

BCE INC
Form 6-K
February 01, 2006

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

Pursuant to Rule 13a-16 or 15d-16 under
the Securities Exchange Act of 1934

For the month of: **February 2006**

Commission File Number: **1-8481**

BCE Inc.

(Translation of Registrant's name into English)

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(Address of principal executive offices)

Indicate by check mark whether the Registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F _____

Form 40-F _____ X

Indicate by check mark whether the Registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes _____

No _____ X

If "Yes" is marked, indicate below the file number assigned to the Registrant in connection with Rule 12g3-2(b): 82-_____.

Notwithstanding any reference to BCE's Web site on the World Wide Web in the documents attached hereto, the information contained in BCE's site or any other site on the World Wide Web referred to in BCE's site is not a part of this Form 6-K and, therefore, is not filed with the Securities and Exchange Commission.

News Release

For immediate release

This news release contains forward-looking statements. For a description of the related risk factors and assumptions please see the section entitled "Caution Concerning Forward-Looking Statements" later in this release.

BCE REPORTS 2005 YEAR-END AND FOURTH QUARTER RESULTS

BCE revenues up 4.0% in 2005

Met or exceeded 2005 guidance

Revenues from growth services reach 47% surpassing 2005 target of 45%

Double-digit subscriber increases in growth services

Business segment revenue growth rate increases for 6th consecutive quarter

MONTREAL February 1, 2006 BCE Inc. (TSX, NYSE: BCE) reported fourth quarter and full year 2005 financial results and announced its financial guidance for 2006 this morning prior to the annual BCE Business Review Conference in Toronto. BCE met or exceeded its 2005 guidance for revenue growth, cost reductions, EPS, free cash flow and capital intensity. BCE also provided details of its business plan for 2006 and announced the use of proceeds from recent asset sales and further initiatives in the company's ongoing asset review. Further details on this can be found in BCE's Business Review Conference news release also issued this morning.

For the full year 2005, BCE reported revenues of \$19.1 billion, up 4.0% from the previous year as fourth quarter revenues increased by 4.6% to \$5 billion. Operating income for the full year 2005 was \$4 billion compared to \$2.9 billion⁽¹⁾ the previous year, and operating income for the fourth quarter was \$979 million, compared with \$814 million in the same quarter last year. EBITDA⁽²⁾ for the full year reached \$7.6 billion, a 2.2% increase compared to 2004, and fourth quarter EBITDA was \$1.9 billion, up \$64 million or 3.6% over the same period last year.

That performance translated into cash from operating activities of \$5.6 billion in 2005, an increase of 2.1% over the previous year. Cash from operating activities in the quarter was \$1.6 billion, an increase of 24% over the same period in 2004. Free Cash Flow⁽³⁾ for the year was \$662 million compared to \$870 million for 2004, consistent with our revised guidance of \$600 million to \$800 million⁽⁴⁾. Free cash flow in the quarter was

\$423 million, compared to the negative \$121 million recorded in the fourth quarter of 2004. Earnings per share (EPS) were \$2.04 for the full year 2005 compared to \$1.65 for 2004, and were \$0.44 in the fourth quarter compared to \$0.45 for the same period in 2004. 2005 EPS before restructuring and other items and net gains on investments⁽⁵⁾ were \$2.05 compared to \$2.02 reported for 2004; and in the fourth quarter were \$0.46 compared to \$0.45 in the fourth quarter of 2004.

As we expected, our performance bounced back in the fourth quarter and we ended 2005 on a strong footing from which to continue our progress in 2006, said Michael Sabia, President and Chief Executive Officer of BCE. We delivered on the commitments that we made for 2005, and demonstrated Bell's ability to execute in the face of growing competition. Our guidance was met or exceeded, and importantly, revenue from our growth services more than outpaced the decline in our legacy business.

Revenue growth from new services such as Internet Protocol (IP), Information and Communications Technology (ICT), wireless, Internet and video reached 47% of Bell's total revenues by the end of 2005, exceeding the company's target of 45%.

In the Residential segment (formerly reported as the Consumer segment), growth services showed double-digit subscriber increases for the year. Revenues from these services surpassed the decline of the company's residential wireline business. The decrease in NAS of 324,000 for the year, or 2.5%, plus the higher costs of wireless acquisition, led to a decline in full year operating income of 5.6%. To further counter the increased competitive pressures, the company pursued its strategy of securing two-plus and three-plus multi-product households to both drive customer retention and higher revenues per household. By the end of 2005, almost 60% of the Bell households in Québec and Ontario subscribed to two or more services.

In the Business segment, a year of accelerated growth was fuelled by strong sales of IP based connectivity and ICT solutions to our Enterprise and Small and Medium Business (SMB) customers. Bell has 143 of its largest Enterprise customers contracted to implement Internet Protocol-Virtual Private Network (IP-VPN) solutions. RBC Financial Group signed a five-year contract with Bell for fully managed IP solutions, converting 8,400 of the bank's head office telephone lines. At year end, 62% of Enterprise revenues were generated by growth services. The SMB group saw strong progress this year as Virtual Chief Information Officer (VCIO) revenues far outpaced the decline in legacy data. The successful integration of recent acquisitions CSB Systems, Charon Systems and Nexxlink Technologies under Bell Business Solutions (BBS) has generated considerable cross-selling opportunities. VCIO revenues recorded 60% organic growth in the fourth quarter of 2005 compared to the same period in 2004.

Significant progress was made in 2005 as BCE stepped up its efforts to reset its cost structure. The company delivered \$524 million in recurring cost savings during the year, meeting the 2005 target. In the fourth quarter cost savings totalled \$171 million, creating a solid take-off point for 2006. Next year as cost-reduction programs accelerate and new initiatives come on line, the company anticipates reaching \$1.3 - \$1.4 billion in recurring annual savings by the end of 2006.

In late 2005, BCE completed two important steps in the ongoing review and restructuring of its asset portfolio, resulting in a more focused and simple corporate structure. BCE disposed of a significant portion of its interest in CGI Group Inc. in early January 2006 and expects to dispose of its remaining interest during the course of the year. As well, BCE announced an agreement to reduce its interest in Bell Globemedia Inc. to 20% and also received a return of capital from Bell Globemedia in January 2006. These transactions are expected to return \$2.4 billion in cash to BCE. These proceeds, and cash from operations, will be applied towards buying back 5% of BCE's outstanding common shares, repaying BCE's corporate-level debt and for pension contributions. (See BCE's Business Review Conference news release for more details.)

We have taken a balanced and responsible approach to the use of these proceeds, placing an emphasis on our commitment to shareholders while ensuring the company's financial health, said Mr. Sabia. We now have a singular focus on our core business, Bell Canada, and on a strategy that we believe will deliver industry-leading service and product excellence to our customers and sustainable value to our shareholders.

2005 KEY OPERATIONAL ACHIEVEMENTS

Residential Segment Highlights

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Bell continued to broaden its offerings to residential customers, introducing a wireless video streaming service, a mobile music download service, faster Internet access speeds and more high-definition channels to its ExpressVu customers.

The segment achieved positive revenue growth in the quarter and for the year, in the face of an increased rate of decline of Bell's legacy residential wireline business

Full year revenue increased by 1.3% to reach \$7.6 billion

Fourth quarter revenue increased by 0.7% to \$1.9 billion

Full year operating income for the residential segment was \$2 billion, down 5.6% compared to 2004

Operating income in the fourth quarter was \$444 million, down 4.3% compared with the fourth quarter of 2004

Launched IPTV technical trials in Toronto

2.3 million customers now on new, simplified One Bill

Business Segment Highlights

The Business segment revenue growth rate continued to increase throughout the year. The services developed by both the SMB and Enterprise groups met with strong demand from customers. Solid growth in wireless and data revenues during the quarter was a major contributor to revenue growth in both SMB and Enterprise.

Full year revenue reached \$6.1 billion, an increase of 4.6% over 2004

Business segment revenues in the quarter increased by 6% to reach \$1.6 billion

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Full year operating income was \$910 million compared to \$896 million in 2004

Operating income increased by 29% in the quarter to reach \$236 million

Sale of ICT services to Enterprise customers increased by 36% during the year and a number of important contracts were signed with major customers including Kingston General Hospital, Aéroports de Montréal, Fédération des caisses Desjardins du Québec and Manulife Financial

At the end of 2005, 78% of the migratable traffic on Bell's core network was IP-based, which surpassed the year-end objective of 75%

275,000 IP-enabled lines were sold on customer premise equipment by the end of the year, representing a 90% increase over 2004

SMB launched Business IP Voice, a hosted IP telephony solution designed specifically for the small and medium size business market

Bell Business Solutions, formed in April 2005 by the SMB group, provided electronic ballot management solutions to 48 municipalities during last year's Québec municipal elections.

Video:

Bell's video group continued its performance as Canada's leading Direct-to-Home (DTH) provider in 2005 with strong revenue and subscriber growth.

Total video subscribers grew by 224,000 or 14.9% in 2005 and reached 1,727,000, compared to 1,503,000 at the end of 2004

Net activations in the quarter grew by 16.3% to 50,000, compared to 43,000 for the same period in 2004

ARPU in the quarter increased by \$3 to \$52, full year ARPU was \$50 compared to \$49 in 2004

Video revenues were up 22.4% in the quarter and 14.8% for 2005

Churn improved during the year to 0.9% compared to 1% for 2004, the lowest full year churn rate in the past five years

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Wireless:

With record gross additions for the year and the introduction of new, innovative services (EVDO, 10-4, MobiTV, Seek & Find, MSN Messenger) Bell's wireless unit expanded both its customer base and its revenue base.

Total wireless customers grew to 5,441,000 compared to 4,925,000 at year-end 2004, a 10.5% increase

A record of 455,000 gross activations in the quarter as the company continues to secure new high value subscribers in both the residential and business markets

- o 74% of the customer base is on post-paid rate plans

Net activations totalled 210,000 in the quarter, compared to 217,000 in the fourth quarter of 2004

Pre-paid ARPU for the year was \$14, up 16.7% over 2004; post-paid ARPU for the year was \$61, essentially unchanged from the previous year

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In the fourth quarter, pre-paid ARPU was \$14 per month, up from \$13 the same quarter in 2004; fourth quarter post-paid ARPU was \$64 per month, an increase of \$3 over the fourth quarter of 2004

Wireless revenues increased by 9.9% to \$3.1 billion for the full year and by 9.5% to \$812 million in the fourth quarter

Wireless EBITDA in the year was \$1,307 million, up by 10.1% over 2004; and wireless EBITDA for the fourth quarter reached \$311 million, an increase of 13.5% over the fourth quarter in 2004

Overall churn for the year was 1.6% as compared to 1.3% for 2004

High-Speed Internet:

High-Speed Internet had a solid year of subscriber growth adding 387,000 net new subscribers.

Total high-speed Internet customers of 2,195,000 compared to 1,808,000 at year-end 2004, a 21% increase

Net activations of 61,000 in the quarter compared to 91,000 for the same period last year

Sympatico.msn advertising revenues doubled over the previous year

VAS revenues went up 64% over the previous year

34 million video streams over sympatico.msn in 2005, a five-fold increase over 2004

In the quarter, 17.2 million unique visitors to sympatico.msn, reaching 87.4% of all on-line Canadians, and average time spent by visitors on the site increased by 25%

At year-end, Bell's High-Speed Internet access footprint in Québec and Ontario was 85% compared to 83% at year-end 2004

Telesat Canada

Telesat continued to deliver robust financial performance with increased revenues from its acquisition of The SpaceConnection, Inc. and from the provision of network services in Brazil.

Full year revenues increased 31% to reach \$475 million; revenue in the quarter was \$118 million compared to \$102 million for the same period last year, a 15.7% increase

Full year operating income was \$157 million compared to \$141 million in 2004, an increase of 11.3%; operating income in the fourth quarter was \$34 million compared to \$37 million reported for the same period last year

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Bell Globemedia

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Bell Globemedia's CTV remains the nation's top broadcaster with the most popular programming line up in the country.

Revenues for full year 2005 were up 9.5% to \$1.6 billion; revenue in the quarter was \$465 million, up 14.8% over the same period last year

Operating income for the full year was up 20.4% while operating income in the quarter was down 1.9% from the same period last year, mainly due to higher sports programming costs with the return of NHL Hockey.

Bell Canada Statutory Results

Bell Canada's statutory includes Bell Canada, and Bell Canada's interests in Aliant, Bell ExpressVu (at 52%), and other Canadian telcos.

In the fourth quarter of 2005, Bell Canada's reported statutory revenue was \$4.5 billion, up 3.6% compared to the same period last year. Net earnings applicable to common shares were \$502 million in the fourth quarter of 2005, compared to net earnings of \$465 million for the same period last year.

In the full year of 2005, Bell Canada's reported statutory revenue was \$17.3 billion, up 2.8% compared to the same period last year. Net earnings applicable to common shares were \$2,098 million in the full year of 2005, compared to net earnings applicable to common shares of \$1,527 million for the same period last year, an increase of 37.4%.

Notes

- (1) The employee reduction program at Bell Canada in 2004 resulted in a charge to earnings in the third quarter of 2004 of \$985 million, which adversely affected operating income and EPS.
- (2) The term EBITDA (earnings before interest, taxes, depreciation and amortization) does not have any standardized meaning prescribed by Canadian generally accepted accounting principles (GAAP). Please refer to the section of BCE Inc.'s Q4 2005 Investor Briefing dated January 31, 2006, entitled "Non-GAAP Financial Measures" included in this news release, for more details on EBITDA including a reconciliation of EBITDA to operating income.
- (3) We define free cash flow as cash from operating activities after capital expenditures, total dividends and other investing activities. Free cash flow does not have any standardized meaning prescribed by GAAP. Please refer to the section of BCE Inc.'s Q4 2005 Investor Briefing dated January 31, 2006, entitled "Non-GAAP Financial Measures" included in this news release for more details on free cash flow including a reconciliation of free cash flow to cash from operating activities.
- (4) BCE declared CGI a discontinued operation in December 2005 and consequently, it reduced its forecasted 2005 free cash flow target range accordingly from \$700 million to \$900 million to \$600 million to \$800 million.
- (5) Net earnings and EPS before restructuring and other items and net gains on investments do not have any standardized meaning prescribed by GAAP. Please refer to the section of BCE Inc.'s Q4 2005 Investor Briefing dated January 31, 2006, entitled "Non-GAAP Financial Measures" included in this news release for more details on net earnings and EPS before

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restructuring and other items and net gains on investments including a reconciliation to net earnings applicable to common shares on a total and per share basis.

Caution Concerning Forward-Looking Statements

Certain statements made in this press release, including, but not limited to, anticipated cost reductions, the expected disposition of BCE's remaining interest in CGI, the reduction of its interest in Bell Globemedia Inc. to 20% and the expected return in cash as a result of the CGI and Bell Globemedia Inc. transactions and other statements that are not historical facts, are forward-looking statements and are subject to important risks, uncertainties and assumptions. The results or events predicted in these forward-looking statements may differ materially from actual results or events. As a result, you are cautioned not to place undue reliance on these forward-looking statements. Except as otherwise indicated by BCE, these statements do not reflect the potential impact of any special items or of any dispositions, monetizations, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after the date hereof.

The expected closing of the Bell Globemedia Inc. transaction is subject to a number of approvals and closing conditions, including approval by the CRTC and the Competition Bureau, and other closing conditions that are customary in a transaction of this nature.

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There is no assurance that we will be able to complete the disposition of our remaining interest in CGI. Finally, there is no assurance that cost reduction initiatives that we may undertake will achieve their objectives.

For additional information with respect to the assumptions underlying the forward-looking statements made in this release and the risk factors that could cause the results or events predicted in such forward-looking statements to differ materially from actual results or events, please refer to the Safe Harbor Notice Concerning Forward-Looking Statements dated February 1, 2006 filed by BCE Inc. with the U.S. Securities and Exchange Commission, under Form 6-K, and with the Canadian securities commissions. The forward-looking statements contained in this press release represent our expectations as of February 1, 2006 and, accordingly, are subject to change after such date. However, we disclaim any intention and assume no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. For additional information, please refer to the presentations made at the Bell Canada Enterprises Business Review 2006 available on BCE's website at www.bce.ca.

