BCE

Q4 2016 Results & 2017 Financial Guidance Conference Call

George A. Cope
President and Chief Executive Officer

Glen LeBlanc
Executive Vice President and Chief Financial Officer

February 2, 2017

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

Certain statements made by BCE's President and Chief Executive Officer and Executive Vice-President and Chief Financial Officer during BCE's Q4 2016 Results & 2017 Financial Guidance Conference Call, as reflected in this transcript, are forward-looking statements. These statements include, without limitation, statements relating to BCE's 2017 financial guidance (including revenues, adjusted EBITDA, capital intensity, adjusted EPS and free cash flow), our expected 2017 pension cash funding and cash income taxes, BCE's 2017 annualized common share dividend and common share dividend payout policy, BCE's 2017 capital markets objectives, our network deployment plans and related planned capital investments, the expected timing and completion of BCE's proposed acquisition of all of the issued and outstanding shares of Manitoba Telecom Services Inc. (MTS), certain benefits expected to result from the proposed acquisition of MTS, BCE's business outlook, objectives, plans and strategic priorities, and other statements that are not historical facts. Forward-looking statements are typically identified by the words assumption, goal, guidance, objective, outlook, project, strategy, target and other similar expressions or future or conditional verbs such as aim, anticipate, believe, could, expect, intend, may, plan, seek, should, strive and will. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws and of the United States Private Securities Litigation Reform Act of 1995.

Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties and are based on several assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in or implied by such forward-looking statements and that our business outlook, objectives, plans and strategic priorities may not be achieved. As a result, we cannot guarantee that any forward-looking statement will materialize and we caution you against relying on any of these forward-looking statements. The forward-looking statements contained in this transcript describe our expectations as of February 2, 2017 and, accordingly, are subject to change after such date. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking statements contained in this transcript, whether as a result of new information, future events or otherwise. Except as otherwise indicated by BCE, forward-looking statements do not reflect the potential impact of any special items or of any dispositions, monetizations, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after February 2, 2017. The financial impact of these transactions and special items can be complex and depends on the facts particular to each of them. We therefore cannot describe the expected impact in a meaningful way or in the same way we present known risks affecting our business. Forward-looking statements were made during BCE's Q4 2016 Results & 2017 Financial Guidance Conference Call for the purpose of assisting investors and others in understanding certain key elements of our expected financial results, as well as our objectives, strategic priorities and business outlook, and in obtaining a better understanding of our anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes. The forward-looking statements made during BCE's Q4 2016 Results & 2017 Financial Guidance Conference Call for periods beyond 2017 assume that the economic, market and operational assumptions as well as the material risk factors described in this transcript will remain substantially unchanged during such periods.

Material Assumptions

A number of economic, market and operational assumptions were made by BCE in preparing certain forward-looking statements contained in this transcript, including, but not limited to:

Canadian Economic and Market Assumptions

- *Gradual improvement in economic growth, given the Bank of Canada's most recent estimated growth in Canadian gross domestic product of 2.1% in 2017*
- *Modest employment growth, as the overall level of business investment is expected to remain soft*
- *Canadian dollar expected to remain at or around near current levels. Further movements may be impacted by the degree of strength of the U.S. dollar, interest rates and changes in commodity prices.*
- *A higher level of wireline and wireless competition in consumer, business and wholesale markets*
- *Higher but slowing wireless industry penetration and smartphone adoption*
- *Wireless industry pricing discipline maintained*
- *Soft advertising market expected due to variable demand, and escalating costs to secure TV programming*

Assumptions Concerning our Bell Wireless Segment

- *Maintain our market share of incumbent wireless postpaid subscriber activations*
- *Continued adoption of smartphone devices, tablets and data applications, as well as the introduction of more 4G LTE devices and new data services*
- *Higher subscriber acquisition and retention spending, driven by higher handset costs and more customer device upgrades, reflecting a higher number of off-contract subscribers due to earlier expiries under two-year contracts*
- *Higher blended ARPU, driven by a higher postpaid smartphone mix, increased data consumption on 4G LTE and LTE-A networks, and higher access rates from price increases*

- *Completion of the LTE network buildout to 99% of the Canadian population and expansion of the LTE-A network coverage to approximately 83% of the Canadian population*
- *Ability to monetize increasing data usage and customer subscriptions to new data services*
- *Ongoing technological improvements by handset manufacturers and from faster data network speeds that allow customers to optimize the use of our services*
- *No material financial, operational or competitive consequences of changes in regulations affecting our wireless business*

Assumptions Concerning our Bell Wireline Segment

- *Continued growth in residential IPTV and Internet subscribers*
- *Increasing wireless and Internet-based technological substitution*
- *Residential services household ARPU growth from increased penetration of multi-product households and price increases*
- *Aggressive residential service bundle offers from cable TV competitors in our local wireline areas*
- *Continued large business customer migration to IP-based systems*
- *Ongoing competitive repricing pressures in our business and wholesale markets*
- *Continued competitive intensity in our small and mid-sized business markets as cable operators and other telecom competitors continue to intensify their focus on business customers*
- *Growing consumption of OTT TV services and on-demand streaming video, as well as the proliferation of devices, such as tablets, that consume vast quantities of bandwidth, will require considerable ongoing capital investment*
- *TV unbundling will not materially accelerate the downsizing of TV packages by customers*
- *Realization of cost savings related to management workforce attrition and retirements, lower contracted rates from our suppliers and reduction of traffic that is not on our network*
- *Softer wholesale financial performance due to a CRTC decision in October 2016 that significantly lowered capacity based billing rates for aggregated wholesale high speed Internet access services*
- *No other changes in regulations affecting our wireline business having material financial, operational or competitive consequences*

Assumptions Concerning our Bell Media Segment

- *Higher year-over-year revenue, reflecting further CraveTV subscriber growth, The Movie Network's national expansion that began in March 2016, and growth in outdoor advertising supported by acquisitions and new contract wins*
- *Operating cost growth driven by higher TV programming and sports broadcast rights costs, as well as continued investment in CraveTV content*
- *Continued scaling of CraveTV*
- *Ability to successfully acquire and produce highly rated programming and differentiated content*
- *Building and maintaining strategic supply arrangements for content across all screens and platforms*
- *Increased revenue generation from monetization of content rights and Bell Media properties across all platforms*
- *TV unbundling and growth in OTT viewing expected to result in moderately lower subscriber levels for many Bell Media TV properties*
- *No material financial, operational or competitive consequences of changes in regulations affecting our media business*

The foregoing assumptions, although considered reasonable by BCE on February 2, 2017, may prove to be inaccurate. Accordingly, our actual results could differ materially from our expectations as set forth in this transcript.

