



# Investor Briefing

April 24, 2002

**First Quarter 2002  
(Unaudited)**

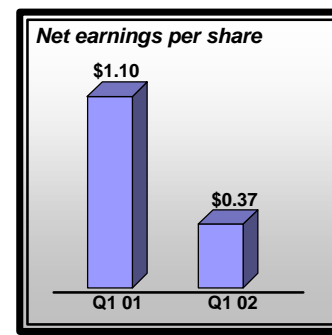
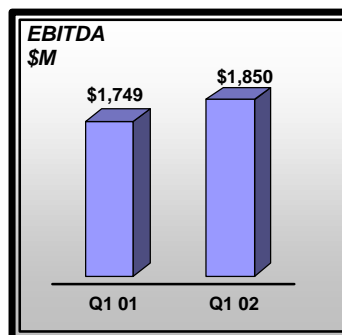
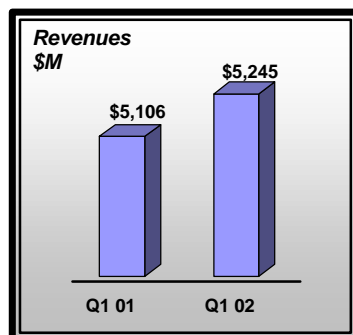
*This supplement to the press release announcing BCE's Quarterly results is intended to provide, on a timely basis, information of interest to the investment community.*

*This material is presented for information only, and should not be construed as a solicitation to invest in any securities of BCE Inc.*

## BCE Reports First Quarter Results

**BCE delivers 6% EBITDA <sup>1</sup> growth with excellent expense management.**

- BCE reported \$5.2 billion in consolidated revenues for the first quarter of 2002, up \$139 million or 3% from \$5.1 billion last year. This was driven by a 4.1% increase in revenues at Bell Canada, marked by growth of 14% in data, 21% in wireless and 39% in satellite television.
- Consolidated EBITDA for the quarter increased 6% to \$1.9 billion from \$1.7 billion for the same period in 2001 due mainly to a 7.6% EBITDA improvement at Bell Canada partially offset by declining EBITDA at BCE Emergis. BCE's EBITDA margin increased by 102 basis points year-over-year demonstrating disciplined cost management.
- Net earnings applicable to common shares were \$301 million, or \$0.37 per common share. Net earnings of \$887 million or \$1.10 per common share in the first quarter of 2001 included gains on the sale of Nortel Networks shares of \$2.9 billion, partially offset by losses from the Excel and BCI discontinued operations of \$2 billion, goodwill amortization of \$248 million and restructuring charges at Bell Canada of \$114 million.



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<sup>1</sup> The term EBITDA used herein does not have a standardized meaning prescribed by Canadian Generally Accepted Accounting Principles and therefore may not be comparable to similar measures presented by other issuers. BCE uses EBITDA as one of its measures to assess the operating performance of its on-going businesses. EBITDA is defined as earnings before interest, taxes, amortization expense and non-recurring items (i.e. revenues less operating expenses).

Certain sections of this document contain forward-looking statements with respect to BCE and its subsidiaries. These forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements. Factors which could cause actual results or events to differ materially from current expectations are discussed on page 26 under "CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS".

# Wireless Growth

**Cellular and PCS subscribers grew by 94,000; 81% of net adds were postpaid**

## Growth

- Wireless service revenues of \$494 million grew 21% compared to the same period last year, driven by a 23% increase in cellular and PCS subscribers and a continued focus on postpaid customers.
- With net additions of 94,000, total cellular and PCS subscribers rose to 3,554,000 at the end of the first quarter, up 23% from last year. Including paging subscribers, BCE now serves 4,248,000 wireless customers.
- Of total net additions this quarter, 81% were on postpaid plans, reflecting BCE's focus on higher value postpaid customers. At March 31, 2002, 72% of cellular and PCS subscribers were on postpaid rate plans.
- Of the total activations this quarter, 83% were digital, leading to a 55% digital subscriber base by quarter end, up from 52% in the previous quarter.

## ARPU

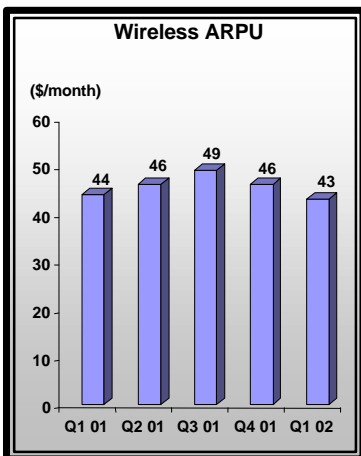
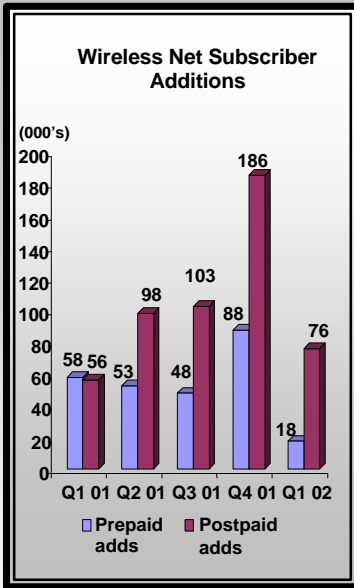
- While total ARPU of \$43 for the first quarter of 2002 was down slightly from the same period last year, postpaid ARPU increased by \$1 over Q1 2001, partially offsetting a \$2 decrease in prepaid ARPU. The \$56 postpaid ARPU achieved in the quarter is a reflection of concentrated efforts on postpaid customers and value-added pricing initiatives. Pricing action will continue on prepaid in order to seek to improve ARPU.

## Industry Leading Churn

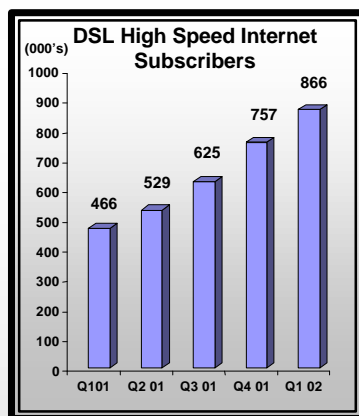
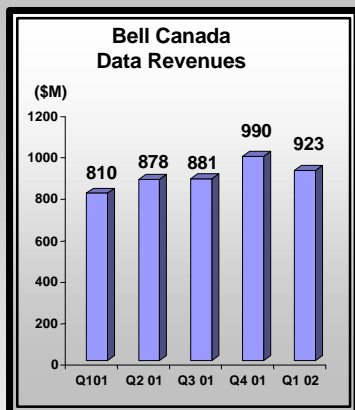
- Average monthly churn of 1.5% marked another quarter that BCE has maintained its industry leading status demonstrating BCE's continued commitment to the delivery of superior service and product innovation.

## Wireless data

- In the first quarter of 2002, Bell Mobility became the first in Canada to launch a 1xRTT network. Following the initial launch in Montreal and Toronto, Bell Mobility will roll out 1xRTT in most major cities in its national coverage area throughout 2002. This powerful new network provides Bell Mobility with the capability to deliver average wireless data speeds of up to 86Kbps, as much as five times faster than previously available.
- Bell Mobility mobile browser hits totaled 112 million in the quarter, growing more than 38% since Q4 2001. Wireless data users were up 198,000 or 25% from the previous quarter, surpassing the one million user milestone.
- In April, Bell Mobility, in partnership with Telus, Rogers AT&T and Microcell, announced the commercial availability of inter-carrier Short Message Service (SMS) across Canada. For the first time customers of the four Canadian carriers will experience real-time, two-way text messaging. SMS is extremely popular in Europe and Asia. Adoption in North America has been limited to this point as customers could only send SMS messages to other customers on their own carriers' network.



# Data Growth



## Data

### Data growth despite soft economy

#### Bell Canada

- Bell Canada data revenues for the first quarter were \$923 million, an increase of 14% over Q1 2001 reflecting growth in IP broadband, Internet and e-commerce services.
- On March 20, Bell Canada officially launched Bell Managed Solutions, a single source for the seamless delivery of end-to-end business communication solutions. Bell Managed Solutions leverages Bell's connectivity expertise and the company's position as the national leader in managed network solutions to improve e-business productivity, protect data and manage network-based applications, services and content.
- Key Managed Solutions wins this quarter include Manulife Financial and Molson. The two multi-year contracts are valued at \$120 million and \$29 million, respectively.

## DSL

### High Speed Subscribers grew by 109,000 to 866,000

- The overall DSL subscriber base grew to 866,000 this quarter, up 14% over year-end 2001. Of the 109,000 net adds for the quarter, 94,000 related to consumer DSL services, 10,000 business and 5,000 wholesale.

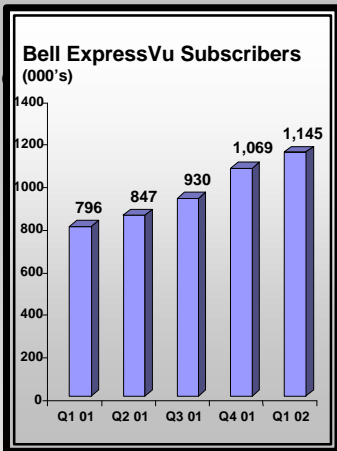
### Self-installation rates remain strong

- Average self-installation rates for SHSE improved to 97% for the quarter, a three-point gain over Q4 2001.

### Improving profitability and meeting customer needs

- Bell continued to drive profitability by moving the industry to higher product pricing. In addition, new services are being introduced to keep pace with evolving customer needs.
- A \$5.00/month increase will be implemented over the coming months for existing SHSE customers currently paying \$39.95/month in order to bring rates in line for all SHSE customers. At the same time, a bandwidth charge will also apply for usage over prescribed bandwidth levels.
- The launch of a new consumer Internet high speed service, with download speeds of up to 3Mbps and upload speeds of up to 640 kbps was also recently announced. This service will be priced at \$69.95/month with a bandwidth charge for usage over 10 GB per month.
- The introduction of a basic DSL service was also announced, offering customers speeds of up to 128kbps, three to four times faster than conventional dial-up, for \$29.95/month, available initially in Ontario.