About BCE Inc.

BCE is Canada's largest communications company. Through its 28 million customer connections, BCE provides the most comprehensive and innovative suite of communication services to residential and business customers in Canada. Under the Bell brand, the Company's services include local, long distance and wireless phone services, high-speed and wireless Internet access, IP-broadband services, information and communications technology services (or value-added services) and direct-to-home satellite and VDSL television services. Other BCE businesses include Canada's premier media company, Bell Globemedia, and Telesat Canada, a pioneer and world leader in satellite operations and systems management. BCE shares are listed in Canada, the United States and Europe.

The Year in Review

The results for 2005 demonstrate solid progress on our strategic objectives. Although the pace of competition accelerated steadily throughout the year, particularly as a result of the emergence of cable telephony, we continued to execute on our plan to mitigate the impact of this new, more competitive telecommunications landscape. Accordingly, we focused further on profitably growing our wireless, video and high-speed Internet businesses, which helps lay an important foundation for the future growth of the company. We also continued to successfully execute on our multi-product household consumer strategy. By the end of 2005, nearly 60% of the households in our Ontario and Québec footprint subscribed to two or more products, and over 22% subscribed to three or more products. Our Business segment made steady progress throughout the year on its Internet Protocol (IP) strategy by leading Bell Canada in the shift towards new growth services, helping to drive its transition to an Information and Communications Technology (ICT) leader. In fact, revenues from growth services (composed mainly of wireless, video and data-related products such as high-speed Internet) accounted for 47% of total revenues at Bell Canada by the end of 2005, which exceeded our target of 45% for the year. Moreover, we also responded to the rising competitive challenges by proactively taking the lead to deliver unmatched features and reliability for our residential and business customers with the launch of next-generation services such as Bell Digital Voice.

In order to alleviate the pressure on operating margins from the expected erosion in our legacy wireline business, we made significant strides in transforming our cost structure in 2005. Under our ongoing Galileo Program (Galileo), we continued to deliver significant cost savings by improving processes, reviewing procurement activities and eliminating work. Our various initiatives allowed us to reduce costs by \$524 million, which was in line with our run-rate savings target of \$500-\$600 million for 2005.

We also stepped up efforts to secure our customers and improve service. Although we faced a number of customer service challenges brought about by some residual impacts from our wireless billing system migration last year and a four-month labour dispute with Entourage Technology Solutions Inc. (Entourage) (renamed Bell Technical Solutions Inc. on October 25, 2005) technicians in Ontario, we substantially resolved these issues by the end of the third quarter and subsequently resolved order backlogs, improved efficiency and dealt with customer issues more promptly.

In late 2005, we completed two important steps in our ongoing efforts to reshape the company's asset portfolio and bring greater focus to our core businesses by establishing the framework for the ultimate disposition of our

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entire interest in CGI Group Inc. (CGI) and the reduction of our interest in Bell Globemedia Inc. (Bell Globemedia) to 20%.

In our Residential segment (formerly called the Consumer segment), revenue growth was fuelled by the strength of our growth services as we continued to execute on our strategy of securing multi-product households to drive customer loyalty and generate higher revenue per household. This growth reflected increased subscriber acquisition in our growth services and higher average revenue per user (ARPU), particularly for video, offset partly by an accelerated decline in legacy wireline revenues.

In our Business segment, increased sales of IP based connectivity and ICT (or value-added services (VAS)) solutions to our Enterprise and small and medium-sized business (SMB) customers and improved wireless results drove revenue growth in 2005. This positive trend now has contributed to six consecutive quarters of improved revenue growth, despite increased competitive pressures and lower demand for legacy wireline services.

In our Aliant segment, continued strong growth in wireless and Internet services, as well as a recovery from the 2004 labour disruption, offset declines in other areas due to the impact of competition, wireless and internet substitution, and regulatory restrictions related to customer win-backs and bundling of services.

Within the Other Bell Canada segment, despite a challenging market for our wholesale business, revenues grew as a result of the acquisition of the operations of 360networks Corporation, including GT Group Telecom Inc. (collectively 360networks), in November 2004.

In the other BCE segment, Bell Globemedia delivered better revenue and operating performance compared with last year, driven largely by higher television advertising revenue, reflecting strong television ratings and improved

8 Bell Canada Enterprises Q4 Investor Briefing

subscription revenues. Telesat Canada (Telesat) also had a strong year, reflecting growth in Ka-band revenues on its Anik F2 satellite, revenue gains from the installation and maintenance of an Interactive Distance Learning network and the positive impact from its acquisition of The Space-Connection, Inc. (SpaceConnection) in January 2005.

Customer Connections

Connections (in thousands)	2005 Net Activations	31 Dec. 05 Connections
Wireless	516	5,441
High-Speed Internet	387	2,195
Video	224	1,727
NAS	(324)	12,581

- Wireless** Our total cellular and PCS subscriber base grew by 516,000 in 2005, or 10.5%, to 5,441,000, which was in line with guidance for the year. As a result of a record number of gross activations in the year, we acquired a similar level of net activations compared with 2004, despite a year-over-year increase in our overall churn rate to 1.6% from 1.3% in 2004.
- High-Speed Internet** We added 387,000 net new high-speed Internet customers in 2005, increasing our customer base by 21% to 2,195,000, which was ahead of our target of 15% to 20% for the year. The net activations achieved in 2005 were 10.6% higher than the 350,000 subscribers acquired in 2004. Subscriber growth in 2005 was fuelled largely by the introduction of our Basic Lite product and higher net activations at Aliant.
- Video** We gained significant momentum in our video business in 2005, growing the subscriber base by 14.9% to end the year with 1,727,000 customers. This was at the upper end of our guidance range of 10% to 15% for 2005. During the year, we activated service for 224,000 new subscribers, an almost two-fold increase over 2004. As a result of our continued focus on customer retention and a higher proportion of customers on long-term contracts, churn decreased to 0.9% from 1.0% in the previous year.
- Network Access Services (NAS)** NAS in service declined by 324,000 in 2005, or 2.5%, representing a higher rate of decline compared with 1.1% experienced in the previous year. The accelerated rate of erosion reflects an increasingly competitive environment as the major cable operators in our Québec and Ontario markets began to offer low-priced cable telephony services, offset partly by our new Bell Digital Voice service and higher demand for

access lines from Shaw Communications to deploy Voice-over-Internet Protocol (VoIP) services in western Canada.

Operating Revenues

Our revenues increased by 4.0% year-over-year to reach \$19,105 million in 2005. This result, which reflected improved revenue performance across all our segments, surpassed our target growth rate of equal to or greater than GDP. At Bell Canada, revenues grew by 2.8%, driven primarily by the Business segment where continued wireless strength, growth of ICT (or VAS) solution sales arising from both business acquisitions and organic growth, as well as focused execution of our Virtual Chief Information Officer (VCIO) strategy in SMB led to improved top-line results. Our Residential segment delivered solid revenue growth as a result of the performance of its video, Internet and wireless services, despite continued decreases in legacy wireline services, while Aliant revenues also increased notably due in part to its recovery from a labour disruption in 2004. In addition to the Bell Canada contribution, overall growth was further enhanced by the performance in the Other BCE segment, where revenues grew 9.5% at Bell Globemedia and 31% at Telesat.

Operating Income and EBITDA¹

Operating income at BCE for 2005 was \$4,048 million, an increase of \$1,154 million over the previous year, which included restructuring and other charges of \$1,224 million related primarily to the employee departure program in 2004. The results for 2005 reflect restructuring and other items of \$55 million associated with new restructuring initiatives for involuntary employee departures, as well as

- (1) EBITDA, operating income before restructuring and other items, net earnings before restructuring and other items and net gains on investments, and free cash flow do not have any standardized meaning prescribed by Canadian generally accepted accounting principles (GAAP) and are therefore unlikely to be comparable to similar measures presented by other companies. For more details on these measures, including a reconciliation to the most comparable GAAP measure, please refer to the section entitled *Non-GAAP Financial Measures* contained herein.

The Year in Review

the relocation of employees and closing of real estate facilities related to last year's employee departure program. Operating income before restructuring and other items¹ decreased \$15 million or 0.4% compared with the previous year. Despite an increase in revenues across all segments, Galileo cost savings and the recovery from the 2004 labour disruption at Aliant, operating income was negatively impacted by the increased cost of acquiring a substantially higher number of wireless subscribers, the Canadian Radio-television and Telecommunications Commission's (CRTC) decision with respect to Competitor Digital Network Services (CDN), continued margin pressure from the ongoing transformation of our product mix toward growth services, as well as the cost of restoring customer service levels following the settlement of the Entourage labour dispute in July. Also contributing to the decline in operating income was the impact of higher net benefit plans cost and amortization expense for the year.

At Bell Canada, operating income for the year was \$3,755 million, a \$1,060 million increase over 2004 resulting from the charges recognized last year in consideration of the employee departure program. Operating income before restructuring and other items declined by \$105 million in 2005 to \$3,809 million, representing a 2.7% decrease from \$3,914 million in the previous year due to the reasons referred to previously.

Our 2005 EBITDA increased 2.2% or \$167 million to \$7,597 million compared with the previous year, reflecting improved performance at Bell Canada, Bell Globemedia and Telesat. EBITDA for Bell Canada was \$7,187 million, representing a 1.1% increase over 2004, driven primarily by increases in our Business segment and at Aliant, which were partially offset by decreases in our Residential and Other Bell Canada segments.

EBITDA margins for full-year 2005 were 39.8% at BCE and 41.7% at Bell Canada, both down 0.7 percentage points compared with 2004. The year-over-year declines reflected operating cost pressures, which included higher

wireless acquisition costs, continued erosion of high-margin legacy voice and data services in all our segments, the CRTC's CDN decision as well as the costs to restore service levels subsequent to the resolution of the labour dispute at Entourage. The impact of these elements on EBITDA margin was largely offset by the operating cost savings achieved through Galileo.

Net Earnings / Earnings per Share (EPS)

In 2005, net earnings applicable to common shares were \$1,891 million, or \$2.04 per common share, 24% higher than net earnings of \$1,523 million, or \$1.65 per common share, for the same period last year. Included in earnings this year was a net charge of \$10 million from restructuring and other items and net gains on investments, compared with a net charge of \$349 million for the same period last year. Net earnings before restructuring and other items and net gains on investments¹ of \$1,901 million, or \$2.05 per common share, were up \$29 million, or \$0.03 per share. This represents an increase of 1.5% over last year, which was in line with our expectations of single-digit growth for 2005. On a year-to-date basis, the improvement in EPS before gains on investments and restructuring and other items can be attributed to higher EBITDA combined with the impact from the income tax loss monetization program between Bell Canada and BCI and net income tax savings. This more than offset the increase in net benefit plans cost and amortization expense.

Capital Expenditures

For the full year, capital expenditures of \$3,428 million were \$109 million, or 3.3%, higher than 2004. Similarly, at Bell Canada, capital expenditures increased by 3.2%, or \$96 million, to \$3,122 million. As a percentage of revenues, Bell Canada's capital expenditures increased slightly to 18.1% in 2005 from 18.0% last year, in line with our guidance range of 18% to 19% for 2005. Capital spending in 2005 reflected higher investment in the growth areas of the business and reduced expenditures in legacy areas. Our key strategic investments this year included the expansion of our fibre-to-the-node (FTTN) footprint to deliver higher-speed broadband access, our launch of Bell Digital Voice, the deployment of an Evolution, Data Optimized (EV-DO) wireless data network in certain of our markets, our Digital Subscriber

Line (DSL) footprint expansion facilitated through the deployment of new high-density remotes, investment in our IP television (IPTV) platform and information technology (IT) efficiency projects to deliver cost savings. Higher spending also resulted from a return to more normal spending levels at Aliant after its labour disruption in 2004 and satellite builds at Telesat.

Cash from operating activities and free cash flow¹

Cash from operating activities was \$5,559 million in 2005, an increase of 2.1% compared to \$5,443 million in 2004. Cash from operating activities was impacted positively by:

- an improvement in cash earnings resulting from higher EBITDA
- a significant improvement in accounts receivable collections, due to the resolution of issues associated with the implementation of our new wireless billing platform in 2004
- an increase of \$134 million in proceeds from the sale of accounts receivable
- a decrease of \$77 million in restructuring payments relating to the restructuring initiatives of 2004 and 2005.

These improvements were partly offset by:

- higher pension and other benefit plan payments mainly at Aliant
- an increase of \$73 million in income taxes paid, primarily related to the final instalment for 2004 made in 2005 as instalments were not required at Bell Canada in 2004
- a \$75 million settlement payment received from MTS in 2004.

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We generated \$662 million of free cash flow for 2005, meeting our target of \$600 million to \$800 million for the year. On December 16, 2005, we adjusted our 2005 guidance for free cash flow from the range of \$700 million to \$900 million to \$600 million to \$800 million to reflect the pending sale of CGI. Free cash flow of \$662 million for 2005 was \$208 million lower than the \$870 million achieved in the previous year. The decrease can be attributed to:

- a decrease of \$149 million in insurance proceeds received by Telesat
- an increase of \$109 million in capital expenditures related to our investment in next-generation service platforms
- an \$87 million increase in common dividends paid resulting from the \$0.03 quarterly increase in dividend per common share.

These items were offset in part by a \$116 million increase in cash from operating activities.

- (1) EBITDA, operating income before restructuring and other items, net earnings before restructuring and other items and net gains on investments, and free cash flow do not have any standardized meaning prescribed by Canadian generally accepted accounting principles (GAAP) and are therefore unlikely to be comparable to similar measures presented by other companies. For more details on these measures, including a reconciliation to the most comparable GAAP measure, please refer to the section entitled *Non-GAAP Financial Measures* contained herein.

The Quarter at a Glance

In the fourth quarter, we regained momentum in the execution of our strategy as evidenced by our strong financial and operating performance. Our cost reduction program accelerated and we re-established consistent levels of customer service. Improved operating performance in the quarter was driven primarily by the results of our Business and Aliant segments, as well as by the continuing successful execution of our wireless and video subscriber growth strategies, which offset the pressure on operating income from the expected further erosion of our legacy voice and data business. This translated into overall revenue growth in Q4 2005 of 4.6% at BCE and 3.6% at Bell Canada. Revenues from our growth services continued to increase, accounting for 47% of total revenues at Bell Canada at the end of 2005. Operating income before restructuring and other items improved by 6.6% at BCE and 6.3% at Bell Canada this quarter, despite higher expected acquisition costs from an increased number of wireless gross activations and increasing wireline customer losses.

Our Residential segment continued to experience solid subscriber acquisition in all its growth services (composed mainly of wireless, video and data-related products such as high-speed Internet), which helped to fully offset the impact on revenues resulting from continued local wireline and long-distance erosion. To counter the competitive pressure of cable telephony, we continued to focus on securing multi-product households and retaining our highest-value customers in order to enhance customer loyalty and drive higher revenue per household.

In our Business segment, while competitive pricing pressures persisted and demand for legacy wireline business services lessened, we recorded a sixth consecutive quarter of improved revenue growth as a result of increased sales of our IP based connectivity and ICT (or VAS) solutions within the Enterprise and SMB markets, as well as continued wireless strength.

In the Aliant segment, higher wireless and Internet service revenues, as well as the recovery from the 2004 labour disruption, offset declines in its wireline business resulting from the impacts of competition, technology substitution and regulatory restrictions.

In the Other Bell Canada segment, the marketplace remained challenging for our wholesale business due to competitive market pressures, customers migrating services onto their own network facilities and the CRTC's CDN decision. The performance of this segment was positively influenced by the acquisition in November 2004 of the operations of 360networks.

Within the Other BCE segment, Bell Globemedia delivered double-digit revenue growth as a result of strong advertising sales as well as higher subscription revenues. While strong television ratings and the end of the hockey lockout favourably impacted revenue growth, higher costs associated with NHL hockey broadcasts adversely affected operating income in Q4. Continued solid operating performance at Telesat was driven largely by its acquisition of SpaceConnection at the beginning of 2005 and higher telecommunication carrier revenues stemming from increased sales of services from its now retired Anik E2 satellite.

