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**MANAGEMENT DISCUSSION SECTION**

Operator: Good morning ladies and gentlemen. Welcome to BCE's second quarter results conference call. I would now like to turn the meeting over to Mr. Bernard le Duc. Please go ahead Mr. le Duc.

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**Bernard le Duc, Senior Vice President, Finance and Investor Relations**

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Thank you Michelle, and good morning everyone. Welcome to the call.

With me here today in Montreal is Michael Sabia, our CEO; George Cope our COO; and Siim Vanaselja our CFO. We would like to take you through our results for the second quarter. We'll use the slide presentation that's available on the website and after that we'll move into a period of Q&A.

As usual, before we begin I would also remind you that today's remarks will contain forward-looking statements with respect to items such as revenue, EBITDA, capital intensity, free cash flow and EPS. Several assumptions were made by us in preparing these forward-looking statements and there are risks that our actual results will differ materially from those contemplated by the forward-looking statements.

For additional information on such assumptions and risks, please consult BCE's MD&A for the year ended 31 December, 2006 as updated in BCE's 2007 first and second quarter MD&As, all filed with the Canadian securities commissions and with the SEC and which are also available on our website.

These forward-looking statements represent the expectations of BCE and its subsidiaries as of August 1, 2007 and accordingly are subject to change after such date. However, we disclaim any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. And I'd just note that I am making this cautionary statement on behalf of each speaker whose remarks today will contain forward-looking statements.

So with that behind us, I would like to hand the call over to Michael Sabia.

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**Michael J. Sabia, President and Chief Executive Officer**

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Thanks Bernard, and thanks everyone for joining us this morning. For a number of reasons this was a very important quarter for the Company. First, and I guess pretty obviously, because of the Go Private transaction that we worked on throughout the quarter; and I'll come back to that in a minute. But second, also in terms of our ongoing operations. Where -- I think at the outset of the quarter, we had set, really, two key priorities. First, to meaningfully accelerate our wireless sales given the performance that we've had in the previous two quarters. And second on the wireline side of the business, a couple of points, first to continue making some very real progress on stabilizing the legacy side of the business and then also -- consistent with wireless -- accelerating the profitable growth of some of our growth engines on the wireline side of business.

And I think on both wireless and on the wireline side, I think we made some pretty good progress in the quarter. On wireless, I think we are now beginning to see some real evidence of renewed traction in the market. Our gross adds, as you've seen were up 6%, I think a reasonably strong performance on gross adds in the quarter. On net adds, the 63,000 certainly far, far better than Q1 but still behind Q2 of last year, that largely due to an increase in churn that we need to address and continue to work on. But overall on those scores, it's fair to say very pleased to see this progress. And I guess the point I would like to emphasize is that we will certainly be looking for even more of that as the momentum in our wireless business builds in the second half.

I'll just mention, on ARPU, as you know, we've had a step-by-step progress there over the last number of quarters, and continued that in the second quarter with a \$3 increase. And we've talked before, I had, George has, Siim has, about the importance that that has in our overall thinking about going forward in our wireless business. So, clearly that will continue to be a major area of focus where we continue to see some very significant further opportunities for improvement.

So, generally I'd say lot of progress in wireless in the second quarter; clearly not perfect, certainly not that; and still lots of room for improvement. But that being said, I think that the work that we've done on handsets and there'll be lots of more of that coming in the second half. On what we're doing in the channels; the positioning of SOLO; significant improvements in service quality, especially around network reliability where I think our investments are really paying dividends, that overall all of those things are really starting to put in place the foundations of a real turnaround from some of the performance that we've seen in the last couple of quarters. And we have lot of confidence that that turnaround is now well underway with lots of opportunity ahead of us.

If we turn to the wireline side of the business, as I mentioned, the goal on the legacy side about increasing stabilization, and I think we have also seen a lot of evidence of that, our NAS losses were about 15,000 better than last year. Now, a lot of that betterment was driven out of the business market side, but on the residential side of NAS, again, consistent with the goal that we set at the very beginning of the year to stabilize that in absolute terms, again, I think we accomplished that; in fact, we did just a shade better than that in our residential business. We expect to see a continuing path of improvement there for the remainder of the year. And that, especially given the kind of win-back performance that we've seen in Q2'07 and, very importantly the imminence of forbearance in a number of our key markets.