Material Risks
Important risk factors that could cause our assumptions and estimates to be inaccurate and actual results or events to differ materially from those expressed in, or implied by, our forward- looking statements, including our financial guidance, are listed below. The realization of our forward-looking statements, including our ability to meet our financial guidance, essentially depends on our business performance which, in turn, is subject to many risks. Accordingly, readers are cautioned that any of the following risks could have a material adverse effect on our forward-looking statements. These risks include, but are not limited to:

- *regulatory initiatives, proceedings and decisions, government consultations and government positions that affect us and influence our business, including, in particular, those relating to mandatory access to networks, net neutrality, spectrum auctions, approval of acquisitions, broadcast licensing and foreign ownership requirements*

- *the intensity of competitive activity, including from new and emerging competitors, and the resulting impact on the cost of retaining existing customers and attracting new ones, as well as on our market shares, service volumes and pricing strategies*
- *the level of technological substitution and the presence of alternative service providers contributing to reduced utilization of our traditional wireline services*
- *the adverse effect of the fundamental separation of content and connectivity, which is changing our TV and media ecosystems and may accelerate the disconnection of TV services and the reduction of TV spending, as well as the fragmentation of, and changes in, the advertising market*
- *competition with global competitors, in addition to traditional Canadian competitors, for programming content could drive significant increases in content acquisition costs and challenge our ability to secure key content*
- *adverse economic and financial market conditions, a declining level of retail and commercial activity, and the resulting negative impact on the demand for, and prices of, our products and services and the level of bad debts*
- *the inability to protect our assets, including networks, IT systems, offices and sensitive information, from events and attacks such as cyber threats, and damage from fire and natural disasters*
- *the failure to optimize network and IT deployment and upgrading timelines, accurately assess the potential of new technologies, and invest and evolve in the appropriate direction*
- *the failure to continue investment in a disciplined and strategic manner in next-generation capabilities, including real-time information-based customer service strategies*
- *the inability to drive a positive customer experience resulting, in particular, from the failure to embrace new approaches and challenge operational limitations*
- *the complexity in our operations resulting from multiple technology platforms, billing systems, marketing databases and a myriad of rate plans, promotions and product offerings*
- *the failure to maintain optimal network operating performance in the context of significant increases in capacity demands on our Internet and wireless networks*
- *the failure to implement or maintain highly effective IT systems supported by an effective governance and operating framework*
- *the risk that we may need to incur significant capital expenditures beyond our capital intensity target in order to provide additional capacity and reduce network congestion*
- *the failure to generate anticipated benefits from our corporate restructurings, system replacements and upgrades, process redesigns and the integration of business acquisitions*
- *events affecting the functionality of, and our ability to protect, test, maintain and replace, our networks, IT systems, equipment and other facilities*
- *in-orbit and other operational risks to which the satellites used to provide our satellite TV services are subject*
- *the failure to attract and retain employees with the appropriate skill sets and to drive their performance in a safe and secure environment*
- *labour disruptions*
- *the inability to access adequate sources of capital and generate sufficient cash flows from operations to meet our cash requirements, fund capital expenditures and provide for planned growth*
- *uncertainty as to whether dividends will be declared by BCE's board of directors or whether BCE's dividend payout policy will be maintained*
- *the inability to manage various credit, liquidity and market risks*
- *pension obligation volatility and increased contributions to post-employment benefit plans*
- *higher taxes due to new tax laws or changes thereto or in the interpretation thereof, and the inability to predict the outcome of government audits*
- *the failure to reduce costs as well as unexpected increases in costs*
- *the failure to evolve practices to effectively monitor and control fraudulent activities, including unauthorized use of our content and the theft of our TV services*
- *events affecting the continuity of supply of products and services that we need to operate our business from our third-party suppliers and outsourcers*
- *the failure of our procurement and vendor management practices to address risk exposures associated with existing and new supplier models*
- *the quality of our products and services and the extent to which they may be subject to manufacturing defects or fail to comply with applicable government regulations and standards*
- *security and data leakage exposure if security control protocols applicable to our cloud-based solutions are bypassed*
- *unfavourable resolution of legal proceedings and, in particular, class actions*
- *unfavourable changes in applicable laws and the failure to proactively address our legal and regulatory obligations*
- *health concerns about radiofrequency emissions from wireless communications devices*

- *the inability to maintain customer service and our networks operational in the event of the occurrence of epidemics, pandemics and other health risks*
- *the failure to recognize and adequately respond to climate change concerns or public and governmental expectations on environmental matters*
- *the expected timing and completion of the proposed acquisition of MTS and of the proposed subsequent divestiture of certain postpaid wireless subscribers and dealer locations of MTS to TELUS Corporation are subject to closing conditions and other risks and uncertainties, and there can be no certainty that the anticipated benefits will be realized*

We caution that the foregoing list of risk factors is not exhaustive and other factors could also adversely affect our results. We encourage investors to also read BCE's Safe Harbour Notice Concerning Forward-Looking Statements dated February 2, 2017 for additional information with respect to certain of these and other assumptions and risks, filed by BCE with the Canadian provincial securities regulatory authorities (available at Sedar.com) and with the U.S. Securities and Exchange Commission (available at SEC.gov). This document is also available at BCE.ca.

The terms "adjusted EBITDA", "adjusted EBITDA margin", "adjusted EPS", "free cash flow" and "dividend payout ratio" are non-GAAP financial measures and do not have any standardized meaning under IFRS. Therefore, they are unlikely to be comparable to similar measures presented by other issuers. Refer to the section "Notes" in BCE's news release dated February 2, 2017 announcing BCE's 2016 fourth quarter and full-year financial results for more details.