Customer Connections

Connections (in thousands)	Q4 2005 Net Activations	31 Dec. 05 Connections
Wireless	210	5,441
High-Speed Internet	61	2,195
Video	50	1,727
NAS	(122)	12,581

- **Wireless** – We grew our wireless base by 210,000 customers this quarter, down from net activations of 217,000 in Q4 2004. Notwithstanding a record number of gross activations, the decrease in year-over-year net activations was due to slightly higher churn. In line with guidance for 2005, we expanded our customer base by 10.5% year-over-year to 5,441,000.
- **High-Speed Internet** – We added 61,000 net new high-speed Internet customers this quarter, compared with net activations of 91,000 in Q4 2004, resulting in a 21% expansion of our subscriber base to reach an end-of-year count of 2,195,000. Subscriber growth during the quarter slowed primarily as a result of aggressive price competition in the entry-level segment of the market and increased emphasis by certain

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cable operators on selling multi-product bundles at discounted rates. This was offset partly by higher net additions at Aliant.

- **Video** Our video business had its best Q4 since 2002, activating 50,000 net new customers, an increase of 16.3% compared with Q4 2004. Our video subscriber base grew by 14.9% in 2005 to reach 1,727,000. Although churn increased by 0.2 percentage points year-over-year to 1.0%, reflecting aggressive price competition brought about by cable operators' emphasis on bundling cable service with other products, it remained unchanged compared with the previous quarter.
- **Network Access Services (NAS)** NAS in service declined by 122,000 or 1.0% during the quarter, reflecting competitive losses and lower demand for second lines, offset partly by higher demand for access lines from Shaw Communications to deploy Voice-over-Internet Protocol (VoIP) services in western Canada. The increase in the year-over-year NAS rate of decline can be attributed mainly to the ramp up in competition from the major cable operators in Ontario and Québec.

Operating Revenues

Our revenues increased by 4.6% year-over-year to reach \$4,986 million in the quarter, reflecting improved revenue performance across most of our segments. At Bell Canada, revenues grew by 3.6%, driven primarily by the Business segment where higher data revenues from focused execution of our ICT and VCIO strategies and continued wireless strength positively impacted top-line results, and by Aliant where recovery from a labour disruption in 2004 and the solid performance of its wireless and Internet businesses translated into increased revenue growth. In our Residential segment, we delivered positive revenue growth in the quarter as the continued loss of legacy wireline business was more than offset by growth in video, Internet and wireless services. Higher revenues at our Other BCE segment, fuelled by stronger advertising and subscriber revenues at Bell Globemedia and higher carrier and broadcast revenue at Telesat combined with the positive impact from its acquisition of SpaceConnection, further contributed to overall revenue growth.

Operating Income and EBITDA

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Operating income at BCE for the quarter was \$979 million, compared with \$814 million for Q4 2004, while Bell Canada operating income increased to \$884 million from \$731 million for the same respective period. The results for Q4 2004 included the recognition of \$126 million of restructuring and other items related to last year's employee departure program at Aliant and costs related to the relocation of employees and the closure of excess real estate facilities at Bell Canada, compared with a charge of \$23 million for Q4 2005 related to new restructuring initiatives for involuntary employee departures. Operating income before restructuring and other items for Q4 2005 increased by 6.6%, or \$62 million, at BCE and by 6.3%, or \$54 million, at Bell Canada, compared with the previous year. Higher revenues, cost savings from Galileo and lower cost of acquisition (COA) expense in our video unit more than offset continued margin pressure from the ongoing transformation of our product mix towards growth services, the expected higher COA expense from an increased number of wireless gross activations, the CRTC's CDN decision and higher amortization expense at BCE.

Our EBITDA for the quarter improved \$64 million, or 3.6%, to \$1,858 million compared with last year, reflecting an increase at Bell Canada offset partly by a decrease at Bell Globemedia. At Bell Canada, EBITDA was \$1,729 million this quarter, representing a 3.0% increase over last year, due primarily to improved performance at our Business, Aliant and Other Bell Canada segments, which was partly offset by a decrease at our Residential segment.

EBITDA margin in the fourth quarter was 37.3% at BCE and 38.8% at Bell Canada, down 0.3 and 0.2 percentage points, respectively, compared with Q4 2004. The year-over-year declines reflected a number of expected impacts, including continued loss of higher-margin legacy voice and data customers in all our businesses, the ongoing transformation of our product mix towards growth services, higher wireless acquisition costs and the CRTC's CDN decision.

The Quarter at a Glance Net Earnings / Earnings per Share

Net earnings applicable to common shares for Q4 2005 were \$413 million, or \$0.44 per common share, compared to net earnings of \$417 million, or \$0.45 per common share, for the same period last year. Included in Q4 earnings this year was a net charge of \$16 million for restructuring and other items, compared with no charge in Q4 2004. Net earnings before restructuring and other items and net gains on investments for Q4 2005 were \$429 million, or \$0.46 per common share, up \$12 million, or \$0.01 per share. This increase can be attributed to higher EBITDA, partly offset by lower other income stemming from unfavourable changes in foreign exchange rates. We also recorded a gain of \$44 million in the quarter associated with the phase-out, over the next three years, of a discretionary allowance program, which substantially offset the increase in pension expense.

Capital Expenditures

Capital expenditures were \$831 million this quarter, or 20% lower than the same period last year. As a percentage of revenues, capital expenditures decreased this quarter to 16.7% from 22% last year, reflecting a reduction at Bell Canada partly as a result of higher spending earlier in the year. Greater investment in IT systems and other efficiency-related processes to deliver future cost savings was more than offset by lower expenditures on network infrastructure and DSL footprint expansion, lower spending to support business customer contracts and the timing of spending on certain strategic initiatives such as our FTTN footprint expansion and IPTV platform development.

Cash from operating activities and free cash flow

In Q4 2005, cash from operating activities was \$1,585 million, an increase of 24% compared with \$1,279 million in Q4 2004. Cash from operating activities was impacted positively by:

- an improvement in cash earnings from higher EBITDA
- an increase of \$84 million in proceeds from the sale of accounts receivable
- a decrease of \$191 million in restructuring payments relating to the restructuring initiatives of 2004 and 2005.

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These improvements were partly offset by lower accounts receivable collections in our wireless business during Q4 2005, compared with a higher-than-usual collection volume in Q4 2004 as a result of the implementation of our new wireless billing platform, notwithstanding a significant improvement year-over-year in days sales outstanding.

Free cash flow of \$423 million generated in Q4 2005 was \$544 million better than the negative \$121 million reported for Q4 2004. The improvement can be attributed to:

- the \$306 million increase in cash from operating activities
- an improvement of \$212 million in capital expenditures, as described previously
- \$30 million in insurance proceeds received by Telesat in Q4 2005.

These items were offset in part by a \$29 million increase in common dividends paid, resulting from the \$0.03 quarterly increase in dividend per common share.

Strategic Priorities

Our strategy is to deliver unrivalled integrated communication services to customers and to take a leadership position in setting the standard in Internet Protocol (IP). During the quarter, we made significant progress on each of our three key strategic priorities.

1) Enhancing customer experience while targeting lower costs (our Galileo program)

In our Residential segment:

- We continued to execute on our multi-product household strategy. At the end of 2005, nearly 60% of the total households in our Ontario and Québec footprint subscribed to two or more products (a combination of local wireline, Internet, video and long distance services) and over 22% of total households subscribed to three or more products.
- By the end of 2005, 2.3 million customers in Ontario and Québec were enjoying the benefits of a single bill for their wireline, Internet, and video services, representing more than a two-fold increase since the

beginning of 2005. Simplification of the billing process not only improves the customer experience, but also lowers costs since we issue fewer invoices. During the fourth quarter, we initiated the process to migrate Bell Mobility customers who receive a single invoice for their other Bell Canada services to the one bill platform.

- We expanded the scope of OrderMax, our order entry tool that enables customers to order any Bell Canada product from any channel, to include Bell ExpressVu. OrderMax is currently available to over 50% of our customer service agents.
- We launched the 'beta' site of our new Bell.ca website to the general public. The new website enhances the customer experience through a simplified and consistent page layout, a single shopping process for all our products, an improved search engine and easy access to online bills.

In our Business segment:

- We continued making progress on moving our core traffic to a national IP multi-protocol label-switching (IP-MPLS) network. At the end of 2005, 78% of the migratable traffic on our core network was IP-based, which surpassed our year-end objective of 75%.
- As part of our shift to IP, we continued the process of rationalizing legacy data services. In 2005, we stopped selling 28 legacy data services. Since we began this initiative in 2004, we have discontinued 47 legacy data services.
- The move to IP continued this quarter with 12 large enterprise customers contracted to implement IP Virtual Private Networks (IPVPN), including Royal Bank Financial Group and Xerox. This brought the total number of Enterprise customers implementing IPVPN networks as of the end of 2005 to 143.

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- At the end of 2005, 656 Enterprise customers were enrolled on 'Service Promise', which is our commitment to provide customers with a clearly defined and consistent level of service in the delivery of connectivity services.

Overall, our various Galileo initiatives led to cost reductions in Q4 of \$171 million, bringing total savings for the year to \$524 million, which were in line with our run-rate savings target of \$500-\$600 million for 2005. These cost savings resulted mainly from:

- the employee departures that took place in 2004
- reduced procurement costs
- call centre efficiencies and optimization
- the elimination of network elements and standardization of core operating processes.

As part of our commitment to transform our cost structure, we began a comprehensive program to review procurement spending and related processes during the fourth quarter with the goal of implementing improved spending controls and reducing our approximate \$8.5 billion of annual external operating and capital expenditures.

2) Deliver abundant bandwidth to enable next-generation services

We continued our FTTN rollout by deploying another 194 neighbourhood nodes in Q4, raising the total number to 2,048, which surpassed our objective to deploy more than 2,000 nodes by the end of 2005.

During Q4, we extended the availability of our EV-DO wireless data network to western Canada. EV-DO technology is the third generation (3G) of wireless networks delivering average data download speeds of 400-700 kilobits per second (Kbps) with peaks of up to 2.4 Mbps. Given these speeds, EV-DO enables a new generation of sophisticated wireless data solutions, as well as fuels the speed and potential for current tools such as e-mail, file downloads, instant messaging, streaming video and games.

3) Create next-generation services to drive future growth

We ended 2005 with approximately 81,000 wireless subscribers on our '10-4' push-to-talk service, which included a significant number of non-business consumers.

In addition, our Residential segment:

- Introduced our first GSM-compatible handset and launched Canada's first flat per-minute rate billing service for global roaming on GSM networks in up to 150 countries for Bell Mobility customers.

The Quarter at a Glance

- Announced the launch of the first mobile streaming video clip service in Canada. Bell Mobility customers who subscribe to the service can instantly view the latest in news, weather, sports and entertainment highlights.
- Introduced a new full-track mobile music download service. Subscribers will have instant access to a music library allowing for the ability to browse, review, download and share music with others.
- Announced the addition of more High Definition (HD) sports programming, offering Bell ExpressVu customers the most HD channels currently available in Canada.

Our SMB unit:

- Grew its VAS service offerings primarily through Enterprise Resource Planning (ERP), hosting and other managed services, which are important growth drivers given their ability to create incremental

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connectivity revenues and to solidify customer relationships.

- Began to market and sell customized digital video surveillance solutions to Canadian businesses that are being developed at our newly opened innovation centre established to develop IP-based technology and applications for SMB customers and governmental bodies.

Our Enterprise unit:

- Sold 275,000 IP-enabled lines on customer premises equipment (CPE) by the end of the year, representing a 90% increase in 2005.
- Continued its focus on developing productivity-enhancing solutions for the health sector by launching a fully integrated wireless communications solution for Kingston General Hospital that features a secure wireless medical record system, a point-of-care computer that accommodates various clinical procedures, and a new wireless phone system throughout the patient care areas.

Other Corporate Developments

Under our asset review program, we announced on December 2, 2005 an agreement to reduce our equity interest in Bell Globemedia from 68.5% to 20%. Following completion of all closing conditions and subject to receipt of the required regulatory approvals expected later in 2006, we will sell an 8.5% equity interest in Bell Globemedia to The Woodbridge Company Limited (Woodbridge) and a 20% stake to each of Ontario Teachers' Pension Plan Board and Torstar Corporation for aggregate cash proceeds of \$685 million. In conjunction with the agreement to make these ownership changes, Bell Globemedia has restructured its capital on a basis more appropriate to ongoing operations through additional borrowing and a return of capital to its existing shareholders. The recapitalization, which was completed in January 2006, resulted in a cash distribution of \$607 million to us. By retaining a 20% equity interest in the company, we have maintained our strong relationship with Bell Globemedia, allowing us to continue participating in the growth of Canada's leading media property, and secured ongoing access to media content thereby enhancing our growth services platforms.

On December 16, 2005, we announced our decision to sell our stake in CGI following a review of our investment determining that it was no longer strategically essential for BCE to hold an equity interest in CGI given our focus on providing network-centric managed services and applications. On the closing date of the transaction (January 12, 2006), we received cash proceeds of \$859 million from CGI, reducing our ownership stake from 29.8% to 8.6%. We also extended our long-term commercial relationship with CGI. Our existing information systems and technology (IS/IT) outsourcing contract, commercial alliance agreement and network management agreement making Bell Canada CGI's preferred telecom services provider all have been extended by four years until June 2016.

Financial Results Analysis

Residential segment

Residential revenues increased by 0.7% in the fourth quarter of 2005 to \$1,924 million, reflecting the continued expansion of our wireless, video and high-speed Internet subscriber bases and an increase in video ARPU, offset almost entirely by lower wireline (local and access and long distance) revenues. Although overall Residential revenue growth slowed somewhat compared with previous

quarters, this result was anticipated given increased competition from cable telephony, which adversely affected long distance and local and access service revenues.

Local and access revenues, which represents the largest proportion of our Residential segment revenues, declined this quarter compared with the fourth quarter of 2004, due mainly to NAS declines which resulted in lower basic service and related SmartTouch feature revenues, offset partly by an increase in wireline maintenance plan revenues following price increases implemented in the previous quarter. NAS decreased this quarter primarily as a result of losses to competitive local exchange carriers (CLECs), cable telephony and continued pressure from growth in high-speed Internet access which reduces the need for second telephone lines, while the impact from other VoIP providers and customers substituting wireline with wireless telephone service remained minimal. The rate of year-over-year NAS losses increased this quarter as several major cable operators operating in our territory

increased their marketing efforts and expanded the footprint of their low-priced local telephony offerings in certain of our Ontario and Québec markets.

Long distance revenues this quarter decreased year-over-year as a result of lower average revenue per minute (ARPM) and lower international prepaid calling card revenue. Lower ARPM reflected increased competition from non-traditional long distance providers, the impact of our \$5 Long Distance Bundle (which was discontinued in July 2005) and Block-of-Time (BOT) minute plans, as well as a lower volume of higher priced overseas minutes. Overall minutes also declined compared with the same quarter last year as usage gains stemming from our bundle product were more than offset by losses of domestic and overseas minutes to alternative, non-traditional long distance service providers.

Residential data revenues grew this quarter, fuelled by further growth of our high-speed Internet subscriber base, an increase in revenues from our Sympatico.MSN.ca web portal and Bell Sympatico value-added services. Our Sympatico.MSN.ca portal revenues increased by 65% over the fourth quarter of 2004. The portal currently averages 17.2 million unique visitors per month, or 87% of online Canadians.

Residential wireless revenues for the quarter increased year-over-year as a result of a higher average number of customers compared with last year, price increases for certain services and features implemented earlier in the year and increased adoption of feature and data services. Overall revenue growth was dampened by the loss of high-value customers in the early part of 2005 due to billing system conversion issues and a higher proportion of customers choosing prepaid service or postpaid monthly packages that include a large number of in-plan minutes and free unlimited local airtime usage for up to six months.

Video revenues increased significantly in Q4 2005, driven by substantial year-over-year subscriber growth and higher ARPU reflecting the impact from price increases implemented during the year and the success of our strategy to upsell customers to higher priced programming packages.