# Satellite Television Growth

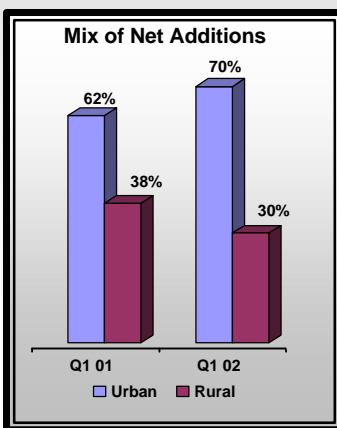


## Subscriber base grows by 76,000

- Bell ExpressVu's impressive subscriber growth translated into revenues of \$151 million for the first quarter of 2002, up 39% from the same period last year. Bell ExpressVu reported lower EBITDA losses reflecting the benefits of a larger scale business with improved programming and operating costs.
- Despite selling at a price premium compared to its major competitor, Bell ExpressVu captured approximately 70% of net additions for the quarter and increased its estimated market share to 61%. With 76,000 net activations in the quarter, the total subscriber base grew 44% compared to Q1 2001, reaching 1,145,000.
- Churn of 2.5% for the quarter was relatively stable compared to the first quarter last year.

## Average Revenue per Subscriber

- Average revenue per subscriber (ARPS) of \$45 in the first quarter of 2002 increased by over \$1 from Q4 2001, reflecting the positive impact of the approximate 45% take rate of the new digital channel offerings. Compared to the same period last year, ARPS declined, reflecting the general softening of the pay per view market and a higher penetration of customers taking lower priced programming packages.



## Urban customer growth

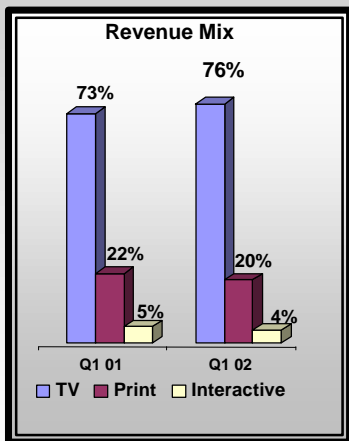
- Bell ExpressVu continued to make strong inroads into the urban market in the quarter with 70% of net additions coming from urban areas. This compares to 62% in the first quarter of 2001. At the end of the first quarter of 2002, Bell ExpressVu's urban customer base represented 57% of total subscribers.

# Cost Management

## Productivity initiatives drive EBITDA performance

- Driving productivity within the BCE group was instrumental in delivering on BCE's EBITDA and EPS targets this quarter.
- Savings of approximately \$150 million this quarter are on track with the 2002 target of some \$600 million in productivity gains across the BCE group.
- Bell Canada's productivity improvements of \$130 million were driven by supply chain optimisation, data process improvements, call center efficiencies, network operations improvements and synergies with Aliant. Bell is on track to achieve its \$450 – \$500 million target for 2002.
- Bell Canada's Sympatico unit benefited this quarter from its numerous efforts to increase self-installation rates on its DSL based Sympatico High Speed Edition product to 97%, thereby reducing its cost of acquisition significantly.
- Bell Canada also lowered its network provisioning and maintenance costs through technology improvements and better management of workload.
- Bell Globemedia had productivity gains driven by its workforce restructuring and synergies from its acquisitions of CFCF, CKY and RoBTV.

# Content



## ***Positioned for recovery***

- Total revenues for the quarter for Bell Globemedia were \$312 million, 2% higher than Q1 2001. Although this revenue growth includes the impact of acquisitions in late 2001, it still represents a significant achievement when considering the relative weakness of the advertising market compared to a strong Q1 2001. It also indicates that some signs of recovery are beginning to appear.
- Television advertising revenues were up 3% compared to Q1 of last year, largely as a result of the acquisition of CFCF, CKY and RoBTV. Advertising revenues appeared to be strengthening towards quarter-end.
- Advertising revenues at the Globe and Mail declined 10% from a very strong Q1 last year. The largest impact was within the Careers category, partially offset by stronger sales in retail advertising. Circulation price increases and lower newsprint costs also helped mitigate the negative impact.
- Total subscriber revenues continued to show solid performance, increasing 12% over last year. The increase is due to growth in subscriptions to specialty channels driven by increased satellite television penetration and the launch of five new digital channels last September.
- All business units implemented more stringent cost controls and the company is positioned to benefit from improvements in the economy.

## ***Maintaining Market Leadership***

- During the quarter, CTV continued to maintain its position as the nation's leading broadcaster, based on recent ratings.
- In addition, the Bell Globemedia Interactive group of properties maintained their position as the second most popular in Canada in terms of unique visitors, behind MSN and ahead of America Online (AOL).

# E-Commerce

## **Bell Canada**

- Bell Canada's e-commerce revenues totaled \$34M for the quarter, a 278% increase over the first quarter of 2001, reflecting growth in e-business applications, such as e-Learning and e-Procurement, hosting and security services, and the Government of Canada "Secure Channel" contract.

## **BCE Emergis**

- BCE Emergis' revenues for the first quarter were \$132 million, down \$11 million from a year ago. The decline was due to a significant shortfall in non-recurring revenues. To address this revenue shortfall, BCE Emergis announced on April 5 that it will streamline its service offerings and cost structure and aim to drive recurring revenue growth. Going forward, its focus will be on three key growth areas: bill presentment services, payment solutions and claims processing.
- On April 19, BCE Emergis announced that it had acquired e-route inc., Canada's leading e-bill presentment service, from a consortium of six of Canada's leading banks, for total compensation of \$26.4 million. The banks and Emergis have restructured their working relationship in order to accelerate and expand the reach of e-route's on-line bill presentment system. e-route currently has over 400,000 on-line banking customers who receive e-bills and has signed up 46 billing organizations from across the country. During the first quarter of 2002, some 475,000 bills were electronically presented to banking customers via e-route.

# Convergence

## **Convergence Products**

- During the first quarter, three new convergence products were launched, complementing the 19 products launched in 2001. These new products include two new e-commerce related products, e-Xchange and e-Procurement, and Bell Globemedia content availability through public Internet kiosks.
- To date, the clear winner in this group of products has been Millionaire on Wireless, which has become the most popular browser service for Bell Mobility with over 13 million hits in the first quarter.
- VoiceNet has also been encouraging with strong sales late in the quarter and in early April. It allows voice driven access to web-based information through wireless phones.

## **Convergence Selling**

- Bell Canada continues to use its wireline distribution channels to sell a greater number of products. Strong 310-Bell sales provided 19,000 new wireless activations during the quarter. Based on the success of 310-Bell selling wireless to consumers, 310-Bell for Business has been launched.
- The Bell Canada small business channel and Bell Actimedia sales force have also begun selling Bell Mobility products.

# Financial Guidance

The company provided revised financial guidance, excluding Teleglobe, for the second quarter and full year 2002, as follows:

| <b>GUIDANCE EXCLUDING<br/>TELEGLOBE</b>                            | <b>Q2 2002<br/>Revised<br/>Outlook</b> | <b>Full Year 2002<br/>Revised<br/>Outlook</b> | <b>Revised<br/>2001 to 2004<br/>CAGR Targets</b> |
|--|--|---|--|
| <b>Revenue</b> (billions)  | \$4.8 - \$5.1                          | \$19.5 - \$20.5                               | 7% - 9%  |
| <b>EBITDA</b> (billions)   | \$1.8 - \$2.0                          | \$7.5 - \$8.0                                 | 9% - 11%   |
| <b>Net earnings per share</b> (before<br>non-recurring items) (\$) | \$0.45 - \$0.48                        | \$1.80 - \$1.90                               | 11% - 13%  |

For comparison purposes only, the following table provides consolidated BCE results excluding Teleglobe:

| <b>BCE RESULTS EXCLUDING<br/>TELEGLOBE</b>                         | <b>2002<br/>Q1</b> | <b>2001</b> |           |                  |
|--|--------------------|-------------|-----------|------------------|
|  |                    | <b>Q1</b>   | <b>Q2</b> | <b>Full Year</b> |
| <b>Revenue</b> (billions)  | \$4.8              | \$4.6       | \$4.8     | \$19.3           |
| <b>EBITDA</b> (billions)   | \$1.8              | \$1.7       | \$1.8     | \$7.2            |
| <b>Net earnings per share</b> (before<br>non-recurring items) (\$) | \$0.43             | \$0.41      | \$0.46    | \$1.74           |

# Consolidated Statements of Operations (unaudited) (see Note 16)

| (\$ millions, except per share amounts)   | Three months ended March 31 |              |                |
|---|-----------------------------|--------------|----------------|
|   | 2002                        | 2001         | % change       |
| Operating revenues  | 5,245                       | 5,106        | 2.7%           |
| Operating expenses  | 3,395                       | 3,357        | 1.1%           |
| <b>EBITDA <sup>(3)</sup></b>  | <b>1,850</b>                | <b>1,749</b> | <b>5.8%</b>    |
| Amortization expense  | (839)                       | (1,087)      | 22.8%          |
| Net benefit plans credit  | 6                           | 33           | (81.8%)        |
| Restructuring and other charges   | -                           | (239)        | N.M.           |
| <b>Operating income</b>   | <b>1,017</b>                | <b>456</b>   | <b>N.M.</b>    |
| Other (expense) income  | (7)                         | 3,854        | 100.2%         |
| Interest expense  | (299)                       | (337)        | 11.3%          |
| <b>Earnings from continuing operations before income taxes and non-controlling interest</b> | <b>711</b>                  | <b>3,973</b> | <b>(82.1%)</b> |
| Income taxes  | (273)                       | (995)        | 72.6%          |
| Non-controlling interest  | (124)                       | (81)         | (53.1%)        |
| <b>Earnings from continuing operations</b>  | <b>314</b>                  | <b>2,897</b> | <b>(89.2%)</b> |
| Discontinued operations <sup>(4)</sup>  | -                           | (1,992)      | N.M.           |
| <b>Net earnings</b>   | <b>314</b>                  | <b>905</b>   | <b>(65.3%)</b> |
| Dividends on preferred shares   | (13)                        | (18)         | 27.8%          |
| <b>Net earnings applicable to common shares</b>   | <b>301</b>                  | <b>887</b>   | <b>(66.1%)</b> |
| <b>Net earnings per common share - basic</b>  |                             |              |                |
| Continuing operations   | \$ 0.37                     | \$ 3.56      |                |
| Net earnings  | \$ 0.37                     | \$ 1.10      |                |
| Average number of common shares outstanding (millions)                                      | 808.6                       | 808.1        |                |

## The following non-recurring items are included in net earnings:

|   |          |                |
|---|----------|----------------|
| Discontinued operations                         | -        | (1,992)        |
| Restructuring charges                           | -        | (114)          |
| Gains on sale of investments and dilution gains | -        | 3,007          |
| Goodwill amortization <sup>(5)</sup>            | -        | (248)          |
| Foreign exchange restatement <sup>(2)</sup>     | -        | (38)           |
| Other   | -        | (42)           |
| <b>Total</b>                                    | <b>-</b> | <b>573</b>     |
| <b>Impact on net earnings per share</b>         | <b>-</b> | <b>\$ 0.72</b> |

