



Supplementary Financial Information Third Quarter 2004

BCE Investor Relations

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(\$ millions, except per share amounts)	Q3 2004	Q3 2003	\$ change	% change	YTD September 2004	YTD September 2003	\$ change	% change
Operating revenues	4,781	4,627	154	3.3%	14,204	13,919	285	2.0%
Operating expenses	(2,845)	(2,732)	(113)	(4.1%)	(8,471)	(8,356)	(115)	(1.4%)
EBITDA ⁽²⁾	1,936	1,895	41	2.2%	5,733	5,563	170	3.1%
EBITDA margin ⁽³⁾	40.5%	41.0%		(0.5) pts	40.4%	40.0%		0.4 pts
Amortization expense	(769)	(801)	32	4.0%	(2,305)	(2,325)	20	0.9%
Net benefit plans cost	(61)	(44)	(17)	(38.6%)	(189)	(129)	(60)	(46.5%)
Restructuring and other items	(1,081)	(1)	(1,080)	n.m.	(1,098)	(1)	(1,097)	n.m.
Operating income	25	1,049	(1,024)	(97.6%)	2,141	3,108	(967)	(31.1%)
Other income	333	1	332	n.m.	393	48	345	n.m.
Interest expense	(253)	(270)	17	6.3%	(758)	(839)	81	9.7%
Pre-tax earnings from continuing operations	105	780	(675)	(86.5%)	1,776	2,317	(541)	(23.3%)
Income taxes	44	(282)	326	n.m.	(511)	(788)	277	35.2%
Non-controlling interest	(47)	(45)	(2)	(4.4%)	(134)	(144)	10	6.9%
Earnings from continuing operations	102	453	(351)	(77.5%)	1,131	1,385	(254)	(18.3%)
Discontinued operations	(2)	11	(13)	n.m.	28	30	(2)	(6.7%)
Net earnings	100	464	(364)	(78.4%)	1,159	1,415	(256)	(18.1%)
Dividends on preferred shares	(18)	(18)	-	0.0%	(53)	(50)	(3)	(6.0%)
Premium on redemption of preferred shares	-	-	-	n.m.	-	(7)	7	n.m.
Net earnings applicable to common shares	82	446	(364)	(81.6%)	1,106	1,358	(252)	(18.6%)
Net earnings per common share - basic								
Continuing operations	\$ 0.09	\$ 0.48	\$ (0.39)	(81.3%)	\$ 1.17	\$ 1.46	\$ (0.29)	(19.9%)
Discontinued operations	\$ -	\$ 0.01	\$ (0.01)	n.m.	\$ 0.03	\$ 0.03	\$ -	0.0%
Net earnings	\$ 0.09	\$ 0.49	\$ (0.40)	(81.6%)	\$ 1.20	\$ 1.49	\$ (0.29)	(19.5%)
Net earnings per common share - diluted								
Continuing operations	\$ 0.08	\$ 0.47	\$ (0.39)	(83.0%)	\$ 1.16	\$ 1.45	\$ (0.29)	(20.0%)
Discontinued operations	\$ -	\$ 0.01	\$ (0.01)	n.m.	\$ 0.03	\$ 0.03	\$ -	0.0%
Net earnings	\$ 0.08	\$ 0.48	\$ (0.40)	(83.3%)	\$ 1.19	\$ 1.48	\$ (0.29)	(19.6%)
Dividends per common share	\$ 0.30	\$ 0.30	\$ -	0.0%	\$ 0.90	\$ 0.90	\$ -	0.0%
Average number of common shares outstanding - basic (millions)	924.6	921.5			924.4	919.3		
The following items are included in net earnings:								
Net gains on sale of investments and dilution gains								
Continuing operations	325	-			325	-		
Discontinued operations	(2)	8			36	8		
Restructuring and other items	(725)	6			(710)	6		
Total	(402)	14			(349)	14		
Impact on net earnings per share	\$ (0.43)	\$ 0.01			\$ (0.37)	\$ 0.01		

