

TRANSACTION

BETWEEN:

ROBERT MORIN

and

SERGE BARBEAU

("Plaintiffs")

AND:

BELL CANADA

("Defendant")

PREAMBLE

WHEREAS Plaintiffs instituted a Class Action against Defendant on January 27, 2012 in the Quebec Superior Court, district of Laval, in the case bearing number 540-06-000006-108, on behalf of members belonging to the following group:

All natural and legal persons with less than fifty (50) employees in the twelve (12) months preceding this action, residing or having resided in Quebec, and who, having benefited from a Bell Canada residential (landline) telephone service, were charged service cancellation fees or contract termination fees by that company since October 1, 2007 under a contract entered into before June 30, 2010.

WHEREAS Defendant has denied and continues to deny the merits of the Plaintiffs' allegation in their Motion introducing this Class Action and has denied and continues to deny any fault or liability of any nature whatsoever, toward the Plaintiffs and members of the group;

WHEREAS, notwithstanding the foregoing, and in order to put an end to costly and prolonged court proceedings, Defendant has agreed to settle the Class Action out-of-court with the Plaintiffs, personally and on behalf of each of the members of the authorized group, in accordance with the terms and conditions set forth hereinafter;

WHEREAS the Parties have entered into the present Transaction in order to fully and finally resolve all claims of Plaintiffs and of each of the members of the group pertaining to the Class Action;

WHEREAS the attorneys for the Parties have conducted negotiations with a view to reaching a settlement of the Class Action, and whereas the Plaintiffs and BGA have concluded that the Transaction is just, reasonable and appropriate, and that it best serves the members' interests in the circumstances;

WHEREAS the attorneys for the Parties have met to negotiate the parameters of the Transaction proposed hereinafter;

WHEREAS the Parties agree that the Transaction and its approval by the Court will not constitute for the Defendant an admission of its liability or of the existence of any damages whatsoever;

THEREFORE, subject to the approval of the Court, the Parties agree as follows:

1. INTERPRETATION

(a) Preamble

The foregoing preamble is an integral part of this Transaction.

(b) Definitions

- (i) “**Forbearance from Regulating**” means an abstention from regulating by the Canadian Radio-television and Telecommunications Commission, in accordance with section 34 of the *Telecommunications Act*;
- (ii) “**BGA**” means the attorneys for the Plaintiffs, BGA LLP, and attorneys David Bourgoïn and Benoît Gamache;
- (iii) “**Home Phone Package**” means the Basic, Lite, Choice or Complete residential telephone services;
- (iv) “**Service Cancellation Fees**” means the fees invoiced by Defendant if a prior notice of thirty (30) days was not given to it before the cancellation of services, including, in particular, cancellation fees for the network, the long distance plan, residential telephone services and/or zone services;

- (v) “**Notice and Settlement Administration Fees**” means the fees to be repaid to Defendant, out of the total amount of the Transaction, for the publication of the Notice to Members in newspapers, in accordance with the Order of the Court rendered in that regard, as well as fees for the administration of the settlement agreement and the sending of cheques. These fees are in the total amount of \$35,000 (taxes included);
- (vi) “**Contract Termination Fees**” means the fees of \$50, \$75, \$100 or \$150 invoiced by Defendant for the termination of a Home Phone Package before the expiry of the twelve (12) or twenty-four (24)-month term of the contract;
- (vii) “**BGA’s Fees**” means the total sum of \$226,090.28 (taxes included) to be paid to BGA out of the total amount of the settlement, covering the entirety of their extrajudicial fees, legal fees or special fees and disbursements;
- (viii) “**Members Entitled to an Indemnity**” means members who have paid Contract Termination Fees and whose residential landline telephone services were the object of a Forbearance from Regulating at the time they subscribed to a Home Phone Package;
- (ix) “**Reparation**” means the sum of \$525,480.72 (taxes included) to be distributed to the Members Entitled to an Indemnity;
- (x) “**Total Amount of the Settlement**” means the sum of \$786,571 (taxes included) in full and final settlement of the Class Action;
- (xi) “**Parties**” means the Defendant and the Plaintiffs, personally and on behalf of the members;
- (xii) “**Class Action**” means the Class Action instituted against Defendant before the Court, in the case bearing docket number 540-06-000006-108 and all proceedings and exhibits filed or exchanged in connection with that Class Action and its authorization;
- (xiii) “**Balance**” means the sum corresponding to the total value of all cheques issued as Reparation which have not been cashed within a period of six (6) months from the date of each such cheque;
- (xiv) “**Transaction**” means this Transaction and its preamble;
- (xv) “**Court**” means the Superior Court of Quebec for the District of Laval;

2. THE TRANSACTION

(a) Identification of the Members Entitled to an Indemnity

- (i) The Transaction shall bind all members of the group, but only those members who paid Contract Termination Fees and whose residential landline telephone services were the object of a Forbearance from Regulating at the time they subscribed to a Home Phone Package shall be Members Entitled to an Indemnity.
- (ii) The members of the group who have not paid the charged Contract Termination Fees and whose residential landline telephone services were the object of a Forbearance from Regulating at the time they subscribed to a Home Phone Package will see those fees cancelled, and Bell Canada will take the best possible measures to stop the collection process.
- (iii) Following long and costly procedures and research, Defendant was able to identify the names and last known address of the 31,056 Members Entitled to an Indemnity. The parties agreed that only those members shall be entitled to an indemnity.
- (iv) The Members Entitled to an Indemnity who have moved since the termination of their contract may update their address by contacting BGA, according to the terms and conditions described in the Notice to Members.
- (v) No indemnity shall be granted to members whose services were regulated by the Canadian Radio-television and Telecommunications Commission at the time they subscribed to a Home Phone Package.
- (vi) No indemnity shall be granted for Service Cancellation Fees.

