



News Release

For immediate release

BCE: Dividend rate on preferred shares

MONTREAL, Québec – October 11, 2006 – BCE announced today that it will, on November 1, 2006, reset the dividend rate on its Cumulative Redeemable First Preferred Shares, Series T ("Series T Preferred Shares") if holders of at least one million of its currently issued and outstanding Cumulative Redeemable First Preferred Shares, Series S ("Series S Preferred Shares") elect to convert such shares into Series T Preferred Shares. Holders of Series S Preferred Shares have until October 18, 2006 inclusively to convert their shares. In such a case, as of November 1, 2006, the Series T Preferred Shares will, if any are issued, pay on a quarterly basis, as and when declared by the Board of Directors of BCE, a fixed cash dividend for the following five years based on a fixed rate of 4.502% that is equal to the product of: (a) 4.020%, being the average of the yields to maturity compounded semi-annually, that was determined on October 11, 2006 by two investment dealers selected by BCE, that would be carried by Government of Canada bonds with a 5-year maturity, multiplied by (b) 112%, being the "Selected Percentage Rate" determined by BCE.

BCE also announced that as part of its proposal announced earlier today to convert Bell Canada into an income trust and related transactions (collectively, the "Arrangement"), BCE intends, directly or indirectly, to make a cash offer at \$25.75 per share to repurchase any Series T Preferred Shares that may be issued on November 1, 2006. Completion of this repurchase will, as with respect to the planned repurchases of the other outstanding preferred shares of BCE and Bell Canada, be conditional only upon completion of the Arrangement. If the Arrangement is not completed, then BCE will not repurchase any of the Series T Preferred Shares.

BCE has received an opinion from BMO Capital Markets that, as of the date hereof, the consideration to be offered to the holders of the Series T Preferred Shares of BCE under the proposed tender offer to be made in connection with the Arrangement is fair, from a financial point of view, to such preferred shareholders.

About BCE Inc.

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

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