n.m. : not meaningful

(\$ millions, except per share amounts)	YTD 2004	Q3 04	Q2 04	Q1 04	Total 2003	Q4 03	Q3 03	Q2 03	Q1 03
Operating revenues	14,204	4,781	4,782	4,641	18,737	4,818	4,627	4,673	4,619
Operating expenses	(8,471)	(2,845)	(2,829)	(2,797)	(11,327)	(2,971)	(2,732)	(2,778)	(2,846)
EBITDA ⁽²⁾	5,733	1,936	1,953	1,844	7,410	1,847	1,895	1,895	1,773
EBITDA margin ⁽³⁾	40.4%	40.5%	40.8%	39.7%	39.5%	38.3%	41.0%	40.6%	38.4%
Amortization expense	(2,305)	(769)	(769)	(767)	(3,100)	(775)	(801)	(774)	(750)
Net benefit plans cost	(189)	(61)	(65)	(63)	(175)	(46)	(44)	(43)	(42)
Restructuring and other items	(1,098)	(1,081)	(14)	(3)	(14)	(13)	(1)	-	-
Operating income	2,141	25	1,105	1,011	4,121	1,013	1,049	1,078	981
Other income	393	333	24	36	175	127	1	2	45
Interest expense	(758)	(253)	(253)	(252)	(1,105)	(266)	(270)	(289)	(280)
Pre-tax earnings from continuing operations	1,776	105	876	795	3,191	874	780	791	746
Income taxes	(511)	44	(293)	(262)	(1,119)	(331)	(282)	(268)	(238)
Non-controlling interest	(134)	(47)	(39)	(48)	(201)	(57)	(45)	(57)	(42)
Earnings from continuing operations	1,131	102	544	485	1,871	486	453	466	466
Discontinued operations	28	(2)	27	3	(56)	(86)	11	12	7
Net earnings	1,159	100	571	488	1,815	400	464	478	473
Dividends on preferred shares	(53)	(18)	(17)	(18)	(64)	(14)	(18)	(17)	(15)
Premium on redemption of preferred shares	-	-	-	-	(7)	-	-	-	(7)
Net earnings applicable to common shares	1,106	82	554	470	1,744	386	446	461	451
Net earnings per common share - basic									
Continuing operations	\$ 1.17	\$ 0.09	\$ 0.57	\$ 0.51	\$ 1.96	\$ 0.50	\$ 0.48	\$ 0.49	\$ 0.49
Discontinued operations	\$ 0.03	\$ -	\$ 0.03	\$ -	\$ (0.06)	\$ (0.09)	\$ 0.01	\$ 0.01	\$ 0.01
Net earnings	\$ 1.20	\$ 0.09	\$ 0.60	\$ 0.51	\$ 1.90	\$ 0.41	\$ 0.49	\$ 0.50	\$ 0.50
Net earnings per common share - diluted									
Continuing operations	\$ 1.16	\$ 0.08	\$ 0.57	\$ 0.51	\$ 1.95	\$ 0.50	\$ 0.47	\$ 0.49	\$ 0.49
Discontinued operations	\$ 0.03	\$ -	\$ 0.03	\$ -	\$ (0.06)	\$ (0.09)	\$ 0.01	\$ 0.01	\$ 0.01
Net earnings	\$ 1.19	\$ 0.08	\$ 0.60	\$ 0.51	\$ 1.89	\$ 0.41	\$ 0.48	\$ 0.50	\$ 0.50
Dividends per common share	\$ 0.90	\$ 0.30	\$ 0.30	\$ 0.30	\$ 1.20	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30
Average number of common shares outstanding - basic (millions)	924.4	924.6	924.3	924.1	920.3	923.4	921.5	919.3	917.1
The following items are included in net earnings:									
Net gains on sale of investments and dilution gains									
Continuing operations	325	325	-	-	84	84	-	-	-
Discontinued operations	36	(2)	31	7	(86)	(94)	8	-	-
Restructuring and other items	(710)	(725)	16	(1)	(3)	(9)	6	-	-
Total	(349)	(402)	47	6	(5)	(19)	14	-	-
Impact on net earnings per share	\$ (0.37)	\$ (0.43)	\$ 0.05	\$ 0.01	\$ -	\$ (0.01)	\$ 0.01	\$ -	\$ -

(\$ millions, except where otherwise indicated)	Q3	Q3	\$ change	% change	YTD	YTD	\$ change	% change
	2004	2003			September 2004	September 2003		
Revenues								
Consumer	1,908	1,838	70	3.8%	5,591	5,335	256	4.8%
Business	1,440	1,440	-	0.0%	4,316	4,311	5	0.1%
Aliant	497	514	(17)	(3.3%)	1,527	1,532	(5)	(0.3%)
Other Bell Canada	486	478	8	1.7%	1,428	1,547	(119)	(7.7%)
Inter-segment eliminations	(125)	(115)	(10)	(8.7%)	(378)	(357)	(21)	(5.9%)
Total Bell Canada	4,206	4,155	51	1.2%	12,484	12,368	116	0.9%
Other BCE								
Bell Globemedia	302	296	6	2.0%	1,015	988	27	2.7%
Advertising	209	201	8	4.0%	735	695	40	5.8%
Subscriber	73	73	-	0.0%	221	222	(1)	(0.5%)
Production and Sundry	20	22	(2)	(9.1%)	59	71	(12)	(16.9%)
Telesat	91	84	7	8.3%	260	246	14	5.7%
CGI	277	203	74	36.5%	745	630	115	18.3%
Other	12	13	(1)	(7.7%)	41	36	5	13.9%
Total Other BCE	682	596	86	14.4%	2,061	1,900	161	8.5%
Inter-segment eliminations	(107)	(124)	17	13.7%	(341)	(349)	8	2.3%
Total revenues	4,781	4,627	154	3.3%	14,204	13,919	285	2.0%
Operating income								
Consumer	569	552	17	3.1%	1,655	1,548	107	6.9%
Business	245	193	52	26.9%	713	582	131	22.5%
Aliant	71	104	(33)	(31.7%)	245	307	(62)	(20.2%)
Other Bell Canada	(898)	163	(1,061)	n.m.	(649)	469	(1,118)	n.m.
Total Bell Canada	(13)	1,012	(1,025)	n.m.	1,964	2,906	(942)	(32.4%)
Other BCE								
Bell Globemedia	23	20	3	15.0%	137	101	36	35.6%
Telesat	39	28	11	39.3%	104	91	13	14.3%
CGI	24	23	1	4.3%	70	69	1	1.4%
Other	(48)	(34)	(14)	(41.2%)	(134)	(59)	(75)	n.m.
Total Other BCE	38	37	1	2.7%	177	202	(25)	(12.4%)
Total Operating income	25	1,049	(1,024)	(97.6%)	2,141	3,108	(967)	(31.1%)
Capital expenditures ⁽⁴⁾								
Consumer	406	307	(99)	(32.2%)	1,022	802	(220)	(27.4%)
Business	154	228	74	32.5%	609	650	41	6.3%
Aliant	51	92	41	44.6%	181	236	55	23.3%
Other Bell Canada	125	81	(44)	(54.3%)	229	213	(16)	(7.5%)
Total Bell Canada	736	708	(28)	(4.0%)	2,041	1,901	(140)	(7.4%)
Other BCE								
Telesat	64	64	-	0.0%	217	116	(101)	(87.1%)
Other	11	19	8	42.1%	60	71	11	15.5%
Total capital expenditures	811	791	(20)	(2.5%)	2,318	2,088	(230)	(11.0%)

