BCE Inc.

# 2013 Annual General Shareholder Meeting Transcript

Thursday, May 9th, 2013

**Thomas O'Neill**

Well, good morning, ladies and gentlemen, and welcome to the 2013 Annual General Meeting of the Shareholders of BCE. I'm Tom O'Neill, and I'm the Chair of the Board of Directors, and that is a distinct privilege. I will preside over the meeting this morning in accordance with the BCE by-laws. My name is Tom O'Neill and I'm Chair of the Board of Directors, and I'm very proud to chair this meeting of shareholders. Delighted to be back here in Toronto, where we're always welcomed by a large audience of fellow shareholders, customers, members of the financial community, and the press, Bell team members, Bell leaders, and Bell retirees, as well as other guests.

We're also pleased to be holding this meeting here at the beautiful TIFF Bell Lightbox. I think this is our second meeting here. We're proud to be a sponsor of the Annual TIFF, Toronto International Film Festival, and this magnificent venue is a permanent meeting place for film professionals and film lovers from all around the world, and today, a great place for us to meet. So please accept my warmest welcome, whether you're here with us joining us physically or from anywhere else in the world on our webcast.

Mr. Secretary, I'll now call the meeting to order. Let me begin with some housekeeping matters. The business of the meeting will be conducted mainly in English. Je tiens toutefois à vous faire…

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**Interpreter for Thomas O'Neill**

However, I do wish to state that shareholders can address the meeting in French and in English.

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**Thomas O'Neill**

Side of the meeting room, headsets for the simultaneous translation of today's deliberations. In case of emergency, remain calm and evacuate to the exit signs nearest you, and each exit sign will have some of our staff on hand to give you help.

On registering for the meeting today, all shareholders, duly appointed proxy holders are entitled to vote at this meeting and, if so requested, should have received a handheld electronic voting device. These devices are used to speed up the process and enable us to share the results of those votes immediately. We will explain how to use these devices when the time comes to vote. Please note that you do not need a voting device if you've already voted by proxy and you do not wish to change your vote.

It's my pleasure now to introduce the people who share the stage with me. To my far left – your right – our President and Chief Executive Officer, Mr. George Cope; beside him, Siim Vanaselja, our Chief Financial Officer; and immediately to my left, Alain Dussault, notre Secrétaire Corporatif. In addition, we have with us today the nominees for election to your Board of Directors, but before I introduce them, I would like to mention that David Dennison, who is on our Board and is a nominee, joined us last November, i.e. after our last Annual Meeting, and our Board and the Company greatly benefit from his extensive experience in the financial community and in the investment business and, in particular, funded asset management insofar as David was the former CEO of Canada Pension Plan Investment Board.

I would ask that each nominee stand as I call her or his name and remaining standing until all of our Board has been introduced: from Florida, Mr. Barry Allen; du Québec, Mr. André Bérard; from Alberta, Mr. Ron Brenneman; du Québec, Mme. Sophie Brochu; du Québec, Mr. Robert Brown; from Ontario, our CEO, Mr. George Cope; from Ontario, Mr. David Denison; from Ontario, Mr. Anthony Fell; from Ontario, The Honourable Ed Lumley; from Alberta, The Honourable Jim Prentice; from Ontario, Mr. Bob Simmonds; from British Columbia, Carole Taylor; and from Ontario, Mr. Paul Weiss; and along with me, Tom O'Neill from Ontario, these are your nominees at this year's Annual Meeting. Thank you.

Beyond the election of your Board and the appointment of your auditors, the remaining items on which you will be asked to vote during today's proceedings is the advisory vote on executive compensation and the five shareholder proposals that are included in your proxy.

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So this Bell Lightbox is an architectural symbol of Canadian excellence in the cinematic arts, an enabler and showcase for creativity and content and delivering the very best content across world-leading networks to our customers; and delivering such content across all screens is, of course, a primary strategic focus of Bell. Our presence here at the Lightbox this morning reflects the crucial and growing role of content in the continuing transformation of your Company.

George Cope and his leadership team are not only delivering excellent operational and financial results, which we'll hear about shortly, but they are also successfully creating a new Bell. They are uniting advanced broadband network technology and services with the content that Canadians want most. We have taken some significant steps forward in this transformation since our meeting last year with our shareholders in Quebec City.

Our newest business unit, Bell Media, continues to outperform, led by Canada's number one network, CTV, and our leading sports and other specialty channels. And since we last met, we completed the transaction that gave Bell an ownership stake in Maple Leaf Sports and Entertainment, one of the premier properties, sports and entertainment companies in the world; and coupled with our interest in the Montreal Canadians, which is dated some years ago, I can tell you we are all very excited about these possibilities – not so excited about the results – as content providers, as competitors and as fans. I just hope we win another game.

