under the *Canada Business Corporations Act*. Bell Canada's registered office is located at 1050, côte du Beaver Hall, Montréal, Québec H2Z 1S4 and its principal executive offices are located at 1000, rue de la Gauchetière West, Suite 3700, Montréal, Québec H3B 4Y7.

2. The authorized capital of Bell Canada consists of an unlimited number of common shares and an unlimited number of Class A Preferred Shares issuable in series, all without nominal or par value.

3. Bell Canada is a "reporting issuer" under the Act and is not in default of any requirement of the Act or the Regulation made thereunder.

4. Bell Canada is eligible to make use of the Short Form Prospectus Distribution System pursuant to National Instrument 44-101 (the "POP System").

5. Bell Canada is proposing to offer, pursuant to a short form prospectus (the "Prospectus"), up to 14,000,000 Cumulative Redeemable Class A Preferred Shares, Series 19 ("Series 19 Preferred Shares") at a price of \$25.00 per share. The Prospectus contains all the necessary disclosure in respect of both the Series 19 Preferred Shares and the up to 14,000,000 Cumulative Redeemable Class A Preferred Shares, Series 20 ("Series 20 Preferred Shares") into which the Series 19 Preferred Shares are convertible. The Preliminary Prospectus is expected to be filed in all provinces of Canada on May 29, 2001 via The Mutual Reliance Review System. The Québec Securities Commission shall be the principal regulator.

6. The Series 19 Preferred Shares will be convertible into the Series 20 Preferred Shares and the Series 20 Preferred Shares will be convertible into the Series 19 Preferred Shares, in each case at the option of the holders thereof.

7. Holders of the Series 19 Preferred Shares shall have the right, at their option, on August 1, 2006 and on August 1 every fifth year thereafter (a "Conversion Date"), to convert, subject to the terms and conditions attaching to such shares, all or any Series 19 Preferred Shares registered in their names into Series 20 Preferred Shares of Bell Canada on the basis of one Series 20 Preferred Share for each Series 19 Preferred Share. The conversion of Series 19 Preferred Shares may be effected by surrender of the certificate(s) representing the same not earlier than forty-five (45) days prior to a Conversion Date but not later than the close of business on the tenth day preceding a Conversion Date.

Holders of Series 19 Preferred Shares shall not be entitled to convert their shares into Series 20 Preferred Shares if, following the close of business on the tenth day preceding a Conversion Date, Bell Canada determines that there would remain outstanding on a Conversion Date less than a specified number of Series 20 Preferred Shares, after having taken into account all Series 19 Preferred Shares tendered for conversion into Series 20 Preferred Shares and all Series 20 Preferred Shares tendered for conversion into Series 19 Preferred Shares. Bell Canada shall give notice in writing thereof to all the affected holders of the Series 19 Preferred Shares prior to the applicable Conversion Date and will issue and deliver, prior to such Conversion Date, to the holders of Series 19 Preferred Shares who have tendered Series 19 Preferred Shares for conversion, new certificates evidencing the Series 19 Preferred Shares tendered for conversion.

Furthermore, if following the close of business on the tenth day preceding a Conversion Date Bell Canada determines that there would remain outstanding less than a specified number of Series 19 Preferred Shares after having taken into account all Series 19 Preferred Shares tendered for conversion into Series 20 Preferred Shares and all Series 20 Preferred Shares tendered for conversion into Series 19 Preferred Shares, then, all, but not part, of the remaining outstanding Series 19 Preferred Shares shall automatically be converted into Series 20 Preferred Shares on the basis of one Series 20 Preferred Share for each Series 19 Preferred Share on the applicable Conversion Date and Bell Canada shall give notice in writing thereto to the holder of such remaining Series 19 Preferred Shares prior to the Conversion Date.

8. Similarly, holders of Series 20 Preferred Shares shall have the right, at their option, on August 1, 2011 and on August 1 every five years thereafter (a "Conversion Date"), to convert, subject to the terms and conditions attaching to such shares, all or any Series 20

Preferred Shares registered in their names into Series 19 Preferred Shares of Bell Canada on the basis of one Series 19 Preferred Share for each Series 20 Preferred Share. The conversion of Series 20 Preferred Shares may be effected by surrender of the certificate(s) representing the same not earlier than forty-five (45) days prior to a Conversion Date but not later than the close of business on the tenth day preceding a Conversion Date.

Holders of Series 20 Preferred Shares shall not be entitled to convert their shares into Series 19 Preferred Shares if, following the close of business on the tenth day preceding the Conversion Date, Bell Canada determines that there would remain outstanding on a Conversion Date less than a specified number of Series 19 Preferred Shares, after having taken into account all Series 20 Preferred Shares tendered for conversion into Series 19 Preferred Shares and all Series 19 Preferred Shares tendered for conversion into Series 20 Preferred Shares. Bell Canada shall give notice in writing thereof to all the affected holders of the Series 20 Preferred Shares prior to the applicable Conversion Date and will issue and deliver, prior to such Conversion Date, to the holders of Series 20 Preferred Shares who have tendered Series 20 Preferred Shares for conversion, new certificates evidencing the Series 20 Preferred Shares tendered for conversion.

Furthermore, if, following the close of business on the tenth day preceding a Conversion Date, Bell Canada determines that there would remain outstanding on a Conversion Date less than a specified number of Series 20 Preferred Shares after having taken into account all Series 20 Preferred Shares tendered for conversion into Series 19 Preferred Shares and all Series 19 Preferred Shares tendered for conversion into Series 20 Preferred Shares, then, all, but not part, of the remaining outstanding Series 20 Preferred Shares shall automatically be converted into Series 19 Preferred Shares on the basis of one Series 19 Preferred Share for each Series 20 Preferred Share on the applicable Conversion Date and Bell Canada shall give notice in writing thereto to the holders of such remaining Series 20 Preferred Shares prior to the Conversion Date.

9. The conversion of the Series 19 Preferred Shares into Series 20 Preferred Shares at the option of the holders of the Series 19 Preferred Shares and the conversion of the Series 20 Preferred Shares into Series 19 Preferred Shares at the option of the holders of Series 20 Preferred Shares are exempt from the Prospectus and registration requirements of the Act pursuant to clause 58(1)(b) and paragraph 19(1)(h)(iii) of the Act, respectively.

10. No similar exemptions are available under the Act for the automatic conversion of the Series 19 Preferred Shares into Series

20 Preferred Shares in the event that on a Conversion Date less than a specified number of Series 19 Preferred Shares would remain outstanding or for the automatic conversion of Series 20 Preferred Shares into Series 19 Preferred Shares in the event that on a Conversion Date less than a specified number of Series 20 Preferred Shares would remain outstanding (the "Automatic Conversions").

(C) In the opinion of the Commission, it would not be prejudicial to the public interest to grant the order requested.

IT IS ORDERED:

1. **THAT**, pursuant to subsection 20(1) of the Act, the trades in connection with the Automatic Conversions shall be exempt from sections 6 and 37 of the Act, provided that no commission or other remuneration is paid or given to any person in respect of such trades except for ministerial or professional services or for services performed by a person or company registered for trading in securities under the Act.

2. **THAT** the fee for this order shall be \$1,000.00

BY ORDER OF THE COMMISSION

Director