(b) Total Amount of the Settlement

- (i) The Parties agreed to settle fully and finally all claims of the Plaintiffs and of each of the group members which are or could be connected with the Class Action, for a total amount of **\$786,571** (taxes included).
- (ii) No other costs, disbursements or fees may be claimed from Defendant.

(c) **Breakdown of the Total Amount of the Settlement**

- (i) The following amounts are included in the Total Amount of the Settlement and shall be deducted from that sum before any distribution to the Members Entitled to an Indemnity:
 - (1) BGA's Fees, corresponding to 25% of the Total Amount of the Settlement, being **\$226,090.28** (taxes included); and
 - (2) The Notice and Settlement Administration Fees of **\$35,000** (taxes included).
- (ii) The remainder, being the sum of **\$525,480.72**, constitutes the Reparation which shall be paid directly by Defendant to the 31,056 Members Entitled to an Indemnity. The said sum shall be distributed in equal shares to such Members by the sending by mail to their last known address (or their updated address) of a cheque payable to them personally, in the amount of **\$16.92** (taxes included).
- (iii) The Parties agree that it is extremely difficult and onerous, if not impossible, to retrace all the Members Entitled to an Indemnity. They therefore agree that if any cheque has not been cashed within six (6) months of its date, the beneficiary of the cheque shall lose any right to an indemnity and the value of the non-cashed cheque shall be considered as forming part of the Balance.

(d) **Balance**

- (i) The total value of all non-cashed cheques at the expiry of the six (6) month period shall constitute the Balance, within the meaning of Article 1034 of the *Code of Civil Procedure*.
- (ii) The percentage due to the *Fonds d'aide aux recours collectifs* shall be withheld out of the Balance, in accordance with section 42 of the *Act Respecting the Class Action* (R.S.Q., c. R-2.1) and section 1, paragraph 2 of the *Regulation Respecting the Percentage Withheld by the Fonds d'aide aux recours collectifs* (R.R.Q. c. R-2.1, r.2).
- (iii) The parties agree that any remainder of the Balance, after the withholding for the *Fonds d'aide aux recours collectifs*, shall be remitted to the Mental Illness Foundation.

3. RELEASE

- (a) In consideration of the Transaction, the Plaintiffs and the members, personally and on behalf of their heirs, administrators, predecessors, successors, assignees and assigns, release, discharge and undertake to hold harmless and indemnified Defendant, its predecessors, representatives, parent companies, affiliates, member companies, subsidiaries and/or other related companies, officers, directors, employees, shareholders, agents, mandataries, commercial representatives, successors, assignees, assigns, attorneys and insurers in respect of any claim, any cause of action, any action, any mode of action and any facts arising, directly or indirectly, from the imposition of the Contract Termination Fees and/or the Service Cancellation Fees, including, in particular, any other claim authorized by the Court in the present Class Action, including, in particular, claims for damages related to attempted recovery by collection agencies and for exemplary damages.
- (b) The Plaintiffs and each of the members are deemed to understand and declare that they understand the meaning of this release and/or of any relevant law pertaining to restrictions affecting releases. In this regard, the Plaintiffs declare that they have benefitted from BGA's advice, for themselves and on behalf of the members.

4. SUNDRY PROVISIONS

- (a) The settlement is conditional upon the approval of the Transaction without amendment by the Court (except as regards BGA's Fees, as the case may be). If this condition is not fulfilled, the Parties will be restored to their previous condition, as if no settlement had been negotiated or concluded.
- (b) If the Court refuses to render a judgment approving the Transaction or any other judgment leading to its approval, or if the Transaction is later declared unenforceable by a judgment of any court of law whatsoever, the Transaction shall become null and void and of no effect.
- (c) If the Court approves this Transaction, the Defendant undertakes to file as soon as possible in the office of the Superior Court of the District of Laval the documents necessary to prepare an accounting for all the sums distributed, with a copy for BGA.
- (d) The Transaction reflects the entire agreement entered into by the Parties and replaces all prior agreements concluded between them, if any. The Parties declare and confirm that no representation, and in particular no oral representation, has been made which is not contained in the Transaction. The Parties also agree on the fact that the Transaction can be amended only by means of a writing bearing the signatures of all the Parties and submitted to the Court for approval, and that this amendment will take effect only if the Court renders a judgment which has acquired the authority of *res judicata*.

- (e) This Transaction constitutes a transaction within the meaning of Article 2631 of the *Civil Code of Québec* and Article 1025 of the *Code of Civil Procedure*, and shall take effect on the date of the judgment approving the settlement, in the manner described in the Transaction with regard to all the members of the group whether or not they benefit from an indemnity.
- (f) The Transaction is made without admission of liability on the part of the Defendant.
- (g) The Court retains exclusive jurisdiction regarding the Class Action and any dispute pertaining to the Transaction, in particular regarding any dispute as to its interpretation.
- (h) The Parties and their attorneys agree that they will not prepare any press release and that they will not call any press conference with respect to the settlement of the Class Action.
- (i) The Parties and their attorneys agree, in case of any communication initiated by the media, to refer the latter to the Transaction.
- (j) The Transaction is signed in seven (7) copies, each copy constituting an original.
- (k) The Transaction is governed by the laws of Québec.
- (l) The Transaction has also been drawn up in French. In the case of ambiguity or divergence between the English and French versions, the French version takes precedence.

IN WITNESS WHEREOF, the Parties hereto have signed this Transaction:

At _____, January _____, 2013

Robert Morin, Plaintiff

At _____, January _____, 2013

Serge Barbeau, Plaintiff

At Verdun, January 16, 2013

Bell Canada, Defendant

By: Michel Lalande

Senior Vice-President and General Counsel BCE & Bell Canada