



Q2 2009 Results Conference Call

August 6, 2009

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This presentation contains forward-looking statements with respect to items such as revenue, EBITDA, earnings per share, adjusted earnings per share, average revenue per user, free cash flow, capital intensity, dividends and other statements that are not historical facts. Several assumptions were made by BCE in preparing these forward-looking statements and there are risks that actual results will differ materially from those contemplated by the forward-looking statements. As a result, we cannot guarantee that any forward-looking statement will materialize and you are cautioned not to place undue reliance on these forward-looking statements. For additional information on such assumptions and risks, please consult BCE's 2008 Annual MD&A dated March 11, 2009, included in the BCE 2008 Annual Report and BCE's 2009 First Quarter MD&A and Second Quarter MD&A dated May 6, 2009 and August 5, 2009, respectively, both filed with the Canadian securities commissions and with the SEC and which are also available on BCE's website.

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George Cope
President & Chief Executive Officer

Bell

Delivering on dividend growth model

Dividend increase

- 5% dividend increase effective with October 15th payment
- 2nd increase in 2009
- Reflects favourable YTD earnings and cash flow performance

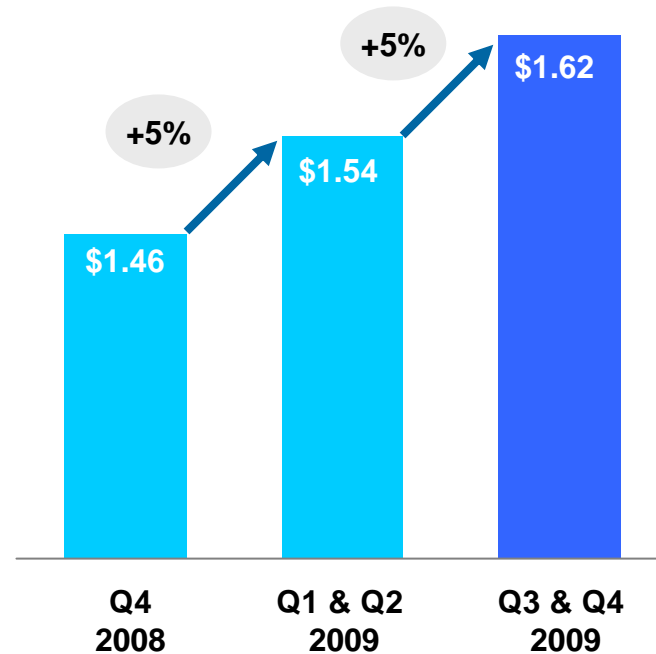
Dividend payout*

- Higher dividend keeps payout ratio at low end of 65%-75% target range

* Payout ratio based on Adjusted EPS, which is equivalent to EPS before restructuring and other and net gains (losses) on investments

Returning cash to shareholders

(Annualized common dividend per share)



Driving shareholder value through dividend growth



Q2 progress on our 5 strategic imperatives

Improve customer service

- 94% completion rate on Same Day Next Day Service
- 22% reduction in customer call backs with Full Install
- 19% y/y reduction in repair call centre volumes
- 7% y/y improvement in wireless dropped call rate in GTA

Achieve a competitive cost structure

- Cultural shift on spending has taken hold within the company
- Wireline labour costs down 5.2% y/y; Wireline G&A expenses down 10.9% y/y
- Integrated Enterprise, SMB and Bell West units to achieve efficiencies
- New \$1B debt issue lowers overall cost of debt (annualized savings of ~\$25M)

Accelerate wireless

- Data revenues now represent ~17% of ARPU
- Gross adds up 3.3% y/y in a tough market
- Completed The Source and Virgin acquisitions
- Announced Palm Pre (exclusive to Bell) and launched the Blackberry Tour
- Reciprocal wireless roaming agreement with AT&T