We also created a joint venture, which is very exciting, to combine the world renowned Cirque du Soleil with our own production and distribution expertise. Together we will develop unique content – movies, TV shows, online content and games – to enrich the experience of our customers and continue to differentiate us from our competition.

We are also much in the news this week, as we continue to pursue our plan to unite Astral and Bell Media. As you know, we received Competition Bureau clearance of the transaction, and pending the CRTC's approval, we expect to close this transaction in early summer. Astral will greatly strengthen our presence in Quebec, enhancing customer—consumer choice, enhancing industry competition, as Bell Media executes its strategy of delivering the best content across all platforms and distributors. This transaction will also mean significant benefit for Canadian consumers and the media community. We are looking to invest about 175 million in our broadcasting industry and to develop innovative ways to deliver content to customers exactly when and where and how they want to receive it.

Our robust 2012 operational results also enable Bell to continue to expand on our position as the primary builder of Canada's communications infrastructure. Our investment in advanced broadband fibre continued to grow as we brought Fibe TV and Fibe Internet to millions of households in Ontario and Quebec and built Canada's largest fibre-to-the-home deployment in Quebec City, and you'll hear more from George Cope. This investment has led to significant growth in our TV business, as we continue to enhance choice for consumers and provide much needed competition for our established cable TV rivals and with the next generation Fibe TV service.

We also expanded the fourth generation LTE wireless network, offering approximately 70 percent of Canadians access to this next generation technology. It's—this technology is further backed up by our HSPA Plus service, which is now available to 98 percent of the Canadian population. So access to these best networks is a key to the growth in consumers using smartphones, data services such as Bell Mobile TV, all of which support strong revenue and EBITDA growth at Bell Wireless.

To enable the leadership of Bell Business Markets in new growth areas such as data hosting and cloud computing, we also invested this year in Q9 Networks, a leading provider of data centre solutions in Canada. All of these investments are fundamental to the execution of Bell's strategy and to the remarkable transformation of our operating mix. With 80 percent of Bell dollars revenue coming from Wireless, TV, Internet and Media, all growth services, it's clear that Bell is no longer just the phone company. Our strategy of focused investment of over $3 billion a year over the last few years, continuous improvement in our operational efficiencies and increasing our market competitiveness, all of this together is delivering on our commitment to return more value to you, our shareholders.

Bell's positive momentum in the marketplace has enabled us to meet or exceed all of the financial targets that were set for 2012, led by substantial growth in earnings per share, in EBITDA and free cash flow. The investments that we have made are key to enhanced market performance and are made possible by the financial flexibility, our strong liquidity position and our investment grade credit ratings. Notre solide situation finance…

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**Interpreter for Thomas O'Neill**

Our robust financial position enabled us to deliver exceptional returns to BCE shareholders and, again, increase the common share dividend this year.

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**Thomas O'Neill**

Our robust position enabled us to deliver exceptional returns to the shareholders and to, again, increase the common dividend.

I'd also like to draw your attention to one other major action we took toward the end of 2012, which is of special interest to our employees and our pensioners and to our shareholders. Thanks to our positive financial outlook, we were able to make another $750 million contribution on a voluntary basis to Bell's defined benefit pension plan. This is the fourth consecutive year we've done so, 2.75 billion since 2009 to ensure the continuing security of our employees and retirees. Plan members, including 30,000 Bell retirees across Canada, benefit because these payments put the plan on solid financial footing. These contributions also reduce our future pension obligations and generate some substantial tax savings.

So I am pleased to report that we continue to live up to our commitment to do business ethically and responsibly, both in the way we operate and our investments in the community. Our pioneering work on mental health with Bell's Let's Talk initiative continues to change the conversation about this affliction and it reduces the stigma around mental illness. We continued to fund new mental health care research and workplace programs throughout 2012.

Recognize our extensive environmental efforts, *Newsweek* magazine named Bell as the greenest publicly-traded company in Canada and 13th in the world. Your Board of Directors was also honoured to receive the Excellence in Governance award from Korn/Ferry International and *Les Affaires* business magazine in Quebec in recognition of our commitment to good govern—good corporate governance and corporate responsibility.