N.M.: not meaningful

### Consolidated Statements of Operations (unaudited) - historical trend (see Note 16)

| (\$ millions, except per share amounts)  | Q1 02        | Q4 01        | Q3 01        | Q2 01        | Q1 01        | Total<br>2001 |
|--|--------------|--------------|--------------|--------------|--------------|---------------|
| Operating revenues   | 5,245        | 5,539        | 5,230        | 5,227        | 5,106        | 21,102        |
| Operating expenses   | 3,395        | 3,675        | 3,315        | 3,373        | 3,357        | 13,720        |
| <b>EBITDA <sup>(3)</sup></b>   | <b>1,850</b> | <b>1,864</b> | <b>1,915</b> | <b>1,854</b> | <b>1,749</b> | <b>7,382</b>  |
| Amortization expense   | (839)        | (1,113)      | (1,112)      | (1,136)      | (1,087)      | (4,448)       |
| Net benefit plans credit   | 6            | 31           | 26           | 31           | 33           | 121           |
| Restructuring and other charges  | -            | (808)        | (130)        | -            | (239)        | (1,177)       |
| <b>Operating income (loss)</b>   | <b>1,017</b> | <b>(26)</b>  | <b>699</b>   | <b>749</b>   | <b>456</b>   | <b>1,878</b>  |
| Other (expense) income   | (7)          | (22)         | 85           | 87           | 3,854        | 4,004         |
| Interest expense   | (299)        | (299)        | (305)        | (325)        | (337)        | (1,266)       |
| <b>Earnings (loss) from continuing operations before<br/>income taxes and non-controlling interest</b> | <b>711</b>   | <b>(347)</b> | <b>479</b>   | <b>511</b>   | <b>3,973</b> | <b>4,616</b>  |
| Income taxes   | (273)        | 47           | (298)        | (298)        | (995)        | (1,544)       |
| Non-controlling interest   | (124)        | 36           | (49)         | (102)        | (81)         | (196)         |
| <b>Earnings (loss) from continuing operations</b>  | <b>314</b>   | <b>(264)</b> | <b>132</b>   | <b>111</b>   | <b>2,897</b> | <b>2,876</b>  |
| Discontinued operations <sup>(4)</sup>   | -            | (21)         | (260)        | (89)         | (1,992)      | (2,362)       |
| <b>Net earnings (loss)</b>   | <b>314</b>   | <b>(285)</b> | <b>(128)</b> | <b>22</b>    | <b>905</b>   | <b>514</b>    |
| Dividends on preferred shares  | (13)         | (14)         | (16)         | (16)         | (18)         | (64)          |
| <b>Net earnings (loss) applicable to common shares</b>   | <b>301</b>   | <b>(299)</b> | <b>(144)</b> | <b>6</b>     | <b>887</b>   | <b>450</b>    |
| <b>Net earnings (loss) per common share - basic</b>  |              |              |              |              |              |               |
| Continuing operations  | \$ 0.37      | \$ (0.34)    | \$ 0.14      | \$ 0.12      | \$ 3.56      | \$ 3.48       |
| Net earnings (loss)  | \$ 0.37      | \$ (0.37)    | \$ (0.18)    | \$ 0.01      | \$ 1.10      | \$ 0.56       |
| <b>Average number of common shares outstanding (millions)</b>  | <b>808.6</b> | <b>808.5</b> | <b>807.9</b> | <b>807.4</b> | <b>808.1</b> | <b>807.9</b>  |

#### The following non-recurring items are included in net earnings:

|   |             |                  |                  |                  |                |                  |
|---|-------------|------------------|------------------|------------------|----------------|------------------|
| Discontinued operations                         | -           | (20)             | (260)            | (90)             | (1,992)        | (2,362)          |
| Restructuring charges                           | -           | (398)            | (77)             | -                | (114)          | (589)            |
| Gains on sale of investments and dilution gains | -           | 40               | 153              | 6                | 3,007          | 3,206            |
| Goodwill amortization <sup>(5)</sup>            | -           | (234)            | (237)            | (252)            | (248)          | (971)            |
| Foreign exchange restatement <sup>(2)</sup>     | -           | (1)              | (27)             | 35               | (38)           | (31)             |
| Other   | -           | (7)              | (18)             | (6)              | (42)           | (73)             |
| <b>Total</b>                                    | <b>-</b>    | <b>(620)</b>     | <b>(466)</b>     | <b>(307)</b>     | <b>573</b>     | <b>(820)</b>     |
| <b>Impact on net earnings per share</b>         | <b>\$ -</b> | <b>\$ (0.77)</b> | <b>\$ (0.58)</b> | <b>\$ (0.38)</b> | <b>\$ 0.72</b> | <b>\$ (1.01)</b> |

**Consolidated Balance Sheets (unaudited) (See Note 16)**

|  | March 31<br>2002 | December 31<br>2001 |
|--|------------------|---------------------|
| <i>(Millions of dollars, except where otherwise indicated)</i> |                  |                     |
| <b>ASSETS</b>  |                  |                     |
| <b>Current assets</b>  |                  |                     |
| Cash and cash equivalents                                      | 892              | 569                 |
| Accounts receivable  | 4,160            | 4,118               |
| Other current assets   | 1,288            | 1,213               |
| <b>Total current assets</b>                                    | <b>6,340</b>     | <b>5,900</b>        |
| <b>Investments</b>   | <b>1,189</b>     | <b>1,106</b>        |
| <b>Capital assets</b>  | <b>26,080</b>    | <b>26,599</b>       |
| <b>Future income taxes</b>                                     | <b>994</b>       | <b>1,031</b>        |
| <b>Other long-term assets</b>                                  | <b>3,440</b>     | <b>3,363</b>        |
| <b>Goodwill and other intangibles</b>                          | <b>16,218</b>    | <b>16,075</b>       |
| <b>Total assets</b>  | <b>54,261</b>    | <b>54,074</b>       |
| <b>LIABILITIES</b>   |                  |                     |
| <b>Current liabilities</b>                                     |                  |                     |
| Accounts payable and accrued liabilities                       | 5,186            | 5,792               |
| Income and other taxes payable                                 | 276              | 681                 |
| Debt due within one year                                       | 5,768            | 5,263               |
| <b>Total current liabilities</b>                               | <b>11,230</b>    | <b>11,736</b>       |
| <b>Long-term debt</b>  | <b>14,977</b>    | <b>14,861</b>       |
| <b>Future income taxes</b>                                     | <b>945</b>       | <b>924</b>          |
| <b>Other long-term liabilities</b>                             | <b>4,311</b>     | <b>4,129</b>        |
| <b>Total liabilities</b>                                       | <b>31,463</b>    | <b>31,650</b>       |
| <b>Non-controlling interest</b>                                | <b>5,753</b>     | <b>5,625</b>        |
| <b>SHAREHOLDERS' EQUITY</b>                                    |                  |                     |
| <b>Preferred shares</b>  | <b>1,510</b>     | <b>1,300</b>        |
| <b>Common shareholders' equity</b>                             |                  |                     |
| Common shares  | 13,829           | 13,827              |
| Contributed surplus  | 980              | 980                 |
| Retained earnings  | 761              | 712                 |
| Currency translation adjustment                                | (35)             | (20)                |
| <b>Total common shareholders' equity</b>                       | <b>15,535</b>    | <b>15,499</b>       |
| <b>Total shareholders' equity</b>                              | <b>17,045</b>    | <b>16,799</b>       |
| <b>Total liabilities and shareholders' equity</b>              | <b>54,261</b>    | <b>54,074</b>       |
| <b>Number of common shares outstanding</b>                     | <b>808.6</b>     | <b>808.5</b>        |
| <b>Net debt to total capitalization <sup>(6)</sup></b>         | <b>0.47</b>      | <b>0.47</b>         |

**Consolidated Statements of Cash Flows (unaudited) (See Note 16)**

|   | <b>Three months<br/>ended March 31</b> |                |
|---|--|----------------|
| <i>(Millions of dollars, except where otherwise indicated)</i>  | <b>2002</b>                            | <b>2001</b>    |
| <b>Cash flows from operating activities</b>   |  |                |
| Earnings (loss) from continuing operations  | <b>314</b>                             | 2,897          |
| Adjustments to reconcile earnings (loss) from continuing operations to cash flows from operating activities:                          |  |                |
| Amortization expense  | <b>839</b>                             | 1,087          |
| Restructuring and other charges   | -                                      | 231            |
| Gains on reduction of ownership in subsidiaries and joint ventures and on disposal of investments                                     | -                                      | (3,867)        |
| Future income taxes   | <b>(26)</b>                            | 375            |
| Other items   | <b>119</b>                             | (91)           |
| Change in non-cash working capital components   | <b>(999)</b>                           | (181)          |
|   | <b>247</b>                             | <b>451</b>     |
| <b>Cash flows from investing activities</b>   |  |                |
| Capital expenditures  | <b>(939)</b>                           | (1,947)        |
| Investments   | <b>(106)</b>                           | (75)           |
| Other items   | <b>(25)</b>                            | 169            |
|   | <b>(1,070)</b>                         | <b>(1,853)</b> |
| <b>Dividends</b>  |  |                |
| Dividends paid on common and preferred shares   | <b>(250)</b>                           | (260)          |
| Dividends paid by subsidiaries to non-controlling interest  | <b>(71)</b>                            | (81)           |
|   |  |                |
| <b>Free Cash Flow before monetizations</b>  | <b>(1,144)</b>                         | <b>(1,743)</b> |
| Monetizations   | <b>203</b>                             | 4,537          |
| <b>Free Cash Flow after monetizations</b>   | <b>(941)</b>                           | <b>2,794</b>   |
| <b>Other financing activities</b>   |  |                |
| Increase (decrease) of notes payable and bank advances  | <b>136</b>                             | (1,504)        |
| Issue of long-term debt   | <b>1,253</b>                           | 908            |
| Repayment of long-term debt   | <b>(103)</b>                           | (297)          |
| Issue of preferred shares   | <b>510</b>                             | -              |
| Redemption of preferred shares  | <b>(306)</b>                           | -              |
| Redemption of preferred shares by subsidiaries  | -                                      | (136)          |
| Issue of common shares  | <b>2</b>                               | 47             |
| Purchase of common shares for cancellation  | -                                      | (191)          |
| Issue of common shares, preferred shares, convertible debentures and equity-settled notes by subsidiaries to non-controlling interest | <b>7</b>                               | 683            |
| Other items   | <b>(8)</b>                             | 2              |
|   | <b>1,491</b>                           | <b>(488)</b>   |
| Effect of exchange rate changes on cash and cash equivalents  | -                                      | 4              |
| Cash used in continuing operations  | <b>550</b>                             | <b>2,310</b>   |
| Cash (used in) provided by discontinued operations  | <b>(227)</b>                           | 328            |
| Net increase in cash and cash equivalents   | <b>323</b>                             | <b>2,638</b>   |
| Cash and cash equivalents at beginning of period  | <b>569</b>                             | 260            |
| <b>Cash and cash equivalents at end of period</b>   | <b>892</b>                             | <b>2,898</b>   |
| <b>Capital expenditures as a percentage of revenues</b>   | <b>17.9%</b>                           | <b>38.1%</b>   |