	YTD 2004	Q3 04	Q2 04	Q1 04	Total 2003	Q4 03	Q3 03	Q2 03	Q1 03
<i>(\$ millions, except where otherwise indicated)</i>									
Revenues									
Consumer	5,591	1,908	1,858	1,825	7,203	1,868	1,838	1,768	1,729
Business	4,316	1,440	1,441	1,435	5,827	1,516	1,440	1,452	1,419
Aliant	1,527	497	526	504	2,059	527	514	517	501
Other Bell Canada	1,428	486	468	474	2,015	468	478	517	552
Inter-segment eliminations	(378)	(125)	(121)	(132)	(490)	(133)	(115)	(124)	(118)
Total Bell Canada	12,484	4,206	4,172	4,106	16,614	4,246	4,155	4,130	4,083
Other BCE									
Bell Globemedia	1,015	302	371	342	1,363	375	296	357	335
Advertising	735	209	277	249	978	283	201	259	235
Subscriber	221	73	74	74	291	69	73	75	74
Production and Sundry	59	20	20	19	94	23	22	23	26
Telesat	260	91	85	84	345	99	84	83	79
CGI	745	277	251	217	838	208	203	211	216
Other	41	12	18	11	51	15	13	13	10
Total Other BCE	2,061	682	725	654	2,597	697	596	664	640
Inter-segment eliminations	(341)	(107)	(115)	(119)	(474)	(125)	(124)	(121)	(104)
Total revenues	14,204	4,781	4,782	4,641	18,737	4,818	4,627	4,673	4,619
Operating income									
Consumer	1,655	569	560	526	2,019	471	552	503	493
Business	713	245	227	241	781	199	193	199	190
Aliant	245	71	92	82	415	108	104	122	81
Other Bell Canada	(649)	(898)	138	111	621	152	163	144	162
Total Bell Canada	1,964	(13)	1,017	960	3,836	930	1,012	968	926
Other BCE									
Bell Globemedia	137	23	74	40	167	66	20	62	19
Telesat	104	39	34	31	124	33	28	31	32
CGI	70	24	25	21	91	22	23	24	22
Other	(134)	(48)	(45)	(41)	(97)	(38)	(34)	(7)	(18)
Total Other BCE	177	38	88	51	285	83	37	110	55
Total Operating Income	2,141	25	1,105	1,011	4,121	1,013	1,049	1,078	981
Capital expenditures ⁽⁴⁾									
Consumer	1,022	406	354	262	1,287	485	307	287	208
Business	609	154	258	197	936	286	228	229	193
Aliant	181	51	45	85	333	97	92	73	71
Other Bell Canada	229	125	58	46	336	123	81	70	62
Total Bell Canada	2,041	736	715	590	2,892	991	708	659	534
Other BCE									
Telesat	217	64	88	65	159	43	64	16	36
Other	60	11	23	26	116	45	19	31	21
Total capital expenditures	2,318	811	826	681	3,167	1,079	791	706	591

BCE Consolidated ⁽¹⁾
Consolidated Balance Sheet Data

(\$ millions, except where otherwise indicated)

	September 30 2004	June 30 2004	March 31 2004	December 31 2003
ASSETS				
Current assets				
Cash and cash equivalents	1,386	577	1,135	585
Accounts receivable	2,491	2,292	2,267	2,061
Other current assets	892	900	869	739
Current assets of discontinued operations	-	8	447	280
Total current assets	4,769	3,777	4,718	3,665
Capital assets				
Other long-term assets	2,494	3,609	3,475	3,459
Indefinite-life intangible assets	2,910	2,910	2,910	2,910
Goodwill	8,368	7,987	7,803	7,761
Non-current assets of discontinued operations	50	50	310	511
Total assets	39,702	39,328	40,049	39,420
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	4,537	3,648	3,602	3,534
Debt due within one year	1,516	1,030	1,156	1,519
Current liabilities of discontinued operations	-	-	214	285
Total current liabilities	6,053	4,678	4,972	5,338
Long-term debt	12,076	12,492	13,112	12,381
Other long-term liabilities	4,790	4,884	4,768	4,705
Non-current liabilities of discontinued operations	-	-	20	20
Total liabilities	22,919	22,054	22,872	22,444
Non-controlling interest	2,904	3,203	3,385	3,403
SHAREHOLDERS' EQUITY				
Preferred shares				
Common shareholders' equity	1,670	1,670	1,670	1,670
Common shares	16,765	16,757	16,753	16,749
Contributed surplus	1,052	1,043	1,045	1,037
Deficit	(5,563)	(5,368)	(5,645)	(5,837)
Currency translation adjustment	(45)	(31)	(31)	(46)
Total common shareholders' equity	12,209	12,401	12,122	11,903
Total shareholders' equity	13,879	14,071	13,792	13,573
Total liabilities and shareholders' equity	39,702	39,328	40,049	39,420
Number of common shares outstanding	924.9	924.5	924.2	924.0

Key ratios				
Net debt : Total Capitalization	42.1%	42.8%	43.3%	44.0%
Net debt : Trailing 12 month EBITDA	1.61	1.72	1.76	1.80
EBITDA : Interest (trailing 12 month)	7.40	7.24	6.95	6.71

