



3 Shareholder Report – BCE Inc. Third Quarter 2000

News Release

October 25, 2000

BCE announces 8% revenue growth in third quarter

Cash baseline earnings up 13% – Data revenue up 32% – High Speed Internet subscribers up 62%.

Montréal (Québec), October 25, 2000 – BCE today announced third quarter results reflecting continued revenue growth from its operations particularly in key segments such as data, wireless, and e-business.

Financial Highlights (Q3 2000 vs. Q3 1999, unless indicated)

- Revenue up 8% to \$4.5 billion;
- EBITDA up 9% to \$1.8 billion;
- Cash baseline earnings up 13% to \$0.51 per common share
(*cash baseline earnings exclude special items and goodwill expense*).

Operational Highlights

- Bell Mobility cellular subscribers grew 28% to reach 2.2 million (2.6 million including Aliant);
- Sympatico total subscribers increased 91% to 705,000 (896,000 including Aliant);
- Sympatico High Speed Edition subscribers grew 62% over last quarter to 177,000 (204,000 including Aliant);
- Bell ExpressVu subscribers grew 95% to 594,000;
- BCE Emergis revenue was up 171% to \$132 million.

“The third quarter results continue to demonstrate BCE’s successful transition into a data/Internet communications company,” said Jean Monty, Chairman and Chief Executive Officer.

“Bell Canada made significant gains in all of its operations: data revenue was up 32% over last year; Bell Mobility added 118,000 new subscribers in the quarter, 46% more than the same period last year and our share of the High Speed Internet market is now approximately 25% from around 10% at the beginning of the year.”

“During the quarter, BCE further developed its content strategy with the announced creation of Canada’s premier multi-media company which will combine CTV, The Globe and Mail, Globe Interactive and Sympatico-Lycos, the leading media brands in television, print and the Internet,” added Mr. Monty. “We are also on track to complete the acquisition of Teleglobe by early November.”

Third quarter results by group

BCE's activities are organized around four business groups: Bell Canada, BCE Emergis and CGI, BCE Media, and Bell Canada International. Bell Canada includes Bell Mobility, Bell Nexxia, Bell ActiMedia, Aliant as well as Bell Canada's interests in Manitoba Telecom Services (MTS), Teleglobe and other Canadian telcos. The BCE Media group is comprised of Bell ExpressVu, Telesat, CTV, which is held in trust pending the decision of the CRTC relative to BCE's application for change of ownership, and other media interests.

Results by Operating Group (unaudited)

(\$ millions, except per share amounts)

For the period ended September 30	Third Quarter		Nine Months	
	2000	1999	2000	1999
Revenue				
Bell Canada ⁽¹⁾	3,986	3,691	11,424	10,572
BCE Emergis and CGI	272	224	781	605
BCE Media	160	121	442	298
Bell Canada International ⁽²⁾	192	209	687	592
Corporate, Intercompany eliminations, and Other	(136)	(106)	(425)	(295)
Total revenue	4,474	4,139	12,909	11,772
Cash baseline earnings ⁽³⁾				
Bell Canada ⁽⁴⁾	342	287	902	926
BCE Emergis and CGI	7	13	27	35
BCE Media	(34)	(16)	(71)	(49)
Corporate, Intercompany eliminations, and Other	33	30	113	(12)
Cash baseline earnings	348	314	971	900
Dividends on preferred shares	(19)	(23)	(61)	(70)
Cash baseline earnings applicable to common shares	329	291	910	830
Cash baseline earnings per common share	0.51	0.45	1.41	1.29
Cash baseline earnings applicable to common shares	329	291	910	830
Baseline adjustments ⁽⁵⁾	311	(168)	3,903	3,827
Net earnings applicable to common shares	640	123	4,813	4,657
Net earnings per common share	0.99	0.19	7.47	7.25

(1) Aliant revenues are consolidated since the first quarter of 2000. For improved comparability, Aliant revenues for 1999 are also presented on a consolidated basis. Aliant is held by BCE (14%) and by Bell Canada (39%).

(2) Bell Canada International's earnings are excluded from BCE's cash baseline earnings.