Ladies and gentlemen, I said last year that Canadians are looking at Bell differently now as we reenergize the organization as a robust competitor in all of our business lines. One year further on, our progress has only accelerated. On behalf of all of our shareholders, and I can assure you the Board, I would like to thank you, George, for your leadership and the entire Bell team, including the leadership team that's here today, for their relentless execution on a visionary strategy and six strategic pillars. This team is dedicated to achieving Bell's goal, to be recognized by customers as Canada's leading communications company. This commitment to our customers has been key to the ongoing transformation of Bell. I'd also like to thank my fellow Board members seated in front who—for their sound advice and continuing support in delivering value to you and, of course, thank you, our shareholders, for showing up and showing your interest in the Company and for your continued trust that you place in us. We are well aware we must continually earn that trust, but we thank you for that support. Every day we do so, we're transforming Bell into a strong, customer focused competitor, ready and able to lead in all our markets and to continue to deliver value to you, the shareholders who have shown this belief in our great Company. Thank you very much.

We are now at item—agenda item four. The Annual Report for the year 2012 containing the consolidated financial statements with the auditors' report thereon has been sent to all shareholders entitled to receive it, and a copy of the 2012 Annual Report will be filed with the records of this meeting.

With us today we have representatives from Deloitte, who are our auditors, Messrs. David Morris and Martin Castonguay, and including them and with our Chief Financial Officer, Siim Vanaselja, I'm sure we have—we will have answers to any questions you might have on such financial statements.

It's now my pleasure to introduce Siim Vanaselja, our Chief Financial Officer, who will address our shareholders. Siim, over to you.

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**Siim Vanaselja**

Good morning, ladies and gentlemen, and thank you for attending our 2013 Annual General Meeting. 2012 was a year of significant accomplishment for Bell and, financially, one of our best years ever. As our Chairman indicated, we achieved or exceeded all of our financial targets, thanks to strong performances across all of our core businesses. So I'm really pleased to be able to take a few minutes today to review the highlights of our 2012 fiscal year and to, hopefully, give you a good sense of what we're targeting to achieve this year. So let's look briefly at our results for the past year.

In 2012, Bell revenues grew by 3 percent to a record $17.6 billion, driven by strong performance at Bell Wireless and Bell Media. With that revenue generation and our continued focus on cost management, we grew Bell's EBITDA by 4.4 percent to $6.6 billion, also a record. We increased our investment in our capital programs, spending close to $3 billion, or approximately 16.5 percent of revenues, on strategic priorities like building out next generation broadband networks and improving customer experience, not only to maintain Bell's competitiveness but to significantly enhance it. During the course of 2012, we increased our earnings guidance and finished the year having grown adjusted EPS to $3.18. We generated free cash flow of $2.4 billion, a solid 7 percent increase over the prior year. The strength and reliability of that free cash flow enabled us to increase our common share dividend twice in the past 12 months, so altogether, 2012 was an excellent year.

As we begin 2013, your Company is well positioned for continued healthy growth, growth underpinned by a strong financial foundation, growth that will benefit our customers, our employees and you, our shareholders. We've set financial targets for 2013 that I think are very solid and achievable, with good expected growth in revenues of up to 2 percent, EBITDA of up to 3 percent, adjusted EPS in the range of $2.97 to $3.00 and strong free cash flow growth of 5 percent to 9 percent. Once again, that free cash flow reflects an increase in the absolute dollars to be invested in our capital programs to benefit the future of our businesses.

Our plan for 2013 is based on continued growth in Wireless and Media and the beginning of a turnaround in our wire line business, which we expect to trend more positively through the course of the year as we reach more homes, more multiple dwelling units and more small businesses with Fibe TV and Fibe Internet services. We're not back to wire line growth yet, but we are investing and we're working hard to progressively get there, so we'll keep at it. I'll note that the financial targets I'm presenting in 2013 do not include the pending acquisition of Astral, which, on closing – and that's still subject to regulatory approval – will further enhance Bell's growth profile in 2012 and future years.

Let's now look at the financial highlights for the first quarter of 2013 that we issued this morning. We delivered a solid set of financial results to begin the year. Our first quarter performance was highlighted by growth in overall service revenues of 1.3 percent, healthy EBITDA growth of 2.1 percent, an expanded consolidated margin of 37.7 percent, and strong 6.6 percent year-over-year increase in adjusted net earnings. Free cash flow generation also met our plan.

I think that operating across three segments – Wireless, Wire Line, and Media – enhances Bell's overall stability, provides balance and diversification against risks that may hit us. Bell Wireless continues to benefit from sector-leading performance in the marketplace. In Wire Line we're now beginning to realize the tremendous benefits of our investment in broadband fibre, as we evolve our revenue profile more and more away from voice revenues. And our Media segment has become so integral and pivotal to our overall strategy, enhancing the content that we deliver to customers across all of Bell services. Our core businesses, therefore, provide strong platforms for sustained growth, and I think that's evident by the good start that we had to the year with our first quarter results.