CORPORATE PARTICIPANTS

George Cope
President and CEO

Glen LeBlanc
Executive Vice President and CFO

Thane Fotopoulos
Vice President - IR

CONFERENCE CALL PARTICIPANTS

Tim Casey
BMO Capital Markets – Analyst

Richard Choe
J.P. Morgan – Analyst

Jeffrey Fan
Scotiabank – Analyst

Simon Flannery
Morgan Stanley – Analyst

Aravinda Galappatthige
Canaccord Genuity – Analyst

Batya Levi
UBS – Analyst

Greg MacDonald
Macquarie Capital Markets – Analyst

David McFadgen
Cormark Securities – Analyst

Drew McReynolds
RBC Capital Markets – Analyst

Vince Valentini
TD Securities – Analyst

Maher Yaghi
Desjardins Securities – Analyst

PRESENTATION

Operator

Good morning ladies and gentlemen. Welcome to BCE's Q4 2016 Results and 2017 Guidance conference call. I would now like to turn the meeting over to Mr. Thane Fotopoulos. Please go ahead, Mr. Fotopoulos.

Thane Fotopoulos – Vice President – IR

Thank you, Valerie, and good morning to everybody. With me here today as usual are George Cope, BCE's President and CEO, as well as Glen LeBlanc, our CFO. As a reminder, our Q4 results package 2017 guidance targets and other disclosure documents, including today's slide presentation, are available on BCE's Investor Relations web page. An audio replay and transcript of this call will be made available on our website later. However, before we get started, I want to draw your attention to our Safe Harbour notice on Slide 2.

Information in this presentation and remarks made by the speakers today will contain statements about expected future events and financial results that are forward-looking and therefore subject to risks and uncertainties. These forward-looking statements represent our expectations as of today and accordingly are subject to change. Results may differ materially. We disclaim any obligation to update forward-looking statements except as required by law. Factors that may affect future results are contained in BCE's filings with both the Canadian Securities Commission and the S.E.C. and are also available on our corporate website.

So with that out of the way, George, over to you.

George Cope – President and CEO

Great. Good morning everyone. Thank you for joining us. I am very pleased with our year-end fourth quarter financial results. The Company obtained—met all of our financial targets for 2016 and put us in a very strong position going into 2017 and allowing us to provide the incremental dividend this morning that we will talk about in a moment.

In the fourth quarter, service revenue growth accelerated to 2.3%. Either service revenue or consolidated revenue was our best top line performance since the third quarter of 2015. Very pleased that we not only achieved positive EBITDA growth up 2.3% for the Company but across the board all three business segments as we had planned were positive EBITDA for the entire year in 2016, with excellent financial results, 7.2% service revenue growth, continued growth in ARPU, EBITDA growth, even with the incremental net adds, up 23% year-over-year. We continue to have steady performance with our IPTV business and that is clearly pulling through the internet in that footprint and we will turn to that in a moment. On the Wireline side, we saw positive EBITDA growth of 0.9% for the quarter and for the year Wireline was positive and we saw an increase in margin in the fourth quarter in the Wireline business to 40.1%. Media had a very strong fourth quarter. I think we will see the financials are industry-leading with strong revenue and EBITDA growth and contributing to the cash flow of BCE.

We now expect the MTS acquisition to close by the end of the first quarter of 2017. That continues to be subject to regulatory approvals, specifically the Competition Bureau and ISED. It is our belief that we will get those regulatory approvals, still subject to those approvals, but with an expected close at the end of Q1.

Turning to our Wireless results, as I indicated, postpaid net adds were very strong, up 23% year-over-year and that was despite the loss we thought we would call out of one particular corporate client of 18,500 units. A very low ARPU customer of $30 did have an impact on our churn but clearly the clients that we want to lose are at those type of ARPUs. And so, as a result, churn is up slightly but you can see the net adds are still extremely positive even with the loss of that account. ARPU growth of 4.7% driven again by our mix of postpaid subs and the LTE data usage we were looking at that yesterday and for the entire year our data usage on the Company across our subscribers is up 41% year-over-year. Cost of acquisition up slightly year-over-year, again, mix of

richer handset lineups as well as some impact of the weaker Canadian dollar. Retention spend was also up year-over-year and again that is principally driven by the activity in the fourth quarter and also again a movement to the LTE handsets.

Turning to our Wireless network plans for 2017 and our position to continue to lead, at the end of 2017 we would expect 99% of the Canadian population will have access to 4G LTE, 83% of the population will have access to LTE Advanced, and we continue to roll-out carrier aggregation technology to provide additional speeds in the industry. In fact, in 2017, we will launch four carrier aggregation in a number of markets which will give customers effective speeds of 41 to 166 Mbps. We have already rolled out over 500 of our cell sites with that technology. We are awaiting for handsets and we expect handsets in the second quarter to give us that capability and we believe it will certainly be, if not the only carrier in the world, one of the first carriers in the world, to be in the marketplace with four carrier aggregation which just improves the continual speed that we are giving to our customers. Our capital intensity for the year even with these investments for Wireless will be consistent as it has been in the last number of years at around 10% of our revenue.

Turning to the Wireline, we added 18,400 internet subscribers in the quarter, importantly, 30,000 internet subscribers where we have IPTV. Clearly in the footprint, the DSL footprint is where we had negative internet net adds, so our strategy of continuing to roll-out FTTN and Fibre is clearly the right strategy and that will over time of course extend our footprint and help mitigate some of the negative net adds in the DSL footprints. Service revenue up 7% on Internet so a strong quarter financially from an internet perspective. Approximately 36,000 IPTV net adds, and you could see within 30,000 internet adds, you can see the pull-through and the strategy working and of course the average revenue per customer with internet and IPTV for us would run around $120. Net in our footprint when you include the losses of satellite was about approximately 6,000 TV net adds in our Wireline footprint and we saw a slight improvement in NAS losses year-over-year, particularly in the small business area where we have seen our performance continue to improve throughout the year.

Turning to Slide 8 and some of our capital Wireline programs for 2017, for our investors, our strategy really remains the same going into 2017 on the Wireline side. We will continue to add fibre-to-the-premise's footprint. We expect to end 2017 at about 3.5 million of our 8.4 million fibre locations, the remaining being FTTN. We expect the Toronto overlay, the majority of Toronto to be completed by the end of 2017, so we will be in the marketplace obviously aggressively in Toronto when we are through that important number. From a TV perspective, we have many more advanced features coming on our IPTV product in 2017, positioning us well in the competitive marketplace and the evolving competitive marketplace we would expect in 2018, and so we will be working aggressively to maintain that technology leadership and set ourselves up very well going into 2018 with a number of key announcements in the marketplace in 2017. Capital intensity for Wireline will be similar to this year, somewhere in the range of 24% of revenue and we continue to do that well when we execute the fibre buildout and that continues, I believe, to give us 5% capital intensity below our largest cable competitor.