(3) BCE is reporting on a "cash baseline earnings" basis which excludes baseline adjustments.

(4) Reflects BCE's 80% ownership since June 1, 1999.

(5) Baseline adjustments include (on an after tax basis) BCE's share of: gains on reduction of ownership in subsidiary and significantly influenced companies; discontinued operations; net gains on disposal of investments; restructuring and other charges; amortization of purchased in-process research and development expense; results of BCI; and goodwill expense. Third quarter, baseline adjustments relate mainly to BCI's gain on the sale of its Korean operations, Hansol, and a Bell Canada adjustment to account for Teleglobe's discontinued operations in ORBCOMM.

Bell Canada

- Operating revenue was up 8% to \$4.0 billion due mainly to strong growth in data, including IP/Broadband revenue at Bell Nexxia, increased revenue from a higher number of lines in service, wireless services and SmartTouch features;
- Revenue from local and access services increased by 8% to \$1.7 billion;
- Revenue from long distance and network services were essentially flat at \$1.1 billion;
- Terminal sales, directory advertising and other revenue grew by 15% to \$808 million, mainly due to increased data revenue;
- Bell Mobility revenue was up 16% to \$336 million due primarily to strong growth in new activations and an increase in the average revenue per subscriber to \$48 from \$45 in the previous quarter;
- Cash operating expenses were up 6% to \$2.2 billion due mainly to increased expenses associated with increased revenue;
- Earnings before interest, taxes, depreciation and amortization (EBITDA) grew 9.9% to \$1.8 billion;
- Cash baseline earnings applicable to common shares were \$428 million in the third quarter of 2000 compared with \$360 million for the same period in 1999;
- Bell Canada's cash baseline contribution to BCE's earnings was \$342 million in the quarter compared with \$287 million for the same period in 1999.

BCE Media

- Revenue for BCE Media reached \$160 million up 32%. The growth was mainly attributable to increased revenue at Bell ExpressVu as a result of a higher subscriber base;
- BCE Media recorded a cash baseline loss of \$34 million mainly attributable to the increased expenditures associated with subscriber growth at Bell ExpressVu, partially offset by Telesat's contribution. BCE Media's share of CTV's loss was \$4 million. CTV, which is currently held in trust, is equity accounted, pending the decision of the CRTC relative to BCE's application for change of ownership.

BCE Emergis and CGI

- BCE Emergis' cash baseline contribution to BCE was \$3 million in the third quarter of 2000, compared with \$1 million for the same period in 1999. The change was mainly attributable to the acquisition, at the end of March 2000, of United Payors and United Providers (UP & UP). EBITDA grew significantly to reach \$26 million at the end of the quarter compared with \$2 million for the same period in 1999;
- CGI's cash baseline contribution to BCE was \$4 million in the third quarter compared with \$12 million for the same period in 1999. The lower contribution is due primarily to the continued slowdown in the marketplace relating to new investments in IT and the awarding of large outsourcing contracts.

Bell Canada International

- BCI's earnings are not included in BCE's cash baseline earnings. BCI's net earnings contribution to BCE was \$556 million in the third quarter of 2000, compared with a loss of \$104 million for the same period in 1999. The increased contribution was mainly attributable to BCE's share of the gain on the sale of Korean PCS provider, Hansol;
- BCI's revenue decreased to \$192 million in the quarter from \$209 million in the third quarter of 1999 mainly due to BCI's sale of Hansol;
- Proportionate number of subscribers totalled 1.2 million at the end of the quarter.

BCE is Canada's largest communications company. Through its operations in communications services, BCE provides residence and business customers in Canada with wireline and wireless communications products and applications, satellite communications and direct-to-home television services, systems integration expertise, electronic commerce solutions, Internet access and high-speed data services, and directories. BCE has an extensive international presence through Teleglobe, an international telecommunications carrier. Through Bell Canada International, BCE also provides communications services to millions of customers mostly from Latin America. BCE shares are listed in Canada, the United States and Europe.