Our Residential segment reported operating income of \$444 million this quarter, down 4.3% compared with the fourth quarter of 2004. This decrease was due primarily to a higher rate of decline in our high-margin residential NAS wireline customer base and higher wireless marketing costs related to an increased level of advertising and sales activity. These factors were offset partially by higher revenues, lower contact centre costs driven by an improvement in the first-call resolution rate and outsourcing, and cost savings associated with Galileo.

Business segment

Business segment revenues for the fourth quarter of 2005 increased by 6.0% over the same quarter last year to reach \$1,627 million, reflecting higher revenues from our Enterprise and SMB units, and the positive impact from the acquisition of 360networks in November 2004 which increased our customer base and gave us an extensive fibre network across major cities in western Canada. This solid revenue performance was offset slightly by a decline in total revenues at Bell West, due mainly to revenues received in 2004 from the Government of Alberta (GOA) to build a next-generation broadband access network (Alberta SuperNet).

The Quarter at a Glance

Continued growth of higher-value wireless subscribers and increased data revenues drove solid revenue improvement at our Enterprise unit. Data delivered strong year-over-year performance, due to solid growth in IP-based connectivity and ICT (or VAS) revenues. ICT revenues grew by 28% in Q4 2005, compared with last year, mostly as a result of acquisitions, organic growth, and outsourcing. These increases in data and wireless revenues were partially offset by declines in long distance and local and access revenues, due to further erosion of our legacy voice and data business, the repricing of some existing wireline business in response to competitive market pressures and the continued migration of our voice and data traffic to IP-based systems.

Our Enterprise unit also signed a five-year contract with RBC Financial Group, Canada's largest financial institution, to implement a fully managed IP solution, converting approximately 8,400 of the bank's phone lines at its head office in Toronto to VoIP.

The SMB unit delivered its best quarter of the year, contributing significantly to the solid financial performance of our Business segment. Revenues generated from SMB customers increased this quarter as increases in data products and services and wireless revenues more than compensated for the decreases in long distance and local and access revenues and the sale of our conferencing solutions operations in the United States. Despite a highly competitive market environment, data revenue growth in Q4 2005 was driven by the continued strong adoption of

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our VCIO strategy and cross-selling opportunities with companies acquired in 2005 (including Nexxlink Technologies Inc., and CSB Systems, which are a part of Bell Business Solutions Inc.). This resulted in higher VAS and equipment sales year-over-year, which grew organically by 60% in the quarter, as well as an increase in the number of new DSL high-speed Internet access service connections. Long distance revenues decreased, due mainly to the combined impact of lower volumes and competitive pricing pressures, and a weakening of our pay-phone business that is directly attributable to wireless and Internet substitution. Similarly, local and access revenues were also lower due to pressure from our declining pay-phone business and NAS losses to alternative telephony providers.

Bell West continued to grow its Enterprise and SMB customer bases during Q4 2005, leading to increases in local and access and long distance revenues, as well as the sale of services on the Alberta SuperNet completed and accepted by the GOA in the fourth quarter. These increases were more than offset by revenues earned in Q4 2004 for construction of the Alberta SuperNet.

Business segment operating income for the fourth quarter of 2005 increased by 29% to \$236 million, due largely to a year-over-year increase in revenues and the positive impact from our Galileo cost-reduction initiatives. This was mitigated by continued margin pressure from competitive pricing and lower demand, the loss of higher-margin legacy voice and data business, the ongoing shift of voice and data traffic to lower-margin IP-based growth services and a slight increase in net benefits plans cost.

- In the Enterprise unit, operating income increased in the quarter, despite the negative margin impact from steady progress in transforming our product mix towards growth services, due mainly to solid revenue growth and focused cost management.
- Similarly, our SMB unit also had higher fourth-quarter operating income year-over-year, due to strong revenue performance, lower selling, general and administrative costs and a decrease in amortization expense, offset partially by higher operating expenses stemming from recent business acquisitions and margin erosion related to the shift from legacy voice and data services to VCIO revenues.
- Bell West recorded lower operating income in the fourth quarter of 2005, due primarily to lower data revenues and higher amortization expense.

Aliant

Aliant segment revenues were \$535 million in the fourth quarter, reflecting an increase of \$29 million, or 5.7%, compared with the same period last year. Continued strong growth in wireless and Internet services, as well as a recovery from the 2004 labour disruption, offset declines in other areas due to impacts of competition, wireless and Internet substitution, and regulatory restrictions.

Aliant's wireless revenue increased in the fourth quarter, driven by an 11.9% year-over-year increase in its wireless customer base and higher ARPU. Subscriber results included a 23% increase in digital customers, reflecting Aliant's expanded service area coverage and digital wireless network, enhanced dealer network that improved market penetration and broad product selection. In addition, ARPU increased in the quarter, reflecting the impacts of a higher percentage of customers subscribing to digital service and an increase in average minutes of use.

Data revenues increased in the fourth quarter as higher Internet revenues and recovery from the 2004 labour disruption were offset slightly by other data revenue declines from the continued rationalization of circuit networks by customers and the negative impact of the CRTC's CDN decision, which amounted to \$1.9 million in the quarter. The growth in Internet revenues was attributable to year-over-year subscriber growth of 7.9%, reflecting a 42% growth in Aliant's high-speed Internet customer base. The expansion of the subscriber base reflected expansion of high-speed Internet service into new areas, the migration of dial-up customers to higher-speed products, successful marketing programs and an emphasis on bundling Internet service with other prfont-family:Times New Roman" ALIGN="center">15

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which will not include any accumulation in respect of unpaid dividends for prior dividend periods if the preferred stock does not have cumulative dividend, and the other class or series of preferred stock bear to each other. No interest, sum of money in lieu of interest, will be payable in respect of any dividend payment or payments on preferred stock of the class or series which may be in arrears.

Except as provided in the immediately preceding paragraph, unless all required dividends are paid, no dividends, other than in common stock or other stock ranking junior to the preferred stock of the class or series as to dividends and upon liquidation, dissolution or winding-up of NBT Bancorp, will be declared or paid or set aside for payment or other distribution will be declared or made upon the common stock or any of our other stock ranking junior or equally with the preferred stock of the class or series as to dividends or upon liquidation, nor will any common stock or any of our other capital stock ranking junior to or equally with preferred stock of the class or series as to dividends or upon liquidation, dissolution or winding-up of NBT Bancorp be redeemed, purchased or otherwise acquired for any consideration, or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any stock, by us except by conversion into or exchange for our other stock ranking junior to the preferred stock of the class or series as to dividends and upon liquidation, dissolution or winding-up of NBT Bancorp.

Any dividend payment made on shares of a class or series of preferred stock will first be credited against the earliest accrued but unpaid dividend due with respect to shares of the class or series which remains payable.

Redemption

If so provided in the applicable prospectus supplement, the preferred stock will be subject to mandatory redemption or redemption at our option, in whole or in part, in each case upon the terms, at the times and at the redemption prices set forth in the prospectus supplement.

The prospectus supplement relating to a class series of preferred stock that is subject to mandatory redemption will specify the number of shares of the preferred stock that will be redeemed by us in each year commencing after a date to be specified, at a redemption price per share to be specified, together with an amount equal to all accumulated and unpaid dividends thereon, which will not, if the preferred stock does not have a cumulative dividend, include an accumulation in respect of unpaid dividends for prior dividends periods, to the date of redemption. The redemption price may be payable in cash or other property, as specified in the applicable prospectus supplement. If the redemption price for preferred stock of any series is payable only from the net proceeds of the issuance of our stock, the terms of the preferred stock may provide that, if no stock will have been issued or to the extent the net proceeds from any issuance are insufficient to pay in full the aggregate redemption price then due, the preferred stock will automatically and mandatorily be converted into shares of our applicable stock pursuant to conversion provisions specified in the applicable prospectus supplement.

Notwithstanding the foregoing, unless provided otherwise for any class or series of preferred stock, unless all required dividends are paid:

no shares of the applicable class or series of preferred stock will be redeemed unless all outstanding shares of preferred stock of the class or series are simultaneously redeemed, and

we will not purchase or otherwise acquire directly or indirectly any shares of the applicable class or series of preferred stock, except by conversion into or exchange for stock of NBT Bancorp ranking junior to the preferred stock of the class or series as to dividends and upon liquidation, dissolution or winding-up of NBT Bancorp, provided, however, that the above restrictions will not prevent the purchase or acquisition of shares of preferred stock of the class or series pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of preferred stock of the class or series.

Liquidation Preference

Upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of NBT Bancorp, then, before any distribution or payment will be made to the holders of any common stock or any other class or series of shares of our capital stock ranking junior to the preferred stock in the distribution of assets upon any liquidation, dissolution or winding up of NBT Bancorp, the holders of each series or class of preferred stock will be entitled to receive out of our assets legally available for distribution to stockholders liquidating distributions in the amount of the liquidation preference set forth in the applicable prospectus supplement, plus an amount equal to all accumulated and unpaid distributions. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of shares of preferred stock will have no right or claim to any of our remaining assets. If, upon the voluntary or involuntary liquidation, dissolution or winding up, our available assets are insufficient to pay the amount of the liquidating distributions on all outstanding shares of preferred stock and the corresponding amounts payable on all shares of other

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classes or series of shares of our capital stock ranking equally with the preferred stock in the distribution of assets, then the holders of the preferred stock and all other classes or series of shares of capital stock will share ratably in any distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled.

If liquidating distributions will have been made in full to all holders of preferred stock, our remaining assets will be distributed among the holders of any other classes or series of shares of capital stock ranking junior to the preferred stock upon liquidation, dissolution or winding up, according to their respective rights and preferences and in each case according to their respective number of shares.

For those purposes, the consolidation or merger of NBT Bancorp with or into any other corporation, trust or entity, or the sale, lease or conveyance of all or substantially all of the property or business of NBT Bancorp, will not be deemed to constitute a liquidation, dissolution or winding up of NBT Bancorp.

Voting Rights

Holders of preferred stock will not have any voting rights, except as set forth below or as otherwise from time to time required by law, or as otherwise provided in the certificate of designation or the resolutions establishing such series and as indicated in the applicable prospectus supplement.

Under the Delaware General Corporation Law, holders of outstanding shares of a series of preferred stock may be entitled to vote as a separate class on a proposed amendment to the terms of that series of preferred stock or our certificate of incorporation, if the amendment would:

- (1) increase or decrease the aggregate number of authorized shares of that series of preferred stock,
- (2) increase or decrease the par value of the shares of that series of preferred stock, or
- (3) alter or change the powers, preferences or special rights of the shares of such class so as to affect them adversely, in which case the approval of the proposed amendment would require the affirmative vote of at least a majority of the outstanding shares of that series of preferred stock.

Conversion Rights

The terms and conditions, if any, upon which any class or series of preferred stock are convertible into or exchangeable for other securities or rights of NBT Bancorp or other issuers, including, without limitation, common stock, debt securities or another series of preferred stock, or any combination of the foregoing, will be set forth in the applicable prospectus supplement relating to the preferred stock. The terms will include the name of the issuer of the

other securities or rights and the number or principal amount of the securities or rights into which the shares of preferred stock are convertible or exchangeable, the conversion or exchange price or rate or the manner of calculating the price, the conversion or exchange date(s) or period(s), provisions as to whether conversion or exchange will be at the option of the holders of the preferred stock or at NBT Bancorp's or other issuer's option, the events requiring an adjustment of the conversion or exchange price or rate and provisions affecting conversion or exchange in the event of the redemption of the series of preferred stock.

Transfer Agent and Registrar

The transfer agent and registrar for the preferred stock will be NBT Bank, N.A.

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DESCRIPTION OF DEPOSITARY SHARES

The following description, together with the applicable prospectus supplements, summarizes certain terms and provisions of the depositary shares that we may offer under this prospectus and the related deposit agreements and depositary receipts. The following summary relates to terms and conditions applicable to these types of securities generally. The particular terms of any series of depositary shares will be those set forth in the applicable deposit agreement and summarized in the applicable prospectus supplement. If indicated in the applicable prospectus supplement, the terms of any series may differ from the terms summarized below.

Specific deposit agreements and depositary receipts will contain additional important terms and provisions and will be incorporated by reference into the registration statement which includes this prospectus before we issue any depositary shares. The descriptions herein and in the applicable prospectus supplement do not restate those agreements and receipts in their entirety and do not contain all of the information that you may find useful or that may be important to you. You should refer to the provisions of the applicable deposit agreement and deposit certificate because they, and not the summaries, define your rights as holders of the depositary shares. For more information, please review the forms of these documents, which will be filed with the SEC promptly after the offering of depositary shares or depositary share units and will be available as described under the heading *Where You Can Find More Information* above.

General

We may elect to offer fractional shares of preferred stock rather than full shares of preferred stock. If so, we will issue depositary receipts for these depositary shares. Each depositary share will represent a fraction of a share of a particular series of preferred stock. Each holder of a depositary share will be entitled, in proportion to the fraction of preferred stock represented by that depositary share, to the rights and preferences of the preferred stock, including dividend, voting, redemption, conversion and liquidation rights, if any. We will enter into a deposit agreement with a depositary, which will be named in the related prospectus supplement.

In order to issue depositary shares, we will issue preferred stock and immediately deposit these shares with the depositary. The depositary will then issue and deliver depositary receipts to the persons who purchase depositary shares. Each whole depositary share issued by the depositary may represent a fraction of a share held by the depositary. The depositary will issue depositary receipts in a form that reflects whole depositary shares, and each depositary receipt may evidence any number of whole depositary shares.

Pending the preparation of definitive engraved depositary receipts, a depositary may, upon our written order, issue temporary depositary receipts, which will temporarily entitle the holders to all the rights pertaining to the definitive depositary receipts. We will bear the costs and expenses of promptly preparing definitive depositary receipts and of exchanging the temporary depositary receipts for definitive depositary receipts.

Dividends and Other Distributions

The depositary will distribute all cash and non-cash dividends and distributions it receives with respect to the underlying preferred stock to the record holders of depositary shares in proportion to the number of depositary shares they hold. In the case of non-cash distributions, the depositary may determine that it is not feasible to make the distribution. If so, the depositary may, with our approval, sell the property and distribute the net proceeds from the sale to the holders. The amounts distributed by the depositary will be reduced by any amount required to be withheld by us or the depositary on account of taxes.

Redemption of Depositary Shares

If we redeem the series of preferred stock that underlies the depositary shares, the depositary will redeem the depositary shares from the proceeds it receives from the redemption of the preferred stock it holds. The depositary will redeem the number of depositary shares that represent the amount of underlying preferred stock that we have redeemed. The redemption price for depositary shares will be in proportion to the redemption price per share that we paid for the underlying preferred stock. If we redeem less than all of the depositary shares, the depositary will select which depositary shares to redeem by lot, or some substantially equivalent method.

After a redemption date is fixed, the depositary shares to be redeemed no longer will be considered outstanding. The rights of the holders of the depositary shares will cease, except for the rights to receive money or other property upon redemption. In order to redeem their depositary shares, holders will surrender their depositary receipts to the depositary.

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Voting the Preferred Stock

We will notify the depositary about any meeting at which the holders of preferred stock are entitled to vote, and the depositary will mail the information to the record holders of depositary shares related to that preferred stock. Each record holder of depositary shares on the record date will be entitled to instruct the depositary on how to vote the shares of preferred stock represented by that holder's depositary shares. The depositary will vote the preferred stock represented by the depositary shares in accordance with these instructions, provided the depositary receives these instructions sufficiently in advance of the meeting. If the depositary does not receive instructions from the holders of the depositary shares, the depositary will abstain from voting the preferred stock that underlies those depositary shares.

Withdrawal of Preferred Stock

When a holder surrenders depositary receipts at the corporate trust office of the depositary, and pays any necessary taxes, charges or other fees, the holder will be entitled to receive the number of whole shares of the related series of preferred stock, and any money or other property, if any, represented by the holder's depositary shares. Once a holder exchanges depositary shares for whole shares of preferred stock, that holder cannot re-deposit these shares of preferred stock with the depositary, or exchange them for depositary shares. If a holder delivers depositary receipts that represent a number of depositary shares that exceeds the number of whole shares of related preferred stock the holder seeks to withdraw, the depositary will issue a new depositary receipt to the holder that evidences the excess number of depositary shares.

