

Delivering Value

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Chief Executive Officer



Improved trajectory

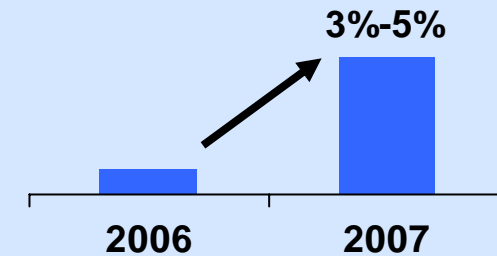
Foundations in place...

- Corporate simplification
- Reset cost structure
- Network investment
- Strengthened management team

...for better performance

Revenue

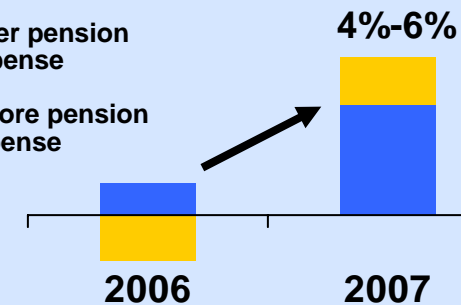
y/y growth



EBITDA

y/y growth

- After pension expense
- Before pension expense



Bell (excluding Bell Aliant and Telesat)

Strategy delivering results

Commitments met: simplifying the company

- Sale of CGI
- BGM monetization
- Creation of Bell Aliant
- Eliminate BCE

- Telesat monetization



Bell Canada Inc.



- Urban markets
- Ontario, Quebec, Western Canada
- Wireless, Wireline & Video



- Regional markets
- Ontario, Quebec, Atlantic Canada
- Wireline

Value through growth, cash flow and dividends

Foundations in place

Reset cost structure

\$1.6B

Savings
2004-2006

9,000

Workforce reduction
2004-2006

24M

Fewer bills annually

Network investment

1.1M

FTTN homes passed

50%

EVDO coverage

WiMAX launch

IP

for business

Operational improvement

**Service
recovery and
improvement**

**Multi-product
processes**

**Marketing
precision**

Transformation well advanced

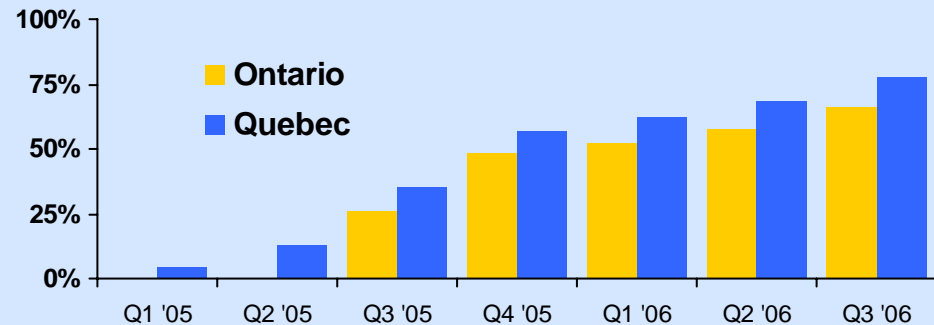
Meeting cable competition

Bell marketing more effective

- Innovative offers and promotions
- Customer-retention programs
- Winback experience

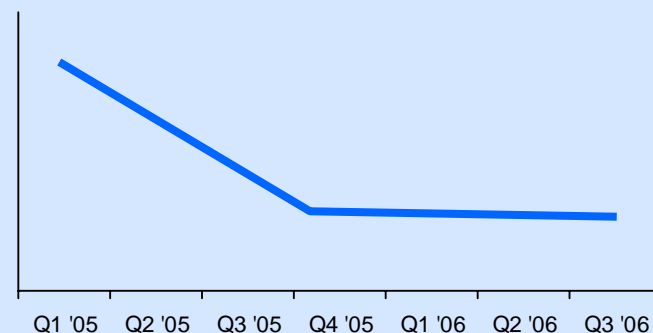
Cable footprint expansion nearing completion