Same idea, same theme on stabilization, I think we've also seen in the quarter a continuation of the trend that's been underway for a while now of improving erosion rates in both Local and LD. Those were, both, far better than they were, for instance, a year ago. In fact, I think in LD, probably the best rates that we've seen since Q2'04, so for some time.

Now, I mentioned these couple of points on NAS and on revenue erosion rates on the legacy side. I touch on it, not to focus on any one of those elements individually but rather to just make a more general point to try to highlight the increasing evidence that we see that, yes, while pressures in our legacy business are a fact of life, I think it's just far, far better than what we were facing a year or two ago, so I think real progress there.

And more broadly, I think in other areas of the business, again, I think some pretty encouraging progress. Our ISP net adds, we are up; profitability of video continues to improve although our adds there were soft; George will talk about that. I think a good quarter in small-medium business once again. And I'll just spend a second on this; I think the makings of a real turnaround in our Enterprise business. The second quarter saw the first improvement in EBITDA that that business has seen in the last six quarters. So again, just consistent with this overall theme of turnaround in wireless, stabilization in some of the legacy sides of the business, turnaround in Enterprise; all of those things, I think, auguring very well for the rest of the year and for the future.

So, all that rolls up -- you've seen the numbers. Revenue came in at 1.4%; that's up from Q1 and it's better than last year. That number was affected, and George will talk about this, by some of the decisions we took with respect to lower margin hardware sales etcetera, but certainly it's fair to say that we've got more work to do in the second half to continue to drive that revenue performance which we will be doing, and there are a number of factors there that give us confidence that we can really capitalize on some of the foundations of the first half of the year and drive that forward in terms of wireless, ISP, winbacks, the great progress we're making with the Bell Bundle and home phone -- a whole host of things.

Then our productivity, I think, very solid performance with productivity improvement of around \$122 million and that's just under \$210 million for the year -- very, very much on track, in fact, I would say, if anything, ahead of schedule to our full year target of \$450 million. EBITDA at 3.2%, good improvement in the margin, overall improvement of 70 basis points, and that's very broadly based with margin improvement in -- I think we've seen it in wireless and video across our business markets. So again, given the pattern that we see for the year, I think we are very well positioned for the second half.

Earnings at \$0.56 was a shade better than consensus, but again on track for the year. So overall, I think, we've seen the continuation of some positive trends that we've had and now, I think, we are beginning to see some new and very important positive trends, especially in wireless and Enterprise.

Let me just spend a minute, I just flipped over on the Go Private transaction, I will be very brief here, just by way of update of the work that we've been doing with the Teachers' Group. I think it's fair to say that since announcing the deal, a lot of focus has been put on the preparation of the necessary regulatory filings. I think very good progress made there. Those filings -- as I think most of you probably know fall into a couple of categories.

The first, a set of competition filings that we need to do in both Canada and the United States. Those are by and large meeting notification requirements, and therefore we don't anticipate any issues there. That we believe is pretty straight forward. Some of these are already completed, filed, others are quite imminent.

Then the second category, filings with respect to our licenses, on the broadcast side to the CRTC, and then our spectrum licenses filings for Industry Canada. Again, I think a lot of progress there; quite a bit of work but a lot of progress there. And we would expect, on the license side, to see things filed in the next very, very short period. So, all of that is moving very well. I would say, overall that and the preparation of the documents that we're preparing for shareholder votes, etcetera, all of that moving very much on track. Nothing there that we see that causes us concern. All of that seems to be moving along well and very much on schedule.

So, George, with that I'll turn it over to you.

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**George Cope, President and Chief Operating Officer, Bell Canada**

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Great. Thanks Michael. Good morning everyone. I am on -- turn to slide 7, the wireless financials to begin. As Michael mentioned, we are beginning to gain financial traction on the wireless business. The reported EBITDA growth of approximately 15% was supported by revenue flow through to our EBITDA of over 69%. So, 69% of every dollar flowed to the EBITDA line. And I have chatted, as you know, over time about getting that metric north of 60%. And that happened at a time where our gross adds were the highest that we had in the second quarter. And I'll come back in a minute to the net adds in a second.