(\$ millions, except where otherwise indicated)	Q3 2004	Q3 2003	\$ change	YTD September 2004	YTD September 2003	\$ change
Cash flows from operating activities						
Earnings from continuing operations	102	453	(351)	1,131	1,385	(254)
Adjustments to reconcile earnings from continuing operations to cash flows from operating activities:						
Amortization expense	769	801	(32)	2,305	2,325	(20)
Net benefit plans cost	61	44	17	189	129	60
Restructuring and other items (non-cash portion)	1,149	(4)	1,153	1,164	(4)	1,168
Net gains on investments	(325)	-	(325)	(331)	-	(331)
Future income taxes	(183)	134	(317)	(96)	211	(307)
Non-controlling interest	47	45	2	134	144	(10)
Contributions to employee pension plans	(32)	(46)	14	(88)	(73)	(15)
Other employee future benefit plan payments	(13)	(22)	9	(59)	(64)	5
Other	(27)	26	(53)	(3)	(10)	7
Change in non-cash working capital	280	387	(107)	(134)	327	(461)
	1,828	1,818	10	4,212	4,370	(158)
Capital expenditures	(811)	(791)	(20)	(2,318)	(2,088)	(230)
Other investing items	(2)	155	(157)	133	69	64
Cash preferred dividends	(21)	(14)	(7)	(64)	(39)	(25)
Cash dividends paid by subsidiaries to non-controlling interest	(44)	(38)	(6)	(133)	(137)	4
Free Cash Flow from operations, before common dividends ⁽²⁾	950	1,130	(180)	1,830	2,175	(345)
Cash common dividends	(277)	(259)	(18)	(831)	(770)	(61)
Free Cash Flow from operations, after common dividends ⁽²⁾	673	871	(198)	999	1,405	(406)
Business acquisitions	(646)	(3)	(643)	(952)	(73)	(879)
Business dispositions	4	55	(51)	20	55	(35)
Decrease in investments accounted for under the cost and equity methods	695	1	694	693	7	686
Free Cash Flow after investments and divestitures	726	924	(198)	760	1,394	(634)
Other financing activities						
Increase (decrease) in notes payable and bank advances	173	(73)	246	123	(242)	365
Issue of long-term debt	10	17	(7)	1,410	1,881	(471)
Repayment of long-term debt	(98)	(123)	25	(1,750)	(1,940)	190
Issue of common shares	8	5	3	16	14	2
Issue of preferred shares	-	-	-	-	510	(510)
Redemption of preferred shares	-	-	-	-	(357)	357
Issue of equity securities by subsidiaries to non-controlling interest	-	24	(24)	7	113	(106)
Redemption of equity securities by subsidiaries from non-controlling interest	(4)	(39)	35	(64)	(74)	10
Other	(18)	56	(74)	(34)	(5)	(29)
	71	(133)	204	(292)	(100)	(192)
Cash provided by continuing operations	797	791	6	468	1,294	(826)
Cash provided by discontinued operations	12	30	(18)	196	17	179
Net increase in cash and cash equivalents	809	821	(12)	664	1,311	(647)
Cash and cash equivalents at beginning of period	577	796	(219)	722	306	416
Cash and cash equivalents at end of period	1,386	1,617	(231)	1,386	1,617	(231)
Consists of:						
Cash and cash equivalents of continuing operations	1,386	1,476	(90)	1,386	1,476	(90)
Cash and cash equivalents of discontinued operations	-	141	(141)	-	141	(141)
Total	1,386	1,617	(231)	1,386	1,617	(231)
Other information						
Capital expenditures as a percentage of revenues	17.0%	17.1%	0.1 pts	16.3%	15.0%	(1.3) pts
Cash flow per share ⁽⁵⁾	\$ 1.10	\$ 1.11	\$ (0.01)	\$ 2.05	\$ 2.48	\$ (0.43)
Annualized cash flow yield ⁽⁶⁾	15.1%	16.8%	(1.7) pts	9.7%	10.8%	(1.1) pts
Common dividend payout	337.8%	58.1%	279.7 pts	75.1%	56.7%	18.4 pts

(\$ millions, except where otherwise indicated)	YTD 2004	Q3 04	Q2 04	Q1 04	Total 2003	Q4 03	Q3 03	Q2 03	Q1 03
Cash flows from operating activities									
Earnings from continuing operations	1,131	102	544	485	1,871	486	453	466	466
Adjustments to reconcile earnings from continuing operations to cash flows from operating activities:									
Amortization expense	2,305	769	769	767	3,100	775	801	774	750
Net benefit plans cost	189	61	65	63	175	46	44	43	42
Restructuring and other items (non-cash portion)	1,164	1,149	13	2	6	10	(4)	-	-
Net gains on investments	(331)	(325)	(1)	(5)	(68)	(68)	-	-	-
Future income taxes	(96)	(183)	33	54	418	207	134	99	(22)
Non-controlling interest	134	47	39	48	201	57	45	57	42
Contributions to employee pension plans	(88)	(32)	(27)	(29)	(160)	(87)	(46)	(21)	(6)
Other employee future benefit plan payments	(59)	(13)	(22)	(24)	(87)	(23)	(22)	(21)	(21)
Other	(3)	(27)	(20)	44	(60)	(50)	26	(85)	49
Change in non-cash working capital	(134)	280	(269)	(145)	572	245	387	75	(135)
	4,212	1,828	1,124	1,260	5,968	1,598	1,818	1,387	1,165
Capital expenditures	(2,318)	(811)	(826)	(681)	(3,167)	(1,079)	(791)	(706)	(591)
Other investing items	133	(2)	116	19	62	(7)	155	(44)	(42)
Cash preferred dividends	(64)	(21)	(21)	(22)	(61)	(22)	(14)	(14)	(11)
Cash dividends paid by subsidiaries to non-controlling interest	(133)	(44)	(47)	(42)	(184)	(47)	(38)	(55)	(44)
Free Cash Flow from operations, before common dividends ⁽²⁾	1,830	950	346	534	2,618	443	1,130	568	477
Cash common dividends	(831)	(277)	(277)	(277)	(1,029)	(259)	(259)	(254)	(257)
Free Cash Flow from operations, after common dividends ⁽²⁾	999	673	69	257	1,589	184	871	314	220
Business acquisitions	(952)	(646)	(247)	(59)	(115)	(42)	(3)	(7)	(63)
Business dispositions	20	4	-	16	55	-	55	-	-
Decrease (increase) in investments accounted for under the cost and equity methods	693	695	(8)	6	163	156	1	(1)	7
Free Cash Flow after investments and divestitures	760	726	(186)	220	1,692	298	924	306	164
Other financing activities									
Increase (decrease) in notes payable and bank advances	123	173	(69)	19	(295)	(53)	(73)	(55)	(114)
Issue of long-term debt	1,410	10	74	1,326	1,986	105	17	72	1,792
Repayment of long-term debt	(1,750)	(98)	(718)	(934)	(3,472)	(1,532)	(123)	(1,457)	(360)
Issue of common shares	16	8	4	4	19	5	5	4	5
Issue of preferred shares	-	-	-	-	510	-	-	-	510
Redemption of preferred shares	-	-	-	-	(357)	-	-	-	(357)
Issue of equity securities and convertible debentures by subsidiaries to non-controlling interest	7	-	-	7	132	19	24	16	73
Redemption of equity securities by subsidiaries from non-controlling interest	(64)	(4)	(17)	(43)	(108)	(34)	(39)	(16)	(19)
Other	(34)	(18)	32	(48)	(46)	(41)	56	(59)	(2)
	(292)	71	(694)	331	(1,631)	(1,531)	(133)	(1,495)	1,528
Cash provided by (used in) continuing operations	468	797	(880)	551	61	(1,233)	791	(1,189)	1,692
Cash provided by (used in) discontinued operations	196	12	(54)	238	355	338	30	(3)	(10)
Net increase (decrease) in cash and cash equivalents	664	809	(934)	789	416	(895)	821	(1,192)	1,682
Cash and cash equivalents at beginning of period	722	577	1,511	722	306	1,617	796	1,988	306
Cash and cash equivalents at end of period	1,386	1,386	577	1,511	722	722	1,617	796	1,988
Consists of:									
Cash and cash equivalents of continuing operations	1,386	1,386	577	1,135	585	585	1,476	684	1,855
Cash and cash equivalents of discontinued operations	-	-	-	376	137	137	141	112	133
Total	1,386	1,386	577	1,511	722	722	1,617	796	1,988