Homes passed by cable telephony



Cable telephony take rates slowing

Gross adds / homes passed



Erosion stabilizing

Proposed new framework for local forbearance

Key elements

- **Winback rules and restrictions on promotions eliminated**
- **Competitive facilities test**
 - Consumer: forborne if 3 players
 - Business: forborne if 2 players
- **Alternative: competition test**
 - 2 competitors with similar costs and ample capacity
- **Geographic markets redefined**
 - To exchanges and municipalities
 - Away from larger economic regions and CMAs
- **Quality of Service criterion simplified**
 - 9 of 14 indicators retained
 - Measurement based on total performance for each indicator

Timing

- **30-day consultation period**
- **Priority applications for 10 largest markets to be decided within 120 days**

Potentially landmark change in the regulatory landscape

Key strategic priorities for 2007

Continue
to deliver

Costs

- ~\$450M productivity at Bell

Network

- Expand FTTN footprint
- Invest in wireless

Intensify
focus

**Customer
Experience**

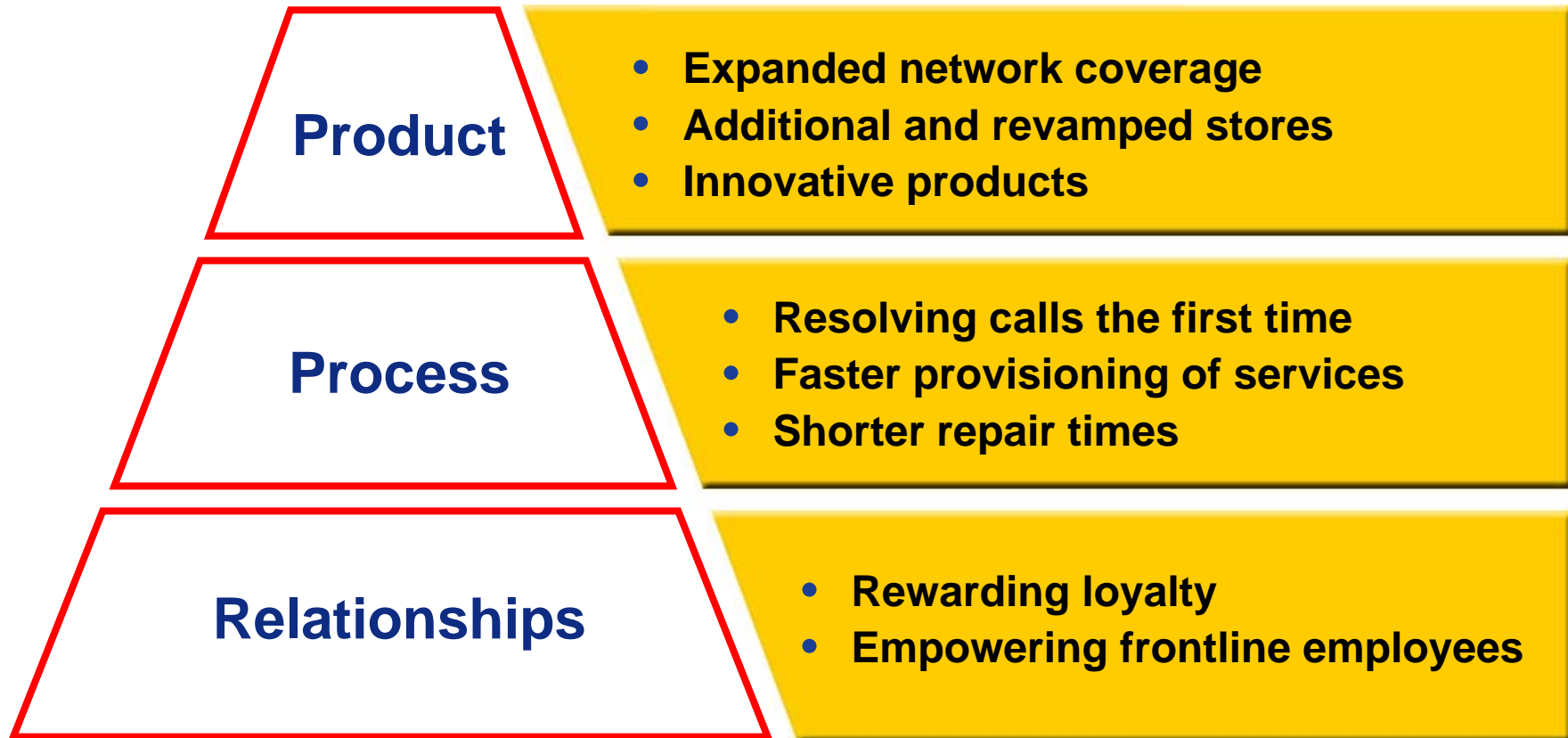
- Ramp up service quality

**Growth
services**

- Step up wireless improvement
- Drive broadband, video and ICT

Building differentiation

Differentiated customer experience



A source of future competitive advantage

Growth services in 2007

Continue to drive wireless performance

- Handset line-up enhancement
- Data growth
- Distribution channel expansion

Wireless

8%-10%

subscriber growth in 2007

Leverage Internet & video platforms

- Expand FTTN subscriber base
- Grow portal and VAS
- Complete IPTV development

Video Internet

5%-7% 8%-10%

subscriber growth in 2007

Exploit scale in ICT

- Consolidate ICT
- Strengthen distribution
- Pull-through connectivity

Enterprise ICT

~5% CAGR

revenue growth 2006-2009

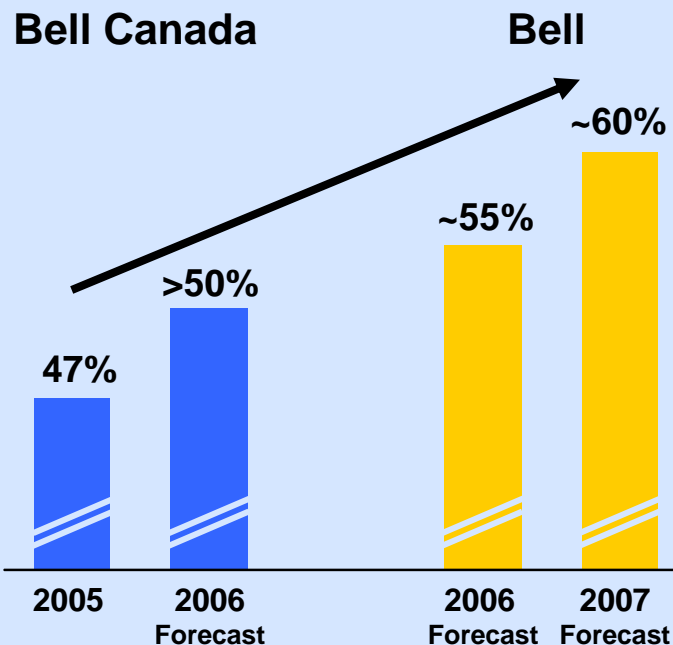
Driving shift in business mix

Improved trajectory in 2007

Improved business mix...