Note:

Certain statements made in this press release, which describe BCE's intentions, expectations or predictions, are forward-looking and are subject to important risks and uncertainties. The results or events predicted in these statements may differ materially from actual results or events. Factors which could cause results or events to differ from current expectations include, among other things: uncertainty as to whether BCE's strategies and acquisitions will yield the expected benefits, revenue projections, synergies and growth prospects; the impact of rapid technological and market change; increasing competition; general industry and market conditions and growth rates; international growth and global economic conditions, particularly in emerging markets, including interest rate and currency exchange rate fluctuations; the inability to further identify, develop and achieve commercial success for new products, services and technologies; the level of expenditures necessary to maintain quality of service; the availability and cost of capital; the extent of demand for traditional and emerging services; the uncertainties of the Internet including the Internet economy growing at a slower pace than is currently anticipated as well as changes in laws or regulations governing Internet commerce; stock market volatility; the ability of BCE to make acquisitions and/or integrate the operations of acquired businesses in an effective manner; the availability of, and ability to retain, key personnel; and the impact of consolidations in the telecommunications industry. For additional information with respect to certain of these and other factors, see the reports on Forms 6-K and 40-F filed by BCE with the United States Securities and Exchange Commission. 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.

Condensed Consolidated Statement of Operations (unaudited)

(\$ millions, except per share amounts)

For the periods ended September 30	Third Quarter		Nine Months	
	2000	1999	2000	1999
Operating revenues	4,474	3,632	12,909	10,507
Operating expenses	3,592	2,890	10,473	8,450
Restructuring and other charges	—	92	—	377
Net operating revenues	882	650	2,436	1,680
Gains on reduction of ownership in subsidiary companies	—	—	—	4,242
Equity in net earnings (losses) of significantly influenced companies	(113)	2	(176)	30
Other income (Note 2)	1,019	61	1,013	405
Earnings from continuing operations before the under-noted items	1,788	713	3,273	6,357
Interest expense	340	289	966	839
Earnings from continuing operations before income taxes and non-controlling interest	1,448	424	2,307	5,518
Income taxes	(436)	(250)	(1,049)	(673)
Non-controlling interest	(286)	(42)	(359)	53
Earnings from continuing operations	726	132	899	4,898
Discontinued operations (Note 3)	(67)	14	3,975	(171)
Net earnings	659	146	4,874	4,727
Dividends on preferred shares	(19)	(23)	(61)	(70)
Net earnings applicable to common shares	640	123	4,813	4,657
Net earnings per common share				
Continuing operations	1.10	0.17	1.30	7.51
Net earnings	0.99	0.19	7.47	7.25
Dividends per common share	0.30	0.34	0.94	1.02
Average number of common shares outstanding (millions)	644.7	643.6	644.4	642.5

Condensed Consolidated Statement of Retained Earnings (unaudited)

(\$ millions)

For the periods ended September 30	Third Quarter		Nine Months	
	2000	1999	2000	1999
Balance at beginning of period, as previously reported	1,554	8,297	8,691	4,207
Adjustment for changes in accounting policies (Note 1)	—	—	(797)	—
Balance at beginning of period, as restated	1,554	8,297	7,894	4,207
Net earnings	659	146	4,874	4,727
	2,213	8,443	12,768	8,934
Dividends – Preferred shares	(19)	(23)	(61)	(70)
– Common shares	(194)	(219)	(606)	(656)
– Distribution of Nortel Networks common shares (Note 3)	—	—	(10,114)	—
	(213)	(242)	(10,781)	(726)
Other	6	—	19	(7)
	(207)	(242)	(10,762)	(733)
Balance at end of period	2,006	8,201	2,006	8,201

Condensed Consolidated Balance Sheet (unaudited)

	(\$ millions)	
	September 30	December 31
	2000	1999
ASSETS		
Current assets		
Cash and cash equivalents	508	2,395
Accounts receivable	3,043	2,598
Other current assets	1,005	514
Total current assets	4,556	5,507
Investments in significantly influenced and other companies	5,752	2,909
Capital assets	19,319	16,935
Deferred charges	3,273	2,714
Goodwill and other assets	4,147	2,371
Investment in Nortel Networks – discontinued operations (Note 3)	–	6,524
Total assets	37,047	36,960
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	4,047	3,866
Debt due within one year	3,400	1,677
Total current liabilities	7,447	5,543
Long-term debt	10,985	8,780
Future income taxes and other long-term liabilities	3,991	2,285
Total liabilities	22,423	16,608
Non-controlling interest	3,580	2,460
SHAREHOLDERS' EQUITY		
Preferred shares	1,300	1,700
Common shareholders' equity		
Common shares ⁽¹⁾	6,820	6,789
Contributed surplus	997	997
Retained earnings	2,006	8,691
Currency translation adjustment	(79)	(285)
Total common shareholders' equity	9,744	16,192
Total shareholders' equity	11,044	17,892
Total liabilities and shareholders' equity	37,047	36,960