Other information

Capital expenditures as a percentage of revenues	16.3%	17.0%	17.3%	14.7%	16.9%	22.4%	17.1%	15.1%	12.8%
Cash flow per share ⁽⁵⁾	\$ 2.05	\$ 1.10	\$ 0.32	\$ 0.63	\$ 3.04	\$ 0.56	\$ 1.11	\$ 0.74	\$ 0.63
Annualized cash flow yield ⁽⁶⁾	9.7%	15.1%	5.6%	8.4%	9.8%	6.8%	16.8%	8.0%	7.6%
Common dividend payout	75.1%	337.8%	50.0%	58.9%	59.0%	67.1%	58.1%	55.1%	57.0%

BCE Corporate and Bell Canada Net debt and preferreds
At September 30, 2004
(\$ millions, except where otherwise indicated)

	Bell Canada (excl. Aliant)	Aliant	Bell Canada Statutory	Inter- company eliminations	Total Bell Canada	BCE Inc. Corporate
Bank indebtedness / (cash and cash equivalents)	(92)	(407)	(499)	-	(499)	(684)
Long-term debt	8,473	889	9,362	(397)	8,965	2,000
Debt due within one year	1,556	102	1,658	(181)	1,477	-
Long-term note receivable from BCH	(498)	-	(498)	498	-	-
PPA fair value increment ⁽⁷⁾	-	-	-	-	124	-
Net debt	9,439	584	10,023	(80)	10,067	1,316
Preferred shares - Bell Canada ⁽⁸⁾	1,100	-	1,100	-	1,100	-
Preferred shares - Aliant ⁽⁸⁾	-	172	172	-	172	-
Perpetual Preferred shares - BCE	-	-	-	-	-	1,670
Nortel common shares at market	-	-	-	-	-	(60)
Net debt and preferreds	10,539	756	11,295	(80)	11,339	2,926

Proportionate net debt and preferreds, Trailing EBITDA
For the quarter ended September 30, 2004
(\$ millions, except where otherwise indicated)

	% owned by BCE	Proportionate net debt and preferreds	TOTAL EBITDA					PROPORTIONATE EBITDA				
			Q3 04	Q2 04	Q1 04	Q4 03	Trailing	Q3 04	Q2 04	Q1 04	Q4 03	Trailing
Bell Canada (excluding Aliant)	100%	10,583	1,669	1,612	1,549	1,514	6,344	1,669	1,612	1,549	1,514	6,344
Aliant	53.5%	404	187	209	206	217	819	100	112	110	116	438
Total Bell Canada Consolidated		10,987	1,856	1,821	1,755	1,731	7,163	1,769	1,724	1,659	1,630	6,782
Other BCE												
Bell Globemedia	68.5%	398	43	93	56	83	275	22	54	34	50	160
Telesat	100%	195	60	54	54	55	223	60	54	54	55	223
CGI	28.9%	83	38	37	31	32	138	38	37	31	32	138
Corporate and other	100%	2,940	(35)	(31)	(32)	(35)	(133)	(35)	(31)	(32)	(35)	(133)
Total Other BCE	100%	3,616	106	153	109	135	503	85	114	87	102	388
Inter-segment eliminations			(26)	(21)	(20)	(19)	(86)	(26)	(21)	(20)	(19)	(86)
Total		14,603	1,936	1,953	1,844	1,847	7,580	1,828	1,817	1,726	1,713	7,084

* Calculated the following way: Bell Canada (excl. Aliant) net debt and preferred of \$10,539 million minus \$80 million of inter-company eliminations plus \$124 million PPA fair value increment.