Turning to Bell Media, as I mentioned, strong financial results. I think, in the industry maybe leading financial results from a media perspective. CTV continues to be the number one network in the country. Discovery Channel was the number one specialty entertainment channel. We also had a fairly strong quarter for TSN and RDS with prime time audiences up 11%. We had the strongest TV audience that is—strongest hockey audience that has watched any hockey game in the last two years with the World Juniors at 5.2 million viewers. Contrary to some other markets around the world, the NFL viewership is actually up 18% for us year-over-year, and CraveTV had one of its best months ever in December of 2016. So, right across the board I think a fairly good quarter for the Media operations.

Turning to Page 10, happy this morning and very pleased to announce the dividend increase of 5.1% to $2.87 per share. This dividend increase is consistent with what we have executed on over the last eight years. Our free cash flow dividend payout will be maintained between 65% and 75% with this dividend increase, and that will happen whether or not we close or do not close the MTS transaction. As I indicated, we expect it to, subject to regulatory, close at the end of the first quarter, but for our investors it is important to understand that if something was to change there, our free cash flow guidance keeps us in our payout ratio and allows us to provide this dividend increase. Really that is driven off the 7.6% free cash flow growth in 2016, just a very, very solid year for the Company and allows us to provide the dividend increase for the eight consecutive year. With that, let me turn it over to Glen.

Glen LeBlanc – Executive Vice President and CFO

Thanks George, and good morning everyone and thank you for joining us. I will begin on Slide 12 with our first quarter financials.

These results round off another very solid year of consistent performance, which has become something of a hallmark for BCE, clearly showing the strength of our business model built around a disciplined focus on profitable subscriber growth and cost control. A highlight of the quarter was the service revenue growth George mentioned, which accelerated to 2.3% on the back of our Wireless, Broadband, Wireline and Media growth services that collectively increased 4.7% year-over-year. This represented our best top line results since Q3 of 2015.

Adjusted EBITDA was also up a healthy 2.3%, and like the first three quarters of 2016, reflect positive year-over-year contributions from all three of the Bell operating segments. Consistent with this EBITDA growth, margin also improved, increasing to 37.2% on the flow-through of continued strong Wireless ARPU growth, increasing broadband, internet and IPTV scale, fewer NAS line losses and lower year-over-year Wireline operating costs.

Adjusted EPS increased $0.04 or 5.6% over last year to $0.76 per share on higher adjusted EBITDA and lower year-over-year impairment charges related to the Bell Media properties. This was partially offset by the mark-to-market losses realized on our equity derivatives hedged contracts as a result of the decline in the BCE share price in Q4 and higher amortization expense. Additionally, lower severance, acquisition and other cost due mainly to workforce restructuring initiatives undertaken in Q4 of 2015 contributed to the 29.3% increase in statutory EPS this quarter.

Lastly, free cash flow. Adjusted EBITDA growth and lower cash taxes were the principle factors supporting free cash flow generation of $923 million this quarter. However, this was largely offset by the higher planned capital spending on our broadband network infrastructure and decreased working capital from an increase in customer receivables that reflected our strong wireless postpaid growth in the quarter and the inventory buildup of mobile devices for the busy Q4 holiday sales period.

With that overview, let us turn to the detailed results of our Wireless segment on Slide 13. Q4 was another in a long line of exceptional quarters for Bell Wireless. Service revenues continue to accelerate, increasing 7.2% year-over-year. This was a result of our postpaid mix which now represents 91% of our subscriber base, and data usage growth driven by the faster speeds of our leading LTE networks.

Wireless adjusted EBITDA grew a strong 5.1%, yielding a service revenue margin of 39.6%. This result is even more impressive given that it was achieved while absorbing $67 million in higher cost year-over-year from 46,000 more postpaid gross additions, and a 16% increase in the absolute dollar customer retention spending, which was a direct result of the richer competitor acquisition offers and consistently more aggressive promotional activity throughout the quarter compared to the same period of last year.

Lastly, in terms of cash flow, which at the end of the day is what matters most to a dividend growth Company like BCE. Bell Wireless provided strong contribution to the consolidated BCE cash flow in both Q4 and for the full year of 2016, delivering an impressive year-over-year growth in adjusted EBITDA less capex of 7.4% and 7.5%, respectively.

If we look at Bell Wireline's Q4 financial results on Slide 14, you will see similar performance trends to the previous quarter. The 0.8% decline in total revenues was a result of softer wholesale results driven by significantly lower rates set by the CRTC for aggregated high-speed internet access services, as well as a lower sales of international long distance minutes. Reduced business customer spending on core connectivity service and data products also contributed to lower year-over-year revenue, which continues to reflect slow economic growth and repricing pressures rather than competitive market share losses.

In Residential Wireline, revenues increased a solid 1% in Q4, reflecting combined internet and TV revenue growth of 5.8%. The financial contributor from the acquisition of the data centre operator Q9 Networks on October 3 also contributed to moderating the overall decline in total Wireline revenue this quarter.

In terms of operating profitability, Wireline adjusted EBITDA increased 0.9% in Q4, and that represents our 10th consecutive quarter of positive year-over-year growth. This drove a strong 0.6 percentage points improvement in margins to 40.1%, reflecting a 1.8% reduction in operating cost, driven both by ongoing spending controls as well as customer service and fibre related operating efficiencies and productivity improvements.

Moving over to Media results on Slide 15, overall another strong quarter of contribution to BCE's overall consolidated financial results, capping off a great year and saw Bell Media deliver positive revenue, adjusted EBITDA and cash flow growth. Revenue growth of 3.6% in Q4 mainly on the strength of subscriber revenues and year-over-year growth in Astral Out of Home. Subscriber revenues were up 9.6%, driven much like they were in the first three quarters of 2016, by the national expansion of The Movie Network and the further growth in CraveTV and our broad suite of TV Everywhere Go streaming products.

Advertising revenues were essentially unchanged in Q4, down a modest 0.3%. The decline in conventional TV due to the non-recurrence of advertising dollars from last year's federal election, as well as a soft radio advertising market, were effectively offset by growth in outdoor advertising and higher year-over-year specialty entertainment and news channel revenues. Adjusted EBITDA grew a solid 2.2% in the quarter on the flow-through of the higher revenues. This was achieved despite operating cost growth of 4%, driven mainly by the higher year-over-year programming and CraveTV content costs.