⁽¹⁾ At September 30, 2000, 644,708,780 (643,804,984 at December 31, 1999) common shares and 9,029,405 (5,767,012 at December 31, 1999) stock options were outstanding. The stock options were issued under BCE Inc.'s stock option programs and are exercisable on a one-for-one basis for common shares of BCE Inc.

BCE files a Management's Discussion and Analysis and other financial information with Canadian securities commissions. This information can be found on BCE's web site, www.bce.ca, or is available from the Company upon request.

Condensed Consolidated Statement of Cash Flows (unaudited)

	(\$ millions)	
For the nine months ended September 30	2000	1999
Cash flows from operating activities		
Earnings from continuing operations	899	4,898
Adjustments to reconcile net earnings to cash flows from operating activities:		
Depreciation and amortization	2,728	2,243
Restructuring and other charges	–	364
Gains on reduction of ownership in subsidiary companies	–	(4,242)
Net gains on disposal of investments	(1,035)	(382)
Future income taxes	29	75
Dividends received in excess of equity in net losses (earnings) of significantly influenced companies	168	17
Other items	(137)	(232)
Change in non-cash working capital components	(750)	(1,204)
	1,902	1,537
Cash flows from investing activities		
Capital expenditures	(2,968)	(2,410)
Investments	(4,468)	(865)
Divestitures	1,345	6,052
Proceeds from disposition of capital assets	7	76
Other items	47	(41)
	(6,037)	2,812
Cash flows from financing activities		
Dividends paid on common and preferred shares	(667)	(726)
Dividends paid by subsidiaries to non-controlling interest	(263)	(102)
Increase in notes payable and bank advances	1,990	100
Increase (decrease) in long-term debt	715	(508)
Issue of common shares, preferred shares and convertible debentures by subsidiaries to non-controlling interest	648	443
Redemption of preferred shares by subsidiaries	(295)	–
Issue of common shares	31	147
Other items	64	(11)
	2,223	(657)
Effect of exchange rate changes on cash and cash equivalents	(5)	(17)
Cash (used in) provided by continuing operations	(1,917)	3,675
Cash provided by discontinued operations	30	90
Net (decrease) increase in cash and cash equivalents	(1,887)	3,765
Cash and cash equivalents at beginning of period	2,395	370
Cash and cash equivalents at end of period	508	4,135

BCE's fourth quarter 2000 results review will be made available via an audio webcast from our site on the Internet. For more information, see details on our site at www.bce.ca, after mid-January, 2001.

Segmented Information (unaudited)

(\$ millions)

For the periods ended September 30	Third Quarter		Nine Months	
	2000	1999	2000	1999
Revenues				
Bell Canada ^{(1) (2)}	3,986	3,184	11,424	9,307
BCE Emergis and CGI	272	224	781	605
BCE Media	160	121	442	298
Bell Canada International	192	209	687	592
Corporate and Other	28	8	69	24
Intercompany eliminations	(164)	(114)	(494)	(319)
Total revenues	4,474	3,632	12,909	10,507
Net earnings				
Bell Canada ^{(1) (2)}	296	283	809	5,048
BCE Emergis and CGI	(64)	2	(138)	(33)
BCE Media ⁽³⁾	(95)	(79)	(167)	(115)
Bell Canada International	556	(104)	282	(230)
Corporate and Other	27	30	102	230
Intercompany eliminations	6	–	11	(2)
Earnings from continuing operations	726	132	899	4,898
Discontinued operations (Note 3)	(67)	14	3,975	(171)
Net earnings	659	146	4,874	4,727
Dividends on preferred shares	(19)	(23)	(61)	(70)
Net earnings applicable to common shares	640	123	4,813	4,657

(1) Represents the consolidation of Bell Canada Holdings Inc. (BCH) with Bell Canada and its consolidated subsidiaries. BCH owns 100% of Bell Canada. As of June 1, 1999, BCE Inc. (BCE) owns 80% of BCH, the remaining 20% is owned by SBC Communications Inc. (SBC).