(\$ millions, except where otherwise indicated)	Q3	Q3			YTD	YTD		
	2004	2003	\$ change	% change	September 2004	September 2003	\$ change	% change
Revenues								
Local and access	1,395	1,410	(15)	(1.1%)	4,175	4,200	(25)	(0.6%)
Long distance	589	641	(52)	(8.1%)	1,767	1,942	(175)	(9.0%)
Wireless	727	645	82	12.7%	2,076	1,803	273	15.1%
Data	915	906	9	1.0%	2,677	2,762	(85)	(3.1%)
Video	213	192	21	10.9%	631	559	72	12.9%
Terminal sales and other	367	361	6	1.7%	1,158	1,102	56	5.1%
Total operating revenues	4,206	4,155	51	1.2%	12,484	12,368	116	0.9%
Operating expenses	(2,350)	(2,338)	(12)	(0.5%)	(7,052)	(7,098)	46	0.6%
EBITDA	1,856	1,817	39	2.1%	5,432	5,270	162	3.1%
EBITDA margin (%)	44.1%	43.7%		0.4 pts	43.5%	42.6%		0.9 pts
Amortization expense	(734)	(758)	24	3.2%	(2,199)	(2,228)	29	1.3%
Net benefit plans cost	(55)	(46)	(9)	(19.6%)	(173)	(135)	(38)	(28.1%)
Restructuring and other items	(1,080)	(1)	(1,079)	n.m.	(1,096)	(1)	(1,095)	n.m.
Operating income (loss)	(13)	1,012	(1,025)	n.m.	1,964	2,906	(942)	(32.4%)
Other income	114	3	111	n.m.	163	82	81	98.8%
Interest expense	(215)	(239)	24	10.0%	(651)	(714)	63	8.8%
Pre-tax earnings (loss) from continuing operations	(114)	776	(890)	n.m.	1,476	2,274	(798)	(35.1%)
Income taxes	75	(196)	271	n.m.	(366)	(578)	212	36.7%
Non-controlling interest	2	(13)	15	n.m.	1	(54)	55	n.m.
Earnings (loss) from continuing operations	(37)	567	(604)	n.m.	1,111	1,642	(531)	(32.3%)
Discontinued operations	-	-	-	n.m.	-	6	(6)	n.m.
Net earnings (loss)	(37)	567	(604)	n.m.	1,111	1,648	(537)	(32.6%)
Dividends on preferred shares	(16)	(17)	1	5.9%	(49)	(49)	-	0.0%
Interest on equity-settled notes	-	-	-	n.m.	-	(25)	25	n.m.
Net earnings (loss) applicable to common shares	(53)	550	(603)	n.m.	1,062	1,574	(512)	(32.5%)
Other information								
Cash flow information								
Free Cash Flow (FCF)								
Cash from operating activities	1,756	1,728	28	1.6%	4,040	3,819	221	5.8%
Capital expenditures	(736)	(708)	(28)	(4.0%)	(2,041)	(1,901)	(140)	(7.4%)
Dividends and distributions	(445)	(465)	20	4.3%	(1,385)	(1,558)	173	11.1%
Interest on equity-settled notes	-	-	-	n.m.	-	(47)	47	n.m.
Other investing items	1	52	(51)	(98.1%)	(7)	44	(51)	n.m.
Total	576	607	(31)	(5.1%)	607	357	250	70.0%
Capital expenditures as a percentage of revenues (%)	17.5%	17.0%		(0.5) pts	16.3%	15.4%		(0.9) pts
Balance Sheet Information								
Capital Structure	September 30	December 31						
	2004	2003						
Net Debt								
Long-term debt	9,362	10,024						
Debt due within one year	1,658	1,165						
Less: Cash and cash equivalents	(499)	(398)						
Total Net Debt	10,521	10,791						
Non-controlling interest	1,230	1,627						
Total shareholders' equity	9,150	9,520						
Total Capitalization	20,901	21,938						
Net Debt: Total Capitalization	50.3%	49.2%						
Net Debt: Trailing 12 month EBITDA	1.47	1.54						
EBITDA : Interest (trailing 12 month)	8.12	7.41						

(\$ millions, except where otherwise indicated)

	YTD 2004	Q3 04	Q2 04	Q1 04	Total 2003	Q4 03	Q3 03	Q2 03	Q1 03
Revenues									
Local and access	4,175	1,395	1,401	1,379	5,601	1,401	1,410	1,404	1,386
Long distance	1,767	589	572	606	2,544	602	641	615	686
Wireless	2,076	727	698	651	2,461	658	645	607	551
Data	2,677	915	870	892	3,717	955	906	936	920
Video	631	213	211	207	759	200	192	190	177
Terminal sales and other	1,158	367	420	371	1,532	430	361	378	363
Total operating revenues	12,484	4,206	4,172	4,106	16,614	4,246	4,155	4,130	4,083
Operating expenses	(7,052)	(2,350)	(2,351)	(2,351)	(9,613)	(2,515)	(2,338)	(2,370)	(2,390)
EBITDA	5,432	1,856	1,821	1,755	7,001	1,731	1,817	1,760	1,693
EBITDA margin (%)	43.5%	44.1%	43.6%	42.7%	42.1%	40.8%	43.7%	42.6%	41.5%
Amortization expense	(2,199)	(734)	(733)	(732)	(2,970)	(742)	(758)	(747)	(723)
Net benefit plans cost	(173)	(55)	(58)	(60)	(181)	(46)	(46)	(45)	(44)
Restructuring and other items	(1,096)	(1,080)	(13)	(3)	(14)	(13)	(1)	-	-
Operating income (loss)	1,964	(13)	1,017	960	3,836	930	1,012	968	926
Other income	163	114	19	30	217	135	3	35	44
Interest expense	(651)	(215)	(216)	(220)	(945)	(231)	(239)	(232)	(243)
Pre-tax earnings (loss) from continuing operations	1,476	(114)	820	770	3,108	834	776	771	727
Income taxes	(366)	75	(245)	(196)	(787)	(209)	(196)	(199)	(183)
Non-controlling interest	1	2	9	(10)	(53)	1	(13)	(22)	(19)
Earnings (loss) from continuing operations	1,111	(37)	584	564	2,268	626	567	550	525
Discontinued operations	-	-	-	-	59	53	-	5	1
Net earnings (loss)	1,111	(37)	584	564	2,327	679	567	555	526
Dividends on preferred shares	(49)	(16)	(17)	(16)	(58)	(9)	(17)	(16)	(16)
Interest on equity-settled notes	-	-	-	-	(25)	-	-	(10)	(15)
Net earnings (loss) applicable to common shares	1,062	(53)	567	548	2,244	670	550	529	495

Other information

Cash flow information

Free Cash Flow (FCF)

Cash from operating activities	4,040	1,756	1,089	1,195	5,366	1,547	1,728	1,229	862
Capital expenditures	(2,041)	(736)	(715)	(590)	(2,892)	(991)	(708)	(659)	(534)
Dividends and distributions	(1,385)	(445)	(437)	(503)	(2,081)	(523)	(465)	(704)	(389)
Interest on equity-settled notes	-	-	-	-	(47)	-	-	(24)	(23)
Other investing items	(7)	1	(1)	(7)	47	3	52	(5)	(3)
Total	607	576	(64)	95	393	36	607	(163)	(87)

Capital expenditures as a percentage of revenues (%)	16.3%	17.5%	17.1%	14.4%	17.4%	23.3%	17.0%	16.0%	13.1%
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Balance Sheet Information