With that, I will stop there on the results for the quarter. Slide 16 summarizes BCE's overall financial performance for 2016. At 1% we achieved our full year revenue guidance even with a 7.2% decline in low margin product sales that continue to cause top line variability. If we look just at service revenues, which is recurring in nature, and therefore the key driver of adjusted EBITDA, we delivered solid growth of 1.7% for the year. We saw increased contributions across our growth services as we maintained a sharp focus on subscriber profitability, price discipline and cost control to deliver adjusted EBITDA growth of 2.8%. But more impressively, this drove an 80 basis point increase in consolidated margin to an impressive 40.5%. We also finished the year with 3.0% higher adjusted EPS of $3.46 per share and a strong 7.6% increase in free cash flow which grew to over $3.2 billion.

With strong operating cash generation, we have the headroom to move up our capital intensity, increasing investment on our major strategic network priorities, while still generating more than $900 million of excess free cash flow after the payment of a higher year-over-year common share dividend in 2016.

So all in all, our financial foundation remains strong and our operations well-positioned as we begin 2017.

I will turn now to our financial outlook for 2017 summarized on Slide 17. Our 2017 guidance target is built on the favorable financial results, significant broadband infrastructure investments and operating momentum we delivered last year, with the expectations for continued strong Wireless profitability and postpaid subscriber growth, a third consecutive year of higher year-over-year Wireline adjusted EBITDA and stable contributions from our Bell Media division. Our revenue and EBITDA guidance is consistent with current analyst consensus.

We are also looking to manage our capital spending in 2017 at around 70% of revenues, allowing for increased spending to expand our fibre-to-the-home footprint, extend our LTE Advanced network buildout and meet rapid growth in data demand, all of which is expected to translate into another year of very healthy free cash flow growth, providing a strong and stable foundation for the 5.1% increase in BCE's common share dividend for 2017, as well as the capital investments that further enhance our broadband market competitiveness.

Lastly, I want to be clear that the financial guidance we are presenting today does not include the impact from our pending acquisition of MTS. We will come back and refresh our 2017 guidance targets and provide financial assumptions underpinning for those targets following the completion of that transaction.

Moving to cash pension funding on Slide 18, the $400 million voluntary contribution we made in December maintained BCE's consolidated pension plan's solvency position, stable year-over-year at approximately 94%.

We believe this is an efficient use of cash on hand at the end of 2016 as the contribution's tax deductibility favorably impacts BCE's free cash flow generation in 2017 while accelerating the move to a surplus position if interest rates rise. With our solvency position being 94% funded, a modest increase in interest rates would

reduce our ongoing funding requirements significantly. As a result of the $400 million pre-funding, together with the year-end solvency discount rate that got back to the level with the previous year, owing to a sharp increase in government bond yields in the latter stage as of 2016, BCE's regular cash pension funding for 2017 will remain essentially unchanged at around $400 million to $450 million.

Turning over to Slide 19, the statutory tax rate for 2017 remains unchanged at 27.1%. Our projected effective tax rate for accounting purposes is also around 27%, up from the 26.4% in 2016 due to lower year-over-year tax adjustments. We also expect a step-up in cash taxes for 2017, increasing to the range of $700 million to $750 million from $565 million in 2016. This mainly reflects the higher taxable income for 2017, consistent with the growth on our earnings. However, it does not reflect the benefit of the MTS tax loss carry-forwards that we intend to utilize post the close of that transaction, which I expect to be in the range of $100 million in 2017 alone.

Adjusted EPS, Slide 20, encapsulates our adjusted EPS outlook for 2017, which we expect to be between $3.42 and $3.52 per share. Overall, growth this year has been negatively impacted by the projected $0.04 per share decrease in tax adjustments, as well as the financial impact of the CRTC rulings from 2016 regarding wholesale internet tariffs, customer refunds for cancelled services and Super Bowl SimSub. In aggregation, these items are estimated to represent approximately one full percentage point of adjusted EBITDA growth or $0.07 of EPS in 2017. Accordingly, before the tax adjustments and the regulatory impacts, adjusted EPS is expected to grow by approximately 2% to 5% in 2017.

Lastly, I would like to note that BCE has close to $1 billion of U.S. denominated spending in 2017 has been economically hedged at a blended rate of $1.33. As a result, we have effectively insulated our P&L and free cash flow exposure from U.S. dollar purchases for this coming year.

Moving to Slide 21, our free cash flow generation in 2017 is expected to be strong, increasing to a range of $3,325 million to $3,450 million, even without the incremental contributions of MTS. That growth of approximately 3% to 7%, which obviously has a midpoint of 5%, fully supports today's announcement of 5.1% dividend increase for 2017 and sets us up well for our continued dividend model as we head into 2018. This increase represents our ninth consecutive year of 5% or better dividend growth while keeping within our targeted free cash flow payout range of 65% to 75%. As a result, excess cash is projected to remain relatively stable at around $900 million.

Finally, turning to Slide 22 for a quick update on our balance sheet and our cash resources heading into 2017. Our capital structure continues to provide a very solid foundation and high level of overall financial flexibility to execute our 2017 business plan and capital markets objectives, our strong BBB+ investment grade credit rating, all have stable outlooks and we expect our leverage ratio to improve to within target range over the next few years through growth and adjusted EBITDA and applying some of the excess free cash flow toward debt reduction.

I would also like to highlight BCE's attractive long-term debt maturity schedule that has an average term of more than nine years and only $350 million of MTNs to refinance in 2017. Moreover, with a very attractive after-tax cost of debt of 3.33%, owing to consistently low interest rates over the past eight years, our interest coverage ratio has risen to its best level since 2010 at 9.31x adjusted EBITDA. This is significantly above our 7.5x target policy, providing great predictability in our debt service cost as well as protection from interest rate volatility going forward. As you have heard me say before, even if interest rates rise, the favorable impact on the pension plan deficit and resulting future cash funding requirements would outweigh the higher cost of refinancing any long-term MTN debt.

Lastly, as we enter 2017, we have access to more than $2.2 billion of liquidity. This reflects a combination of multiyear committed credit facilities totaling $3.5 billion, unused capacity under our three-year accounts receivable securitization program and a healthy year-end 2016 cash balance of $853 million. All of that providing a solid financial underpinning of our 2017 business plan and increased common share dividend. As you know, BCE's history of financial management has always been a prudent one and that will not change.

To conclude, 2016 was a very good year for BCE on all levels, operationally, financially and strategically, and our 2017 financial guidance reflects the confidence we have in our business prospects for the coming year. With that, I will turn the call back over to Thane and Operator to begin the Q&A period.