The improved flow-through though did result in a margin improvement of 2.5%. So, the margin on network revenue up to 43.6%, and simple cash flow grew 33% year-over-year in the quarter. So, again, the financials starting to move in the right direction, and the right metrics, and the right flow-through to EBITDA.

You will note that our capital is down in the quarter but we expect, obviously, the capital will pickup in the second half of the year, as we continue to make the investment in the network. And I think, a particular note is that our drop call rate, where we had some issues last year, has dropped 28% year-over-year in the GTA from the type of investments we've been making. And this, combined

with our significant EVDO Rev A investment, clearly now puts our network on par with any of our competitors in any of the markets.

Turn to the wireless metrics. As we mentioned, our gross sales have begun to pickup, and so starting to get in the right market share there. But certainly, some impact in terms of our churn was up, particularly on postpaid up from 1.1% a year ago to 1.4%. And that was really the result in the net adds of 63,000. Again, which as Michael mentioned, is a significant improvement from Q1'07 up 50,000, but definitely down year-over-year. And that, again, driven by some churn work which we are going to continue to do as we go forward.

And the ARPU does continue to improve, up 6% year-over-year and that driven primarily through the continual ramp-up in data services and pricing discipline across the organization but particularly on the data side where we are seeing the lift as usage of data services continue to grow. And now we've had the opportunity to rollout, for the first time, all of that; will more affect us in the third quarter. But for the first time the BlackBerry that works on a global basis and puts us on par from a competitive standpoint there, as well.

So, clearly the business is gaining momentum every month in the marketplace, and our execution of distribution in the SOLO brand strategy continue and will continue going forward.

Turn to the wireline business. The wireline results in Q2'07 were in line with our expectations. I think, a particular highlight of the quarter was our business portfolio which includes Bell West, SMB, and Enterprise. The business group on the landline side actually improved EBITDA year-over-year approximately 11%, and so our focus on profitable sales and not low margin hardware sales is beginning to show positive results across our entire portfolio. Michael mentioned, particularly Enterprise had a strong quarter but across all of our business portfolios our strategy of focusing on profitable growth away from low margin and selling solutions is truly beginning to show positive results.

Turning to the Local and LD performance in the quarter: Our Local access line loss was down 13,000 year-over-year to 114,000. It is also worth knowing that our residential winbacks continue to grow and were up 50% year-over-year in the quarter. And in fact more residential phone customers returned to Bell Canada in the first six months of this year than in all of 2006, and as a result, we were able to report a stabilization in our residential line losses we had talked about wanting to do in December at our Investor Conference. But the winbacks continue to ramp up, and as a result we were able to maintain the NAS close to the same number, a little better than last year.

And our discipline approach to re-price has really begun to pay dividend, as our Local revenue was down just 3.7% in the quarter versus 6.2% a year ago. And our LD revenue was down 8.6% versus 14.1% last year. In fact, it was the best quarter we have had on Long Distance in over three years. So despite the fact that our erosion is high -- is actually higher than our revenue decline, it means clearly that we're keeping the right clients and losing some of the lower ARPU clients.

Turning to our video business: We had strong revenue growth of 12.6%. This was driven primarily through ARPU growth of \$4 year-over-year. Our net adds were impacted by a one-time adjustment of 8,000 subs for non-payment, but even taking that away, net adds for video were softer than we would've liked to see. We saw some softness at the retail level. We do look forward to reestablishing some of that momentum in the second half of the year, but there is some work here to do in terms of net adds.

From a financial perspective, the EBITDA growth of 21% year-over-year is strong, and for the first time our EBITDA margin in this business is now exceeding 20%, and we're seeing flow-throughs of over 30%. So, the financials in this business continue to improve. We clearly need to begin to see some increased traction on our net adds in this part of the portfolio.

Turning to our data business: The internet business added 29,000 subscribers in the quarter, up 16% over last year. And I believe we are up approximately 16% in Q1'07 as well, over the year before. Importantly, we continue to see upward migration to premium product offerings by our clients. In particular, our churn rate continues to decline as our product quality and performance continues to exceed the market's demand for consistent and reliable bandwidth. We just continue to get excellent feedback on the performance of our internet product in the marketplace, and as a result have been able to see the improvement in net adds year-over-year.