Q2 progress on our 5 strategic imperatives

Leverage wireline momentum

- Bell TV revenues up 9.3% y/y; best video net adds since Q4'06
- Residential NAS line losses improve 20% y/y
- Average revenue per household up 9% y/y
- Ninth consecutive quarter of y/y EBITDA growth in Enterprise
- Minority investment in Montréal Canadiens representing an approximate 15%-20% equity interest (~\$50M commitment)

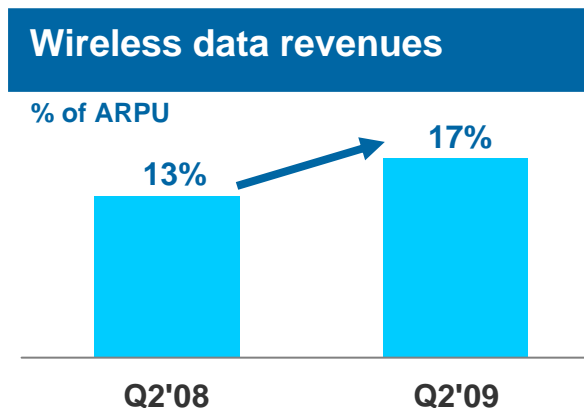
Invest in broadband

- On pace to launch HSPA in early 2010
- 2.7M households passed with FTTN at end of Q2'09
- Bell Aliant launched aerial FTTH in two markets in Atlantic Canada

Wireless metrics

Metrics	Q2'09	Y/Y
Total gross additions	404k	3.3%
<i>Postpaid</i>	244k	(3.6%)
<i>Prepaid</i>	160k	15.9%
Total net additions	45k	(45.8%)
<i>Postpaid</i>	64k	(42.3%)
<i>Prepaid</i>	(19k)	32.1%
Blended ARPU	\$52.05	(4.1%)
Blended churn rate	1.7%	(0.1 pts)
COA	\$356	14.6%
EBITDA margin (service revenues)	46.6%	2.8 pts

- **Metrics for Q2'09 reflect impact of weak economy and competitive pressures**
 - Postpaid churn of 1.3% contributed to lower net adds
 - Lower ARPU due to lower voice usage, roaming and higher subscriptions to lower-priced rate plans
- **However, quarter ended on strong trajectory**
 - June '09 was best month for subscriber acquisition since December '08
- **Wireless data revenue growth of 28% in Q2'09**
 - Record quarter for sale of data devices
 - Data device subscribers up 135% y/y
 - HSPA launch expected to accelerate data opportunity
- **COA improved 14.6% y/y, despite strong smartphone sales, due to tight cost control**
- **EBITDA margin increase of 2.8 pts y/y to 46.6%**