## Segmented Information

|  | Three months ended March 31 |              |             |
|--|-----------------------------|--------------|-------------|
|  | 2002                        | 2001         | % change    |
| <i>(Millions of dollars, except where otherwise indicated)</i> |                             |              |             |
| <b>Revenues</b>  |                             |              |             |
| Bell Canada  | 4,275                       | 4,107        | 4.1%        |
| Bell Globemedia  | 312                         | 306          | 2.0%        |
| BCE Teleglob   | 505                         | 506          | (0.2%)      |
| BCE Emergis  | 132                         | 143          | (7.7%)      |
| BCE Ventures <sup>(4)</sup>                                    | 271                         | 241          | 12.4%       |
| Corporate and other (including intercompany eliminations)      | (250)                       | (197)        | (26.9%)     |
| <b>Revenues</b>  | <b>5,245</b>                | <b>5,106</b> | <b>2.7%</b> |

|   |              |              |             |
|---|--------------|--------------|-------------|
| <b>EBITDA <sup>(3)</sup></b>                              |              |              |             |
| Bell Canada   | 1,760        | 1,635        | 7.6%        |
| Bell Globemedia   | 33           | 30           | 10.0%       |
| BCE Teleglob  | 27           | 29           | (6.9%)      |
| BCE Emergis   | (20)         | 26           | N.M.        |
| BCE Ventures <sup>(4)</sup>                               | 88           | 63           | 39.7%       |
| Corporate and other (including intercompany eliminations) | (38)         | (34)         | (11.8%)     |
| <b>EBITDA</b>   | <b>1,850</b> | <b>1,749</b> | <b>5.8%</b> |

|   |            |            |                |
|---|------------|------------|----------------|
| <b>Net earnings (loss) applicable to common shares</b>    |            |            |                |
| Bell Canada   | 321        | 162        | 98.1%          |
| Bell Globemedia   | 1          | (33)       | 103.0%         |
| BCE Teleglob  | (33)       | (117)      | 71.8%          |
| BCE Emergis   | (15)       | (91)       | 83.5%          |
| BCE Ventures <sup>(4)</sup>                               | 12         | (1,939)    | N.M.           |
| Corporate and other (including intercompany eliminations) | 15         | 2,905      | N.M.           |
| <b>Net earnings (loss) applicable to common shares</b>    | <b>301</b> | <b>887</b> | <b>(66.1%)</b> |

## Proportionate EBITDA, proportionate net debt and preferreds

|   | Common shares<br>owned by BCE (M) | BCE<br>Ownership (%) | Proportionate EBITDA |       |       |       | 12-Mth<br>Trailing | Proportionate net debt<br>and preferreds |
|---|-----------------------------------|----------------------|----------------------|-------|-------|-------|--------------------|--|
|   |                                   |                      | Q1 02                | Q4 01 | Q3 01 | Q2 01 |                    |  |
| Bell Canada                                 |                                   |                      |                      |       |       |       |                    |  |
| Bell Canada Holdings                        |                                   | 80%                  | 1,254                | 1,205 | 1,285 | 1,202 | 4,946              | 12,893                                   |
| Aliant <sup>(7)</sup>                       | 72.9                              | 45%                  | 104                  | 121   | 116   | 113   | 454                | 741                                      |
| ExpressVu                                   |                                   | 100%                 | (38)                 | (70)  | (45)  | (34)  | (187)              | (46)                                     |
| Total Bell Canada                           |                                   |                      | 1,320                | 1,256 | 1,356 | 1,281 | 5,213              | 13,588                                   |
| Bell Globemedia                             |                                   | 70%                  | 20                   | 25    | (9)   | 25    | 61                 | 505                                      |
| BCE Teleglobe                               |                                   | 95%                  | 26                   | 33    | 36    | 23    | 118                | 2,493                                    |
| BCE Emergis                                 | 65.9                              | 65%                  | (13)                 | 23    | 23    | 20    | 53                 | (54)                                     |
| BCE Ventures <sup>(4)</sup>                 |                                   |                      |                      |       |       |       |                    |  |
| BCI   | 2,984.0                           | 62%                  |                      |       |       |       |                    | 1,289                                    |
| CGI   | 120.0                             | 32%                  | 25                   | 30    | 21    | 24    | 100                | (34)                                     |
| Telesat                                     |                                   | 100%                 | 47                   | 52    | 48    | 41    | 188                | 460                                      |
| Other                                       |                                   | 95%                  | 16                   | 8     | 4     | 13    | 41                 | 1,379                                    |
| Total BCE Ventures                          |                                   |                      | 88                   | 90    | 73    | 78    | 329                | 3,094                                    |
| Corporate                                   |                                   | 100%                 | (38)                 | (43)  | (43)  | (39)  | (163)              |  |
| Perpetual Preferred Shares                  |                                   |                      |                      |       |       |       |                    | 1,510                                    |
| Retractable Preferred Shares <sup>(8)</sup> |                                   |                      |                      |       |       |       |                    | 400                                      |
| Debt due within one year                    |                                   |                      |                      |       |       |       |                    | 170                                      |
| less:                                       |                                   |                      |                      |       |       |       |                    |  |
| Cash and cash equivalents                   |                                   |                      |                      |       |       |       |                    | (3)                                      |
| Nortel common shares at market              |                                   |                      |                      |       |       |       |                    | (93)                                     |
| Bell Canada Holdings debt due to BCE        |                                   |                      |                      |       |       |       |                    | (3,454)                                  |
| Total Corporate                             |                                   |                      |                      |       |       |       |                    | (1,470)                                  |
| Total                                       |                                   |                      | 1,403                | 1,384 | 1,436 | 1,388 | 5,611              | 18,156                                   |

N.M.: not meaningful

## Segmented information - historical trend

| <i>(Millions of dollars, except where otherwise indicated)</i> | Q1 02        | Q4 01        | Q3 01        | Q2 01        | Q1 01        | Total<br>2001 |
|--|--------------|--------------|--------------|--------------|--------------|---------------|
| <b>Revenues</b>  |              |              |              |              |              |               |
| Bell Canada  | 4,275        | 4,562        | 4,337        | 4,248        | 4,107        | 17,254        |
| Bell Globemedia  | 312          | 354          | 246          | 297          | 306          | 1,203         |
| BCE Teleglobe  | 505          | 526          | 491          | 542          | 506          | 2,065         |
| BCE Emergis  | 132          | 181          | 173          | 159          | 143          | 656           |
| BCE Ventures <sup>(4)</sup>                                    | 271          | 289          | 263          | 268          | 241          | 1,061         |
| Corporate and other (including intercompany eliminations)      | (250)        | (373)        | (280)        | (287)        | (197)        | (1,137)       |
| <b>Revenues</b>  | <b>5,245</b> | <b>5,539</b> | <b>5,230</b> | <b>5,227</b> | <b>5,106</b> | <b>21,102</b> |
| <b>EBITDA <sup>(3)</sup></b>                                   |              |              |              |              |              |               |
| Bell Canada  | 1,760        | 1,704        | 1,818        | 1,719        | 1,635        | 6,876         |
| Bell Globemedia  | 33           | 43           | (6)          | 41           | 30           | 108           |
| BCE Teleglobe  | 27           | 35           | 38           | 24           | 29           | 126           |
| BCE Emergis  | (20)         | 35           | 35           | 31           | 26           | 127           |
| BCE Ventures <sup>(4)</sup>                                    | 88           | 90           | 73           | 78           | 63           | 304           |
| Corporate and other (including intercompany eliminations)      | (38)         | (43)         | (43)         | (39)         | (34)         | (159)         |
| <b>EBITDA</b>  | <b>1,850</b> | <b>1,864</b> | <b>1,915</b> | <b>1,854</b> | <b>1,749</b> | <b>7,382</b>  |
| <b>Net earnings (loss) applicable to common shares</b>         |              |              |              |              |              |               |
| Bell Canada  | 321          | (101)        | 272          | 330          | 162          | 663           |
| Bell Globemedia  | 1            | (25)         | (52)         | (40)         | (33)         | (150)         |
| BCE Teleglobe  | (33)         | (157)        | (184)        | (151)        | (117)        | (609)         |
| BCE Emergis  | (15)         | (45)         | (70)         | (75)         | (91)         | (281)         |
| BCE Ventures <sup>(4)</sup>                                    | 12           | 3            | (144)        | (78)         | (1,939)      | (2,158)       |
| Corporate and other (including intercompany eliminations)      | 15           | 26           | 34           | 20           | 2,905        | 2,985         |
| <b>Net earnings (loss) applicable to common shares</b>         | <b>301</b>   | <b>(299)</b> | <b>(144)</b> | <b>6</b>     | <b>887</b>   | <b>450</b>    |