Thane Fotopoulos – Vice President – IR

Thanks Glen. So before we start the Q&A period, please, to keep the call as efficient as possible, I would ask that you limit yourself to one question and a brief follow-up if you need to. So with that, Valerie, can you please tell the listeners about how to queue up.

QUESTION AND ANSWER SESSION

Operator

Thank you Mr. Fotopoulos. We will now take questions from the telephone lines. If you have a question and you are using a speakerphone, please lift your handset before making your selection. If you have a question, please press star one on your telephone keypad. If at any time you wish to cancel your question, please press the pound sign. Please press star one at this time if you have a question. There will be a brief pause while the participants register for questions. Thank you for your patience.

Our first question is from Richard Choe from J.P. Morgan. Please go ahead.

Richard Choe – J.P. Morgan – Analyst

Great, thank you. 2017 guidance seems like it is a little bit lower than the 2016 numbers. How much of this is large numbers or is this more something competitive that we should be looking for either in Wireless or Wireline going forward?

George Cope – President and CEO

Well good morning. Thanks for the question. First of all, I think from the free cash flow guidance I am assuming that is consistent with what people expected to see. Revenue and EBITDA guidance we understand is within the analysts' expectations. I would say this though. Glen did call it out, just so everyone gets it. That range of EBITDA Glen mentioned is about a 1% impact on the year's EBITDA and that is the regulatory decisions. Of course that flows through in one year and then you lap it the following year. So for investors, the standalone organic growth, if you will, it would be consistent with what you would expect to see from the Company, and so that is why we have normalized that in. Of course guidance will change with the MTS acquisition, but I think the important thing is even within that regulatory impact the free cash flow I am comfortable that it is in the range we need but it clearly was as Glen called out an impact on some of the regulatory decisions. The underlying organic business is as you have seen in the past. Hopefully that is helpful.

Richard Choe – J.P. Morgan – Analyst

Great, thank you.

Operator

Thank you. Our next question is from Aravinda Galappatthige with Canaccord Genuity. Please go ahead.

Aravinda Galappatthige – Canaccord Genuity – Analyst

Good morning. Thanks for taking my question. George, obviously we have seen a little bit of pressure on the internet net adds front as your competitors sort of ramps up their marketing on the high-speed products and obviously with the resellers also sort of lowering their prices in response to the new tariffs. I just wanted to get your thoughts on sort of the latter end of 2017. Do you see an outlook to sort of maybe stabilize the internet trends, particularly given that you still have the superior TV product?

George Cope – President and CEO

Yes, it is interesting, we are very bullish on the internet business. We saw tremendous top line revenue growth there and it is one of the reasons I called out for the analysts the net adds in the footprint versus not in the footprint. So you can see the 30,000 in the IPTV footprint, clearly that is executing and we will continue to do that in 2017. I have to admit, we are quite excited about the fibre buildout that will start to have more of an impact for us in 2017 across all of our footprint and we will continue to market that. So I think the prospects for that particular investment is continuing to be consistent with what we have said. So the 30,000 that we did within the IPTV footprint I am actually quite pleased with. Complete transparency, clearly where we do not have that in the DSL footprint, that is where we are seeing some negative growth, and the only way to offset that of course is to continue the fibre investment which should pull some share through over time.

Aravinda Galappatthige – Canaccord Genuity – Analyst

Great, thank you.

George Cope – President and CEO

Thanks for the question.

Operator

Thank you. Our next question is from Simon Flannery with Morgan Stanley. Please go ahead.

Simon Flannery – Morgan Stanley – Analyst

Great, thank you very much. Good morning. George, just following on the fibre point, I think you want to get Toronto pretty much done this year and have about 3.5 million fibre-to-the-premise. What happens after that? Is it economic for you to cover most of the fibre-to-the-node with fibre-to-the-premise over time or does that start to slow down? How are you thinking about 5G playing into that? Some of these fixed broadband trials suggest it might be a good way to kind of cover the last few hundred metres. Thanks.

George Cope – President and CEO

Yes. Well I mean I think investors would expect from us 600,000 to 700,000 premises covered with fibre almost every year over the seven to eight years. We do not see a slowing down in the other markets at all. We think we can do it within our capital intensity ratios that you have seen as we pace it out. We think it is clear what the demand is going to be. One of the great benefits to us from a wireless perspective when we see 5G in the marketplace in a number of years out of course because we will have done every neighborhood with fibre. We will have that backhaul in place if we were to leverage 5G to add additional capacity or speeds in that marketplace. We do not see 5G for us as a substitution in the urban markets for our fibre strategy. We certainly see, continue to see where we have fibre strong market share, much stronger market share than anywhere else we have the product and also as we mentioned a number of times the operating cost of it. So I think it is fair to say as we have said investors should expect to see that roll-out, 600,000, 700,000, 800,000 premises over a period of time and you will see that year-over-year, certainly over the next five years and that would take clearly almost every major market we cover.

Simon Flannery – Morgan Stanley – Analyst

Thank you. On the speed point, can you just give us a little bit of colour, what kind of speeds are resonating? We have heard some others talk about the percent taking 100 Mbps plus. Have you got any stats around that?

George Cope – President and CEO

I am not going to disclose a competitive aspect but clearly from our perspective the 1 Gigabit capability on fibre puts us—and then as everyone knows the ability even to take that speed up further as required. We think we are setting ourselves up for where we need to be tomorrow and all I can tell you is every one of our customers keeps migrating to higher speeds.

Simon Flannery – Morgan Stanley – Analyst

Great. Thanks so much.

George Cope – President and CEO

It is clear there is no doubt of the demand for the speed and we see it on Wireless as well. If you look at the usage on Wireless where we have LTE Advanced you will just see the incredible demand for video services on Wireless growing not just on the Wireline side. Thank you.

Simon Flannery – Morgan Stanley – Analyst

Thank you.

Operator

Thank you. Our next question is from Greg MacDonald with Macquarie Capital Markets. Please go ahead.

Greg MacDonald – Macquarie Capital Markets – Analyst

Thanks and good morning guys. George, I asked a derivative of this question last quarter and I would ask it again. The gross add numbers, we have not seen TELUS yet, but continue to be very good, Rogers, yourself. I suspect this is a sustained industry trend. Also, ARPU, I wonder if you might comment, quantify to the extent that you can on what assumptions of sustainability on the gross add trends in particular you are assuming for your guidance. Can we assume sustainability of certain trends of these types of trends are base case or are they best case scenarios when you are thinking about the Wireless guidance in particular?