Our operations – this is on the capital structure side – are underpinned by a strong capital structure that provides a very stable footing and a high level of overall financial flexibility. We have an enviable debt maturity schedule at Bell. The average term of our debt is 10 years, ensuring predictability in our debt service costs and insulating us against interest rate volatility. Over the past four years, we've taken advantage of low interest rates to reduce the average cost of debt of Bell by more than 2 percent, and most recently this past March, we issued $1 billion of 10-year debentures at Bell at our lowest financing rate in over 60 years. And with $1.2 billion of cash on hand and over $3 billion of liquidity available, our liquidity position has never been stronger.

Now, the key objective of our capital markets model is to deliver attractive returns to our shareholders; first, through a dependable dividend payout; and second, through a consistent growth in that dividend. BCE's common share dividend today provides a yield of approximately 5 percent. That's one of the most attractive yields of any company listed on the TSX. Our dividend policy targets to pay dividends within a range of 65 to 75 percent of the free cash flow that the Company generates, and that's net of the significant capital investments that we make each year to benefit our operations. Now, that dividend policy has two important elements to it. First and foremost, as we grow free cash flow, we intend to grow BCE's common share dividend; and secondly, we're also retaining a very high level of cash generation each year in the Company to deploy in a way that ultimately enhances our returns and improves our dividend growth prospects.

That surplus cash amounts to approximately $800 million annually, so some of the initiatives that we've undertaken have included making strategic acquisitions, like CTV and the pending acquisition of Astral; undertaking share buybacks, which are accretive to earnings and free cash flow; and, as our Chairman mentioned, improving the funded position of our pension plan to minimize the volatility of our pension funding over the future. All these actions generate a very, very strong payback for us, a payback that helps us to optimize BCE returns for our shareholders. Importantly, I'll also add that Bell's management long-term incentive plan is structured with vesting criteria that has a strong alignment of interests between shareholders and management. So simply put, as we grow our free cash flow and our common share dividend, we create value for BCE shareholders and management alike, and I know of no other company in our industry with that commitment.

As you see on this slide, we've had good success in executing as a dividend growth company. In total, we've grown our common dividend 60 percent since the end of 2008, and that's been enabled by strong growth in free cash flow of 54 percent over that period, and all the while, we've maintained BCE's dividend payout ratio at just below the midpoint of our policy. This past February, we announced a $0.06 increase to BCE's common dividend to $2.33 per share. Together with the $0.10 dividend increase that we announced last August, BCE's common dividend for 2013 is up 7.5 percent, or $0.16 per share. So I hope that conveys some of the confidence your Board and management has in the Company's outlook.

So, what does all this mean for you, as shareholders of BCE? Well, as shown on the screen before you, since the time of our Annual General Meeting four years ago in May of 2009, when BCE stock was trading at approximately $25, your shares have appreciated to over $47 today – in fact, closer to $48 – gaining almost 90 percent in value, and combined with steady dividend increases that have yielded close to about 7 percent annually, BCE shareholders have received a total cumulative return of $35 on their $25 investment. That's a total shareholder return of 140 percent over that four-year period, making your initial $25 investment worth $60 today, and that result stands quite apart from the TSX index, which has returned on average 40 percent over that same period.

Ladies and gentlemen, thank you for your attention and thank you for your continued confidence as investors in BCE. I'll now turn the meeting back to our Chairman.

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**Thomas O'Neill**

Thank you very much, Siim, for that very positive report on the financial health and strength of our Company and our attention to shareholder needs through the returns.

I'd now like to call on our leader, George Cope, the President and Chief Executive of Bell, to address the meeting. George, over to you.

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**George Cope**

Thank you, Tom. Let me first apologize to everyone. I have a cold, so my voice isn't as clear as it usually is, but the good news is on Monday I couldn't talk at all, and maybe the CRTC liked that actually; we were at the panel, hard to know. Anyway look, it's great to see everyone. Thank you for taking the time to get an update on your Company. I hope you found the meeting to this point informative, and what I'd like to do over the next 25 minutes is give you a sense of what we are trying to do for you going forward and a little bit of what we've been up to over the past few years. So what I thought we would do is we'll start with a video which tries to encapsulate for you pretty quickly the dramatic change in your Company over the last four years. So we could run the video, please.

**(Video Presentation)**

Hopefully that video gives you just a sense of how much change has been going on in your Company and putting us in a position to execute in the market, in a fast changing market and, as Siim has talked about, doing the right things for our shareholders at the same time.