(2) Effective January 2000, BCE increased its ownership interest in Aliant Inc. (Aliant) from 41% to 53% (approximately 39% held by Bell Canada and approximately 14% held by BCE Inc. as of September 30, 2000). Therefore, in 2000, Aliant is consolidated and included in the Bell Canada segment.

(3) Effective April 2000, the BCE Media segment includes the results of CTV Inc. (CTV), accounted for using the equity method (Note 4).

Note 1. Significant accounting policies

For a full description of the accounting policies, refer to the 1999 Annual Report of BCE. All amounts are in Canadian dollars unless otherwise indicated. Certain comparative figures have been reclassified to conform with the current presentation.

On January 1, 2000, BCE adopted the recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook section 3465, *Income Taxes*, which replaces the deferral method with the liability method of tax allocation. BCE applied the new recommendations retroactively without restating prior years. The cumulative effect of adopting the new recommendations as at January 1, 2000, was to increase investments in significantly influenced and other companies by \$20 million, decrease investment in Nortel Networks Corporation (Nortel Networks) related to the discontinued operations by \$113 million, increase goodwill and other assets by \$36 million, increase future income taxes by \$4 million, increase non-controlling interest by \$14 million and decrease retained earnings by \$75 million.

On January 1, 2000, BCE adopted the recommendations of the CICA Handbook section 3461, *Employee Future Benefits*, which changes the accounting for pension and other types of employee future benefits. Previously, the costs of postemployment and postretirement benefits other than pensions were charged to earnings in the period in which they were paid. The new Handbook section requires companies to accrue the costs over the working lives of employees in a manner similar to pension costs. BCE applied the new recommendations retroactively, without restating prior years, by reflecting recognized and unrecognized amounts for all its benefit plans, consistent with United States generally accepted accounting principles. The cumulative effect of adopting the new recommendations as at January 1, 2000, was to decrease deferred charges by \$59 million, decrease investments in significantly influenced and other companies by \$46 million, decrease investment in Nortel Networks related to the discontinued operations by \$304 million, decrease future income taxes by \$343 million, increase other long-term liabilities by \$757 million, decrease non-controlling interest by \$101 million and decrease retained earnings by \$722 million.

Note 2. Other income

Sale of Hansol M.com

In July 2000, Bell Canada International Inc. (BCI) recorded a pre-tax gain of approximately \$1.1 billion relating to the sale of its 21% indirect interest in Hansol M.com for an aggregate consideration of approximately \$1.5 billion in the form of cash, promissory notes and SK Telecom Co., Ltd. shares.

Note 3. Discontinued operations

In May 2000, BCE distributed an approximate 35% interest in Nortel Networks to BCE common shareholders. BCE common shareholders received, for each common share of BCE held, approximately 1.57 post-split common shares of Nortel Networks. Consequently, BCE's results prior to May 2000 reflect its 35% interest in Nortel Networks as a discontinued operation. This transaction was recorded as a distribution (dividend) to shareholders at the pro-rata carrying value of BCE's approximate 37% interest in Nortel Networks prior to the distribution. This resulted in a decrease to investment in Nortel Networks related to the discontinued operations of \$9,964 million, a decrease in retained earnings of \$10,114 million (including transaction costs of \$70 million), and an increase in currency translation adjustment of \$150 million. BCE's remaining interest (approximately 2%) in Nortel Networks is now being recorded as an investment at cost.

Discontinued operations, for Nortel Networks, mainly reflects BCE's share of Nortel Networks' net earnings applicable to common shareholders, as well as gains on the reduction of BCE's ownership in Nortel Networks, mainly as a result of Nortel Networks' acquisitions, through the issuance of shares, of Qtera Corporation, Clarify Inc. and Promatory Communications, Inc.