# Consolidated Statements of Operations (unaudited)

|  | Three months<br>ended March 31 |              |                |
|--|--------------------------------|--------------|----------------|
|  | 2002                           | 2001         | % change       |
| <i>(Millions of dollars, except where otherwise indicated)</i>   |                                |              |                |
| <b>Revenues</b>  |                                |              |                |
| Local and access   | 1,524                          | 1,481        | 2.9%           |
| Long distance  | 648                            | 696          | (6.9%)         |
| Wireless   | 494                            | 409          | 20.8%          |
| Data   | 923                            | 810          | 14.0%          |
| Other  | 535                            | 602          | (11.1%)        |
| Total Bell Canada Holdings (including Aliant)                    | 4,124                          | 3,998        | 3.2%           |
| Bell ExpressVu   | 151                            | 109          | 38.5%          |
| <b>Total operating revenues</b>                                  | <b>4,275</b>                   | <b>4,107</b> | <b>4.1%</b>    |
| <b>Cash operating expenses</b>                                   |                                |              |                |
| Bell Canada Holdings (including Aliant)                          | 2,326                          | 2,320        | 0.3%           |
| Bell ExpressVu   | 189                            | 152          | 24.3%          |
| <b>Total cash operating expenses</b>                             | <b>2,515</b>                   | <b>2,472</b> | <b>1.7%</b>    |
| <b>EBITDA <sup>(3)</sup></b>                                     |                                |              |                |
| Bell Canada Holdings (including Aliant)                          | 1,798                          | 1,678        | 7.2%           |
| Bell ExpressVu   | (38)                           | (43)         | 11.6%          |
| <b>Total EBITDA</b>  | <b>1,760</b>                   | <b>1,635</b> | <b>7.6%</b>    |
| Amortization expense   | (711)                          | (717)        | 0.8%           |
| Restructuring and other charges                                  | -                              | (239)        | N.M.           |
| Pension credit   | 8                              | 35           | (77.1%)        |
| Interest expense to third parties                                | (237)                          | (233)        | (1.7%)         |
| Interest expense to BCE  | (41)                           | (44)         | 6.8%           |
| Equity income and other  | (8)                            | 323          | (102.5%)       |
| <b>Earnings before income taxes and non-controlling interest</b> | <b>771</b>                     | <b>760</b>   | <b>1.4%</b>    |
| Income taxes   | (296)                          | (195)        | (51.8%)        |
| Non-controlling interest   | (35)                           | (1)          | N.M.           |
| <b>Net earnings</b>  | <b>440</b>                     | <b>564</b>   | <b>(22.0%)</b> |
| Dividends on preferred shares                                    | (16)                           | (12)         | (33.3%)        |
| Interest on equity settled notes                                 | (14)                           | (14)         | 0.0%           |
| <b>Net earnings applicable to common</b>                         | <b>410</b>                     | <b>538</b>   | <b>(23.8%)</b> |

## The following non-recurring items are included in net earnings:

|   |          |            |
|---|----------|------------|
| Restructuring charges                           | -        | (143)      |
| Gains on sale of investments and dilution gains | -        | 400        |
| Goodwill amortization <sup>(5)</sup>            | -        | (20)       |
| Foreign exchange restatement <sup>(2)</sup>     | -        | (49)       |
| Other   | -        | (1)        |
| <b>Total</b>                                    | <b>-</b> | <b>187</b> |

## Net debt, preferreds and equity settled notes

| At March 31, 2002                                    | Bell<br>Canada | BCH<br>Corporate | Aliant       | Bell<br>ExpressVu | Total         |
|--|----------------|------------------|--------------|-------------------|---------------|
| Bank indebtedness / (cash and cash equivalents)      | 153            | -                | (245)        | (46)              | (138)         |
| Long term debt                                       | 9,661          | -                | 1,545        | -                 | 11,206        |
| Debt due within one year                             | 1,435          | -                | 174          | -                 | 1,609         |
| <b>Net debt</b>                                      | <b>11,249</b>  | <b>-</b>         | <b>1,474</b> | <b>(46)</b>       | <b>12,677</b> |
| Preferred shares                                     | 1,100          | -                | 172          | -                 | 1,272         |
| Equity settled notes                                 | 2,068          | (2,068)          | -            | -                 | -             |
| Equity settled notes due to BCE                      | -              | 1,256            | -            | -                 | 1,256         |
| Senior debt due to BCE                               | -              | 2,198            | -            | -                 | 2,198         |
| Equity settled notes due to SBC                      | -              | 314              | -            | -                 | 314           |
| <b>Net debt, preferreds and equity settled notes</b> | <b>14,417</b>  | <b>1,700</b>     | <b>1,646</b> | <b>(46)</b>       | <b>17,717</b> |

N.M.: not meaningful

# Consolidated Statements of Operations (unaudited) - historical trend

| <i>(Millions of dollars, except where otherwise indicated)</i>   | Q1 02        | Q4 01        | Q3 01        | Q2 01        | Q1 01        | Total<br>2001 |
|--|--------------|--------------|--------------|--------------|--------------|---------------|
| <b>Revenues</b>  |              |              |              |              |              |               |
| Local and access   | 1,524        | 1,654        | 1,635        | 1,590        | 1,481        | 6,360         |
| Long distance  | 648          | 647          | 663          | 645          | 696          | 2,651         |
| Wireless   | 494          | 493          | 490          | 447          | 409          | 1,839         |
| Data   | 923          | 990          | 881          | 878          | 810          | 3,559         |
| Other  | 535          | 645          | 551          | 573          | 602          | 2,371         |
| Total Bell Canada Holdings (including Aliant)                    | 4,124        | 4,429        | 4,220        | 4,133        | 3,998        | 16,780        |
| Bell ExpressVu   | 151          | 133          | 117          | 115          | 109          | 474           |
| <b>Total operating revenues</b>                                  | <b>4,275</b> | <b>4,562</b> | <b>4,337</b> | <b>4,248</b> | <b>4,107</b> | <b>17,254</b> |
| <b>Cash operating expenses</b>                                   |              |              |              |              |              |               |
| Bell Canada Holdings (including Aliant)                          | 2,326        | 2,655        | 2,357        | 2,380        | 2,320        | 9,712         |
| Bell ExpressVu   | 189          | 203          | 162          | 149          | 152          | 666           |
| <b>Total cash operating expenses</b>                             | <b>2,515</b> | <b>2,858</b> | <b>2,519</b> | <b>2,529</b> | <b>2,472</b> | <b>10,378</b> |
| <b>EBITDA <sup>(3)</sup></b>                                     |              |              |              |              |              |               |
| Bell Canada Holdings (including Aliant)                          | 1,798        | 1,774        | 1,863        | 1,753        | 1,678        | 7,068         |
| Bell ExpressVu   | (38)         | (70)         | (45)         | (34)         | (43)         | (192)         |
| <b>Total EBITDA</b>  | <b>1,760</b> | <b>1,704</b> | <b>1,818</b> | <b>1,719</b> | <b>1,635</b> | <b>6,876</b>  |
| Amortization expense   | (711)        | (727)        | (737)        | (753)        | (717)        | (2,934)       |
| Restructuring and other charges                                  | -            | (737)        | -            | -            | (239)        | (976)         |
| Pension credit   | 8            | 31           | 28           | 34           | 35           | 128           |
| Interest expense to third parties                                | (237)        | (236)        | (236)        | (242)        | (233)        | (947)         |
| Interest expense to BCE  | (41)         | (42)         | (42)         | (43)         | (44)         | (171)         |
| Equity income and other  | (8)          | (57)         | (81)         | 68           | 323          | 253           |
| <b>Earnings before income taxes and non-controlling interest</b> | <b>771</b>   | <b>(64)</b>  | <b>750</b>   | <b>783</b>   | <b>760</b>   | <b>2,229</b>  |
| Income taxes   | (296)        | (14)         | (361)        | (296)        | (195)        | (866)         |
| Non-controlling interest   | (35)         | (2)          | (14)         | (32)         | (1)          | (49)          |
| <b>Net earnings</b>  | <b>440</b>   | <b>(80)</b>  | <b>375</b>   | <b>455</b>   | <b>564</b>   | <b>1,314</b>  |
| Extraordinary Items  | -            | (70)         | -            | -            | -            | (70)          |
| Dividends on preferred shares                                    | (16)         | (15)         | (15)         | (13)         | (12)         | (55)          |
| Interest on equity settled notes                                 | (14)         | (15)         | (15)         | (15)         | (14)         | (59)          |
| <b>Net earnings applicable to common</b>                         | <b>410</b>   | <b>(180)</b> | <b>345</b>   | <b>427</b>   | <b>538</b>   | <b>1,130</b>  |

## The following non-recurring items are included in net earnings:

|   |          |              |             |           |            |              |
|---|----------|--------------|-------------|-----------|------------|--------------|
| Restructuring charges                           | -        | (467)        | -           | -         | (143)      | (610)        |
| Gains on sale of investments and dilution gains | -        | (39)         | 5           | 10        | 400        | 376          |
| Goodwill amortization <sup>(5)</sup>            | -        | (21)         | (21)        | (21)      | (20)       | (83)         |
| Foreign exchange restatement <sup>(2)</sup>     | -        | (2)          | (38)        | 49        | (49)       | (40)         |
| Other   | -        | 24           | 2           | (1)       | (1)        | 24           |
| <b>Total</b>                                    | <b>-</b> | <b>(505)</b> | <b>(52)</b> | <b>37</b> | <b>187</b> | <b>(333)</b> |

## Operating Statistics

|  | Three months<br>ended March 31 |        |           |
|--|--------------------------------|--------|-----------|
|  | 2002                           | 2001   | % change  |
| <b>Wireline</b>  |                                |        |           |
| <b>Local</b>   |                                |        |           |
| Network access services (k)  |                                |        |           |
| Residential  | 8,612                          | 8,652  | (0.5%)    |
| Business   | 4,653                          | 4,723  | (1.5%)    |
| Total network access services  | 13,265                         | 13,375 | (0.8%)    |
| Estimated Local market share <sup>(9)</sup> (%) - Bell Canada only               |                                |        |           |
| Residential  | 98.7%                          | 99.6%  | (0.9 pts) |
| Business   | 88.9%                          | 91.9%  | (3.0 pts) |
| Total estimated local market share   | 95.1%                          | 96.8%  | (1.7 pts) |
| SmartTouch feature revenues (\$M)  | 232                            | 208    | 11.5%     |
| <b>Long Distance</b>   |                                |        |           |
| Long distance conversation minutes (M)   | 4,649                          | 4,498  | 3.4%      |
| Long distance - ARPM   | 0.122                          | 0.135  | (9.6%)    |
| Estimated Long distance market share<br>(% based on revenues) - Bell Canada only | 61.8%                          | 61.5%  | 0.3 pts   |
| <b>Data</b>  |                                |        |           |
| Data revenues (\$M)  |                                |        |           |
| Legacy <sup>(10)</sup>   | 482                            | 534    | (9.7%)    |
| Non-Legacy <sup>(11)</sup>   | 441                            | 276    | 59.8%     |
|  | 923                            | 810    | 14.0%     |
| Equivalent access lines <sup>(12)</sup> (k) - Bell Canada only                   |                                |        |           |
| Digital equivalent access lines  | 3,815                          | 3,445  | 10.7%     |
| Broadband equivalent access lines  | 9,431                          | 5,249  | 79.7%     |
| Internet subscribers <sup>(13)</sup> (k)   |                                |        |           |
| DSL High Speed Internet subscribers (k)  | 866                            | 466    | 85.8%     |
| Dial-up Internet subscribers (k)   | 1,036                          | 946    | 9.5%      |
|  | 1,902                          | 1,412  | 34.7%     |
| <b>Wireless</b>  |                                |        |           |
| Cellular & PCS Net activations (k)   |                                |        |           |
| Pre-paid   | 18                             | 58     | (69.0%)   |
| Post-paid  | 76                             | 56     | 35.7%     |
|  | 94                             | 114    | (17.5%)   |
| Cellular & PCS subscribers (k)   |                                |        |           |
| Pre-paid   | 982                            | 775    | 26.7%     |
| Post-paid  | 2,572                          | 2,109  | 22.0%     |
|  | 3,554                          | 2,884  | 23.2%     |
| Wireless ARPU (\$/month)   | 43                             | 44     | (2.3%)    |
| Pre-paid   | 11                             | 13     | (15.4%)   |
| Post-paid  | 56                             | 55     | 1.8%      |
| Churn (%) (average per month)  | 1.5%                           | 1.3%   | 0.2 pts   |
| Post-paid churn  | 1.5%                           | 1.3%   | 0.2 pts   |
| Pre-paid churn   | 1.7%                           | 1.3%   | 0.4 pts   |
| Usage per subscriber (min/month)   | 181                            | 161    | 12.4%     |
| COA <sup>(14)</sup> (\$/sub) - Bell Mobility only                                | 493                            | 380    | 29.7%     |
| Browser hits (M) - Bell Mobility only  | 112                            | 28     | N.M.      |
| <b>Paging</b>  |                                |        |           |
| Subscribers (k)  | 694                            | 759    | (8.6%)    |
| ARPU (\$/month)  | 10                             | 11     | (9.1%)    |
| <b>DTH</b>   |                                |        |           |
| Total DTH subscribers (k)  | 1,145                          | 796    | 43.8%     |
| Net subscriber activations (k)   | 76                             | 74     | 2.7%      |
| ARPS (\$/month)  | 45                             | 47     | (4.3%)    |
| COA  | 718                            | 612    | 17.3%     |
| Churn (%) (per quarter)  | 2.5%                           | 2.4%   | 0.1 pts   |