George Cope – President and CEO

Yes. Well a couple of things. We do not give as you know gross add guidance and also the model you can tell from the EBITDA growth you would be able to do the blended and get pretty close to each of the divisions what we would expect to happen. Obviously very, very strong net add results from our reporting this morning. I think it is a little bit consistent with what we said in the last while in terms of seeing the growth. If you look at the results of maybe some of the newer entrants not as strong as they had been in the past. We think there is some maturity of their base so you get an opportunity of some of that base turn back our direction. We are clearly

---

seeing that. Immigration policies in this country driving significant immigration and that of course adds a growing marketplace for us, and as this demand as we talked about in Wireless in Canada a number of people having two products now, one for business and one for personal, I think that is another driver that is going on across the board. The maintaining of that of course that is a hard one. That is what the analysts and what we try to do is try to make that happen. We will have to see how that unfolds as we go forward. I think it is fair to say everybody has been pleased with the results again this quarter and to see this acceleration in growth. Of course we will see how the competitors report so it is hard to know everything until we get the complete picture.

Greg MacDonald – Macquarie Capital Markets – Analyst

Right. You have been reasonably conservative in the past, can we assume that is—if we see sustainability of these gross add trends in particular, is it safe to assume that you have got some buffer in the guidance number for that?

George Cope – President and CEO

Well what I probably would say is we pride ourselves on not missing guidance in the nine years, eight years that we have been executing on this, so that will clearly be our goal and I think it is fair to say for the investor community the growth in ARPU has been I think the surprise piece on top of the growth and that is just because people use the product more and more. It is not about pricing, it is about use. Think about it, use is up 41% year-over-year and ARPUs are up 4%, so clearly it is not about pricing, it is about the marginal use of the product and I think that lends well for shareholders in the Wireless space.

Greg MacDonald – Macquarie Capital Markets – Analyst

All right. Thanks George.

Operator

Thank you. Our next question is from Vince Valentini with TD Securities. Please go ahead.

Vince Valentini – TD Securities – Analyst

Yes, thanks very much. Hopefully I can just have one quick clarification and then a question. Clarification, Glen, is can you give us the exact number on Q9 for the fourth quarter in terms of revenue and EBITDA? The question is probably more for George. You clearly articulate you are doing better on internet subs in the areas where you have IPTV versus just DSL but you still have something like 2.7 million homes where you have not upgraded to fibre-to-the-node. Is there any change in your thinking given the internet trends you are seeing that maybe devote a little bit more capital to a footprint expansion over the next couple of versus just still be focused on 600,000, 700,000 new fibre-to-the-premise?

George Cope – President and CEO

Yes, that is a question. First of all, on the very specific question, Q9, we are not releasing the specific guidance on that but it is fair to say some of the regulatory impacts seem to roughly wash out but will be a benefit from Q9, quite frankly. So analysts can kind of assume that is been a bit of a wash, unfortunately, because of some of the impacts on the repricing on the internet through the regulatory process.

On the footprint expansion versus, I can tell you we know, the street does not know, the number of subscribers we have in that outer footprint versus the footprint where we have FTTN. We continue to believe the overlay of the FTTN is the better accretive piece for our shareholders. Having said that, there is a slight increase on our footprint year-over-year from 8.3 million to 8.4 million, so there is a little bit of expansion there. But at this moment it does not look like what you are suggesting or maybe asking would you do 500,000 more with something to extend the footprint versus overlaying and we do not think that given where we see our market share is necessarily the right place to go.

Vince Valentini – TD Securities – Analyst

Thank you.

George Cope – President and CEO

Thanks for the question. It is a good question.

Operator

Thank you. Our next question is from Maher Yaghi with Desjardins Securities. Please go ahead.

Maher Yaghi – Desjardins Securities – Analyst

Yes, thank you for taking my question. I wanted to ask on taxes and impact on regulatory changes on the EPS. So when I look at your special contributions for 2015, it looked like—I mean I think you guys did $250 million, this year you did $400 million of special contribution, yet you are expecting cash taxes to go from $565 million in 2016 to $700 million to $750 million. I am trying to understand why taxes are going up this much. Is it fair to say that the impact of the CRTC rulings on wholesale, the SimSub and the taxes, the higher taxes in 2017 is about $0.10 on EPS from your $3.42 to $3.52 EPS outlook for 2017?

Glen LeBlanc – Executive Vice President and CFO

Good morning Maher. As I mentioned in my opening remarks, the impact of the regulatory decisions and the one-time tax adjustments that we enjoyed in 2016 that do not repeat themselves in 2017, those together have about an $0.11 impact, so based on the guidance that we have provided. If you add that back you get to a number that looks more like 2% to 5% EPS growth, normalizing for those two.

Look, when you look at the 2017 tax and the guidance number that we provided, obviously the higher earnings profile that we are going to enjoy in 2017 drives higher taxes or slightly higher increase, a modest increase in the effective cash tax rate, so that is driving it. Naturally we do get an offset from the $400 million tax—the pension injection we made which we enjoy the tax benefit in the following year. But it is really just a reflection of timing of tax installments and how much we made tax installments at the end of 2016 versus how much we make in 2017. So really nothing to read into that.

Thane Fotopoulos – Vice President – IR

Thank you. Next question?

Operator

Thank you. Our next question is from Jeffrey Fan with Scotiabank. Please go ahead.

Jeffrey Fan – Scotiabank – Analyst

Thanks. Just a question on the fibre-to-the-home. When you look at your footprint with respect to ARPU, what kind of lift are you getting now roughly? I know you cannot give us an exact number but maybe relatively between fibre-to-the-home versus fibre-to-the-node I am just wondering given all the spend you are doing how much I guess internet revenue are you getting from these similar customers who are subscribing to internet?

George Cope – President and CEO

Yes. I do not have it top of hand. We are certainly—maybe we will have Thane follow-up with you a little bit. I do not think—and we will come back. But it is clearly because subscribers are taking fibre—are buying the higher speed packages and so they are clearly taking—generating a higher average revenue per unit than we are getting on those that have not. The fact that our service revenues are up year-over-year, 7%, and obviously our additions on the year are not up 7%. You can do a little bit—implication that clearly customers are migrating to the higher speed packages. As we have said before, everywhere we have fibre, churn is better, ARPU is better and market share is better and we know that and so it really is, as investors know, the pace that we can go at to make this happen. We of course are really excited about getting Toronto done because it is just how important this market is and the window that we have got to execute on that and to leverage our TV product over this coming year.