Capital Structure

Net Debt

	September 30 2004	June 30 2004	March 31 2004	December 31 2003
Long-term debt	9,362	9,674	10,331	10,024
Debt due within one year	1,658	1,269	1,111	1,165
Less: Cash and cash equivalents	(499)	(422)	(1,112)	(398)
Total Net Debt	10,521	10,521	10,330	10,791
Non-controlling interest	1,230	1,559	1,608	1,627
Total shareholders' equity	9,150	9,851	9,682	9,520
Total Capitalization	20,901	21,931	21,620	21,938

Net Debt: Total Capitalization	50.3%	48.0%	47.8%	49.2%
Net Debt : Trailing 12 month EBITDA	1.47	1.48	1.46	1.54
EBITDA : Interest (trailing 12 month)	8.12	7.86	7.66	7.41

	Q3 2004	Q3 2003	% change	YTD September 2004	YTD September 2003	% change
Wireline						
Local						
Network access services (k)						
Residential				8,427	8,539	(1.3%)
Business				4,535	4,549	(0.3%)
Total				12,962	13,088	(1.0%)
SmartTouch feature revenues (\$M)	234	239	(2.1%)	706	715	(1.3%)
Long Distance (LD)						
Conversation minutes (M)	4,435	4,664	(4.9%)	13,511	14,447	(6.5%)
Average revenue per minute (\$)	0.120	0.128	(6.3%)	0.119	0.124	(4.0%)
Data						
Equivalent access lines ⁽⁹⁾ (k) - Ontario and Quebec						
Digital equivalent access lines (k)				4,197	3,771	11.3%
Internet subscribers ⁽¹⁰⁾ (k)						
DSL High Speed Internet net activations (k)	96	104	(7.7%)	284	281	1.1%
DSL High Speed Internet subscribers (k)				1,766	1,391	27.0%
Dial-up Internet subscribers (k)				775	892	(13.1%)
				2,541	2,283	11.3%
Wireless						
Cellular & PCS Net activations (k)						
Pre-paid	14	23	(39.1%)	54	68	(20.6%)
Post-paid	95	101	(5.9%)	242	257	(5.8%)
	109	124	(12.1%)	296	325	(8.9%)
Cellular & PCS subscribers (k)						
Pre-paid				1,113	1,026	8.5%
Post-paid				3,595	3,197	12.4%
				4,708	4,223	11.5%
Average revenue per unit (ARPU) (\$/month)						
Pre-paid	50	50	0.0%	49	47	4.3%
Post-paid	12	13	(7.7%)	12	12	0.0%
	63	62	1.6%	61	59	3.4%
Churn (%) (average per month)						
Pre-paid	1.2%	1.4%	0.2 pts	1.3%	1.4%	0.1 pts
Post-paid	1.9%	1.8%	(0.1) pts	1.9%	1.8%	(0.1) pts
	1.0%	1.3%	0.3 pts	1.1%	1.3%	0.2 pts
Usage per subscriber (min/month)	n/a	231	n/a	n/a	224	n/a
Cost of acquisition (COA) ⁽¹¹⁾ (\$/sub)	381	425	10.4%	415	418	0.7%
Wireless EBITDA (\$ millions)	334	251	33.1%	913	689	32.5%
Wireless EBITDA margin ⁽¹²⁾	45.4%	38.0%	7.4 pts	43.4%	37.2%	6.2 pts
Wireless capital expenditures (\$ millions)	95	88	(8.0%)	237	239	0.8%
Paging subscribers (k)				449	549	(18.2%)
Paging average revenue per unit (\$/month)	10	10	0.0%	10	10	0.0%
Video (DTH and VDSL)						
Total subscribers (k)				1,460	1,352	8.0%
Net subscriber activations (k)	33	17	94.1%	73	48	52.1%
ARPU (\$/month)	48	47	2.1%	48	46	4.3%
COA (\$/sub)	548	507	(8.1%)	586	512	14.5%
Video EBITDA (\$ millions)	(16)	(9)	(77.8%)	(15)	(24)	37.5%
Churn (%) (average per month)	1.1%	1.4%	0.3 pts	1.0%	1.2%	0.2 pts