You know, this slide here, just to put it in context to remind everyone, you know, we do have 21 million customers in Canada. That's a significant responsibility and, obviously, growing that customer base is core to you as shareholders, and we'll talk a little bit about how we are doing that and did again this morning. And we employ over 55,000 people across Canada. That means one in 400 adults work for your Company who work in Canada. We are a significant part of the economy. We take that responsibility seriously, and we invest, obviously, significantly in that continual growth on the employment side when possible.

This slide really tells the transformation story. Just take a look at the moment at the percentage change in how your business is evolving. As we end 2012, less than 10 percent of our revenue comes from the home phone, and when we exit 2013, less than 7 percent of our revenue will come from that traditional home phone; and if you think about Bell's 135-year history in Canada, it's phenomenal that 93 percent of our revenue now, as we exit this year that we're standing in, will come from businesses outside our traditional home phone business. That's a fact of life. Wireless technology is changing the world to the benefit of all of you as shareholders in our lives and clearly having an impact on one of our older businesses, and really the founding business of Bell Canada. Over 80 percent of our revenue growth coming from the growth portfolio is what is going to drive the future of our Company.

In some senses, the same conversation as the last five years but, quite frankly, that's what so core to creating the value for you. We have the same imperatives we've had the last number of years. We execute well on these six imperatives. Everything else in the market takes care of itself and, most importantly, for both our debt and equity holders, we manage that prudently and see the returns that we're trying to generate. Let me now, over the next few minutes, comment on each of these imperatives briefly.

Core to everything we do is investing now in broadband networks and services, and that goes across Fibe TV, our recent launch just last year of a new satellite at $500 million for our satellite business, the investment in data centres, LTE technology. Your Company invests $3.5 billion of capital a year into the Canadian economy, driving these broadband technologies that lead the world, and that does not include the other investments we have made in acquisitions in the Canadian marketplace.

One of the fastest changing parts, as we all know, and exciting parts is wireless technology, and I want you to know your Company leads the country in wireless technology and Canada leads the world in wireless technology. As we exit this year, more than 70 percent of Canadians will have access to this most advanced LTE technology. That compares with our current largest competitor, who is at 60 percent in the marketplace, and so we're leading from a competitive perspective. We're not slowing down. The remaining parts of Canada will get coverage when we finish a spectrum auction later this year which will allow us to cover rural Canada more effectively with this technology. So stay tuned for that and, yes, we will be spending some of your money on that auction later this year.

Another core technology investment for us is the growth in Fibe TV. We ended 2012 with about 3.3 million homes covered. We will end 2013 with 4.3 million homes covered, and look at the important markets we're launching this year: Ottawa, Hamilton, South Shore Montreal, North Shore Montreal; all this bringing new competition in the TV business to our cable competitors, and we are getting the best publicity you could ever dream of because our competitor is now advertising our Fibe product for us every day in Toronto, so we thank them for that and hope they keep it up. And so we're adding a million homes this year, and you'll see that as the year unfolds.

Turning to our second imperative, in one sense, clearly the most important because of the value creation through this growth portfolio that we have. The turnaround of our Wireless business the last five years has been absolutely critical to the success we've had in the capital markets and for you as shareholders. We now, without a doubt, have the strongest handset lineup in the marketplace, in our opinion. Sixty-eight percent of our customers have smartphones; that's tremendous. What you actually care about as shareholders is 32 percent still don't have smartphones, and that 32 percent, as they evolve to this technology, they use the product more and that obviously generates more revenue for our business but also generates loyalty because, for everyone in this room who may have a smartphone, you know it changes your lives in such a positive way, so a great opportunity for us still going forward.

We are leading Canada in technology. We are the undisputed mobile TV leader in Canada. We will surpass 800,000 customers on Mobile TV this month, and let me tell you, we are well ahead of the U.S. in the use of mobile television technology and this continues to grow. And, yes, even as heartbreaking as the last few days as shareholders of the Habs and the Leafs have been, both games were watched very well on Mobile TV, so you did okay that way.

We have a very unique model. What we do is we charge customers $5 for 10 hours of viewing, and it's outside of customers' data buckets, so it protects them from excessive usage bills and you pay $5 for 10 hours; and if you're watching a mobile phone for more than 10 hours, it may not be the best thing for your eyes, so the 10 hours also maybe has a benefit that way. It depends on how small the screen is before I get an article on technology comments or something.

Market share leadership; this is the most important turnaround for the Company. Our Wireless market share in 2007, 18 percent of Canadians were buying new wireless phones from Bell. In 2012, 40 percent of Canadians are buying wireless phones from Bell. We just reported this morning – we now have all the numbers in – and once again, in the first quarter of 2013, 40 percent of Canadians bought wireless phones from Bell, so we are leading the wireless market this morning in revenue growth, in EBITDA growth and in subscriber growth. The business has turned around and we are not going to let up on that position we have established.