\*Operating statistics are reported on a consolidated basis, except where otherwise noted.

N.M.: not meaningful

# Operating statistics - historical trend

|   | Q1 02  | Q4 01  | Q3 01  | Q2 01  | Q1 01  | Total<br>2001 |
|---|--------|--------|--------|--------|--------|---------------|
| <b>Wireline</b>   |        |        |        |        |        |               |
| <b>Local</b>  |        |        |        |        |        |               |
| Network access services (k)   |        |        |        |        |        |               |
| Residential   | 8,612  | 8,633  | 8,648  | 8,576  | 8,652  |               |
| Business  | 4,653  | 4,706  | 4,736  | 4,721  | 4,723  |               |
| Total network access service  | 13,265 | 13,339 | 13,384 | 13,297 | 13,375 |               |
| Estimated Local market share <sup>(9)</sup> (%) - Bell Canada only            |        |        |        |        |        |               |
| Residential   | 98.7%  | 99.3%  | 99.4%  | 99.5%  | 99.6%  |               |
| Business  | 88.9%  | 89.8%  | 90.6%  | 90.8%  | 91.9%  |               |
| Total estimated local market share  | 95.1%  | 95.8%  | 96.1%  | 96.3%  | 96.8%  |               |
| SmartTouch feature revenues (\$M)   | 232    | 230    | 226    | 224    | 208    | 888           |
| <b>Long Distance</b>  |        |        |        |        |        |               |
| Long distance conversation minutes (M)  | 4,649  | 4,804  | 4,400  | 4,498  | 4,498  | 18,200        |
| ARPM  | 0.122  | 0.124  | 0.136  | 0.132  | 0.135  | 0.132         |
| Estimated Long distance market share (% based on revenues) - Bell Canada only | 61.8%  | 63.6%  | 64.1%  | 63.2%  | 61.5%  |               |
| <b>Data</b>   |        |        |        |        |        |               |
| Data revenues (\$M)   |        |        |        |        |        |               |
| Legacy <sup>(10)</sup>  | 482    | 556    | 546    | 540    | 534    | 2,176         |
| Non-Legacy <sup>(11)</sup>  | 441    | 434    | 335    | 338    | 276    | 1,383         |
|   | 923    | 990    | 881    | 878    | 810    | 3,559         |
| Equivalent access lines <sup>(12)</sup> (k) - Bell Canada only                |        |        |        |        |        |               |
| Digital equivalent access lines   | 3,815  | 3,713  | 3,734  | 3,599  | 3,445  |               |
| Broadband equivalent access lines   | 9,431  | 9,109  | 6,836  | 6,359  | 5,249  |               |
| Internet subscribers <sup>(13)</sup> (k)                                      |        |        |        |        |        |               |
| DSL High Speed Internet subscribers (k)                                       | 866    | 757    | 625    | 529    | 466    |               |
| Dial-up Internet subscribers (k)  | 1,036  | 1,019  | 1,002  | 968    | 946    |               |
|   | 1,902  | 1,776  | 1,627  | 1,497  | 1,412  |               |
| <b>Wireless</b>   |        |        |        |        |        |               |
| Cellular & PCS Net activations (k)  |        |        |        |        |        |               |
| Pre-paid  | 18     | 88     | 48     | 53     | 58     | 247           |
| Post-paid   | 76     | 186    | 103    | 98     | 56     | 443           |
|   | 94     | 274    | 151    | 151    | 114    | 690           |
| Cellular & PCS subscribers (k)  |        |        |        |        |        |               |
| Pre-paid  | 982    | 964    | 876    | 828    | 775    |               |
| Post-paid   | 2,572  | 2,496  | 2,310  | 2,207  | 2,109  |               |
|   | 3,554  | 3,460  | 3,186  | 3,035  | 2,884  |               |
| Wireless ARPU (\$/Month)  | 43     | 46     | 49     | 46     | 44     | 46            |
| Pre-paid  | 11     | 12     | 14     | 12     | 13     | 13            |
| Post-paid   | 56     | 59     | 62     | 59     | 55     | 58            |
| Churn (%) (average per month)   | 1.5%   | 1.7%   | 1.5%   | 1.4%   | 1.3%   | 1.5%          |
| Post-paid churn   | 1.5%   | 1.8%   | 1.5%   | 1.4%   | 1.3%   | 1.5%          |
| Pre-paid churn  | 1.7%   | 1.6%   | 1.4%   | 1.4%   | 1.3%   | 1.4%          |
| Usage per subscriber (min/month)  | 181    | 190    | 184    | 190    | 161    | 182           |
| COA <sup>(14)</sup> (\$/sub) - Bell Mobility only                             | 493    | 350    | 395    | 385    | 380    | 374           |
| Browser hits (M) - Bell Mobility only   | 112    | 81     | 41     | 36     | 28     | 186           |
| <b>Paging</b>   |        |        |        |        |        |               |
| Subscribers (k)   | 694    | 715    | 733    | 755    | 759    |               |
| ARPU (\$/month)   | 10     | 10     | 10     | 10     | 11     | 10            |
| <b>DTH</b>  |        |        |        |        |        |               |
| Total DTH subscribers (k)   | 1,145  | 1,069  | 930    | 847    | 796    |               |
| Net subscriber activations (k)  | 76     | 139    | 83     | 51     | 74     | 347           |
| ARPS (\$/month)   | 45     | 44     | 44     | 46     | 47     | 45            |
| COA   | 718    | 710    | 674    | 623    | 612    | 676           |
| Churn (%) (per quarter)   | 2.5%   | 2.1%   | 3.1%   | 2.6%   | 2.4%   | 10.3%         |

\* Operating statistics are reported on a consolidated basis, except where otherwise noted.

**Statements of Operations - Selected data**
**Three months  
ended March 31**
*(Millions of dollars, except otherwise indicated)*
**2002**      **2001**      **% change**
**Revenues**

|                       |            |     |        |
|-----------------------|------------|-----|--------|
| Advertising           | <b>219</b> | 221 | (0.9%) |
| Subscriber            | <b>73</b>  | 65  | 12.3%  |
| Production and Sundry | <b>20</b>  | 20  | 0.0%   |

**Total Revenues**
**312**      **306**      **2.0%**
**EBITDA** <sup>(3)</sup>
**33**      **30**      **10.0%**
**Operating statistics**
**Bell Globemedia Interactive\***

Unique visitors per month (in millions) \*\*

**10.2**      N/A

**Statements of Operations - Selected data - historical trend**
*(Millions of dollars, except where otherwise indicated)*
**Q1 02**
**Q4 01**
**Q3 01**
**Q2 01**
**Q1 01**
**Total  
2001**
**Revenues**

|                       |            |     |     |     |     |     |
|-----------------------|------------|-----|-----|-----|-----|-----|
| Advertising           | <b>219</b> | 263 | 163 | 213 | 221 | 860 |
| Subscriber            | <b>73</b>  | 67  | 64  | 63  | 65  | 259 |
| Production and Sundry | <b>20</b>  | 24  | 19  | 21  | 20  | 84  |

**Total Revenues**
**312**      **354**      **246**      **297**      **306**      **1,203**
**EBITDA** <sup>(3)</sup>
**33**      **43**      **(6)**      **41**      **30**      **108**
**Operating statistics - historical trend**
**Bell Globemedia Interactive\***

Unique visitors per month (in millions) \*\*

**10.2**

9.8

8.5

N/A

N/A

\*As of July 1, 2001, Bell Globemedia Interactive combines all interactive new media initiatives across the company including Sympatico-Lycos, Globe Interactive, CTV Interactive and the new media initiatives of the former Netstar group of properties.