In the third quarter of 2000, Teleglobe Inc. (Teleglobe) classified its investment in ORBCOMM Global L.P. (ORBCOMM) as a discontinued operation. On September 15, 2000, ORBCOMM voluntarily filed a petition for protection under Chapter 11 of the U.S. Bankruptcy Act. Consequently, BCE's results reflect a \$60 million after tax write-down relating to its proportionate interest in ORBCOMM as a discontinued operation. BCE's proportionate interest in ORBCOMM's losses for prior periods have been reclassified from equity in net earnings (losses) of significantly influenced companies, to discontinued operations.

Note 4. Business acquisition

CTV

In April 2000, BCE completed the acquisition of all of the outstanding common shares of CTV, including the CTV common shares held by Electrohome Broadcasting Inc., for a cash consideration of approximately \$2.3 billion. CTV, including its subsidiary Netstar Communications Inc. (Netstar), is a conventional and specialty broadcaster with a local presence across Canada. As per the Voting Trust Agreement approved by the Canadian Radio-television and Telecommunications Commission (CRTC), the CTV shares acquired under the BCE offer have been transferred to a trustee until such time as the CRTC and other regulatory approvals required in this transaction are received by BCE. These approvals are expected to be received in the first quarter of 2001. As part of the CRTC approval process, an additional 10% (approximately \$230 million) of the value of the transaction will be spent over the course of the license period on initiatives that will benefit the broadcasting industry (benefits package). The cost of the benefits package has been included as part of the purchase price for the acquisition of CTV, for a total purchase price of approximately \$2.5 billion. The acquisition was accounted for using the purchase method. Goodwill of approximately \$1.9 billion is being amortized over 20 years. During the time that these shares are held by the trustee, the investment in CTV will be accounted for using the equity method.

Note 5. Commitments

Creation of a Multi-Media Company by BCE, The Thomson Corporation and The Woodbridge Company Limited

On September 15, 2000, BCE, The Thomson Corporation (Thomson) and The Woodbridge Company Limited (Woodbridge) announced the creation of a \$4 billion Canadian multi-media company. BCE will own 70.1% of the new company and its principal contributions to it will be its wholly owned interest in CTV and its 71% interest in Sympatico-Lycos Inc. Thomson will own 20% of the new company and will contribute all of the assets and undertakings of The Globe and Mail (division of Thomson Canada Limited) and of Globe Interactive (division of Thomson Canada Limited), and its 50% interest in Report on Business TV. Woodbridge will own 9.9% of the new company and will contribute \$385 million. The transaction is expected to be completed in the first quarter of 2001, subject to the approval by the CRTC of BCE's acquisition of CTV (Note 4), as well as other customary approvals.

Sale of Vésper S.A. and Vésper São Paulo S.A.

On September 26, 2000, BCI announced the signing of a definitive agreement to sell its indirect interests in Vésper S.A., Vésper São Paulo S.A. and the internet service provider, Interativa S.A. (collectively, Vésper companies) to VeloCom Inc. (VeloCom). BCI through its affiliates will receive gross proceeds of US \$875 million, consisting of US \$600 million in cash and US \$275 million in promissory notes. The transaction is expected to close in the first quarter of 2001, subject to regulatory and other approvals and VeloCom concluding the necessary financing.

BCI, Telefonos de Mexico S.A. de C.V. and SBC Partnership

On September 26, 2000, BCI, Telefonos de Mexico S.A. de C.V. (Telmex) and SBC announced revisions to the June 7, 2000 agreement to form a new facilities-based communications company which will be their principal vehicle for expansion in South America. Under the revised agreement, BCI and Telmex will each hold a 44.3% indirect interest in the new company. SBC will acquire an 11.4% interest in the new company by contributing its assets in the region. The parties have also agreed that BCI will contribute the sale proceeds from the disposition of the Vésper companies to the new facilities-based communications company, net of any additional BCI capital invested into the Vésper

companies prior to closing, in lieu of its interests in the Vésper companies, as originally contemplated by the June 7, 2000 agreement. The new company's initial capitalization will be US \$4 billion and will include the South American assets of BCI (excluding the Vésper companies) and Telmex's and SBC's investments in the Brazilian wireless company Algar Telecom Leste S.A. In addition, the new company will acquire Telmex's interest in the Argentine broadband company, Techtel Telecomunicaciones S.A. The transaction for the formation of the new facilities-based communications company is expected to be completed in the fourth quarter of 2000, subject to certain regulatory and other approvals.