Leading in technology; this morning was a great announcement that we also made with one of Canada's leading banks, RBC Royal Bank. We announced the coming now of wireless technology in banking technology, all on one handset. So as the year evolves, everyone who has a credit card with Royal Bank and the right smartphone, they actually won't need the plastic anymore. They'll just have it on their handset. They'll swipe their handset and the payment will be made automatically. The world will move, in our opinion, to much more mobile payment technology.

Canada has a unique chance to lead the world. We have six of the world's great banks here in Canada, and we have three leading wireless companies. It really takes those nine companies to pull this technology off for the benefits of Canadians, and you're going to see that over the next year and a half to the benefit of all Canadians for productivity in the economy that makes all of our lives easier and I think it's going to be really exciting here in the country, and nothing could lead this off more than Royal Bank and Bell Canada coming together to lead this technology process.

I want to digress for a moment, and I just want to talk about the Canadian wireless industry in total, because there are a number of facts sometimes not actually expressed the way, in my opinion, they should be, and I want you, as shareholders, to understand this because it is important. First and foremost, Canada leads the world in wireless technology. We lead all of the G8 nations. No one has more LTE coverage from competitors than we do in the market. If you look at some of the countries on the map who today don't even have the technology that we're using and offering to 70 percent of Canadians; no one leads us. If you travel to Europe, you will go on a technology that we have not offered in Canada since 2009. So if you read an article that says we are trailing Europe in technology, it is untrue, okay? Canada is leading the world in wireless technology and all of our competitors are as well.

Secondly, your Canadian wireless companies spend more per customer on capital, as you can see, than almost any other country in the world. And why do we need to do that? Because, clearly, wireless coverage is about covering a footprint, and I'm sure you've all noted we have a big footprint in Canada and not a lot of people under that footprint. So the industry has invested $11 billion of capital over the last five years. This year, it'll invest approximately $3.5 billion in technology and spectrum auctions, so that number will go from about $100 per customer to $130 per customer in Canada this year. So we are also investing to make sure we're leading, and that leadership only comes in technology if we make the investment.

The third fact; there's often things written that our industry is not competitive, so I thought I would track something, and we tracked it in the fourth quarter. There were 100 price declines in the fourth quarter alone in the Canadian wireless industry. There is a competitive war out there between Rogers, Telus and Bell; otherwise you would not see 100 price decreases in a 90-day period in the all-important fourth quarter. You'll be happy to know as shareholders, we won that quarter.

The next fact; Canadian leadership in wireless technology and affordability is a fact. Canadians pay 24 percent to 27 percent less for their smartphone rate plans than you do in the U.S., and I invite you to take your phone to the U.S. and come back and tell us the coverage is anywhere close to the coverage that you get in Canada. So these facts are important to you as shareholders, and we will be, of course, conveying this as much as we can publicly so that some of the misnomers about our industry are actually dealt with, with real facts and people can understand that we are—we benefit from Canada. Yes, our shareholders are doing well in the Wireless business. Yes, our prices are competitive. Yes, we are leading technology—leading in technology. What a perfect formula to grow in the most important industry in the world today, the wireless industry.

Let me now turn to our third imperative, and that is continuing our leadership in the Wire Line business, our traditional core business. Our business side of Bell sometimes get lost, not as talked about, not quite as sexy as Wireless is, but it is important to know that 96 of Canada's top 100 companies rely on Bell to provide them their telecom infrastructures every day, and we continue to provide these organizations that service and invest heavily. And one area our customers are investing in is this whole area of data hosting and cloud computing. As the world evolves through these huge data centres, your Company last year made an acquisition and became a partner in the largest data hosting company in Canada, Q9. When you combine Q9's scale with Bell's scale, we now offer 20 different data centres to our enterprise clients. We think this is a significant strategic market for us, a great area of growth for Bell and perfect for the corporate customers of Bell Canada to get the next generation of technology services they need to execute their business productively.

I mentioned Fibe TV. Hopefully, you all have Fibe TV or you're going to get it soon. It is, without a doubt, the best TV product in the marketplace and we're doing all these different things to differentiate ourselves, and coming very soon is a really great part—addition to our product. You'll actually be able to get a set top box that's wireless in the home, so you'll have one box you have to wire and the rest of the house will be wireless, so you don't have to do all the complicated things you do with all these boxes in the home, and even—if there happens to be an event you want to watch, you can even just take the box outside with you and you're on TV. So this whole concept will, we think, change the game again and also, reduces install time in the home, which is productive for you as shareholders. We now have over 2.3 million TV customers on Satellite and Fibe TV, and we are, as of today, the second largest provider of TV services in Canada.