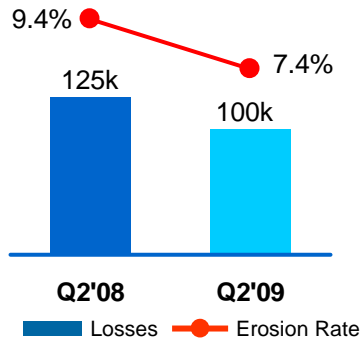


Positive catalysts being put in place for improved performance in 2010

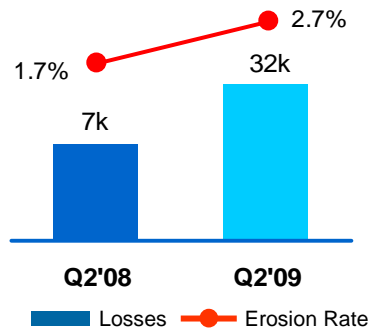


Voice

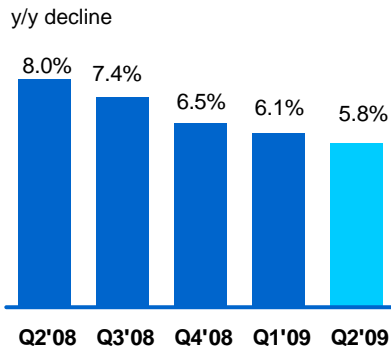
Residential NAS Losses



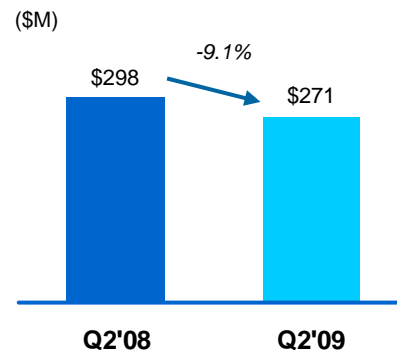
Business NAS Losses



Local Revenues



LD Revenues



Local

- **20% fewer residential NAS losses y/y**
 - Better move retention
 - Ongoing service improvement & winbacks
 - Competitive bundle offers driving higher Internet and video attach rates
- **Local and access revenue erosion slowed for 4th quarter in a row**
 - Reflects fewer line losses
 - STS per residential NAS up 14% y/y
 - Effectively managing pressures in core connectivity business
- **Higher business NAS erosion driven by economic weakness**

Long Distance

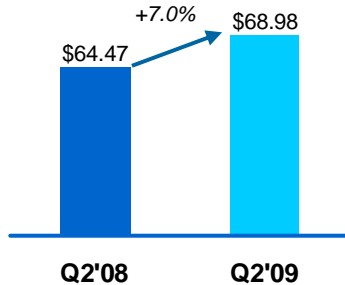
- **Revenues down 9.1% y/y**
 - Price increases from 2008 fully absorbed
 - SMB toll decline driven by higher NAS erosion, weak economy and competition
 - Increased adoption of unlimited plans by residential customers

Residential NAS losses improve for 7th consecutive quarter

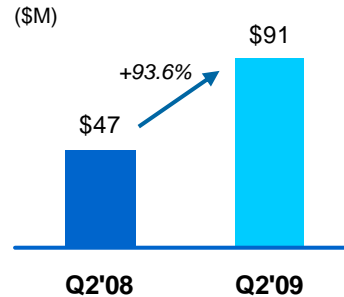


Video continues to outperform

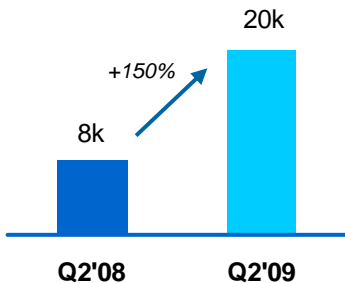
Retail ARPU



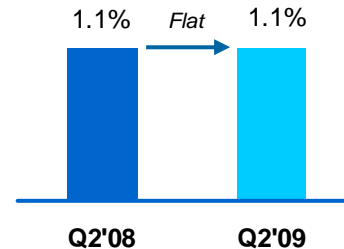
EBITDA



Net additions



Churn



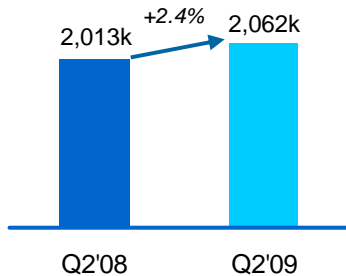
- Solid revenue growth of 9.3%
- ARPU up \$4.51 or 7.0% y/y
 - Driven by programming upgrades and price increases
- Net adds of 20k best result since Q4'06
 - Reflects strength of direct channels and improved retail performance
 - Higher MDU penetration
- Continued good churn management
- EBITDA almost doubled y/y
- HD leadership expanded with launch of 7 new channels