\*\* Source: Media Metrix

N/A: not available

# Statements of Operations (unaudited)

|  | Three months ended March 31 |              |               |
|--|-----------------------------|--------------|---------------|
|  | 2002                        | 2001         | % change      |
| <i>(Millions of dollars, except where otherwise indicated)</i> |                             |              |               |
| Revenues   |                             |              |               |
| Voice  | 348                         | 353          | (1.4%)        |
| Data   | 135                         | 153          | (11.8%)       |
| Capacity sales   | 22                          | -            | N.M.          |
| <b>Total gross revenues</b>                                    | <b>505</b>                  | <b>506</b>   | <b>(0.2%)</b> |
| Telecommunication and network expenses <sup>(15)</sup>         | 402                         | 391          | 2.8%          |
| Selling, general and administrative expenses <sup>(15)</sup>   | 76                          | 86           | (11.6%)       |
| <b>EBITDA <sup>(3)</sup></b>                                   | <b>27</b>                   | <b>29</b>    | <b>(6.9%)</b> |
| Amortization expense   | (63)                        | (153)        | 58.8%         |
| Other income   | 1                           | 9            | (88.9%)       |
| Interest expense   | (8)                         | (27)         | 70.4%         |
| <b>Loss before income taxes and non-controlling interest</b>   | <b>(43)</b>                 | <b>(142)</b> | <b>69.7%</b>  |
| Income taxes   | 11                          | 26           | (57.7%)       |
| Non-controlling interest                                       | (3)                         | -            | N.M.          |
| <b>Net loss</b>  | <b>(35)</b>                 | <b>(116)</b> | <b>69.8%</b>  |
| Dividends on preferred shares                                  | -                           | (1)          | N.M.          |
| <b>Net loss applicable to common shares</b>                    | <b>(35)</b>                 | <b>(117)</b> | <b>70.1%</b>  |
| The following non-recurring items are included above:          |                             |              |               |
| Restructuring charges  | -                           | -            | N.M.          |
| Foreign exchange restatement <sup>(2)</sup>                    | -                           | 3            | N.M.          |
| Goodwill amortization <sup>(5)</sup>                           | -                           | (111)        | N.M.          |
| <b>Total</b>   | <b>-</b>                    | <b>(108)</b> | <b>N.M.</b>   |

# Statements of Operations (unaudited) - historical trend

|   | Q1 02       | Q4 01        | Q3 01        | Q2 01        | Q1 01        | Total 2001   |
|---|-------------|--------------|--------------|--------------|--------------|--------------|
| <i>(Millions of dollars, except otherwise indicated)</i>                |             |              |              |              |              |              |
| Revenues  |             |              |              |              |              |              |
| Voice   | 348         | 373          | 352          | 374          | 353          | 1,452        |
| Data  | 135         | 128          | 139          | 168          | 153          | 588          |
| Capacity sales  | 22          | 25           | -            | -            | -            | 25           |
| <b>Total gross revenues</b>   | <b>505</b>  | <b>526</b>   | <b>491</b>   | <b>542</b>   | <b>506</b>   | <b>2,065</b> |
| Telecommunication and network expenses <sup>(15)</sup>                  | 402         | 429          | 377          | 410          | 391          | 1,607        |
| Selling, general and administrative expenses <sup>(15)</sup>            | 76          | 62           | 76           | 108          | 86           | 332          |
| <b>EBITDA <sup>(3)</sup></b>  | <b>27</b>   | <b>35</b>    | <b>38</b>    | <b>24</b>    | <b>29</b>    | <b>126</b>   |
| Amortization expense  | (63)        | (163)        | (145)        | (153)        | (153)        | (614)        |
| Restructuring and other   | -           | (67)         | (130)        | -            | -            | (197)        |
| Other income (expense)  | 1           | (15)         | 6            | (14)         | 9            | (14)         |
| Interest expense  | (8)         | (15)         | (19)         | (32)         | (27)         | (93)         |
| <b>Earnings (loss) before income taxes and non-controlling interest</b> | <b>(43)</b> | <b>(225)</b> | <b>(250)</b> | <b>(175)</b> | <b>(142)</b> | <b>(792)</b> |
| Income taxes  | 11          | 65           | 61           | 22           | 26           | 174          |
| Non-controlling interest  | (3)         | -            | -            | -            | -            | -            |
| <b>Net earnings (loss)</b>  | <b>(35)</b> | <b>(160)</b> | <b>(189)</b> | <b>(153)</b> | <b>(116)</b> | <b>(618)</b> |
| Dividends on preferred shares   | -           | -            | -            | -            | (1)          | (1)          |
| <b>Net loss applicable to common shares</b>                             | <b>(35)</b> | <b>(160)</b> | <b>(189)</b> | <b>(153)</b> | <b>(117)</b> | <b>(619)</b> |
| The following non-recurring items are included above:                   |             |              |              |              |              |              |
| Restructuring charges   | -           | (51)         | (81)         | -            | -            | (132)        |
| Foreign exchange restatement <sup>(2)</sup>                             | -           | 1            | 2            | (8)          | 3            | (2)          |
| Goodwill amortization <sup>(5)</sup>                                    | -           | (102)        | (95)         | (103)        | (111)        | (411)        |
| <b>Total</b>  | <b>-</b>    | <b>(152)</b> | <b>(174)</b> | <b>(111)</b> | <b>(108)</b> | <b>(545)</b> |

# Operating statistics - historical trend

|                             | Q1 02 | Q4 01 | Q3 01 | Q2 01 | Q1 01 | Total 2001 |
|-----------------------------|-------|-------|-------|-------|-------|------------|
| <b>Voice</b>                |       |       |       |       |       |            |
| Minutes (millions)          | 2,020 | 1,988 | 1,850 | 1,868 | 1,669 | 7,375      |
| Net voice revenues          | 87    | 89    | 87    | 108   | 98    | 382        |
| <b>Capital expenditures</b> |       |       |       |       |       |            |
| Capital expenditures        | 78    | 998   | 386   | 669   | 164   | 2,217      |
| N.M.: not meaningful        |       |       |       |       |       |            |

## Statements of Operations - Selected data

|  | Three months ended March 31 |            |               |
|--|-----------------------------|------------|---------------|
|  | 2002                        | 2001       | % change      |
| <i>(Millions of dollars, except where otherwise indicated)</i> |                             |            |               |
| <b>Revenues:</b>   |                             |            |               |
| eHealth Solutions Group  | 67                          | 70         | (4.3%)        |
| BCE Emergis - Canada   | 60                          | 66         | (9.1%)        |
| BCE Emergis - U.S.A.   | 5                           | 7          | (28.6%)       |
| <b>Total Revenues</b>  | <b>132</b>                  | <b>143</b> | <b>(7.7%)</b> |
| Operating expenses   | 152                         | 117        | 29.9%         |
| <b>EBITDA <sup>(3)</sup></b>                                   | <b>(20)</b>                 | <b>26</b>  | <b>N.M.</b>   |

### Revenues by geographic mix

|               |            |            |               |
|---------------|------------|------------|---------------|
| Canada        | 78         | 88         | (11.4%)       |
| United States | 54         | 55         | (1.8%)        |
|               | <b>132</b> | <b>143</b> | <b>(7.7%)</b> |

## Statements of Operations - Selected data - historical trend

|  | Q1 02       | Q4 01      | Q3 01      | Q2 01      | Q1 01      | Total 2001 |
|--|-------------|------------|------------|------------|------------|------------|
| <i>(Millions of dollars, except otherwise indicated)</i> |             |            |            |            |            |            |
| <b>Revenues:</b>   |             |            |            |            |            |            |
| eHealth Solutions Group                                  | 67          | 83         | 77         | 77         | 70         | 307        |
| BCE Emergis - Canada                                     | 60          | 82         | 76         | 72         | 66         | 296        |
| BCE Emergis - U.S.A.                                     | 5           | 16         | 20         | 10         | 7          | 53         |
| <b>Total Revenues</b>                                    | <b>132</b>  | <b>181</b> | <b>173</b> | <b>159</b> | <b>143</b> | <b>656</b> |
| Operating expenses                                       | 152         | 146        | 138        | 128        | 117        | 529        |
| <b>EBITDA <sup>(3)</sup></b>                             | <b>(20)</b> | <b>35</b>  | <b>35</b>  | <b>31</b>  | <b>26</b>  | <b>127</b> |

### Revenue by geographic mix

|               |            |            |            |            |            |            |
|---------------|------------|------------|------------|------------|------------|------------|
| Canada        | 78         | 111        | 98         | 89         | 88         | 386        |
| United States | 54         | 70         | 74         | 70         | 55         | 269        |
| Other         | -          | -          | 1          | -          | -          | 1          |
| <b>Total</b>  | <b>132</b> | <b>181</b> | <b>173</b> | <b>159</b> | <b>143</b> | <b>656</b> |

N.M. : not meaningful

# Statements of Operations - Selected data

|  | Three months<br>ended March 31 |            |              |
|--|--------------------------------|------------|--------------|
|  | 2002                           | 2001       | % change     |
| <i>(Millions of dollars, except otherwise indicated)</i> |                                |            |              |
| <b>Revenues</b>  |                                |            |              |
| CGI  | 171                            | 154        | 11.0%        |
| Telesat  | 77                             | 71         | 8.5%         |
| Other  | 23                             | 16         | 43.8%        |
| <b>Total Revenues</b>                                    | <b>271</b>                     | <b>241</b> | <b>12.4%</b> |
| <b>EBITDA <sup>(3)</sup></b>                             |                                |            |              |
| CGI  | 25                             | 22         | 13.6%        |
| Telesat  | 47                             | 37         | 27.0%        |
| Other  | 16                             | 4          | N.M.         |
| <b>Total EBITDA</b>                                      | <b>88</b>                      | <b>63</b>  | <b>39.7%</b> |

# Statements of Operations - Selected data - historical trend

|  | Q1 02      | Q4 01      | Q3 01      | Q2 01      | Q1 01      | Total<br>2001 |
|--|------------|------------|------------|------------|------------|---------------|
| <i>(Millions of dollars, except where otherwise indicated)</i> |            |            |            |            |            |               |
| <b>Revenues</b>  |            |            |            |            |            |               |
| CGI  | 171        | 169        | 166        | 168        | 154        | 657           |
| Telesat  | 77         | 96         | 80         | 74         | 71         | 321           |
| Other  | 23         | 24         | 17         | 26         | 16         | 83            |
| <b>Total Revenues</b>  | <b>271</b> | <b>289</b> | <b>263</b> | <b>268</b> | <b>241</b> | <b>1,061</b>  |
| <b>EBITDA <sup>(3)</sup></b>                                   |            |            |            |            |            |               |
| CGI  | 25         | 30         | 21         | 24         | 22         | 97            |
| Telesat  | 47         | 52         | 48         | 41         | 37         | 178           |
| Other  | 16         | 8          | 4          | 13         | 4          | 29            |
| <b>Total EBITDA</b>  | <b>88</b>  | <b>90</b>  | <b>73</b>  | <b>78</b>  | <b>63</b>  | <b>304</b>    |

N.M.: not meaningful

- (1) BCE is involved in the following operating businesses through its subsidiaries: Bell Canada (Canadian connectivity); Bell Globemedia (content); BCE Teleglobes (global connectivity); and BCE Emergis (commerce). All other businesses are grouped in the BCE Ventures segment.