Sale of KG Telecommunications Co. Ltd.

On August 31, 2000, BCI announced the signing of a definitive share purchase agreement to sell its 20% interest in KG Telecommunications Co. Ltd. for gross proceeds of approximately \$790 million. The transaction is expected to close no later than the first quarter of 2001, subject to certain customary regulatory and contractual approvals.

Acquisition of Teleglobe

On June 18, 2000, BCE, Teleglobe and the principal shareholders of Teleglobe reached an agreement to revise certain terms of BCE's initial offer announced on February 15, 2000, to acquire all of the outstanding common shares of Teleglobe it does not already own. Under the revised agreement, BCE provided Teleglobe with immediate financing of US \$100 million and will provide additional financing if required prior to the closing of the transaction. BCE has also agreed to eliminate all conditions of the transaction except those provided by law and material regulatory approvals, and to accelerate the closing of the transaction. Teleglobe common shareholders will receive a fixed share exchange ratio of 0.91 of a BCE common share (less nominal cash consideration per share) for each Teleglobe common share they own. Teleglobe common shareholders can also choose to receive up to 20% in cash (including the nominal cash consideration) of the value of the BCE common share component. The value will be based on the price of BCE common shares prior to closing. Teleglobe stock option holders will receive, upon exercise of such options, 0.91 of a BCE common share for each Teleglobe stock option held. The transaction is anticipated to close early in November 2000, after regulatory, court and shareholder approvals have been received. Teleglobe's shareholders' meeting is scheduled to be held on October 31, 2000. Once completed, this acquisition will be accounted for using the purchase method.

Note 6. Hedge of remaining interest in Nortel Networks

During the second quarter of 2000, BCE entered into forward contracts, for up to one year, with several financial institutions to hedge its exposure to fluctuations in the market price of Nortel Networks common shares. As a result of these contracts, approximately 46.4 million of BCE's 60 million Nortel Networks common shares have been hedged at an average price of approximately \$90 per share. Furthermore, BCE may, depending on market conditions, enter into additional derivative transactions with respect to a portion of its remaining Nortel Networks shares for a total of up to 54 million shares. BCE currently intends to use the value of these Nortel Networks shares including the hedged amounts, to raise, in one or more transactions, net proceeds of approximately \$5 billion in long-term debt financing. The forward contracts will, in effect, become part of the long-term financing arrangements. BCE anticipates the long-term debt financing arrangements to be in place prior to the end of the year. The terms and conditions of the long-term financing have not yet been finalized.

Prior to 2000, BCE had granted, from time to time, stock options with accompanying rights to Special Compensation Payments (SCPs) to officers and key employees of BCE and its subsidiaries. As a result of the distribution (dividend) of Nortel Networks common shares (Note 3), the then outstanding options were divided into options over BCE and over Nortel Networks common shares, and the related SCPs were appropriately adjusted. As a result, SCP right holders now have, for each SCP right held prior to the distribution, SCP rights related to the increase in price of both the BCE and Nortel Networks common shares over the exercise prices of the related options. In addition, BCE has entered into forward contracts to hedge its exposure to outstanding SCP rights related to options over BCE common shares. The remaining 6 million Nortel Networks common shares have been designated as a hedge of BCE's exposure to outstanding rights to SCPs related to the options over the Nortel Networks common shares.

For further information concerning the Dividend Reinvestment and Stock Purchase Plan (DRP), direct deposit of dividend payments, the elimination of multiple mailings or the receipt of quarterly reports, please contact:

Montreal Trust Company
P.O. Box 1100, Station B
Montréal (Québec) H3B 3K9
Tel: (514) 982-7555 or 1 800 561-0934
Fax: (514) 982-7635

Additional information may be obtained from:

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