Maintained strong video performance

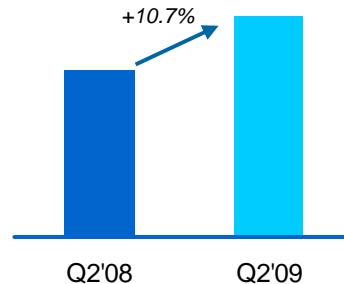


Wireline Data

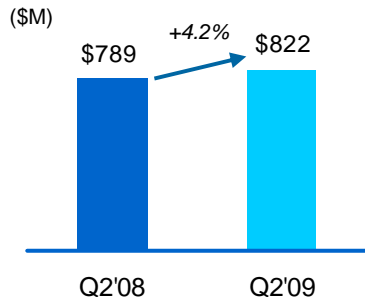
Internet EOP subscribers



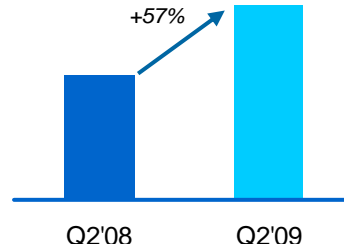
Residential Internet ARPU



Data service revenues



FTTN subscribers



- **Data service revenue growth of 4.2% y/y**
 - Stronger residential ISP performance
 - Solid IP/BB connectivity and ICT services growth
 - Wholesale upside driven by higher access demand and rate increases
- **Data product revenues down 8.5% y/y**
 - Reduced equipment sales to business customers
 - Focus on recurring service revenues
- **Residential Internet net adds up 5k y/y**
 - Promotions effective in driving acquisitions, while supporting focus on usage-based pricing
 - But, weaker business net adds in SMB
- **Residential Internet ARPU up 10.7% y/y**
 - Successfully migrating customers to higher tiers
 - Price increases
 - Monetizing usage
- **New Internet line-up launched in Ontario**
 - Simplified plans and lowered usage caps
 - Customized Full Install on all orders

Better Internet experience driving improved residential results



Looking forward

- **Continue to drive 5 strategic imperatives**
- **Maintain strong focus on operational execution**
 - Step-up in revenues
 - Continue driving out costs
 - Keep HSPA rollout and FTTN deployment on track
- **Execute on wireless strategic initiatives**
 - Launch of HSPA network in early 2010
 - Introduce Bell Mobility and Virgin in The Source stores on January 1, 2010
 - Leverage new roaming opportunities
 - AT&T wireless roaming agreement announced today
- **Revising guidance targets for revenues, EBITDA and Adjusted EPS upward**
 - Reflects performance outlook and impact of acquisitions

YTD financial results and outlook support dividend increase





Siim Vanaselja
Chief Financial Officer

Q2 financial review

Bell	Q2'09	Y/Y
Revenues	\$3,628M	(1.5%)
<i>Service</i>	\$3,385M	(0.6%)
<i>Product</i>	\$243M	(12.0%)
EBITDA	\$1,450M	3.0%
EBITDA margin	40.0%	1.8 pts
Capex	\$679M	(16.5%)
Capital Intensity	18.7%	(2.9 pts)

BCE	Q2'09	Y/Y
Statutory EPS	\$0.45	--
Adjusted EPS⁽¹⁾	\$0.58	9.4%
Free Cash Flow⁽²⁾	\$520M	(\$132M)

⁽¹⁾ Before restructuring and other and net gains (losses) on investments

⁽²⁾ Before common share dividends and including Bell Aliant's cash distributions

- **Service revenues down slightly y/y**
 - Residential services show continued resiliency
 - Business markets and wireless impacted by economic weakness and competitive intensity
 - Higher business NAS erosion
 - Lower wireless voice usage and roaming traffic
- **Product revenues declined 12.0% y/y**
 - Continued strategy of reduced focus on low-margin equipment sales
- **EBITDA strong in current environment**
 - EBITDA growth before pension of 4.3% best performance in past 5 years
 - Cost reductions drove expansion of margin to 40%
- **Higher capex in line with ongoing strategic investments in HSPA and FTTN**
- **Adjusted EPS up 9.4% y/y to \$0.58 per share**
 - Higher EBITDA and NCIB impact partially offset by increased depreciation and lower interest income
- **Free cash flow on track with guidance**
- **Higher y/y capex and pension funding in line with expectations**