On the Internet side, we continue to execute a build out and improvement in our footprint and what we're seeing is, when we sell Fibe TV, customers are taking our broadband services as well. There had been some pushback about some of the extra usage bills and—in the

Internet market, so we've introduced, for our $10 add-on for all of our customers, the ability to purchase unlimited Internet if they buy all three of our products from us; and you can see that four out of five of our Fibe TV customers are taking at least three of our consumer products and, therefore, taking advantage of the unlimited Internet offer.

We now turn to our fourth imperative, which is expanding our media leadership, and you really can't do a media presentation without a media video, so we're going to run that video if we can.

**(Video Presentation)**

So it's just a few year now that we got ourselves strategically investing in the media content, and to remind shareholders, why have we done it and what have the results been? Well, one reason we did it is we saw the conversions and absolutely recognized it was a growth opportunity. We believed then, and we believe it more now more than ever, that clearly TV's moving to all four screens. The idea that you're just on one screen is, quite frankly, a yesterday solution, and interesting that yesterday is only a few years ago. It extended our leadership in the mobile industry without a doubt. It was also a hedge against increasing programming costs. The cost of content continues to go up. We were buying our content for our TV business from our three cable competitors, Vidéotron, Rogers and Shaw, and we thought, you know, since we're going to take all of our TV customers from them, probably not a good idea to buy our content only from them. They—maybe they should buy some from us as well, so we levelled the playing field. They haven't liked it, but we levelled the playing field against our competitors in the marketplace so that, as they raise prices on content for us for something like the Blue Jays, we can raise content to them for something that would be on TSN, and that way, we level the playing field. It keeps prices lower for consumers, not higher, and particularly in the marketplace; and finally, most importantly for you as shareholders, this has been very value accretive. We have doubled the financial performance of CTV since we acquired it just three years ago.

We have a hole in our strategy. It is our very serious goal to execute the Astral transaction. We've made a revised proposal to the CRTC. We have proposed to sell a significant amount of assets where we believe there were some issues that the CRTC had. We've received Competition Bureau approval. Strategically for us, why is this important to you as shareholders? We will take our market share in the Quebec, important French market for us, up to 21 percent. That's still below Vidéotron Quebecor who's at 30, which, to my amazement, says we're going to be too large in Quebec, and they're at 30 and we're at 21. So we are in the midst of that right now with the CRTC. We've received Competition Bureau approval and it is our hope and expectation that the transaction will close over the next 60 days, given the revised proposal we have put in front of the CRTC and the fact that it has already received Competition Bureau approval.

If you turn to five, we don't perform on number five. All the rest of this is rather academic. We know that. We are making significant progress. When you have 21 million customer relationships, even when you're at 99 percent, do the math, think how many times that's still a problem, even at 99 percent, so we are working hard. Our metrics have improved dramatically; 94 percent same day/next day service, on time to your home now 98 percent of the time versus 80 percent just a few short years ago. Inside waiting—inside support waiting time from 45 minutes to two, and most importantly, it's our team members in the home performing the technology work, our field services vehicles, you see them all over the city. We couldn't be more proud of that team and you, as customers, you should know as shareholders, they couldn't be more pleased; 92 percent of our customers tell us they're satisfied with the work our technical team are doing in the home, and we have a team of close to 12,000 across Ontario and Quebec.

We are though moving to improve our service, obviously for the experience the customer expects today and tomorrow, so we've launched these really, really exciting self-serve options on Mobile. You can download this as a customer. You can check your rate plan. You, real time, can see what your usage is. Are you over, or not, your bucket? You can make a payment. You can get help. In the technology of a generation, they don't want to call us. They want us to just fix the problem using the technology; 6.1 million self-serve transactions already since we launched this, and you can see it's also very friendly. It's really driven to be friendly with the customer so that they can track their billing, etc., add features and deal with their issues they may or may not have as they add these exciting new services to their handset.

And never mind what we're saying; it really is we're not through the journey but certainly all the research we're doing says our customer satisfaction has improved dramatically. Forrester here says we've seen a 48 percent improvement in customer service since 2010. We're not done. We know we're not done because we're not perfect. We know when we have 21 million customers and, therefore, over 50 million transactions, from time to time, we are still going to have bumps in the night. To me, the trick is how quickly we respond to those bumps and whether or not we're serious about fixing them; we are. We would put our service up against any competitor now in Canada, and now it's just about improving that as we go forward.