In summary, just to remind everyone of our operational focus. Our key items for this year. Our wireless is beginning to gain momentum, stronger than Q1'07 and Q4'06, and lots of room for continued improvement, clearly, in the marketplace. Our residential NAS losses; they have stabilized, and as I mentioned before, we won back more clients in the first half of this year than all of last year. So, clearly clients are returning to Bell Canada for local services more than they had in the past over the last few years.

Our re-price: Managing our re-price on our traditional services. Our best quarter as we mentioned on LD in three years. Our margins are up 0.5 pts year-over-year as we continue to drive out cost. Our flow-through on EBITDA of 69%. And as I mentioned, the strong EBITDA growth of our business portfolio of 11%. And we continue to make significant investment and are seeing dramatic improvement in our wireless network performance and in stabilization of our Internet services and are seeing that in our churn rate, particularly in our internet business.

And with that, let me turn it over to Siim.

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**Siim A. Vanaselja, Chief Financial Officer**

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Thanks George, and good morning everyone. I'll start on page 15 with the overall type of a financial review. I'd say all-and-all that our results this quarter reflect steady improvement across the Company. We achieved a step-up in revenue growth from the first quarter, while maintaining solid EBITDA performance, margin improvement, and we increased earnings and cash flow.

The revenue growth at Bell was 1.4% in the quarter, and I think this is a good directional progress over the first quarter, reflecting continued improvement in the wireline business where legacy losses are moderating. While wireless, video, internet and business revenues continue to add growth.

In the quarter, data revenues were negatively impacted by a regulatory ruling relating to the wholesale pricing of basic service extension features that really required us to reduce revenues by \$10 million, representing an amount that we have over-billed customers since 2002. But the entire amount of that \$10 million charge was booked against revenues fully in the second quarter.

Our focus on profitable revenue growth along with ongoing productivity measures help drive Bell's EBITDA growth of 3.2% and earnings growth largely in line with our expectations.

At Bell Aliant, its revenue growth reflects higher internet sales and growth in IT Services which more than offset declining Local and LD revenues. EBITDA at Bell Aliant was impacted by higher labor and IT fulfillment costs.

Telesat also posted strong financial results this quarter with revenue growth at 34.2% and EBITDA growth of close to 33%, that growth includes a one-time sale of satellite capacity. And in the quarter, it was marked by the start of commercial service on Anik F3 satellite, which took place on May 1st, one month ahead of schedule.

BCE's EPS before gains and restructuring costs was \$0.56 this quarter that's up \$0.02 over last year. Improvement in EBITDA contributed \$0.03 to earnings then there was a lift from reduced year-over-year share count as well as from lower interest expense on lower average debt levels which was largely offset by increases in income tax expense, amortization expense and some foreign exchange.

In terms of our statutory EPS of \$0.83 per share this quarter; that included \$0.33 of net gains on investments. Those consisted primarily of a gain on Bell Aliant sale of Aliant Directory Services and a reversal of the tax approval upon the settlement of an uncertain tax position with Canada Revenue Agency and that relates to a prior year asset sale.

Restructuring and other items including real estate and work force reduction initiatives at Bell amounted to \$0.06 of EPS in the quarter.

So, turning to the next slide, Bell's EBITDA growth of 3.2% reflects growth in recurring service revenues, continued productivity gains, and an improvement in the valuation position of our pension plans. With these contributors, our EBITDA margin improved by 0.7 pts to 38.3% over Q2'06, and that was achieved despite higher year-over-year wireless customer acquisition and retention costs, higher bad debts from stepping up our focus on accounts receivable collections, and the in-quarter regulatory impact that I spoke of.

Now, a quick word about our pension plan. Bell's year-over-year pension and net benefit plan expense was lower by \$38 million due to a higher return on plan assets and a reduction in post employee benefit expense. So, while we originally forecast Bell's pension expense for all of 2007 to be about \$325 million for the year, the favorability in plan assets and the post retirement benefit liability is actually slightly better than we projected. So with that we now expect the full year expense to be about \$270 million.

Cost efficiencies in the quarter of \$122 million at the Bell level put us solidly on track, if not slightly ahead, in terms of delivering our full year productivity target of \$450 million. We achieved productivity gains of \$63 million from various procurement initiatives in the quarter. Those would have included savings under outsourcing contracts, cost reductions on wireless handsets, lower carrier sourcing costs, and better rates with billing and systems providers.