Amendment and Termination of the Deposit Agreement

NBT Bancorp and the depositary can agree, at any time, to amend the form of depositary receipt and any provisions of the depositary receipt and any provisions of the deposit agreement. However, if an amendment has a material adverse effect on the rights of the holders of related depositary shares, the holders of at least a majority of the depositary shares then outstanding must first approve the amendment. Every holder of a depositary receipt at the time an amendment becomes effective will be bound by the amended deposit agreement. However, subject to any conditions in the deposit agreement or applicable law, no amendment can impair the right of any holder of a depositary share to receive shares of the related preferred stock, or any money or other property represented by the depositary shares, when they surrender their depositary receipts.

We can terminate the deposit agreement at any time, as long as the depositary mails notice of termination to the record holders of depositary shares then outstanding at least 30 days prior to the date fixed for termination. Upon termination, the depositary shall deliver to each holder of depositary receipts, upon surrender of the depositary receipts held by such holder, such number of whole or fractional shares of preferred stock as are represented by the depositary shares evidenced by such depositary receipts, together with any other property held by the depositary with respect to such depositary receipt.

Charges of Depositary

We will pay all transfer and other taxes and the government charges that relate solely to the depositary arrangements. We will also pay the charges of each depositary, including charges in connection with the initial deposit of the related series of preferred stock, the initial issuance of the depositary shares, and all withdrawals of shares of the related series of preferred stock. However, holders of depositary receipts will pay the fees and expenses of the depositary for any duties requested by such holders to be performed which are outside of those expressly provided for in the deposit agreement.

Resignation and Removal of Depositary

The depositary may resign at any time by delivering written notice of its decision to us. We may remove the depositary at any time. Any resignation or removal will take effect when we appoint a successor depositary. We must appoint the successor depositary within 60 days after delivery of the notice of resignation or removal. The successor depositary must be a bank or trust company that has its principal office in the United States and has a combined capital and surplus of at least \$50,000,000.

Miscellaneous

We will be required to furnish certain information to the holders of the preferred stock underlying any depositary shares. The depositary, as the holder of the underlying preferred stock, will forward any report or information it receives from us to the holders of depositary shares.

Neither the depositary nor NBT Bancorp will be liable if its ability to perform its obligations under the deposit agreement is prevented or delayed by law or any circumstance beyond its control. Both NBT Bancorp and the depositary will be obligated to use

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their best judgment and to act in good faith in performing their respective duties under the deposit agreement. Each of NBT Bancorp and the depositary will be liable only for gross negligence and willful misconduct in performing their duties under the deposit agreement. They will not be obligated to appear in, prosecute or defend any legal proceeding with respect to any depositary receipts, depositary shares or preferred stock unless they receive what they, in their sole discretion, determine to be a satisfactory indemnity from one or more holders of the depositary shares. NBT Bancorp and the depositary will evaluate any proposed indemnity in order to determine whether the financial protection afforded by the indemnity is sufficient to reduce each party's risk to a satisfactory and customary level. NBT Bancorp and the depositary may rely on the advice of legal counsel or accountants of their choice. They may also rely on information provided by persons they believe, in good faith, to be competent, and on documents they believe, in good faith, to be genuine.

The applicable prospectus supplement will identify the depositary's corporate trust office. Unless the prospectus supplement indicates otherwise, the depositary will act as transfer agent and registrar for depositary receipts, and if we redeem shares of preferred stock, the depositary will act as redemption agent for the corresponding depositary receipts.

Title

NBT Bancorp, each depositary and any agent of NBT Bancorp or the applicable depositary may treat the registered owner of any depositary share as the absolute owner of the depositary shares for all purposes, including making payment, regardless of whether any payment in respect of the depositary share is overdue and regardless of any notice to the contrary.

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DESCRIPTION OF DEBT SECURITIES

Description of Senior Debt Securities and Subordinated Debt Securities

General

We may issue senior debt securities and/or subordinated debt securities, which in each case will be unsecured, direct, general obligations of NBT Bancorp.

The senior debt securities will rank equally with all our other unsecured and unsubordinated debt. The subordinated debt securities will be subordinate and junior in priority of payment to senior debt securities of NBT Bancorp, as described below under Subordination of Subordinated Debt Securities and in the prospectus supplement applicable to any subordinated debt securities that we may offer. For purposes of the descriptions under the heading

Description of Senior Debt Securities and Subordinated Debt Securities, we may refer to the senior debt securities and the subordinated debt securities collectively as the debt securities. The debt securities will be effectively subordinated to the creditors and preferred equity holders of our subsidiaries.

We will issue senior debt securities under a senior debt indenture and subordinated debt securities under a separate subordinated debt indenture. Provisions relating to the issuance of debt securities may also be set forth in a supplemental indenture to either of the indentures. For purposes of the descriptions under the heading Description of Senior Debt Securities and Subordinated Debt Securities, we may refer to the senior debt indenture and the subordinated debt indenture and any related supplemental indentures, as an indenture or, collectively, as the indentures. The indentures will be qualified under and governed by the Trust Indenture Act of 1939.

Each indenture will be between NBT Bancorp and a trustee that meets the requirements of the Trust Indenture Act. We expect that each indenture will provide that there may be more than one trustee under that indenture, each with respect to one or more series of debt securities. Any trustee under an indenture may resign or be removed with respect to one or more series of debt securities and, in that event, we may appoint a successor trustee. Except as otherwise provided in the indenture or supplemental indenture, any action permitted to be taken by a trustee may be taken by that trustee only with respect to the one or more series of debt securities for which it is trustee under the applicable indenture.

The descriptions under the heading Description of Senior Debt Securities and Subordinated Debt Securities relating to the debt securities and the indentures are summaries of their provisions. The summaries are not complete and are qualified in their entirety by reference to the actual indentures and debt securities and the further descriptions in the applicable prospectus supplement. A form of the senior debt indenture and a form of the subordinated debt indenture under which we may issue our senior debt securities and subordinated debt securities, respectively, and the forms of the debt securities, have been filed with the SEC as exhibits to the registration statement that includes this prospectus and will be available as described under the heading Where You Can Find More Information above. Whenever we refer in this prospectus or in any prospectus supplement to particular sections or defined terms of an indenture, those sections or defined terms are incorporated by reference in this

prospectus or in the prospectus supplement, as applicable. You should refer to the provisions of the indentures for provisions that may be important to you.

The terms and conditions described under this heading are terms and conditions that apply generally to the debt securities. The particular terms of any series of debt securities will be summarized in the applicable prospectus supplement. Those terms may differ from the terms summarized below.

Except as set forth in the applicable indenture or in a supplemental indenture and described in an applicable prospectus supplement, the indentures do not limit the amount of debt securities we may issue under the indentures. We are not required to issue all of the debt securities of one series at the same time and, unless otherwise provided in the applicable indenture or supplemental indenture and described in the applicable prospectus supplement, we may, from time to time, reopen any series and issue additional debt securities under that series without the consent of the holders of the outstanding debt securities of that series. Additional notes issued in this manner will have the same terms and conditions as the outstanding debt securities of that series, except for their original issue date and issue price, and will be consolidated with, and form a single series with, the previously outstanding debt securities of that series.

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Terms of Debt Securities to be Included in the Prospectus Supplement

The prospectus supplement relating to any series of debt securities that we may offer will set forth the price or prices at which the debt securities will be offered, and will contain the specific terms of the debt securities of that series. These terms may include, without limitation, the following:

the title of the debt securities and whether they are senior debt securities or subordinated debt securities;

the amount of debt securities issued and any limit on the amount that may be issued;

the price(s) (expressed as a percentage of the principal amount) at which the debt securities will be issued;

if other than the principal amount of those debt securities, the portion of the principal amount payable upon declaration of acceleration of the maturity of those debt securities;

the maturity date or dates, or the method for determining the maturity date or dates, on which the principal of the debt securities will be payable and any rights of extension;

the rate or rates, which may be fixed or variable, or the method of determining the rate or rates at which the debt securities will bear interest, if any;

the date or dates from which any interest will accrue and the date or dates on which any interest will be payable, the regular related record dates and whether we may elect to extend or defer such interest payment dates;

the place or places where payments will be payable, where the debt securities may be surrendered for registration of transfer or exchange and where notices or demands to or upon us may be served;

the period or periods within which, the price or prices at which and the other terms and conditions upon which the debt securities may be redeemed, in whole or in part, at our option, if we are to have such an option;

our obligation, if any, to redeem, repay or purchase the debt securities pursuant to any sinking fund or analogous provision or at the option of a holder of the debt securities, and the period or periods within which, or the date and dates on which, the price or prices at which and the other terms and conditions upon which the debt securities will be redeemed, repaid or purchased, in whole or in part, pursuant to that obligation;

the currency or currencies in which the debt securities may be purchased, are denominated and are payable, which may be a foreign currency or units of two or more foreign currencies or a composite currency or currencies, and the related terms and conditions, including whether we or the holders of any such debt securities may elect to receive payments in respect of such debt securities in a currency or currency unit other than that in which such debt securities are stated to be payable;

whether the amount of payments of principal of and premium, if any, or interest, if any, on the debt securities may be determined with reference to an index, formula or other method, which index, formula or method may, but need not be, based on a currency, currencies, currency unit or units or composite currency or currencies or with reference to changes in prices of particular securities or commodities, and the manner in which the amounts are to be determined;

any additions to, modifications of or deletions from the terms of the debt securities with respect to events of default, amendments, merger, consolidation and sale or covenants set forth in the applicable indenture;

whether the debt securities will be issued in certificated or book-entry form;

whether the debt securities will be in registered or bearer form or both and, if in registered form, their denominations, if other than \$1,000 and any integral multiple thereof, and, if in bearer form, their denominations, if other than \$5,000, and the related terms and conditions;

if the debt securities will be issuable only in global form, the depository or its nominee with respect to the debt securities and the circumstances under which the global security may be registered for transfer or exchange in the name of a person other than the depository or its nominee;

the applicability, if any, of the defeasance and covenant defeasance provisions of the indenture and any additional or different terms on which the series of debt securities may be defeased;

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whether and the extent to which the debt securities will be guaranteed, any guarantors and the form of any guarantee;

whether the debt securities can be converted into or exchanged for other securities of NBT Bancorp, and the related terms and conditions;

in the case of subordinated debt securities, provisions relating to any modification of the subordination provisions described elsewhere in this prospectus;

whether the debt securities will be sold as part of units consisting of debt securities and other securities;

if the debt securities are to be issued upon the exercise of warrants, the time, manner and place for the debt securities to be authenticated and delivered;

any trustee, depository, authenticating agent, paying agent, transfer agent, registrar or other agent with respect to the debt securities; and

any other terms of the debt securities.

Unless otherwise specified in the applicable prospectus supplement, the debt securities will not be listed on any securities exchange.

We may offer and sell our debt securities at a substantial discount below their stated principal amount. These debt securities may be original issue discount securities, which means that less than the entire principal amount of the original issue discount securities will be payable upon declaration of acceleration of their maturity. Special federal income tax, accounting and other considerations applicable to original issue discount securities will be described in the applicable prospectus supplement.

We may issue debt securities with a fixed interest rate or a floating interest rate. Any material federal income tax considerations applicable to any discounted debt securities or to debt securities issued at par that are treated as having been issued at a discount for federal income tax purposes will be described in the applicable prospectus supplement.

Except as set forth in the applicable indenture or in a supplemental indenture, the applicable indenture will not contain any provisions that would limit our ability to incur indebtedness or that would afford holders of debt securities protection in the event of a highly leveraged or similar transaction involving NBT Bancorp. The applicable indenture may contain provisions that would afford debt security holders protection in the event of a change of control. You should refer to the applicable prospectus supplement for information with respect to any deletions from, modifications of or additions to the events of default or covenants of NBT Bancorp that are described below, including any addition of a covenant or other provision

providing event risk or similar protection.

For purposes of the descriptions under the heading Description of Senior Debt Securities and Subordinated Debt Securities :

subsidiary means a corporation or a partnership or a limited liability company a majority of the outstanding voting stock or partnership or membership interests, as the case may be, of which is owned or controlled, directly or indirectly, by NBT Bancorp or by one or more other subsidiaries of NBT Bancorp. For the purposes of this definition, voting stock means stock having voting power for the election of directors, or trustees, as the case may be, whether at all times or only so long as no senior class of stock has voting power by reason of any contingency; and

significant subsidiary means any subsidiary of NBT Bancorp that is a significant subsidiary, within the meaning of Regulation S-X promulgated by the SEC under the Securities Act.

Ranking

Senior Debt Securities

Payment of the principal of and premium, if any, and interest on debt securities we issue under the senior debt indenture will rank equally with all of our unsecured and unsubordinated debt.

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Subordination of Subordinated Debt Securities

To the extent provided in the subordinated debt indenture and any supplemental indenture, and as described in the prospectus supplement describing the applicable series of subordinated debt securities, the payment of the principal of and premium, if any, and interest on any subordinated debt securities, including amounts payable on any redemption or repurchase, will be subordinated in right of payment and junior to senior debt, which is defined below. If there is a distribution to creditors of NBT Bancorp in a liquidation or dissolution of NBT Bancorp, or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to NBT Bancorp, the holders of senior debt will first be entitled to receive payment in full of all amounts due on the senior debt (or provision shall be made for such payment in cash) before any payments may be made on the subordinated debt securities. Because of this subordination, general creditors of NBT Bancorp may recover more, ratably, than holders of subordinated debt securities in the event of a distribution of assets upon insolvency.

The supplemental indenture will set forth the terms and conditions under which, if any, we will not be permitted to pay principal, premium, if any, or interest on the related subordinated debt securities upon the occurrence of an event of default or other circumstances arising under or with respect to senior debt.

The indentures will place no limitation on the amount of senior debt that we may incur. We expect to incur from time to time additional indebtedness constituting senior debt, which may include indebtedness that is senior to the subordinated debt securities but subordinate to our other obligations.

Senior debt means the principal of, and premium, if any, and interest, including interest accruing after the commencement of any bankruptcy proceeding relating to NBT Bancorp, on, or substantially similar payments we will make in respect of the following categories of debt, whether that debt is outstanding at the date of execution of the applicable indenture or thereafter incurred, created or assumed:

other indebtedness of NBT Bancorp evidenced by notes, debentures, or bonds or other securities issued under the provisions of any indenture, fiscal agency agreement, note purchase agreement or other agreement, including the senior debt securities that may be offered by means of this prospectus and one or more prospectus supplements;

indebtedness of NBT Bancorp for money borrowed or represented by purchase-money obligations, as defined below;

our obligations as lessee under leases of property either made as part of a sale and leaseback transaction to which we are a party or otherwise;

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indebtedness, obligations and liabilities of others in respect of which we are liable contingently or otherwise to pay or advance money or property or as guarantor, endorser or otherwise or which we have agreed to purchase or otherwise acquire and indebtedness of partnerships and joint ventures which is included in the Company's consolidated financial statements;

reimbursement and other obligations relating to letters of credit, bankers' acceptances and similar obligations;

obligations under various hedging arrangements and agreements, including interest rate and currency hedging agreements;

all our obligations issued or assumed as the deferred purchase price of property or services, but excluding trade accounts payable and accrued liabilities arising in the ordinary course of business; and

deferrals, renewals or extensions of any of the indebtedness or obligations described in the eight clauses above.

However, senior debt excludes:

any indebtedness, obligation or liability referred to in the nine clauses above as to which, in the instrument creating or evidencing that indebtedness, obligation or liability, it is expressly provided that the indebtedness, obligation or liability is not senior in right of payment to subordinated debt securities or ranks equally with the subordinated debt securities,

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any indebtedness, obligation or liability which is subordinated to indebtedness of NBT Bancorp to substantially the same extent as or to a greater extent than the subordinated debt securities are subordinated, and, unless expressly provided in the terms thereof,

any indebtedness of NBT Bancorp to its subsidiaries.

As used above, the term purchase-money obligations means indebtedness, obligations or guarantees evidenced by a note, debenture, bond or other instrument, whether or not secured by a lien or other security interest, and any deferred obligation for the payment of the purchase price of property but excluding indebtedness or obligations for which recourse is limited to the property purchased, issued or assumed as all or a part of the consideration for the acquisition of property or services, whether by purchase, merger, consolidation or otherwise, but does not include any trade accounts payable. There will not be any restrictions in an indenture relating to subordinated debt securities upon the creation of additional senior debt.