**EBITDA and Adjusted EPS ahead of plan,
despite revenue pressure**



Wireless financials

- **Service revenues essentially flat y/y in Q2'09**
 - Slight decline driven by lower voice ARPU and plan mix
 - Reduced roaming rates and traffic y/y
 - Offset by continued data growth
- **Product revenues down 11.1% y/y, despite increased data device sales**
 - Due primarily to lower average handset prices as a result of industry-wide competitive pressures
- **Wireless EBITDA growth of 5.9% a highlight of the quarter**
 - Reflects disciplined spending on subscriber acquisition and tight control over retention and labour costs
- **Higher capex due to HSPA deployment**

(\$M)	Q2'09	Y/Y
Revenues	1,104	(1.4%)
<i>Service</i>	1,005	(0.3%)
<i>Product</i>	88	(11.1%)
Operating expenses	636	6.2%
EBITDA	468	5.9%
EBITDA margin (service revenues)	46.6%	2.8 pts
Capex	224	(115.4%)

**Solid wireless EBITDA growth and margin expansion...
...focus going forward on subscriber and ARPU improvement**



Positive wireline EBITDA growth

(\$M)	Q2'09	Y/Y
Revenues	2,575	(2.0%)
<i>Local & access</i>	796	(5.8%)
<i>Long distance</i>	271	(9.1%)
<i>Data – Service</i>	822	4.2%
<i>Data – Product</i>	97	(8.5%)
<i>Video</i>	389	9.3%
<i>Equipment & other</i>	119	(16.8%)
EBITDA	982	1.7%
EBITDA margin	38.1%	1.3 pts
Capex	455	5.0%
Capital Intensity	17.7%	0.5 pts

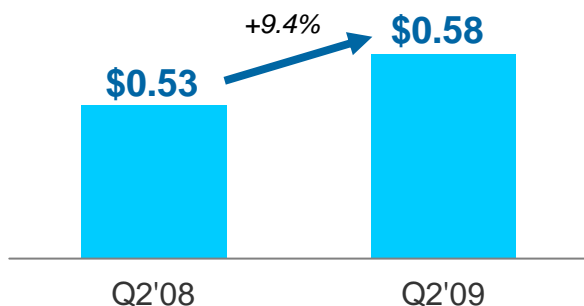
- **Residential business delivering good results in current environment**
 - Exhibiting resiliency to economic pressures
 - Making progress in competitive landscape
 - Pace of legacy erosion continues to slow
 - Average revenue per household up 9% y/y
 - Video continues on a strong trajectory
- **Business markets results reflect softer economy**
 - Higher NAS losses and related toll decline in SMB
 - Lower equipment sales
 - Connectivity pressures in Enterprise partially offset by higher IP/BB and solid growth in ICT
- **Tight cost control underpins y/y EBITDA growth of 1.7% and margin increase of 1.3 pts in Q2'09**

Cost reductions translate into higher EBITDA and margin improvement



Adjusted EPS and tax expense

Adjusted EPS⁽¹⁾



⁽¹⁾ Before restructuring and other and net gains (losses) on investments

	Q1'09	Q2'09	FY'09
Statutory tax rate	32.3%	32.3%	32.3%
Effective tax rate	22.9%	26.9%	~20%

Adjusted EPS

- Up \$0.05 per share y/y in Q2'09
- Higher EBITDA and lower share count due to NCIB, partly offset by increased depreciation and higher net interest expense