**(a) Bell Canada segment**

- The Bell Canada segment provides connectivity to residential and business customers through wired and wireless voice and data communications, high-speed and wireless Internet access, direct-to-home satellite entertainment services, IP-broadband services, e-business solutions and local and long distance phone and directory services.
- This segment reflects the consolidation of :
  - Bell Canada Holdings (BCH) (80%): BCH results reflect the consolidation of Bell Canada (100%) and its wholly-owned subsidiaries, mainly, Bell Mobility, BCE Nexxia Inc. and Bell ActiMedia Inc., Bell Distribution Inc., Certen Inc., Northern Telephone Limited, Northwestel Inc. and Télébec. In addition, BCH holds interests in Bell Intrigna (33.3%) and Manitoba Telecom Services Inc. (21.7% on a fully diluted basis) which are accounted for using the equity method, and Teleglobes (23%) which is accounted for at cost;
  - Aliant (approximately 39% held by Bell Canada and approximately 14% held by BCE Inc.); and
  - Bell ExpressVu Limited Partnership (100%).

**(b) Bell Globemedia (BGM)**

- BGM is a Canadian multi-media company in the fields of broadcasting, print and the Internet. BGM provides integrated information, communications and entertainment services to Canadian customers and access to distinctive Canadian content. Through its various portal properties, Bell Globemedia also provides unique destinations for Internet users.
- BCE holds a 70.1% interest in BGM and therefore consolidates its results. BGM is comprised of the television operations of CTV Inc. (100%), the print operations of The Globe and Mail (100%), and the interactive operations of Bell Globemedia Interactive (100%) (including 70.9% in Sympatico-Lycos) and other media interests.

**(c) BCE Teleglobes**

- BCE Teleglobes is a global communications and e-business company which provides a range of international and domestic communication services including voice, Internet connectivity, high-speed data transmission, hosting, broadband, broadcast and other value added services on a wholesale and retail basis.
- BCE holds an effective 95.4% ownership in Teleglobes Inc. (approximately 23% held by Bell Canada of which BCE indirectly owns 80% and approximately 77% held directly by BCE Inc.) and therefore consolidates BCE Teleglobes's results.

## *Accompanying Notes (continued)*

### (d) **BCE Emergis**

- Represents BCE Emergis Inc. BCE Emergis is a business-to-business(B2B) e-commerce infrastructure provider, strategically focussing on market leadership in the transaction-intensive eHealth and financial services sectors through its three strategic business units, eHealth Solutions Group, BCE Emergis – Canada and BCE Emergis – U.S.A.
- BCE Emergis Inc. is 65% owned by BCE and its financial results are consolidated.

### (e) **BCE Ventures**

- Reflects BCE's interests in CGI Group Inc. (CGI), Telesat Canada (Telesat) and certain other BCE investments. CGI provides end-to-end information technology services and business solutions to customers in North America, Europe, Australia and Asia. Telesat delivers satellite business services primarily to North American companies.
- This segment consolidates BCE's interests in Telesat (100%), TMI Communications and Company Limited Partnership (100%), Bimcor Inc. (100%), BCE Capital Inc. (100%) and TeleReal Inc. (100%), as well as, CGI (31.6%) on a proportionate basis and Look Communications Inc. (34.0%) at cost.

- (2) Prior periods have been restated to reflect the results of Bell Canada International (BCI) as a discontinued operation (see note 4) and the application of amendments to Handbook Section 1650, Foreign Currency Translation. Effective January 1, 2002, all unrealized translation gains and losses on assets and liabilities denominated in foreign currencies have been included in earnings for the year, including gains and losses on long-term monetary assets and liabilities, such as long-term debt, which were previously deferred and amortized on a straight-line basis over the remaining lives of the related items.

### (3) **Alternative Earnings Measures**

EBITDA does not have a standardized meaning prescribed under Canadian Generally Accepted Accounting Principles (GAAP) and therefore may not be comparable to similar measures presented by other publicly traded companies.

BCE uses EBITDA as one of its measures to assess the operating performance of its on-going businesses.

EBITDA is defined as earnings before interest, taxes, amortization expense and non-recurring items (i.e. operating revenues less operating expenses).

### (4) **Discontinued operations:**

**BCI:** Effective January 1, 2002, the Corporation adopted a formal plan of disposal of its operations in BCI. BCI develops and operates advanced communications companies in markets outside Canada, with a focus on Latin America. The disposal is expected to result in a net gain on disposal, which will be recognized only when realized.

**Excel:** On August 26, 2001, BCE Inc. announced the signing of definitive agreements for the sale of Excel's North American assets to VarTec Telecom Inc. (VarTec) and the discontinuance of Excel's U.K. operations. Consequently, Excel's results are reported as discontinued operations and exclude Excel's results from BCE Ventures, except for any interest expense related to Excel's debt (allocated from Teleglobe Inc.) which remains within the BCE Ventures segment.

- (5) The CICA recently issued new Handbook sections 1581, Business Combinations, and 3062, Goodwill and Other Intangible Assets. Effective July 1, 2001, all business combinations are accounted for using the purchase method. Effective January 1, 2002, goodwill and intangible assets

*Accompanying Notes (continued)*

with an indefinite life are no longer amortized to earnings and will be assessed for impairment on an annual basis in accordance with the new standards, including a transitional impairment test whereby any resulting impairment will be charged to opening retained earnings. BCE's management is currently evaluating the impact of the adoption of the new standards. Although it is likely, particularly with respect to BCE Telelobe, that the transitional impairment test will result in a significant impairment charge, BCE has not yet completed the assessment of the quantitative impact on its financial statements.

- (6) Net debt to capital is defined as net debt divided by total capitalization. Net debt is the sum of debt due within one year, long-term debt, \$400 million of Series P Retractable Preferred Shares classified in other long-term liabilities and bank indebtedness less cash and cash equivalents. Total capitalization is the sum of net debt, non-controlling interest and total shareholders' equity.
- (7) Represents 80% of Bell Canada's 38.9% (53.7M shares) interest and 100% of BCE's 13.9% interest (19.2M shares).
- (8) Represents \$400 million of Series P Retractable Preferred Shares, which are reflected in other long-term liabilities on the financial statements.
- (9) Bell Canada's local market shares reflect losses to facilities-based competition only.
- (10) Legacy data revenues include digital transmission services such as MEGALINK™, network access for Integrated Services Digital Network (ISDN) and Data, as well as, competitive network services and the sale of inter-networking equipment.
- (11) Non-legacy data revenues include national and regional IP data, Internet, e-commerce and wireless data services.
- (12) Digital equivalent access lines are derived by converting low capacity data lines (DS-3 and lower) to the equivalent number of voice grade access lines. Broadband equivalent access lines are derived by converting high capacity data lines (higher than DS-3) to the equivalent number of voice grade access lines.

Conversion factors

|              |         |
|--------------|---------|
| DS-0         | 1       |
| Basic ISDN   | 2       |
| Primary ISDN | 23      |
| DS-1, DEA    | 24      |
| DS-3         | 672     |
| OC-3         | 2,016   |
| OC-12        | 8,064   |
| OC-48        | 32,256  |
| OC-192       | 129,024 |
| 10BaseT      | 155     |
| 100 BaseT    | 1,554   |
| Gigabit E    | 15,544  |

- (13) DSL High Speed Internet subscribers include consumer, business and wholesale. Dial-up Internet subscribers include consumer and business.
- (14) Includes allocation of selling costs from Bell Canada and excludes costs of migrating from analog to digital.
- (15) The 2001 figures were restated to reclassify to network expenses certain costs that were previously presented as selling, general and administrative expenses. The costs consisted of salaries,

*Accompanying Notes (continued)*

professional fees, rent, utilities and other operating expenses that are associated with the operations of network POPs and Internet data centers.

- (16) This unaudited consolidated interim financial data for BCE Inc. for the first quarter of 2002 is included for the reader's information only. BCE has not released its first quarter 2002 unaudited consolidated interim financial statements as of this date.

## Cautionary Statement Concerning Forward-Looking Statements

Certain statements made in this document which describe BCE's or its subsidiaries' intentions, expectations or predictions, including, without limitation, financial guidance concerning revenues, EBITDA and EPS, Bell Mobility's intention to rollout a 1XRTT network, Bell Canada's 2002 productivity gains estimates and statements concerning the state of the economy, and other statements that are not historical facts, are forward-looking statements and are subject to important risks and uncertainties. The results or events predicted in these statements could differ materially from actual results or events.

*Factors which could cause results or events to differ materially from current expectations include, among other things:*

- the duration and extent of the current economic downturn;
- the possibility of further deterioration in the state of capital markets and the telecommunications industry;
- current negative trends in global market and economic conditions which impact the demand for, and costs of, products and services;
- the financial condition and credit risk of customers and uncertainties regarding collectibility of receivables;
- the rate of decline of prices for data and voice services;
- the potential significant costs and refinancing obligations that could result from SBC Communications' decision to exercise its option to require BCE to repurchase all of SBC Communications' shares in Bell Canada Holdings;
- the risks and costs associated with Teleglobe's negotiation of a business combination and a comprehensive debt restructuring and the potential risks associated with Teleglobe becoming the subject of a court-supervised proceeding or Teleglobe having to conduct a wind down of some or all of its business;
- uncertainty as to whether BCE's strategies (including its convergence, billing and bundling strategies) will yield the expected benefits, synergies and growth prospects;
- the intensity of competitive activity and its resulting impact on the ability to retain existing, and attract new, customers and the consequent impact on pricing strategies, revenues and network capacity;
- the level of expenditures necessary to expand operations, increase the number of customers, provide new services, build and update networks and maintain or improve quality of service;
- the availability and cost of capital required to fund capital and other expenditures;
- the ability to dispose of or monetize assets;
- the ability to increase revenues from business segments other than voice services (such as data and Internet services);
- the BCE group companies' ability to develop financial, management and operating controls to manage costs and rapid change;

- the Internet economy growing at a slower pace than is currently anticipated;
- the ability to deploy new technologies and offer new products and services rapidly and achieve market acceptance thereof;
- stock market volatility;
- the availability of, and ability to retain, key personnel;
- the impact of adverse changes in laws or regulations or of adverse regulatory initiatives or proceedings;
- the impact of the CRTC's decision concerning the review of the price caps regime for local services expected in May 2002;
- the ability of BCE Emergis to successfully implement its plan to focus on key growth areas, drive recurring revenue growth and streamline its service offerings and operating costs;
- the final outcome of pending or future litigation; and
- BCI's ability to meet its ongoing financial obligations as they become due.

For additional information with respect to certain of these and other factors, see the Safe Harbor Notice Concerning Forward-Looking Statements dated December 12, 2001 filed by BCE under Form 6-K with the U.S. Securities and Exchange Commission and with the Canadian securities commissions. The forward-looking statements contained in this document represent BCE's expectations as of April 24, 2002 and, accordingly, are subject to change after such date. However, BCE disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Furthermore, forward-looking statements contained in this document do not reflect the potential impact of any mergers, acquisitions, other business combinations, divestitures or other transactions that may be announced or completed after April 24, 2002.