And finally, not an easy topic but really important to our shareholders; we have had to change our cost structure dramatically and it has been painful. Certainly painful, from time to time we've had to reduce costs across the organization, but it has been the right thing and it has put us on a competitive footing going forward and made your Company competitive in the marketplace. We've actually reduced our costs, over the last four and a half years, $1.5 billion but it has given us the head room to make the right investments we need to set your Company up for tomorrow as opposed to looking at what yesterday was; whereas, I mentioned before, only 7 percent of our business will come from the home phone in 2013. So we've had to make these changes and that journey is not over. This year alone, we'd expect another $170 million in cost reductions. We are doing as much as we possibly can, obviously through external vendors, putting pressure there, being more productive in what we do; as simple as having people do their bills online versus getting paper bills, think of the environmental but also think of the cost savings and all the call centre savings that we have.

So the six strategic imperatives are all designed, at the very end of the day, for our shareholders and, as Siim says, "no promise for the future," but I think we're building a track record. The Company has done well. Our goal, of course, is continue to do that. We recognize that that will never be easy. We have some top notch competitors in Canada, very professionally run companies, who have exactly the same goals we do for their shareholders, so we get up every day—and if anybody ever tells you this industry isn't competitive, they've never worked in this industry. That's what I can assure you.

Let me now change gears completely about another responsibility we think, you know, we have in the community, which is to make sure we're giving back to the community. And the initiative your Company has chosen, and I've talked about it the last few years, was our focus through Bell Let's Talk. It's a program we launched in 2010, and just to remind everyone, one in five Canadians will suffer in this area during their lives, two out of three Canadians do not seek the treatment they require. That's unacceptable, absolutely unacceptable in this country, and that's why Bell has spoken loudly, used our brand to try to move this topic forward. And why do two out of three people not pursue the help they need? Because of the stigma attached to this and that can't be that way, and we're hoping the use of our brand gives some people confidence to talk and come forward, and I think we're making a difference.

We've invested $62 million of announcements towards this initiative, all in these four areas: anti-stigma, care and access, workplace and research. And you should know we're putting our money where it matters. All these organizations across Canada have received funds over the last few years. We will grant again this year up to another 40 to 80 organizations across the country, funding—these gifts can be anywhere from 5 to 25,000, some of them as large as a $10 million gift here in Toronto to CAMH and helping them building that facility, so all across. We run this very seriously. We think it's a great program, and we're helping the country in this area.

Canadians have stepped up though in a way this year that was just so remarkable with the help of Clara Hughes. Let's Talk, our third annual event, you've seen, hopefully, some of the branding and publicity that we've tried to put to this. We've had so much help. All of our competitors have helped; it doesn't matter if it's Rogers or if it's CBC, if it's Telus. Everyone has stepped up to help here, and you can see here Canadians really stepped up, 96 million messages sent that day and we, as Bell, donate $0.05 for every message. And this year the youth got a hold of this and we went from 30,000 tweets to 1.5 million because once they knew it was going to cost Bell $0.05, it just went all crazy, as you can imagine, and great awareness though of a very important topic. The higher that number—it's the only time I can tell you this as your CEO, the higher that number, you and I are always happy to give that money to this cause and so the larger it goes, the better.

And to that end, we did just announce a new initiative. It's called Clara's Big Ride and this will launch very—in March of 2014, and Clara Hughes is going to ride around Canada into many, many communities, and why don't we run the video to give you a sense of what's going to happen next in Let's Talk.

**(Video Presentation)**

So should we go back one? We could; I'll go back one. There we go. So stay tuned, March 2014 unique, first person ever to go around Canada, north, across, down and end in Ottawa in July of '14, and I want to let you know your Company will underwrite this. We've had significant other partners already step up to help underwrite this with over a million dollars already: Canadian Tire, Bank of Montreal, Samsung and a division of ours we'll all know, CTV, have already contributed a million dollars, partnering with Bell so that all the money raised in every local community will stay with that local community's mental health program, that corporate Canada will fund this ride for Clara.

So with that, I want to—thank you. With that, thank you very much. Your Company is competing every day. We're winning a little bit. We're really happy with the first quarter and our commitment to you is to continue executing under our six strategic imperatives. Thank you.

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**Thomas O'Neill**

Thank you, George, for that excellent overview and I, in looking back, when you said what we'd accomplished over the last few years on the journey, I had forgotten a few of the items myself, so thank you for that.

**Interpreter for Thomas O'Neill**

Thank you very much for participating in the affairs of your Company.

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**Thomas O'Neill**

Your Annual Meeting, your participation in the business, and look forward to seeing you this time next year. Thank you very much.

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