Jeffrey Fan – Scotiabank – Analyst

Okay. Thanks George.

George Cope – President and CEO

Yes. Next question.

Operator

Thank you. Our next question is from Batya Levi with UBS. Please go ahead.

Batya Levi – UBS – Analyst

Great, thank you. In video you may have a year of advantage versus cable adds as they shift to another video platform. Can you talk about maybe how you plan to balance sub growth versus profitability this year?

George Cope – President and CEO

Well I would—and I do not want to be—I want to be sure I am clear. I would say consistent with the way we have done it in the past in the marketplace, our continued leadership on TV of course continues and we think it will continue actually when our competitor launches given what we are planning to do. But certainly having this window that we had not expected is something that we are going to want to make sure we strategically leverage in our results and we will do that and have to balance that against the financial targets we have provided to the

street. So I think that is probably our practice in the past is probably the best practice I think of how we will probably behave in the future. But clearly, we are going to be pushing our product and the advantages of this product and rolling out other features on the product and leveraging that in 2017 because we had not expected that window and also of course accelerating that Toronto build as quickly as we can to accelerate that window to our advantage as well.

Batya Levi – UBS – Analyst

Okay, thank you.

George Cope – President and CEO

Thank you.

Operator

Thank you. Our next question is from Tim Casey with BMO Capital Markets. Please go ahead.

Tim Casey – BMO Capital Markets – Analyst

Thanks. George, just a follow-up on that. Can you provide a little more colour in what happened in the quarter in terms of TV adds? I mean obviously there would be disconnects on the satellite side but you did go negative in sort of net adds and just wondering how you think about that and what we should think about trends in 2017. As you highlighted, you have got a window here before your major competitor in Toronto launches a new product. Thanks.

George Cope – President and CEO

Yes. I think it is a good question. I think as you go to Page 7 on the deck, we were positive TV adds actually in our Wireline footprint. It is clearly what we focus the most on given the history what the satellite was versus where we are focused. So we are positive TV adds in our footprint and you can expect even within that footprint we obviously do not have a lot of base left of satellite customers in our IPTV footprint and so again that is where we are seeing the net adds, strong TV growth. I think it is clear we are very bullish on our TV business as we go into 2017 with the product features we have and now it is just executing as we have done in the past to continue to see IPTV growth against that. I would still like to see satellite a little better—keep working on that—and we will hope that in 2017 those results on satellite are a little better than they were last year. For sure, that is one of the goals we have.

Thane Fotopoulos – Vice President – IR

Thank you. Next question.

Operator

Thank you. Our next question is from Drew McReynolds with RBC Capital Markets. Please go ahead.

Drew McReynolds – RBC Capital Markets – Analyst

Yes, thanks very much. My question was just answered, but another one for you, George. Just in terms of the promotional environment, both on Wireless and Wireline, we see a couple of quarters where it is really intense and then a little easing off, but big picture how do you see the promotional activity playing out, I guess, from an investor perspective? Canada has always been a very kind of disciplined market, promotionally intense but overall disciplined, and just wondering kind of what your thoughts are on that type of equilibrium, particularly as you see some maturity overall in the industry play out.

George Cope – President and CEO

Yes, well I mean I would say this. I think it was, and Glen called it out, I mean it was an extremely competitive fourth quarter in the wireless marketplace. There were a lot of promotions, investors can see that in the higher cost of acquisition, but clearly those investments are significantly net present value positive for investors because you see the type of top line revenue growth we are getting and I think what is really exciting about that is coming back to, the customers are using our products more, not through industry wide on wireless price increases being overlaid into that market in a significant way other than what you have seen some of it offset some of the dollar impacts that we have seen in the market. It is a highly competitive market by different segments and different people are not in the market with their TV products so they will leverage some other products on pricing and we have to just be competitive with that. We are trying to always find that balance between the two. We think we are within our results and we think our competitors, with their public company as well, have that continual pressure between competitive marketplace and performing financially. I do not expect a dramatic change in the marketplace in Canada in 2017.

Drew McReynolds – RBC Capital Markets – Analyst

Thank you.

Thane Fotopoulos – Vice President – IR

Valerie, this will be our last question.

Operator

Thank you. Our last question is from David McFadgen with Cormark Securities. Please go ahead.

David McFadgen – Cormark Securities – Analyst

Great, thanks for squeezing me on. So just a question on the pension contribution. So now that the solvency ratio's up to 94%, do you think that you are done these one-time contributions going forward?

Glen LeBlanc – Executive Vice President and CFO

Hi David, it is Glen. Well thanks for your question. Look, you tell me what interest rates look like into the future. We are very pleased that our solvency funding ratio remains consistent to what you have seen in the past, up at 94%, and as I mentioned in my opening remarks, a modest increase in interest rates gets us to the ultimate objective, which is a fully funded position and sizable cash flow savings when that occurs. I am not going to attempt to be a crystal ball in interest rates and what that does between now and the end of the year. Our hope

---

is that we start to see a modest pickup in interest rates which is going to migrate us up to that fully funded position and obviously if that happens then further injections would not be required, but hard for me to speculate on that. Our objective, keep the pension in a healthy funded position and I think we have done that nicely over the last number of years.

George Cope – President and CEO

Yes, and the only thing I would add on, because we are wrapping up the call, to Glen's comment, is just what is unique about our cash flow profile for our Company. Investors will have a view on interest rates and so they will use those to look at our Company, but clearly an increase in interest rates for us is an odd thing for our capital structure, it will actually end up generating cash flow for us, not the other way around, because of the significant pension investments we have had to make and investors know we have had to do this over a number of years. So I think we are in an excellent position, the 94% position we have put ourselves in, and if interest rates are up, we are in a much stronger position, and if not, we are very well funded.

With that, I want to thank everyone for taking the time this morning. We are very pleased with the results and let us hope those wireless momentum in the country continues.

Thane Fotopoulos – Vice President – IR

Absolutely. Thank you George. I will be available throughout the day for any further questions or clarification. On that, thank you for your participation and have a great day.

Operator

Thank you gentlemen. The conference has now ended. Please disconnect your lines at this time and we thank you for your participation.