Process improvements would have contributed a further \$59 million of efficiencies and those were mainly achieved at the business unit level in our call centers and by tighter demand management control over spending on marketing, contractors, consultants, and other discretionary expense categories.

So, let me turn to free cash flow and capex. BCE's free cash flow was \$236 million for the quarter, up \$170 million from last year. That increase reflected \$112 million reduction in capital spending.

Now, while we continued all of the strategic spending programs in the plan, we have benefited somewhat from a higher level of expenditures which qualify for scientific research and experimental development tax credits and as well somewhat from the pricing power of a stronger Canadian dollar. Capital intensity in Q2'07 was 14.7%, that compares to close to 17.5% last year, but you may recall that the capex program in Q2'06 was at quite an accelerated pace. When you look at it on a year-to-date basis, however, capital intensity this year of 14.9% is very comparable to last year.

Free cash flow in the quarter also benefited from \$70 million in lower interest payments due both to the timing of payments and the refinancing of debt at lower rate. And let me provide you, again, with a quick update here on our cash pension funding outlook which has improved.

Our actuarial valuations were filed in June of this year with Bell Canada's plan disclosing a surplus now of about \$170 million. So, as a result, there is no further cash pension contributions required to our defined benefit plan for 2007, and therefore, we now expect that the cash funding of our net benefit plans for 2007 will be more in the range of \$260 million which is down from our previous estimate of \$300 million.

So, with our year-to-date free cash flow performance, I can say that we are on track to deliver our full year free cash flow target of \$700-\$900 million.

And lastly, with respect to our priorities going forward. With the progress we've made in the first half in executing on our operational priorities, we believe Bell is well positioned to step up its revenue trajectory in the second half, in particular, subscribers in wireless and internet are strengthening, NAS losses are continuing to moderate, we will see Enterprise deals continuing to ramp up in Q3'07 and particularly in Q4'07, and we should capture the benefits of some of the pricing actions and promotions, like the Bell Bundle, that we've implemented. We also will continue to manage costs tightly in the second half and on the regulatory front, there should be some upside from our various forbearance initiatives.

On this basis, we are reconfirming all of our full year financial guidance for 2007 with revenue and EBITDA expected to track to the lower end of that guidance, consistent with the comments I made on the first quarter analyst call.

So, with that I'll hand the call back to Bernard to begin the Q&A session.

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**Bernard le Duc, Senior Vice President, Finance and Investor Relations**

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Thanks Siim. So, we will all now move to Q&A. Michelle could you please remind people on the call of the procedure for placing a question. And then I would also ask people to please restrict themselves to one question or maybe a short follow-up, so that we can address everybody's questions on the call. Michelle?

**QUESTION AND ANSWER SECTION**

Operator: Thank you. [Operator Instructions]. The first question is from Greg MacDonald from National Bank Financial. Please go ahead.

**<Q – Greg MacDonald>**: Thanks. Good morning guys.

**<A – Michael Sabia>**: Hi Greg.

**<Q – Greg MacDonald>**: Hi. Quick question is on the access line counts. I noted that you suggested winbacks are being pretty successful. If I look at the access line breakdown between business and consumer, and please tell me if my numbers are wrong, I am getting about 160,000 decline on the consumer side and about a 50,000 gain on the business side. Two questions off of that. Number one, on the winbacks; if they are improving, is the discrepancy mostly an increase in wireless substitution; can you explain the discrepancy as that or are there other trends at stake? And then secondly, on the business access line improvements, and I know those are actually better than Q2'06 -- is that evidence of what's going on in the Enterprise side? Are you seeing more strength there or what's the main contributor to the business access lines strength? And I do have a quick follow-up. Thanks.

**<A – George Cope>**: Okay. Thanks Greg let me try on both. Your residential NAS numbers are -- it was 159,000. So you are basically correct. It is flat year-over-year in terms of our losses, which as you recall, our target was to be flat or down year-over-year and we are slightly down. Winbacks are growing simply because obviously there is a base now that our competitors have, and we are able with the regulatory rules to enter that market more aggressively. And so clearly on the growth side, our competitors are still growing but we are starting to winback as they now go through the dynamic of churn on their base and clearly from our end, the reliability of our product being second to none, starts to provide us with the opportunity to win clients back. A long way to go still in this area, I think the other part though that we're really pleased with is to see the revenue decline, as you would certainly understand Greg, the 3.7% decline in revenue being below the decline, if you will, in absolute access line decline. So, clearly if there is such a thing as losing clients that aren't at the higher ARPU that is clearly what we are doing.