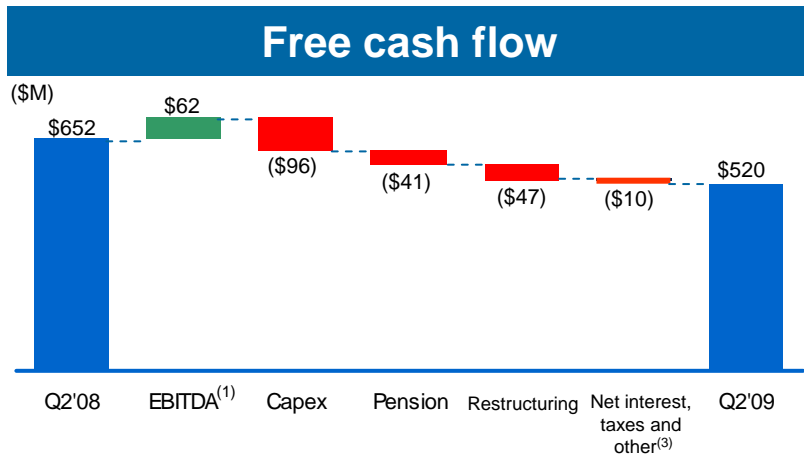
Tax expense

- Effective tax rate reflects Bell Aliant non-taxable earnings distributed to public unitholders
- Favourable resolution of tax audits
 - Will result in lower effective tax rate for 2H'09

Adjusted EPS performance ahead of plan



Free cash flow



- **FCF of \$520M in Q2'09 on track with plan**
- **Reflects increased capital investment in strategic priorities**
 - Wireless CI at 20.3%, due to HSPA investment and data expansion
 - Wireline CI of 17.7% reflects accelerated FTTN spending, fleet upgrades and enhancements to IP backbone
 - Total CI for year maintained within 15%-16% guidance window
- **Pension contributions higher y/y due to increased solvency deficit for 2009**
 - Consistent with expectations
- **Higher restructuring payments from workforce and real estate reductions**
 - Absorbing incremental headcount reductions
 - Attractive payback
- **Working capital improvement**
 - Lower A/R due to improved cash collections
 - Increased accruals for variable compensation
 - Offset partly by higher A/P from higher capex

Free cash flow walkdown (\$M)

EBITDA ⁽¹⁾ less capex	834
Preferred share dividends	(27)
Debt service ⁽²⁾	(233)
Cash pension	(83)
Cash taxes (net of ITCs)	(63)
Restructuring	(73)
Working capital & other	92
Bell Aliant distribution	73
Free Cash Flow	520

(1) EBITDA before pension expense

(2) Includes A/R securitization costs

(3) Other includes working capital changes

Free cash flow in line with guidance



Improved outlook

	February 11 Guidance	August 6 Guidance
Revenues	Stable	1% to 2%
EBITDA	Stable	1% to 2%
Capital intensity	15% to 16%	No change
Adjusted EPS ⁽¹⁾	>5%	\$2.40 to \$2.50 7% to 11%
Free cash flow ⁽²⁾	\$1,750M to \$1,900M	No change
Dividend	\$1.54	\$1.62
Dividend payout ratio	65% to 75%	No change

* Revenue, EBITDA & capital intensity guidance for Bell excluding Bell Aliant

(1) EPS before restructuring and other and net gains (losses) on investments

(2) Free cash flow before common share dividends and including Bell Aliant's cash distributions

- **Increased revenue guidance reflects impact of The Source and Virgin**
 - Bell revenues before acquisitions expected to improve in 2H'09 vs. 1H'09
- **EBITDA reflects our core competency in reducing costs and improved revenue outlook for back half of 2009**
 - Minimal expected margin contribution from acquisitions
- **No change to free cash flow guidance**
 - Absorbing higher restructuring costs from incremental headcount reductions
- **Higher dividend supported by strong earnings and free cash flow generation**
 - Maintains dividend payout within target range of 65%-75% of Adjusted EPS
 - Readily funded from free cash flow
- **Consistent with past practice, decision on use of excess cash to occur at year end**
 - Projected cash balance of just under \$1B
 - In line with capital market objectives as outlined on Feb.11, 2009

Upward guidance revision and dividend increase reinforces momentum in execution of strategic priorities

