

This pricing supplement together with the prospectus to which it relates, as amended or supplemented, and each document deemed to be incorporated by reference into the prospectus, as amended or supplemented, constitutes a public offering of these securities only in the jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority in Canada has expressed an opinion about these securities and it is an offense to claim otherwise.

These securities have not been and will not be registered under the *United States Securities Act of 1933* and may not be offered, sold or delivered within the United States of America or to U.S. persons.

PRICING SUPPLEMENT NO. 2 DATED FEBRUARY 8, 2005  
(TO SHORT FORM SHELF PROSPECTUS AND PROSPECTUS SUPPLEMENT,  
DATED JUNE 13, 2003 AND JUNE 18, 2003, RESPECTIVELY)



**Bell Canada**  
**\$ 700,000,000**  
**MTN Debentures (UNSECURED)**

**TERMS OF ISSUE**

<b>Designation:</b>	5.00% Debentures, Series M-18, Due February 15, 2017	<b>Redemption:</b>	See "Redemption" on page 2
<b>Principal Amount:</b>	\$700,000,000	<b>Interest Rate:</b>	5.00% per annum
<b>Date of Issue:</b>	February 11, 2005	<b>Interest Payment Dates:</b>	February 15 and August 15
<b>Maturity Date:</b>	February 15, 2017	<b>Initial Interest Payment Date:</b>	August 15, 2005
<b>Price to the Public:</b>	99.928%	<b>Form of Issuance:</b>	Global debenture, in book-entry only form, registered in the name of CDS & Co.
<b>Agents' Commission:</b>	0.45%		
<b>Net Proceeds to Bell Canada:</b>	\$696,346,000	<b>ISIN Number:</b>	CA 07813Z AU 80

**AGENTS**

<b>BMO Nesbitt Burns Inc.</b>	<b>CIBC World Markets Inc.</b>	<b>Casgrain &amp; Company Limited</b>	<b>Desjardins Securities Inc.</b>	<b>Merrill Lynch Canada Inc.</b>
<b>National Bank Financial Inc.</b>	<b>RBC Dominion Securities Inc.</b>	<b>Scotia Capital Inc.</b>	<b>TD Securities Inc.</b>	

## REDEMPTION

Bell Canada shall be entitled, at its option, to redeem the 5.00% Debentures, Series M-18, due February 15, 2017 (Series M-18 Debentures) in whole at any time or in part from time to time, by giving prior notice of not less than 30 days and not more than 60 days to the holders thereof, at the greater of the “Canada Yield Price” (as defined herein) and par, together in each case with accrued and unpaid interest to but excluding the date fixed for redemption. “Canada Yield Price” shall mean a price equal to the price of the Series M-18 Debentures calculated on the banking day preceding the day on which the redemption is authorized by Bell Canada to provide a yield from the date fixed for redemption to the maturity date of the Series M-18 Debentures to be redeemed equal to the “Government of Canada Yield” plus 0.185%. “Government of Canada Yield” shall mean the yield from the date fixed for redemption to the maturity date of the Series M-18 Debentures to be redeemed, assuming semi-annual compounding, which an issue of non-callable Government of Canada bonds would carry on the remaining term to the maturity date of the Series M-18 Debentures to be redeemed. The “Government of Canada Yield” in the case of redemption of the Series M-18 Debentures shall be the average of the yields provided by two registered Canadian investment dealers selected by CIBC Mellon Trust Company, as trustee under the trust indenture between Bell Canada and CIBC Mellon Trust Company dated as of November 28, 1997, as amended, and approved by Bell Canada. In case of partial redemption, the Series M-18 Debentures shall be redeemed on a *pro rata* basis.

## RECENT DEVELOPMENTS

### **Bell Canada Closes 360networks Transaction**

On November 19, 2004, Bell Canada completed the acquisition of the Canadian operations of Vancouver-based 360networks Corporation (360networks), a telecommunications service provider, for \$293 million (including acquisition costs) in cash. The purchase included the shares of 360networks’ subsidiary GT Group Telecom Services Corporation and certain related interconnected U.S. network assets. Following the purchase, Bell Canada sold the retail customer operations in central and eastern Canada to Call-Net Enterprises Inc. (Call-Net) and, for a share of revenues, now provides to Call-Net network facilities and other operations and support services to allow Call-Net to service such customer base.