On the business side it's really just across the board. In all of our business areas, we are seeing a little stronger results and also our disciplined approach, as we mention before, to the marketplace. And so that's really what we are seeing really across Bell West, SMB, and Enterprise both from an LD and from an overall access side. Lots of work there still to do but certainly, and as Michael mentioned, turnaround on the way from a financial perspective in our Enterprise business, and I think happening quicker than we would have anticipated.

**<Q – Greg MacDonald>**: Okay. That's helpful. Thanks George. And on the wireless substitution side, is that a significantly growing issue or is that just kind of growing over time, not something you are seeing massively different than last year?

**<A – George Cope>**: We haven't seen it massively different than last year, that would be the way I would answer, Greg, we haven't seen an acceleration in that. Clearly, though, when we get all the numbers in reconciled; the number of our lines against what the cable come up with -- you probably can come to a -- there will be a gap number there and we can probably start to account for; some of that, obviously, is continually substitution.

**<Q – Greg MacDonald>**: Okay. And my second quick question is, is it the intension of the buying group or do you know, to close this deal as soon as possible, i.e., if the regulatory approvals were given, let's say by the end of November, which is feasible, I don't know if it's probable but it's

feasible. And assuming you have shareholder approval, is it possible you could close before Q1'08 is it definite that you will delay until Q1'08, regardless?

**<A – Michael Sabia>**: Look Greg, I think -- I don't want to speak for the Teachers' Group, but I think we all have a view, and I think it's just a view that any business person has, that getting on with these things and getting them done is almost always better than doing them more slowly. So, I think that logic applies here as well, and we will be certainly working as we complete these regulatory filings and get through a shareholder vote, we will be, you know, working very hard with Ottawa to secure the necessary approvals. And you know I would say, a bit as you have said, I would say that given the position that the Teachers' Group has taken with respect to the importance of growth that they see in the business, the importance of capital investment, in taking the business forward, clearly Canadian nature of the transaction, that all of those things, which as you know are key elements of the discussion around the transaction and the regulatory approval of it, that I think given the very positive position that the Teachers' Group has taken, certainly we are optimistic of trying to move forward from -- with the regulators in as tight a timeframe as we can. Now, I don't want to speculate as to whether or not that's November, December, January, or February but I think everyone will be working very hard to try to get this accomplished and in place just as quickly as we can.

**<Q – Greg MacDonald>**: Okay. Thanks Michael. Thanks George.

**<A – George Cope >**: Thank you.

Operator: Thank you. The next question is from Glen Campbell from Merrill Lynch. Please go ahead.

**<Q – Glen Campbell>**: Yes, thanks very much. When you announced the transaction, you were quite emphatic about the criteria that you are using, not only the proceeds but also the certainty of financing and the -- certainty of closing. Michael I wonder, could you give us a little bit more detail on that? Clearly the markets are very nervous, and that's reflected in the share price. Can you give us any detail or any sort of comfort on those points, sort of beyond what's in the written agreement on the financing and sort of specific things that might cause risk in closing here?

**<A – Michael Sabia>**: Well Glen, I guess, the right place to start is, we do regard this transaction for what it is, which is a fully financed transaction. That point was reiterated very clearly. I think Claude Lamoureux did in recent days; speaking on behalf of the Teachers' Group, they have a very high degree of confidence, we have a very high degree of confidence as well. There is nothing that we see given the quality of the financing that is in place that causes us concern with respect to the ability to get the transaction done.

**<Q – Glen Campbell>**: And can you comment on the financing package, have they locked in just the principal or is it the spread or the rate?

**<A – Michael Sabia>**: I don't want to go too far here in terms of taking folks through the arrangements that the Teachers' Group has put in place. I think it's for them to decide whether they want to do that. But I would say that we -- one of the factors in making the choice and the decision that was made at the very end of June, was the quality of the financing package and we do believe that it is a very, very high quality financing package.