The applicable prospectus supplement may further describe the provisions, if any, applicable to the subordination of the subordinated debt securities of a particular series. The applicable prospectus supplement or the information incorporated by reference in the applicable prospectus supplement or in this prospectus will describe as of a recent date the approximate amount of our senior debt outstanding as to which the subordinated debt securities of that series will be subordinated.

Structural Subordination

Because NBT Bancorp is a holding company, our cash flows and consequent ability to service our obligations, including our debt securities, are dependent on distributions and other payments of earnings and other funds by our subsidiaries to us. The payment of dividends and other distributions by our subsidiaries is contingent on their earnings and is subject to the requirements of federal banking regulations and other restrictions. In addition, the debt securities will be structurally subordinated to all indebtedness and other liabilities of NBT Bancorp's subsidiaries, since any right of NBT Bancorp to receive any assets of its subsidiaries upon their liquidation or reorganization, and the consequent right of the holders of the debt securities to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors. NBT Bancorp itself is recognized as a creditor of that subsidiary, the claims of NBT Bancorp would still be subordinate to any security interest in the assets of that subsidiary and any indebtedness of that subsidiary senior to that held by NBT Bancorp. Claims from creditors (other than us), on subsidiaries may include long-term and medium-term debt and substantial obligations related to deposit liabilities, federal funds purchased, securities sold under repurchase agreements and other short-term borrowings. Any capital loans that we make to NBT Bank, N.A. would be subordinate in right of payment to deposits and to other indebtedness of the bank.

Conversion or Exchange of Debt Securities

The applicable prospectus supplement will set forth the terms, if any, on which a series of debt securities may be converted into or exchanged for our other securities. These terms will include whether conversion or exchange is mandatory, or is at our option or at the option of the holder. We will also describe in the applicable prospectus supplement how we will

calculate the number of securities that holders of debt securities would receive if they were to convert or exchange their debt securities, the conversion price and other terms related to conversion and any anti-dilution protections.

Redemption of Securities

We may redeem the debt securities at any time, in whole or in part, at the prescribed redemption price, at the times and on the terms described in the applicable prospectus supplement.

From and after notice has been given as provided in the indentures, if we have made available funds for the redemption of any debt securities called for redemption on the applicable redemption date, the debt securities will cease to bear interest on the date fixed for the redemption specified in the notice, and the only right of the holders of the debt securities will be to receive payment of the redemption price.

Notice of any optional redemption by us of any debt securities is required to be given to holders at their addresses, as shown in the security register. The notice of redemption will be required to specify, among other items, the redemption price and the principal amount of the debt securities held by the holder to be redeemed.

If we elect to redeem debt securities, we will be required to notify the trustee of the aggregate principal amount of debt securities to be redeemed and the redemption date. If fewer than all the debt securities are to be redeemed, the trustee is required to select the debt securities to be redeemed equally, by lot or in a manner it deems fair and appropriate.

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Denomination, Interest, Registration and Transfer

Unless otherwise specified in the applicable prospectus supplement, we will issue the debt securities (i) in denominations of \$1,000 or integral multiples of \$1,000 if the debt securities are in registered form and (ii) in denominations of \$5,000 if the debt securities are in bearer form.

Unless otherwise specified in the applicable prospectus supplement, we will pay the principal of, and applicable premium, if any, and interest on any series of debt securities at the corporate trust office of the trustee, the address of which will be stated in the applicable prospectus supplement. At our option, we may pay interest by check mailed to the address of the person entitled to the interest payment as it appears in the register for the applicable debt securities or by wire transfer of funds to that person at an account maintained within the United States.

Any defaulted interest, which means interest not punctually paid or duly provided for on any interest payment date with respect to a debt security, will immediately cease to be payable to the registered holder on the applicable regular record date by virtue of his having been the registered holder on such date. We may pay defaulted interest either to the person in whose name the debt security is registered at the close of business on a special record date for the payment of the defaulted interest to be fixed by the trustee, notice of which is to be given to the holder of the debt security not less than ten days before the special record date, or at any time in any other lawful manner, all as more completely described in the applicable indenture or supplemental indenture.

Subject to limitations imposed upon debt securities issued in book-entry form, the holder may exchange debt securities of any series for other debt securities of the same series and of a like aggregate principal amount and tenor of different authorized denominations upon surrender of the debt securities at the corporate trust office of the applicable trustee. In addition, subject to limitations imposed upon debt securities issued in book-entry form, the holder may surrender debt securities of any series for registration of transfer or exchange at the corporate trust office of the applicable trustee. Every debt security surrendered for registration of transfer or exchange must be duly endorsed or accompanied by a written instrument of transfer. No service charge will be imposed for any registration of transfer or exchange of any debt securities, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with any registration of transfer or exchange of any debt securities. If the applicable prospectus supplement refers to any transfer agent, in addition to the applicable trustee, initially designated by us with respect to any series of debt securities, we may at any time rescind the designation of that transfer agent or approve a change in the location through which any transfer agent acts, except that we will be required to maintain a transfer agent in each place of payment for that series. We may at any time designate additional transfer agents with respect to any series of debt securities.

If we redeem the debt securities of any series, neither we nor any trustee will be required to:

issue, register the transfer of, or exchange debt securities of any series during a period beginning at the opening of business 15 days before any selection of debt securities of

that series to be redeemed and ending at the close of business on the day of mailing of the relevant notice of redemption;

register the transfer of, or exchange any debt security, or portion of any debt security, called for redemption, except the unredeemed portion of any debt security being redeemed in part; or

issue, register the transfer of, or exchange any debt security that has been surrendered for repayment at the option of the holder, except the portion, if any, of the debt security not to be repaid.

Global Securities

We may issue the debt securities of a series in whole or in part in the form of one or more global securities to be deposited with, or on behalf of, a depository or with a nominee for a depository identified in the applicable prospectus supplement relating to that series. We may issue global securities in either registered or bearer form and in either temporary or permanent form. The specific terms of the depository arrangement with respect to a series of debt securities will be described in the prospectus supplement relating to that series.

Our obligations with respect to the debt securities, as well as the obligations of the applicable trustee, run only to persons who are registered holders of debt securities. For example, once we make payment to the registered holder, we have no further responsibility for that payment even if the recipient is legally required to pass the payment along to an individual investor but fails to do so. As an indirect holder, an investor's rights relating to a global security will be governed by the account rules of the investor's financial institution and of the depository, as well as general laws relating to transfers of debt securities.

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An investor should be aware that when debt securities are issued in the form of global securities:

the investor cannot have debt securities registered in his or her own name;

the investor cannot receive physical certificates for his or her debt securities;

the investor must look to his or her bank or brokerage firm for payments on the debt securities and protection of his or her legal rights relating to the debt securities;

the investor may not be able to sell interests in the debt securities to some insurance or other institutions that are required by law to hold the physical certificates of debt that they own;

the depository's policies will govern payments, transfers, exchanges and other matters relating to the investor's interest in the global security; and

the depository will usually require that interests in a global security be purchased or sold within its system using same-day funds.

The prospectus supplement for a series of debt securities will list the special situations, if any, in which a global security will terminate and interests in the global security will be exchanged for physical certificates representing debt securities. After that exchange, the investor may choose whether to hold debt securities directly or indirectly through an account at the investor's bank or brokerage firm. In that event, investors must consult their banks or brokers to find out how to have their interests in debt securities transferred to their own names so that they may become direct holders. When a global security terminates, the depository, and not us or one of the trustees, is responsible for deciding the names of the institutions that will be the initial direct holders.

Merger, Consolidation or Sale of Assets

We will not be permitted to consolidate with or merge into any other entity, or sell, lease, transfer or convey all or substantially all of our properties and assets, either in one transaction or a series of transactions, to any other entity and no other entity will consolidate with or merge into us, or sell, lease, transfer or convey all or substantially all of its properties and assets to us unless:

(1) either:

NBT Bancorp is the continuing entity, or

the successor entity, if other than NBT Bancorp, formed by or resulting from any consolidation or merger, or which has received the transfer of NBT Bancorp's assets, expressly assumes payment of the principal of, and premium, if any, and interest on all of the outstanding debt securities and the due and punctual performance and observance of all of the covenants and conditions contained in the indentures, and

- (2) immediately after giving effect to the transaction and treating any indebtedness that becomes an obligation of NBT Bancorp or any subsidiary as a result of that transaction as having been incurred by NBT Bancorp or a subsidiary at the time of the transaction, no event of default under the indentures or supplemental indentures, and no event which, after notice or the lapse of time, or both, would become an event of default, will have occurred and be continuing;

provided, however, that the conditions described in (1) and (2) above will not apply to the direct or indirect transfer of the stock, assets or liabilities of any of our subsidiaries to another of our direct or indirect subsidiaries.

Except as provided in this prospectus or as may otherwise be provided in the applicable prospectus supplement, the indenture and the terms of the debt securities will not contain any event risks or similar covenants that are intended to afford protection to holders of any debt securities in the event of a merger, a highly leveraged transaction or other significant corporate event involving us or our subsidiaries, whether or not resulting in a change of control, which may adversely affect holders of the debt securities.

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Additional Covenants and/or Modifications to the Covenant Described Above

Any additional covenants of NBT Bancorp and/or modifications to the covenant described above with respect to any series of debt securities, including any covenants relating to limitations on incurrence of indebtedness or other financial covenants, will be set forth in the applicable indenture or supplemental indenture and described in the prospectus supplement relating to that series of debt securities.

Unless the applicable prospectus supplement indicates otherwise, the subordinated indenture does not contain the restrictive covenant stated above, nor does it contain any other provision which restricts us from, among other things:

incurring or becoming liable on any secured or unsecured senior indebtedness or general obligations; or

paying dividends or making other distributions on our capital stock; or

purchasing or redeeming our capital stock; or

creating any liens on our property for any purpose.

Events of Default, Waiver and Notice

Events of Default.

The events of default with respect to any series of debt securities issued under it, subject to any modifications or deletions provided in any supplemental indenture with respect to any specific series of debt securities, include the following events:

failure to pay any installment of interest or any additional amounts payable on any debt security of the series for 30 days;

failure to pay principal of, or premium, if any, on, any debt security of the series when due, whether at maturity, upon redemption, by declaration or acceleration of maturity or otherwise;

default in making any sinking fund payment when due, for any debt security of the series;

default in the performance or breach of any other covenant or warranty of NBT Bancorp contained in the applicable indenture, other than a covenant added to the indenture solely for the benefit of any other series of debt securities issued under that indenture, continued for 90 days after written notice as provided in the applicable indenture;

specific events of bankruptcy, insolvency or reorganization, or court appointment of a receiver, liquidator or trustee of NBT Bancorp or any significant subsidiary or either of their property; and

any other event of default provided with respect to a particular series of debt securities. If an event of default under any indenture with respect to debt securities of any series at the time outstanding occurs and is continuing, then in every case other than in the case described in clause (5) above, in which case acceleration will be automatic, the applicable trustee or the holders of not less than 25% of the principal amount of the outstanding debt securities of that series will have the right to declare the principal amount, or, if the debt securities of that series are original issue discount securities or indexed securities, the portion of the principal amount as may be specified in the terms of that series, of all the debt securities of that series to be due and payable immediately by written notice to us, and to the applicable trustee if given by the holders. At any time after a declaration of acceleration has been made with respect to debt securities of a series, or of all debt securities then outstanding under any indenture, as the case may be, but before a judgment or decree for payment of the money due has been obtained by the applicable trustee, however, the holders of not less than a majority in principal amount of the outstanding debt securities of that series, or of all debt securities then outstanding under the applicable indenture, as the case may be, may annul the declaration of acceleration and waive any default in respect of those debt securities if:

we have deposited with the applicable trustee all required payments due otherwise than by acceleration of the principal of, and premium, if any, and interest on the debt securities of that series, or of all debt securities then outstanding under the applicable indenture, as the case may be, plus specified fees, expenses, disbursements and advances of the applicable trustee, and

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all events of default, other than the non-payment of all or a specified portion of the accelerated principal, with respect to debt securities of that series, or of all debt securities then outstanding under the applicable indenture, as the case may be, have been cured or waived as provided in the applicable indenture.

Waiver

Each indenture also will provide that the holders of not less than a majority in principal amount of the outstanding debt securities of any series, or of all debt securities then outstanding under the applicable indenture, as the case may be, may waive any past default with respect to that series and its consequences, except a default:

in the payment of the principal of, or premium, if any, or interest on any debt security of that series, or

in respect of a covenant or provision contained in the applicable indenture that, by the terms of that indenture, cannot be modified or amended without the consent of each affected holder of an outstanding debt security.

Notice

Each trustee will be required to give notice to the holders of the applicable debt securities within 90 days of a default under the applicable indenture unless the default has been cured or waived; but the trustee may withhold notice of any default, except a default in the payment of the principal of, or premium, if any, or interest on the debt securities or in the payment of any sinking fund installment in respect of the debt securities, if specified responsible officers of the trustee consider the withholding to be in the interest of the holders.

The holders of debt securities of any series may not institute any proceedings, judicial or otherwise, with respect to the indentures or for any remedy under the indentures, except in the case of failure of the applicable trustee, for 60 days, to act after the trustee has received a written request to institute proceedings in respect of an event of default from the holders of not less than 25% in principal amount of the outstanding debt securities of that series, as well as an offer of indemnity reasonably satisfactory to the trustee, and provided that no direction inconsistent with such written request has been given to the trustee during such 60-day period by the holders of a majority of the outstanding debt securities of that series. However, any holder of debt securities is not prohibited from instituting suit for the enforcement of payment of the principal of, and premium, if any, and interest on the debt securities at their respective due dates.

Subject to the trustee's duties in case of default, no trustee will be under any obligation to exercise any of its rights or powers under an indenture at the request or direction of any holders of any series of debt securities then outstanding under that indenture, unless the holders offer to the trustee reasonable security or indemnity. Subject to such provisions for the indemnification of the trustee, the holders of not less than a majority in principal amount of the outstanding debt securities of any series, or of all debt securities then outstanding under an indenture, as the case may be, will have the right to direct the time, method and place of

conducting any proceeding for any remedy available to the applicable trustee, or of exercising any trust or power conferred upon the trustee. A trustee may refuse, however, to follow any direction that is in conflict with any law or the applicable indenture that may involve the trustee in personal liability or may be unduly prejudicial to the holders of debt securities of that series not joining in the direction.

Within 180 days after the end of each fiscal year, we will be required to deliver to each trustee a certificate, signed by one of several specified officers, stating whether or not that officer has knowledge of any default under the applicable indenture and, if so, specifying each default and the nature and status of the default.

Modification of the Indentures

Except as otherwise specifically provided in the applicable indenture, with the consent of the holders of not less than a majority in principal amount of all outstanding debt securities issued under that indenture that are affected by the modification or amendment, we may enter into supplemental indentures with the trustee for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of such indenture or of modifying in any manner the rights of the holders under debt securities issued under such indenture. However, no modification or amendment may, without the consent of the holder of each debt security affected by the modification or amendment:

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except as described in the prospectus supplement relating to such debt security:

extend the stated maturity of the principal of, or any installment of interest or any additional amounts, or the premium, if any, on, any debt security,

reduce the principal amount of, or the rate or amount of interest on, or change the manner of calculating the rate, or any premium payable on redemption of, any debt security, or reduce the amount of principal of an original issue discount security that would be due and payable upon declaration of acceleration of its maturity or would be provable in bankruptcy, or adversely affect any right of repayment of the holder of any debt security,

extend the time of payment of interest on any debt security or any additional amounts,

change any of the conversion, exchange or redemption provisions of any debt security,

change the place of payment, or the coin or currency for payment, of principal, or premium, if any, including any amount in respect of original issue discount or interest on any debt security,

impair the right to institute suit for the enforcement of any payment on or with respect to any debt security or for the conversion or exchange of any debt security in accordance with its terms,

release any guarantors from their guarantees of the debt securities, or, except as contemplated in any supplemental indenture, make any change in a guarantee of a debt security that would adversely affect the interests of the holders of those debt securities,

in the case of subordinated debt securities, modify the ranking or priority of the securities,

reduce the percentage of outstanding debt securities of any series necessary to modify or amend the applicable indenture, to waive compliance with specific provisions of or certain defaults and consequences under the

applicable indenture, or to reduce the quorum or voting requirements set forth in the applicable indenture, or

modify any of the provisions relating to the waiver of specific past defaults or specific covenants, except to increase the required percentage to effect that action or to provide that specific other provisions may not be modified or waived without the consent of the holder of that debt security.