Growth revenues as % of total

Exit rates

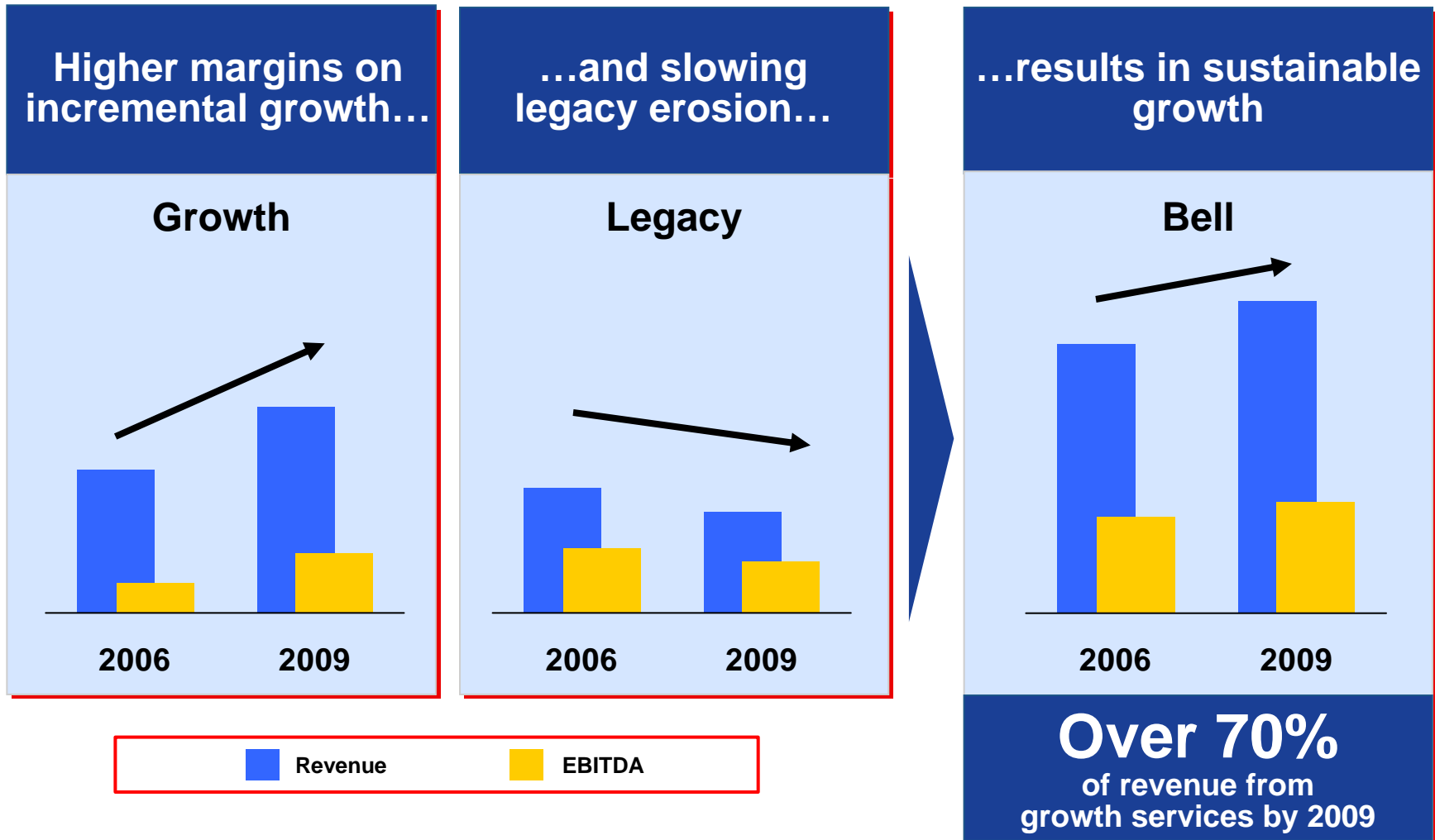


...and operational leverage

- **Driving revenue growth**
 - Accelerating growth services
 - Carve-out of regional lines
- **And stronger EBITDA performance**
 - Improved wireless flow-through
 - Continued cost reductions