**<Q – Glen Campbell>**: Okay, thanks. I had a follow up on wireless for George, as well, if I might. The \$3 ARPU lift we saw year-over-year, you mentioned that data was sort of a big piece or the biggest piece there, would it be safe to say it's almost all of the increase or could you give us a little bit more color on how much data is contributing?

**<A – George Cope>**: No it's not all the increase, Glen, some of it is – we had done some work, you remember last year on some of our access fee at the end of the year and some of that's flowing through as well. So, it would be those two items that are driving it, primarily. And we look forward on the data side to more and more opportunity, now, if you will that we've got a level playing field on the access to countries around the world with the BlackBerry and with EVDO Rev A having the fastest network at the same time. So, I think those are really important strategic things for us going forward; not things that we necessarily had behind us.

**<Q – Glen Campbell>**: Okay. Thanks very much.

Operator: Thank you. The next question is from Jeffrey Fan from UBS Securities. Please go ahead.

**<Q – Jeffrey Fan>**: Thanks very much and good morning. Question on wireless, George, when we look at the metrics, certainly the gross adds appear to be improving, reflecting the channel and the distribution. But as you said, churn is going up, and when we look at the lifetime value of the subscriber, it looks like it's down another quarter, and it looks like the decline of that value is accelerating. So, clearly a function of churn, so the question is, this is only the first full quarter of number portability, can you kind of talk a little bit about what made up the churn, was it all going to number portability or was some of the issues, and perhaps, how long you think you would take before the churn starts to improve?

**<A – George Cope >**: Sure. The point on the churn, a couple of things there -- you're right, it was the first quarter of WNP, that's some of it and we've got work there to do as well, but a part of it also is, as you may recall on the last quarter, we talked about. We had tightened our credit windows and clearly some of that continues to flow through and that's a little bit of the change in the churn rate and that will flow through; also making sure that our retention offers are as competitive as they need to be. So, I'm fully confident that the lifetime value of that client will move back, and frankly, continue to improve over time. As we see the data services and the improvement we're seeing in ARPU take hold, and then we just do the aggressive work we need too to pull those churn numbers back in to levels that we'd seen in the past. Also there is a little bit of some of the Federal government account -- we talked about before -- some of that in the quarter. So, a little bit there. And then it's just block and tackle work to do.

**<Q – Jeffrey Fan>**: Is the Federal government contract all flowed through or is there is still more to come --

**<A – George Cope >**: No that's not what I said, some of it flowed through, not all of it.

**<Q – Jeffrey Fan>**: Some. Okay.

**<A – George Cope >**: Yes. But, so that is part of it too. Those are couple of the reasons and then just, we think the improvement in our network that we've done which is significant, actually really significant the GTA is going to start to pay some dividends for us as we move forward into the second half of the year.

**<Q – Jeffrey Fan>**: Okay. Great. Then just one quick follow-up on the transaction. Do you have some more clarity on the timeline regarding the circular and also your Shareholder Meeting?

**<A – Michael Sabia>**: Jeff no, not definitive but all of that work is progressing very well. And you know we would expect to get that done and out and move on to a shareholder vote of the transaction as soon as we can in the Fall. And we will have more to say on that, I think, in the coming weeks.

**<Q – Jeffrey Fan>**: Okay. Thank you.

Operator: Thank you. The next question is from Dvai Ghose from Genuity Capital Markets. Please go ahead.

**<Q – Dvai Ghose>**: Thanks very much. Good morning. Michael, one of the -- as Glen pointed out -- the market's skittish about this LBO deal. I guess one of the contingent factors, is the Telesat deal closing, that was supposed to close in the mid-2007 period, we are sitting in August. Could you explain why it hasn't closed and if there is any risk to that deal?

**<A – Michael Sabia>**: Yeah, a lot of work done on the regulatory approval side Dvai, on Telesat. Honestly, the approval process has taken longer, obviously, than we had anticipated. Not really because of any issues associated with substance, just a kind of long grind on some of the process issues associated with this. And with some people movements, and changes in key positions of people who needed to be involved in the regulatory approval process in Ottawa. A bunch of factors have come together to slow that thing down from what we had anticipated. So, there have been some -- how would I describe, they are kind of exogenous things that have occurred, that has slowed things down. By and large we are very close to being through that process, and we are working now to get that wrapped up. So our hope Dvai, on that one is that that should happen in the very, very short period, very short next while.