### **Summary of Fourth Quarter and Annual 2004 Unaudited Results**

Total operating revenues and net earnings applicable to common shares of Bell Canada for the three months and twelve months ended December 31, 2004, along with comparative figures for the corresponding periods of 2003, are summarized below:

	Millions of dollars			
	For the three months ended December 31		For the twelve months ended December 31	
	2004 (unaudited)	2003 (unaudited)	2004 (unaudited)	2003 (unaudited)
Total operating revenues	4,303	4,246	16,787	16,614
Net earnings applicable to common shares	465	670	1,527	2,244

In the fourth quarter of 2004, Bell Canada's reported revenue was \$4.3 billion, up 1.3% compared to the same period last year. For the full year of 2004, Bell Canada’s reported revenue was \$16.8 billion, up 1.0% compared to 2003. This was achieved despite the trailing effects of the implementation of a new wireless billing system and a prolonged labour disruption at Aliant Inc. (Aliant). Bell Canada’s revenue growth reflects improved performance in the Consumer segment stemming from higher wireless, Internet access and video services revenues, along with higher IP-connectivity and value-added services revenues in the Business segment.

Net earnings applicable to common shares were \$465 million in the fourth quarter of 2004, compared to net earnings applicable to common shares of \$670 million for the same period last year, a decrease of 30.6%. The decrease is a result of:

- lower operating income due in large part to the \$67 million charge relating to Aliant’s employee departure program
- an increase in the net benefit plans cost mainly from a higher accrued benefit obligation based on our most recent actuarial valuation. This was partly offset by the positive pension fund performance in 2003, which resulted in an actuarial gain and increased the fair value of plan assets
- an increase in amortization expense, which was the result of an increase in our capital asset base from capital spending that continues to be higher than asset retirements
- the recognition of a \$120 million gain from the sale of a 3.66% interest in YPG General Partner Inc. in the fourth quarter of 2003.

These were partly offset by:

- an extraordinary gain of \$69 million in the fourth quarter of 2004 relating to the acquisition of the Canadian operations of 360networks
- a decrease in interest expense resulting from lower average debt levels in the fourth quarter of 2004.

Net earnings applicable to common shares were \$1.5 billion in 2004, compared to \$2.2 billion in 2003, a decrease of 32%. The decrease is a result of:

- lower operating income due in large part to the restructuring and other items relating mainly to Bell Canada's and Aliant's employee departure programs
- an increase in the net benefit plans cost mainly from a higher accrued benefit obligation based on our most recent actuarial valuation. This was partly offset by the positive pension fund performance in 2003, which resulted in an actuarial gain and increased the fair value of plan assets.

These were partly offset by:

- an extraordinary gain of \$69 million in the fourth quarter of 2004 relating to the acquisition of the Canadian operations of 360networks
- a decrease in interest expense resulting from lower average debt levels in 2004.

### **Investment in Broadband Network**

On December 15, 2004, Bell Canada announced the launch of a four-year \$1.2 billion program with the objective of extending the reach and speed of its broadband network to approximately 4.3 million households by 2008. This would provide Bell Canada the capability to deliver terrestrial video service to these households. This announcement followed the approval on November 18, 2004 by the Canadian Radio-television and Telecommunications Commission of Bell Canada's applications for licences to operate terrestrial broadcasting distribution undertakings, using its wireline facilities, to serve certain cities in Ontario and Québec.

### **DOCUMENTS INCORPORATED BY REFERENCE**

The following documents, which are not specifically listed in the Short Form Shelf Prospectus of Bell Canada dated June 13, 2003 (the "Prospectus"), and which have been filed by Bell Canada with the various securities regulatory authorities in Canada, are specifically incorporated by reference in and form an integral part of the Prospectus:

- (a) Annual Information Form of Bell Canada, dated March 10, 2004, for the year ended December 31, 2003;
- (b) Audited Consolidated Financial Statements of Bell Canada for the year ended December 31, 2003, and the Auditors' Report thereon, provided on pages 36 to 67 of the Bell Canada 2003 Financial Information;
- (c) Management's Discussion and Analysis for the year ended December 31, 2003 provided on pages 2 to 35 of the Bell Canada 2003 Financial Information;
- (d) Unaudited Interim Consolidated Financial Statements of Bell Canada for the periods ended March 31, 2004, June 30, 2004 and September 30, 2004, respectively;
- (e) Management's Discussion and Analysis of 2004 First, Second and Third Quarter Results dated May 4, 2004, August 3, 2004 and November 2, 2004, respectively; and
- (f) Safe harbor notice concerning forward-looking statements of Bell Canada dated February 7, 2005.

## **EXHIBIT**

### **AUDITORS' CONSENT**

We have read the pricing supplement no. 2 dated February 8, 2005 to the short form base shelf prospectus and prospectus supplement of Bell Canada dated June 13, 2003 and June 18, 2003, respectively (the "Prospectus") relating to the offering of \$700,000,000 Series M-18 Debentures of Bell Canada. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Prospectus of our report to the shareholders of Bell Canada on the consolidated balance sheets of Bell Canada as at December 31, 2003 and 2002, and the consolidated statements of operations, retained earnings and cash flows for each of the years in the two-year period ended December 31, 2003. Our report is dated March 10, 2004.

(signed)  
Deloitte & Touche LLP  
Chartered Accountants  
Montreal, Canada  
February 8, 2005