Passing a key milestone

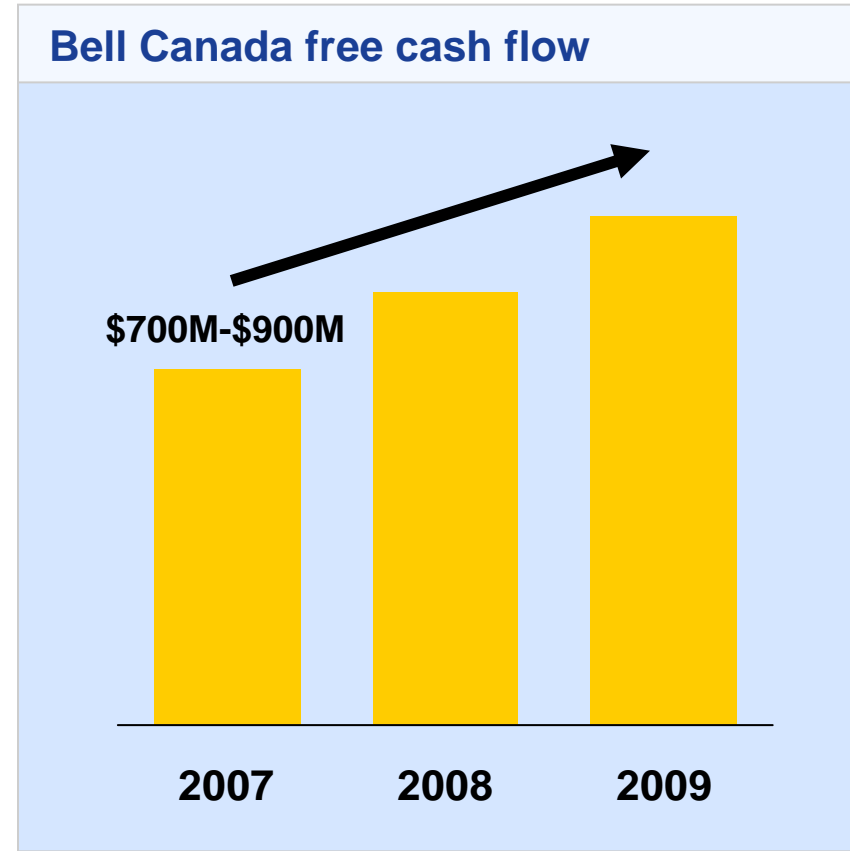
Business mix improvement over time



Enables sustainable revenue and EBITDA growth

Steady cash flow growth

- Improved mix and trajectory
- Managing higher cash taxes
- Capital intensity at 16%-17%



Improved free cash flow outlook

Framework to reward shareholders

- Focus on Bell
- Sustainable growth from operations
- Improving EPS
- Growing free cash flow
- Solid balance sheet



Distribution framework

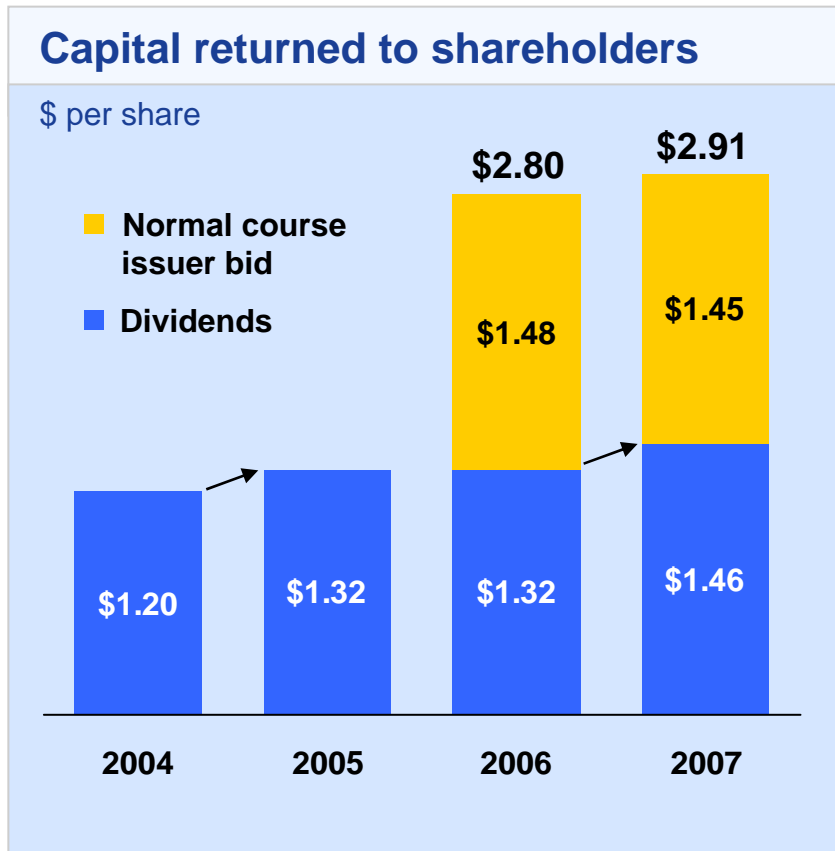
Target 70%-75%
EPS* payout ratio

As appropriate, utilize
NCIB to enhance returns

* Before net gains (losses) on investments and restructuring and other items

Sharing progress with investors

Returning capital to shareholders in 2007



- **Increase dividend from \$1.32 to \$1.46 per share**
 - 11% increase
- **Renew 5% NCB**
 - Over \$1B returned to shareholders

Delivering growing returns

Entering a new chapter

2002-2003

Stabilize the
business

2004-2006

Transform to
meet new
competition

2007+

Integrate
around the
customer

Reward
shareholders

Focus on execution