**<Q – Dvai Ghose>**: Okay. That's encouraging. Quick one for George, if I may. The 45,000 business line additions net adds in the quarter, what percent -- what number was Shaw's wholesale lines, if any, and what is your exposure to Shaw? And, George, are you going to quantify the federal government contract or are you not going to?

**<A – George Cope>**: Second question, no. And on the first one, Dvai, we don't split it out, but you are right. The part of the contribution to the growth is the Shaw wholesale, which isn't at all significant for us on the revenue side. And at some point that will go away from the business. I think the important thing on the call is that our overall business portfolio be it NAS, LD or across our IP portfolio, we are really beginning to see some stabilization there and some growth in our EBITDA in that business portfolio.

**<Q – Dvai Ghose>**: Thanks very much.

**<A – George Cope>**: Thanks Dvai.

Operator: Thank you. The next question is from John Henderson from Scotia Capital. Please go ahead.

**<Q – John Henderson>**: Yes. Thank you. A question about the Telesat one-time capacity sales, could you comment on just how much that was in the quarter?

**<A – George Cope>**: Sure. Siim, you want to take that?

**<A – Siim Vanaselja>**: Yeah I can, let me -- it was obviously the majority of the 30% or so growth in revenues. Let me just see if I've got --

**<A – George Cope >**: We are just going to look it up for you, see if we can get it for you.

**<Q – John Henderson>**: Okay, I might just ask a follow-up on IPTV and your readiness; any timing updates on that and whether or not your reduction in capex is any indication of your readiness or timeframe interest in moving into that space?

**<A – George Cope >**: Well, the reduction in capex isn't at all a part of that. Our willingness to move into the space hasn't really changed. In fact, we just continue to be more encouraged, with what's

happening in the U.S. in terms of what AT&T is talking and reporting in terms of their growth. And as we've said consistently, we are going to follow that curve in the U.S. And the timing and launch of that, quite frankly, people will know it when we launch it in the marketplace, but our capital hasn't been affected by that to-date in terms of that. We are though, I guess more and more encouraged by what's happening south of the border, and as we see the traction we want to see in the U.S. on that, then obviously adding that to our video portfolio, with what we already do, will be part of our strategy execution.

<Q – John Henderson>: Could you say what percentage of access lines today might be capable of getting IPTV if you were to launch?

<A – George Cope>: No, I wouldn't take you through that today, that will only tell our competitors know where we are going to launch.

<Q – John Henderson>: Fair enough.

<A – Siim Vanaselja>: So, John, I have the answer to your Telesat question. Of the \$41 million higher year-over-year revenues at Telesat, \$32 million was attributable to the recognition of the one-time sale of broadcasting satellite capacity.

<Q – John Henderson>: And how much of that would flow through to EBITDA?

<A – Siim Vanaselja>: At the Bell Canada level -- this, by the way, was a lease arrangement sale of redundant satellite capacity to ExpressVu. So at the Bell Canada level, it would entirely eliminate.

<A – George Cope>: Can we give you a call and follow up on that?

<Q – John Henderson>: I got it. Okay.

<A – Bernard le Duc >: You are right, that gets entirely eliminated.

<Q – John Henderson>: You are right. Got it.

<A – Siim Vanaselja >: But if you want the EBITDA flow-through at Telesat. You can call back on that.

<Q – John Henderson>: Sure. Thanks very much.

<A – Siim Vanaselja >: Thank you

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**Bernard le Duc, Senior Vice President, Finance and Investor Relations**

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Okay. I think that was the last person in the queue. So unless there is any final remarks Michael?

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**Michael J. Sabia, President and Chief Executive Officer**

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No. Just thanks for joining us. Again, some solid progress in the quarter, more to do in the second half, and we'll look forward to getting that done. And we'll look forward to making a lot of progress on getting Telesat wrapped up, as we expect to do, and then moving on and getting this very important transaction that we've announced with the Teachers' Group to get it wrapped up as quickly as we can.

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**Bernard le Duc, Senior Vice President, Finance and Investor Relations**

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So thank you everybody.

Operator: Thank you. The conference has now ended. Please disconnect your lines at this time. We thank you for your participation. And have a great day.

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