The holders of not less than a majority in principal amount of the outstanding debt securities of each series affected by the modification or amendment will have the right to waive compliance by NBT Bancorp with specific covenants in the indenture.

NBT Bancorp and the respective trustee may modify and amend an indenture without the consent of any holder of debt securities for any of the following purposes:

to evidence the succession of another person to NBT Bancorp as obligor under the indenture or to evidence the addition or release of any guarantor in accordance with the indenture or any supplemental indenture;

to add to the covenants of NBT Bancorp for the benefit of the holders of all or any series of debt securities or to surrender any right or power conferred upon NBT Bancorp in the indenture;

to add events of default for the benefit of the holders of all or any series of debt securities;

to add or change any provisions of the indenture to facilitate the issuance of, or to liberalize specific terms of, debt securities in bearer form, or to permit or facilitate the issuance of debt securities in uncertificated form, provided that the action will not adversely affect the interests of the holders of the debt securities of any series in any material respect;

to change or eliminate any provisions of an indenture, if the change or elimination becomes effective only when there are no debt securities outstanding of any series created prior to the change or elimination that are entitled to the benefit of the changed or eliminated provision;

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to secure or provide for the guarantee of the debt securities;

to establish the form or terms of debt securities of any series and any related coupons;

to provide for the acceptance of appointment by a successor trustee or facilitate the administration of the trusts under an indenture by more than one trustee;

to cure any ambiguity or correct any inconsistency in an indenture provided that the cure or correction does not adversely affect the holders of the debt securities;

to supplement any of the provisions of an indenture to the extent necessary to permit or facilitate defeasance and discharge of any series of debt securities, provided that the supplement does not adversely affect the interests of the holders of the debt securities of any series in any material respect;

to make provisions with respect to the conversion or exchange terms and conditions applicable to the debt securities of any series;

to add to, delete from or revise the conditions, limitations or restrictions on issue, authentication and delivery of debt securities;

to conform any provision in an indenture to the requirements of the Trust Indenture Act; or

to make any change that does not adversely affect the legal rights under an indenture of any holder of debt securities of any series issued under that indenture.

In determining whether the holders of the requisite principal amount of outstanding debt securities of a series have given any request, demand, authorization, direction, notice, consent or waiver under the indenture or whether a quorum is present at a meeting of holders of debt securities:

the principal amount of an original issue discount security that is deemed to be outstanding will be the amount of the principal of that original issue discount security that would be due and payable as of the date of the determination upon declaration of acceleration of the maturity of that original issue discount security;

the principal amount of any debt security denominated in a foreign currency that is deemed outstanding will be the U.S. dollar equivalent, determined on the issue date for that debt security, of the principal amount, or, in the case of an original issue discount security, the U.S. dollar equivalent on the issue date of that debt security of the amount determined as provided in the immediately preceding bullet point;

the principal amount of an indexed security that is deemed outstanding will be the principal face amount of the indexed security at original issuance, unless otherwise provided with respect to the indexed security under the applicable indenture; and

debt securities owned by NBT Bancorp or any other obligor upon the debt securities or any affiliate of NBT Bancorp or of any other obligor are to be disregarded.

Discharge, Defeasance and Covenant Defeasance

Discharge

We may be permitted under the applicable indenture to discharge specific obligations to holders of any series of debt securities (1) that have not already been delivered to the applicable trustee for cancellation and (2) that either have become due and payable or will, within one year, become due and payable or scheduled for redemption, by irrevocably depositing with the applicable trustee, in trust, money or funds certified to be sufficient to pay when due, whether at maturity, upon redemption or otherwise, the principal of, and premium, if any, on and interest on the debt securities.

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Defeasance and Covenant Defeasance

If the provisions in that indenture relating to defeasance and covenant defeasance are made applicable to the debt securities of or within any series, we may elect either:

defeasance, which means we elect to defease and be discharged from any and all obligations with respect to the debt securities, except for the obligations to register the transfer or exchange of the debt securities, to replace temporary or mutilated, destroyed, lost or stolen debt securities, to maintain an office or agency in respect of the debt securities and to hold moneys for payment in trust; or

covenant defeasance, which means we elect to be released from our obligations with respect to the debt securities under specified sections of the applicable indenture relating to covenants, as described in the applicable prospectus supplement and any omission to comply with its obligations will not constitute an event of default with respect to the debt securities; in either case upon the irrevocable deposit by us with the applicable trustee, in trust, of an amount, in currency or currencies or government obligations, or both, sufficient without reinvestment to make scheduled payments of the principal of, and premium, if any, and interest on the debt securities, when due, whether at maturity, upon redemption or otherwise, and any mandatory sinking fund or analogous payments.

A trust will only be permitted to be established if, among other things:

we have delivered to the applicable trustee an opinion of counsel, as specified in the applicable indenture, to the effect that the holders of the debt securities will not recognize income, gain or loss for federal income tax purposes as a result of the defeasance or covenant defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the defeasance or covenant defeasance had not occurred, and the opinion of counsel, in the case of defeasance, will be required to refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable U.S. federal income tax law occurring after the date of the indenture;

no event of default or any event which after notice or lapse of time or both would be an event of default has occurred;

the defeasance or covenant defeasance will not result in a breach or violation of, or constitute a default under, the indenture or any other material agreement or instrument to which NBT Bancorp is a party or by which it is bound;

certain other provisions set forth in the indenture are met;

we will have delivered to the trustee an officers' certificate and an opinion of counsel, each stating that all conditions precedent to the defeasance or covenant defeasance have been complied with; and

in the case of the subordinated debt indenture, no event or condition will exist that, pursuant to certain provisions described under Subordination of Subordinated Debt Securities would prevent NBT Bancorp from making payments of principal of and premium, if any, and interest on the subordinated debt securities at the date of the irrevocable deposit referred to above.

In general, if we elect covenant defeasance with respect to any debt securities and payments on those debt securities are declared due and payable because of the occurrence of an event of default, the amount of money and/or government obligations on deposit with the applicable trustee would be sufficient to pay amounts due on those debt securities at the time of their stated maturity, but may not be sufficient to pay amounts due on those debt securities at the time of the acceleration resulting from the event of default. In that case, we would remain liable to make payment of the amounts due on the debt securities at the time of acceleration.

The applicable prospectus supplement may further describe the provisions, if any, permitting defeasance or covenant defeasance, including any modifications to the provisions described above, with respect to the debt securities of or within a particular series.

Option to Extend Interest Payment Period

If indicated in the applicable prospectus supplement, we will have the right, as long as no event of default under the applicable series of debt securities has occurred and is continuing, at any time and from time to time during the term of the series of debt securities to defer the payment of interest on one or more series of debt securities for the number of consecutive interest payment periods specified in the applicable prospectus supplement, subject to the terms, conditions and covenants, if any, specified in the prospectus supplement, provided that no extension period may extend beyond the stated maturity of the debt securities. Material United States federal income tax consequences and special considerations applicable to these debt securities will be described in the

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applicable prospectus supplement. Unless otherwise indicated in the applicable prospectus supplement, at the end of the extension period, we will pay all interest then accrued and unpaid together with interest on accrued and unpaid interest compounded semiannually at the rate specified for the debt securities to the extent permitted by applicable law. However, unless otherwise indicated in the applicable prospectus supplement, during the extension period neither we nor any of our subsidiaries may:

declare or pay dividends on, make distributions regarding, or redeem, purchase, acquire or make a liquidation payment with respect to, any of our capital stock, other than:

purchases of our capital stock in connection with any employee or agent benefit plans or the satisfaction of our obligations under any contract or security outstanding on the date of the event requiring us to purchase capital stock,

in connection with the reclassifications of any class or series of our capital stock, or the exchange or conversion of one class or series of our capital stock for or into another class or series of our capital stock,

the purchase of fractional interests in shares of our capital stock in connection with the conversion or exchange provisions of that capital stock or the security being converted or exchanged,

dividends or distributions in our capital stock, or rights to acquire capital stock, or repurchases or redemptions of capital stock solely from the issuance or exchange of capital stock, or

any non-cash dividends declared in connection with the implementation of a shareholder rights plan by us;

make any payment of interest, principal or premium, if any, on or repay, repurchase or redeem, any debt securities issued by us that rank equally with or junior to the debt securities; or

make any guarantee payments regarding the foregoing.

Prior to the termination of any extension period, as long as no event of default under the applicable indenture has occurred and is continuing, we may further defer payments of interest, subject to the above limitations set forth in this section, by extending the interest

payment period; provided, however, that, the extension period, including all previous and further extensions, may not extend beyond the maturity of the debt securities. Upon the termination of any extension period and the payment of all amounts then due, we may commence a new extension period, subject to the terms set forth in this section. No interest during an extension period, except at the end of the extension period, will be due and payable, but we may prepay at any time all or any portion of the interest accrued during an extension period.

We do not currently intend to exercise our right to defer payments of interest by extending the interest payment period on the senior debt securities or the subordinated debt securities. We will give the holders of these debt securities notice of our selection of an extension period at least two business days before the earlier of (a) the next succeeding interest payment date or (b) the date upon which we are required to give notice to the NASDAQ, or other applicable self-regulatory organization, or to holders of such debt securities of the record or payment date of the related interest payment.

Regarding the Trustees

We will designate the trustee under the senior and subordinated indentures in a prospectus supplement. From time to time, we may enter into banking or other relationships with any of such trustees or their affiliates.

There may be more than one trustee under each indenture, each with respect to one or more series of debt securities. Any trustee may resign or be removed with respect to one or more series of debt securities, and a successor trustee may be appointed to act with respect to such series.

If two or more persons are acting as trustee with respect to different series of debt securities, each trustee will be a trustee of a trust under the indenture separate from the trust administered by any other such trustee. Except as otherwise indicated in this prospectus, any action to be taken by the trustee may be taken by each such trustee with respect to, and only with respect to, the one or more series of debt securities for which it is trustee under the indenture.

Governing Law

The senior debt securities, the subordinated debt securities and the related indentures will be governed by, and construed in accordance with, the internal laws of the State of New York.

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DESCRIPTION OF WARRANTS

General

We may issue warrants to purchase our debt securities, common stock or preferred stock or units of two or more of these types of securities, which are collectively referred to in this prospectus as underlying warrant securities. We may issue warrants independently or together with any underlying warrant securities and such warrants may be attached to or separate from those underlying warrant securities. We will issue the warrants under warrant agreements to be entered into between us and a bank or trust company, as warrant agent, as more fully described in the applicable prospectus supplement. The warrant agent will act solely as our agent in connection with the warrants of the series being offered and will not assume any obligation or relationship of agency or trust for or with any holders or beneficial owners of warrants. As of May 1, 2014, there were no warrants to purchase shares of our common stock issued and outstanding.

The applicable prospectus supplement will contain a description of the following terms:

the title of the warrants;

the designation, amount and terms of the underlying warrant securities for which the warrants are exercisable;

the designation and terms of the underlying warrant securities, if any, with which the warrants are to be issued and the number of warrants issued with each underlying warrant security;

the price or prices at which the warrants will be issued;

the aggregate number of warrants;

any provisions for adjustment of the number or amount of securities receivable upon exercise of the warrants or the exercise price of the warrants;

the price or prices at which the underlying warrant securities purchasable upon exercise of the warrants may be purchased;

if applicable, the date on and after which the warrants and the underlying warrant securities purchasable upon exercise of the warrants will be

separately transferable;

if applicable, a discussion of the material United States federal income tax considerations applicable to the exercise of the warrants;

the date on which the right to exercise the warrants will commence, and the date on which the right will expire;

the currency or currencies (including composite currencies), and/or the securities (if any), in which the exercise price of the warrants may be payable; and, if the exercise price is payable in whole or in part with securities, the basis for determining the amount or number of such securities to be provided as such payment;

the maximum or minimum number of warrants which may be exercised at any time;

information with respect to book-entry procedures, if any; and

any other terms, including terms, procedures and limitations relating to the exercise and exchange of the warrants.

Exercise of Warrants

Each warrant will entitle its holder to purchase, for cash and/or securities (as will be specified in the applicable prospectus supplement), the amount or number of debt securities, shares of preferred stock, or shares of common stock, at the exercise price, as will in each case be set forth in, or be determinable as set forth in, the applicable prospectus supplement. Holders may exercise warrants at any time up to the close of business on the expiration date set forth in the prospectus supplement relating to the warrants offered thereby. After the close of business on the expiration date, unexercised warrants will become void.

Holders of warrants may exercise their respective warrants as set forth in the prospectus supplement relating to such warrants. Upon receipt of payment and the warrant certificate properly completed and duly executed at the corporate trust office of the warrant agent or any other office indicated in the prospectus supplement, we will, as soon as practicable, forward the underlying warrant securities purchasable upon exercise of the warrants. If a holder exercises less than all of the warrants represented by the warrant certificate, the warrant agent will issue a new warrant certificate for the remaining warrants.

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Prior to the exercise of any warrants to purchase debt securities or other securities, including shares of preferred stock or common stock, holders of the warrants will not have any of the rights of holders of the debt securities or other securities, including shares of preferred stock or common stock purchasable upon exercise, including:

in the case of warrants for the purchase of debt securities, the right to receive payments of principal of, or any premium or interest on, the debt securities purchasable upon exercise or to enforce covenants in the applicable indenture; or

in the case of warrants for the purchase of shares of preferred stock or shares of common stock, the right to vote or to receive any payments of dividends on the shares of preferred stock or common stock purchasable upon exercise.

The descriptions of the warrant agreements in this prospectus and in any prospectus supplement are summaries of certain material provisions of the applicable warrant agreements. These descriptions do not restate those agreements in their entirety and do not contain all of the information that you may find useful or that may be important to you. You should refer to the provisions of the applicable warrant agreement and warrant certificate relating to the warrants because they, and not the summaries, define your rights as holders of the warrants or any warrant units. For more information, please review the forms of these documents, which will be filed with the SEC promptly after the offering of warrants or warrant units and will be available as described under the heading **Where You Can Find More Information** above.

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DESCRIPTION OF PURCHASE CONTRACTS

As may be specified in a prospectus supplement, we may issue purchase contracts obligating holders to purchase from NBT Bancorp, and obligating NBT Bancorp to sell to the holders, a number of debt securities, shares of our common stock, or preferred stock or depository shares or warrants, at a future date or dates. The price per purchase contract security may be fixed at the time the purchase contracts are issued or may be determined by reference to a specific formula set forth in the purchase contracts. Under the purchase contracts, we may be required to make periodic payments to the holders of the units or vice versa. These payments may be unsecured or prefunded on some basis to be specified in the applicable prospectus supplement.

The purchase contracts may require holders to secure their obligations under the contracts in a specified manner and, in specified circumstances, we may deliver newly issued prepaid purchase contracts, or prepaid securities, when we transfer to a holder any collateral securing the holder's obligations under the original purchase contract.

The purchase contracts may be issued separately or as part of units consisting of a purchase contract and one or more other securities, which may include debt securities, depository shares, preferred securities, common stock, warrants or debt obligations of NBT Bancorp, or government securities, and which may secure the holder's obligations to purchase the purchase contract security under the purchase contract.

The prospectus supplement relating to any purchase contracts we are offering will specify the material terms of the purchase contracts, whether they will be issued separately or as part of units, and any applicable pledge or depository arrangements.

The descriptions of the purchase contracts and any applicable underlying security or pledge or depository arrangements in this prospectus and in any prospectus supplement are summaries of certain material provisions of the applicable agreements. These descriptions do not restate those agreements in their entirety and do not contain all of the information that you may find useful or that may be important to you. You should refer to the provisions of the applicable agreements because they, and not the summaries, define your rights as holders of the purchase contracts. We will make copies of the relevant agreements available as described under the heading "Where You Can Find More Information" above.