	YTD 2004	Q3 04	Q2 04	Q1 04	Total 2003	Q4 03	Q3 03	Q2 03	Q1 03
Wireline									
Local									
Network access services (k)									
Residential		8,427	8,390	8,476		8,511	8,539	8,504	8,566
Business		4,535	4,548	4,541		4,540	4,549	4,564	4,577
Total		<u>12,962</u>	<u>12,938</u>	<u>13,017</u>		<u>13,051</u>	<u>13,088</u>	<u>13,068</u>	<u>13,143</u>
SmartTouch feature revenues (\$M)	706	234	235	237	955	240	239	239	237
Long Distance (LD)									
Conversation minutes (M)	13,511	4,435	4,498	4,578	19,132	4,685	4,664	4,911	4,872
Average revenue per minute (\$)	0.119	0.120	0.118	0.120	0.124	0.122	0.128	0.120	0.124
Data									
Equivalent access lines ⁽⁹⁾ (k) - Ontario and Quebec									
Digital equivalent access lines (k)		4,197	4,083	3,983		3,867	3,771	3,708	3,704
Internet subscribers ⁽¹⁰⁾ (k)									
DSL High Speed Internet net activations (k)	284	96	73	115	372	91	104	81	96
DSL High Speed Internet subscribers (k)		1,766	1,670	1,597		1,482	1,391	1,287	1,206
Dial-up Internet subscribers (k)		775	807	836		869	892	911	940
		<u>2,541</u>	<u>2,477</u>	<u>2,433</u>		<u>2,351</u>	<u>2,283</u>	<u>2,198</u>	<u>2,146</u>
Wireless									
Cellular & PCS Net activations (k)									
Pre-paid	54	14	17	23	101	33	23	27	18
Post-paid	242	95	78	69	413	156	101	104	52
	<u>296</u>	<u>109</u>	<u>95</u>	<u>92</u>	<u>514</u>	<u>189</u>	<u>124</u>	<u>131</u>	<u>70</u>
Cellular & PCS subscribers (k)									
Pre-paid		1,113	1,099	1,082		1,059	1,026	1,003	976
Post-paid		3,595	3,500	3,422		3,353	3,197	3,096	2,992
		<u>4,708</u>	<u>4,599</u>	<u>4,504</u>		<u>4,412</u>	<u>4,223</u>	<u>4,099</u>	<u>3,968</u>
Average revenue per unit (ARPU) (\$/month)	49	50	50	47	48	50	50	48	45
Pre-paid	12	12	11	11	12	12	13	12	11
Post-paid	61	63	62	59	60	62	62	60	56
Churn (%) (average per month)	1.3%	1.2%	1.3%	1.3%	1.4%	1.4%	1.4%	1.4%	1.4%
Pre-paid	1.9%	1.9%	1.9%	1.7%	1.9%	1.8%	1.8%	1.9%	1.9%
Post-paid	1.1%	1.0%	1.1%	1.1%	1.3%	1.2%	1.3%	1.3%	1.3%
Usage per subscriber (min/month)	n/a	n/a	n/a	223	228	240	231	237	203
Cost of acquisition (COA) ⁽¹¹⁾ (\$/sub)	415	381	413	455	426	445	425	435	387
Wireless EBITDA (\$ millions)	913	334	317	262	918	229	251	219	219
Wireless EBITDA margin ⁽¹²⁾	43.4%	45.4%	44.9%	39.6%	36.3%	34.0%	38.0%	35.3%	38.4%
Wireless capital expenditures (\$ millions)	237	95	77	65	408	169	88	81	70
Paging subscribers (k)		449	469	493		524	549	581	606
Paging average revenue per unit (\$/month)	10	10	10	10	10	10	10	10	10
Video (DTH and VDSL)									
Total subscribers (k)		1,460	1,427	1,403		1,387	1,352	1,335	1,317
Net subscriber activations (k)	73	33	24	16	83	35	17	18	13
ARPU (\$/month)	48	48	49	48	46	48	47	47	44
COA (\$/sub)	586	548	570	661	532	581	507	533	493
Video EBITDA (\$ millions)	(15)	(16)	-	1	(45)	(21)	(9)	(9)	(6)
Churn (%) (average per month)	1.0%	1.1%	1.0%	0.9%	1.1%	1.0%	1.4%	1.1%	1.0%

(1) We have reclassified some of the figures for the comparative period to make them consistent with the current period's presentation.

(2) **Non-GAAP Financial Measures**

EBITDA

The term, EBITDA (earnings before interest, taxes, depreciation and amortization), does not have any standardized meaning prescribed by Canadian generally accepted accounting principles (GAAP). It is therefore unlikely to be comparable to similar measures presented by other companies. EBITDA is presented on a consistent basis from period to period.

We define EBITDA as operating revenues less operating expenses, which means it represents operating income before amortization expense, net benefit plans cost, and restructuring and other items.

We use EBITDA, among other measures, to assess the operating performance of our ongoing businesses without the effects of amortization expense, net benefit plans cost, and restructuring and other items. We exclude amortization expense and net benefit plans cost because they largely depend on the accounting methods and assumptions a company uses, as well as non-operating factors, such as the historical cost of capital assets and the fund performance of a company's pension plans. We exclude restructuring and other items because they are transitional in nature.

EBITDA allows us to compare our operating performance on a consistent basis. We believe that certain investors and analysts use EBITDA to measure a company's ability to service debt and to meet other payment obligations, or as a common valuation measurement in the telecommunications industry.

EBITDA should not be confused with net cash flows from operating activities. The most comparable Canadian GAAP financial measure is operating income.

FREE CASH FLOW

The term, free cash flow, does not have any standardized meaning prescribed by Canadian GAAP. It is therefore unlikely to be comparable to similar measures presented by other companies. Free cash flow is presented on a consistent basis from period to period.

We define free cash flow as cash from operating activities after capital expenditures, total dividends and other investing activities.

We consider free cash flow to be an important indicator of the financial strength and performance of our business because it shows how much cash is available to repay debt and to reinvest in our company. We believe that certain investors and analysts use free cash flow when valuing a business and its underlying assets.

The most comparable Canadian GAAP financial measure is cash from operating activities.

(3) EBITDA margin is calculated as follows:

EBITDA

Operating revenues

(4) Total Wireless capital expenditures are included in the Consumer segment.

(5) Cash flow per share is calculated as follows:

Cash flow from operations less capital expenditures

Average number of common shares outstanding during the period

(6) Annualized cash flow yield is calculated as follows:

Free cash flow before common dividends

Number of common shares outstanding at end of period multiplied by share price at end of period

Accompanying Notes (cont'd)

- (7) Reflects an increase in the total Bell Canada debt as a result of the completion of the purchase price allocation (PPA) relating to the repurchase of SBC's 20% interest in Bell Canada, which resulted in an increase in long-term debt of \$165 million. This increase in long-term debt will be applied against interest expense (\$4 million in Q3 2004) over the remaining terms of the related long-term debt.
- (8) At the BCE Consolidated level, 3rd Party Preferred Shares reflected in the financial statements of subsidiaries are included in non-controlling interest on the balance sheet.
- (9) Digital equivalent access lines are derived by converting low capacity data lines (DS-3 and lower) to the equivalent number of voice grade access lines. Broadband equivalent access lines are derived by converting high capacity data lines (higher than DS-3) to the equivalent number of voice grade access lines.

Conversion factors	
DS-0	1
Basic ISDN	2
Primary ISDN	23
DS-1, DEA	24
DS-3	672
OC-3	2,016
OC-12	8,064
OC-48	32,256
OC-192	129,024
10 Base T	155
100 Base T	1,554
Gigabit E	15,554

- (10) Wireless DSL High Speed Internet subscribers include consumer, business and wholesale. Dial-up Internet subscribers include consumer and business.
- (11) Includes allocation of selling costs from Bell Canada and excludes costs of migrating from analog to digital. Cost of Acquisition (COA) per subscriber is reflected on a consolidated basis.
- (12) EBITDA margins are calculated based on total Wireless operating revenues (i.e. external revenues as shown on pages 10 and 11 plus inter-company revenues).