DESCRIPTION OF UNITS

As specified in the applicable prospectus supplement, we may issue units comprised of one or more of the other securities described in this prospectus in any combination. Each unit may also include debt obligations of third parties, such as U.S. Treasury securities. Each unit will be issued so that the holder of the unit is also the holder of each security included in the unit. Thus, the holder of a unit will have the rights and obligations of a holder of each included security. The prospectus supplement will describe:

the designation and terms of the units and of the securities comprising the units, including whether and under what circumstances the securities comprising the units

may be held or transferred separately;

a description of the terms of any unit agreement governing the units;

a description of the provisions for the payment, settlement, transfer or exchange of the units; and

whether the units will be issued in fully registered or global form.

The descriptions of the units and any applicable underlying security or pledge or depository arrangements in this prospectus and in any prospectus supplement are summaries of the material provisions of the applicable agreements. These descriptions do not restate those agreements in their entirety and do not contain all of the information that you may find useful or that may be important to you. You should refer to the provisions of the applicable agreements because they, and not the summaries, define your rights as holders of the units. We will make copies of the relevant agreements available as described under the heading **Where You Can Find More Information** above.

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PLAN OF DISTRIBUTION

NBT Bancorp or the selling securityholders may sell the offered securities:

directly to purchasers;

through agents;

through dealers;

through underwriters;

directly to its stockholders; or

through a combination of any of these methods of sale.

The prospectus supplement relating to a series of the offered securities will set forth its offering terms, including the name or names of any underwriters, dealers or agents, the purchase price of the offered securities and the proceeds to NBT Bancorp and/or selling securityholder from the sale, any underwriting discounts, commissions and other items constituting underwriters' compensation, any initial public offering price and any underwriting discounts, commissions and other items allowed or reallocated or paid to dealers or agents and any securities exchanges on which the offered securities may be listed.

NBT Bancorp or the selling securityholders may use one or more underwriters in the sale of the offered securities, in which case the offered securities will be acquired by the underwriter or underwriters for their own account and may be resold from time to time in one or more transactions either:

at a fixed price or prices, which may be changed;

at market prices prevailing at the time of sale;

at prices related to the prevailing market prices; or

at negotiated prices.

NBT Bancorp or a selling securityholder may directly solicit offers to purchase offered securities. Agents designated by NBT Bancorp or a selling securityholder from time to time may also solicit offers to purchase offered securities. Any agent designated by NBT Bancorp or a selling securityholder, who may be deemed to be an underwriter as that term is defined in the Securities Act, involved in the offer or sale of the offered securities in respect of which this prospectus is delivered will be named, and any commissions payable by NBT Bancorp or a selling securityholder to such agent will be set forth in the prospectus supplement.

If a dealer is utilized in the sale of the offered securities in respect of which this prospectus is delivered, NBT Bancorp or the selling securityholder will sell the offered securities to the dealer, as principal. The dealer, who may be deemed to be an underwriter as that term is defined in the Securities Act, may then resell the offered securities to the public at varying prices to be determined by the dealer at the time of resale.

If an underwriter is, or underwriters are, used in the sale, NBT Bancorp or a selling securityholder (if any) will execute an underwriting agreement with the underwriters at the time of sale to the underwriters. The names of the underwriters will be set forth in the prospectus supplement, which will be used by the underwriter to make resales of the offered securities in respect of which this prospectus is delivered to the public. In connection with the sale of offered securities, the underwriter may be deemed to have received compensation from NBT Bancorp or the selling securityholder in the form of underwriting discounts or commissions and may also receive commissions from purchasers of offered securities for whom they may act as agents. Underwriters may also sell offered securities to or through dealers, and the dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents.

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If so indicated in the applicable prospectus supplement, NBT Bancorp or a selling securityholder will authorize underwriters, dealers or other persons to solicit offers by certain institutions to purchase offered securities from NBT Bancorp or a selling securityholder at the public offering price set forth in the applicable prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on a future date or dates. Institutions with which these contracts may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and others. The obligations of any purchasers under any delayed delivery contract will not be subject to any conditions except that:

the purchase of the offered securities shall not at the time of delivery be prohibited under the laws of the jurisdiction to which the purchaser is subject, and

if the offered securities are also being sold to underwriters, NBT Bancorp or a selling securityholder will have sold to the underwriters the offered securities not sold for delayed delivery.

The underwriters, dealers and other persons will not have any responsibility in respect of the validity or performance of such contracts. The prospectus supplement relating to the contracts will set forth the price to be paid for offered securities pursuant to the contracts, the commission payable for solicitation of the contracts and the date or dates in the future for delivery of offered securities pursuant to the contracts.

Offered securities may also be offered and sold, if so indicated in the prospectus supplement, in connection with a remarketing upon their purchase, in accordance with a redemption or repayment pursuant to their terms, or otherwise, by one or more remarketing firms, acting as principals for their own accounts or as agents for NBT Bancorp or a selling securityholder. Any remarketing firm will be identified and the terms of its agreement, if any, with NBT Bancorp or a selling securityholder and its compensation will be described in the applicable prospectus supplement. Remarketing firms may be deemed to be underwriters in connection with their remarketing of offered securities.

Unless otherwise set forth in the applicable prospectus supplement, the obligations of underwriters to purchase the offered securities will be subject to certain conditions precedent and such underwriters will be obligated to purchase all such securities, if any are purchased. In connection with the offering of securities, we or the selling securityholder may grant to the underwriters an option to purchase additional securities to cover over-allotments at the initial public offering price, with an additional underwriting commission, as may be set forth in the accompanying prospectus supplement. If we or the selling securityholder grants any over-allotment option, the terms of such over-allotment option will be set forth in the prospectus supplement for such securities.

Underwriters, dealers, remarketing firms and agents may be entitled, under agreements that may be entered into with NBT Bancorp or a selling securityholder, to indemnification by NBT Bancorp or a selling securityholder against certain civil liabilities, including liabilities under

the Securities Act, or to contribution with respect to payments which they may be required to make in respect thereof and may engage in transactions with, or perform services for, NBT Bancorp or the selling securityholder in the ordinary course of business.

Any underwriter may engage in over-allotment, stabilizing transactions, short-covering transactions and penalty bids in accordance with Regulation M under the Securities Exchange Act. Over-allotment involves sales in excess of the offering size, which create a short position. Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Short-covering transactions involve purchases of the securities in the open market after the distribution is completed to cover short positions. Penalty bids permit the underwriters to reclaim a selling concession from a dealer when the securities originally sold by the dealer are purchased in a covering transaction to cover short positions. Those activities may cause the price of the securities to be higher than it would otherwise be. If commenced, the underwriters may discontinue any of the activities at any time.

The anticipated date of delivery of offered securities will be set forth in the applicable prospectus supplement relating to each offer.

Sales by Selling Securityholders

Selling securityholders may use this prospectus in connection with the resale of securities. The applicable prospectus supplement will identify the selling securityholders and the terms of the securities. Selling securityholders may be deemed to be underwriters in connection with the securities they resell and any profits on the sales may be deemed to be underwriting discounts and commissions under the Securities Act. The selling securityholders will receive all the proceeds from the sale of their securities. We will not receive any proceeds from sales by selling securityholders.

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LEGAL MATTERS

In connection with particular offerings of the securities in the future, and if stated in the applicable prospectus supplement, the validity of those securities and certain U.S. federal income tax matters may be passed upon for us by Hogan Lovells US LLP, and for the underwriters or agents by counsel named in the applicable prospectus supplement.

EXPERTS

The consolidated financial statements of NBT Bancorp at December 31, 2014 and 2013, and for each of the years in the three-year period ended December 31, 2014, and management's assessment of the effectiveness of internal control over financial reporting at December 31, 2014, have been incorporated by reference into this document and in the registration statement in reliance on the reports of KPMG LLP, independent registered public accounting firm, which are incorporated by reference into this document and into the registration statement by reference to NBT Bancorp's Annual Report on Form 10-K for the year ended December 31, 2014, and upon the authority of said firm as experts in accounting and auditing.

Table of Contents**PART II****INFORMATION NOT REQUIRED IN PROSPECTUS****Item 14. *Other Expenses of Issuance and Distribution.***

Estimated fees and expenses, other than underwriting discounts and commissions, payable by NBT Bancorp in connection with the issuance and distribution of the offered securities as follows:

SEC Registration Fee	(1)(2)
Accounting Fees and Expenses	(2)
Legal Fees and Expenses	(2)
Printing and Engraving Expenses	(2)
Trustees and Depositary Fees and Expenses	(2)
Miscellaneous Expenses	(2)
Total	(2)

- (1) Under rules 456(b) and 457(r) under the Securities Act, the registration fee will be paid at the time of any particular offering of securities under this registration statement.
- (2) The amount of these fees and expenses is not currently determinable. The applicable prospectus supplement will set forth the estimated aggregate amount of expenses payable in respect of any offering of securities.

Item 15. *Indemnification of Officers and Directors.*

Reference is made to the provisions of Delaware General Corporation Law (DGCL), Article VI of the Amended and Restated By-laws of NBT Bancorp and Article 12 of the Restated Certificate of Incorporation, as amended, of NBT Bancorp.

NBT Bancorp is a Delaware corporation subject to the applicable indemnification provisions of the DGCL. Section 145 of the DGCL provides for the indemnification, under certain circumstances, of persons who are or were directors, officers, employees or agents of a corporation, or are or were serving at the request of a corporation in such a capacity with another business organization or entity, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement in actions, suits or proceedings, whether civil, criminal, administrative, or investigative, brought or threatened against or involving such persons because of such person's service in any such capacity. In the case of actions brought by or in the right of a corporation, Section 145 provides for indemnification of expenses

(including attorneys' fees) if the person seeking indemnification acted in good faith and in a manner that such person reasonably believed to be in or not opposed to the best interests of the corporation; provided, however, that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged liable to the corporation unless, upon a determination by the Court of Chancery or the court in which such action or suit was brought, despite the adjudication of liability but in view of all the circumstances of the case, such person is reasonably and fairly entitled to indemnity for such expenses.

NBT Bancorp's Amended and Restated By-laws contain provisions providing that NBT Bancorp shall indemnify any person who was or is a party or threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director or officer of NBT Bancorp, or is or was serving at the request of NBT Bancorp as a director of another corporation, partnership, joint venture, trust, or other enterprise, to the maximum extent authorized by DGCL.

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NBT Bancorp's Restated Certificate of Incorporation, as amended, provides that a director of NBT Bancorp shall not be personally liable to NBT Bancorp or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (1) for any breach of the director's duty of loyalty to NBT Bancorp or its stockholders; (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (3) under Section 174 of the DGCL; or (4) for any transaction from which the director derived an improper personal benefit.

Item 16. Exhibits

The Exhibit Index included herewith is incorporated herein by reference.

Item 17. Undertakings.

The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (i), (ii) and (iii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to

be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(i) Each prospectus filed by a Registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5) or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii) or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which the prospectus relates, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof. *Provided, however*, that no statement made in a registration statement or prospectus that is part of the registration

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statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of a Registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned Registrant undertakes that in a primary offering of securities of the undersigned Registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned Registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

- (i) Any preliminary prospectus or prospectus of an undersigned Registrant relating to the offering required to be filed pursuant to Rule 424;
- (ii) Any free writing prospectus relating to the offering prepared by or on behalf of an undersigned Registrant or used or referred to by an undersigned Registrant;
- (iii) The portion of any other free writing prospectus relating to the offering containing material information about an undersigned Registrant or its securities provided by or on behalf of an undersigned Registrant; and
- (iv) Any other communication that is an offer in the offering made by an undersigned Registrant to the purchaser.

(6) That, for purposes of determining any liability under the Securities Act of 1933, each filing of Registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(7) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of each Registrant pursuant to the foregoing provisions, or otherwise, each Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by a Registrant of expenses incurred or paid by a director, officer or controlling person of a Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, that Registrant will, unless in the opinion of its counsel the has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

(8) To file an application for the purpose of determining the eligibility of the trustee to act under subsection (a) of Section 310 of the Trust Indenture Act in accordance with the rules and regulations prescribed by the Commission under Section 305(b)(2) of the Trust Indenture Act.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Norwich, State of New York, on May 1, 2015.

NBT BANCORP INC.

By: /s/ Martin A. Dietrich
Martin A. Dietrich
President and Chief Executive Officer

(Principal Executive Officer)

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the individuals whose signatures appear below constitute and appoint Martin A. Dietrich, Michael J. Chewens and F. Sheldon Prentice, and each and any of them, his or her true and lawful attorney-in-fact and agents with full and several power of substitution, for him or her and his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agents or any of them, or their substitutes, may lawfully do or cause to be done.

Pursuant to the requirement of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities indicated on May 1, 2015:

Signatures	Title
/s/ Martin A. Dietrich Martin A. Dietrich	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Michael J. Chewens Michael J. Chewens	Senior Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ Daryl R. Forsythe	Chairman of the Board

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Daryl R. Forsythe

/s/ Richard Chojnowski
Richard Chojnowski

Director

/s/ Patricia T. Civil
Patricia T. Civil

Director

/s/ Timothy E. Delaney
Timothy E. Delaney

Director

/s/ James H. Douglas
James H. Douglas

Director

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/s/ John C. Mitchell John C. Mitchell	Director
/s/ Michael M. Murphy Michael M. Murphy	Director
/s/ Joseph A. Santangelo Joseph A. Santangelo	Director
/s/ Lowell A. Seifter Lowell A. Seifter	Director
/s/ Paul M. Solomon Paul M. Solomon	Director
/s/ Robert A. Wadsworth Robert A. Wadsworth	Director
/s/ Jack H. Webb Jack H. Webb	Director

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INDEX TO EXHIBITS

- *1.1 Form of Underwriting Agreement.
- 3.1 Restated Certificate of Incorporation of NBT Bancorp Inc. as amended through May 2, 2012 (filed as Exhibit 3.1 to Registrant's Form 10-Q for the quarter ended September 30, 2012, filed on November 9, 2012 and incorporated herein by reference).
- 3.2 By-laws of NBT Bancorp Inc. as amended and restated through May 7, 2013 (filed as Exhibit 3.1 to Registrant's Form 8-K, filed on May 7, 2013 and incorporated herein by reference).
- 3.3 Certificate of Designation of the Series A Junior Preferred Stock (filed as Exhibit A to Exhibit 4.1 of the Registrant's Form 8-K, filed with the SEC on November 18, 2004 and incorporated herein by reference).
- *4.1 Form of Certificate of Designations.
- 4.2 Form of Senior Debt Indenture.
- 4.3 Form of Subordinated Debt Indenture.
- *4.4 Form of Deposit Agreement for Depositary Shares.
- *4.5 Form of Warrant Agreement.
- *4.6 Form of Purchase Contract Agreement (including form of related security certificate).
- *4.7 Form of Unit Agreement.
- 4.8 Specimen Common Stock Certificate of NBT Bancorp Inc. (filed as Exhibit 4.1 to the Registrant's Amendment No. 1 to the Registration Statement on Form S-4 filed on December 27, 2005 and incorporated herein by reference).
- *4.9 Form of Preferred Stock Certificate.
- *4.10 Form of Senior Debt Security.
- *4.11 Form of Subordinated Debt Security.
- *4.12 Form of Depositary Receipt.
- *4.13 Form of Warrant Certificate.
- *4.14 Form of Unit Certificate.
- 5.1 Opinion of Hogan Lovells US LLP regarding the legality of the securities being registered.
- 12.1 Computation of Ratio of Earnings to Fixed Charges.
- 23.1 Consent of Hogan Lovells US LLP (included as part of Exhibit 5.1).
- 23.2 Consent of KPMG LLP.

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- 24.1 Power of Attorney (included on signature page).
 - *25.1 Form T-1 of Trustee for the form of Senior Debt Indenture.
 - *25.2 Form T-1 of Trustee for the form of the Subordinated Debt Indenture.
- * To be filed, if necessary, by amendment or incorporated by reference pursuant to a Current Report on Form 8-K in connection with the offering of securities registered hereunder.