# RBC Capital Markets
# 2011 Telecom & Media Fixed Income Conference

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# Safe harbour notice

Certain statements made in the attached presentation, including, but not limited to, statements relating to our 2011 financial guidance (including revenues, EBITDA, capital intensity, Adjusted EPS and free cash flow), Bell Media's financial profile, BCE Inc.'s dividend policy, our LTE wireless network deployment plans, our objectives, plans and strategic priorities, and other statements that are not historical facts, are forward-looking. Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties and are based on several assumptions 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. As a result, we cannot guarantee that any forward-looking statement will materialize and you are cautioned not to place undue reliance on these forward-looking statements. For additional information on such assumptions and risks, please consult BCE Inc.'s 2010 Annual MD&A dated March 10, 2011, as updated in BCE's 2011 First Quarter MD&A dated May 11, 2011, and BCE Inc.'s press release dated May 12, 2011 announcing its financial results for the first quarter of 2011, all filed with the Canadian securities regulatory authorities and with the SEC and which are also available on BCE Inc.'s website.

The forward-looking statements contained in the attached presentation describe our expectations at May 18, 2011 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 the attached presentation, whether as a result of new information, future events or otherwise.

# Continued progress in executing on Strategic Imperatives

- CTV acquisition completed April 1 – one full quarter ahead of schedule
- Launched Bell Media

- Achieved highest Q1 incumbent postpaid market share: 46%
- Double-digit wireless EBITDA growth and 40% margin
- Solid growth in TV, Internet and Home Phone ARPUs
- Best wireline voice performance in more than 6 years

- Fibe TV footprint expanded to more than 800k households
- Fibe TV/Internet driving triple-play penetration
- Wireless LTE network launch in 2011

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- ~$90M y/y reduction in wireline operating costs[1] in Q1'11 contributed to 2.6 pt expansion in wireline margin to 39.1%

[1] Labour, G&A and marketing and sales costs

**Delivered industry-leading EBITDA growth of 6.4% in Q1**

# Q1 2011 financial performance

| Bell | Q1'11 | Y/Y |
|---|---|---|
| **Revenues** | **$3,882M** | **1.0%** |
| *Service* | *$3,473* | *1.8%* |
| *Product* | *$409* | *(6.2%)* |
| **EBITDA** | **$1,505M** | **6.4%** |
| *Margin* | *38.8%* | *2.0 pts* |
| **Capital expenditures** | **$515M** | **(16.8%)** |
| **Capital Intensity** | **13.3%** | **(1.8 pts)** |

| BCE | Q1'11 | Y/Y |
|---|---|---|
| **Adjusted EPS**[1] | **$0.72** | **18.0%** |
| **Free Cash Flow**[2] | **$265M** | **($295M)** |

(1) Before severance, acquisition and other costs and net gains on investments
(2) Before common share dividends and including Bell Aliant's cash distributions

- **Service revenue growth of 1.8%**
  - Strong wireless, TV and Internet revenue growth
  - Y/Y Business Markets performance impacted by Olympics and lower data product and ICT sales
- **EBITDA up 6.4%**
  - Reflects double-digit wireless EBITDA growth of 12.2%
  - Lower wireline operating costs due to Olympics expenses in 2010, labour and other savings
- **Higher capex reflects increased investment in broadband networks and customer service**
- **Adjusted EPS up 18% y/y on higher EBITDA**
- **Free cash flow on track with plan**
  - Unfavourable y/y impact from CRTC-mandated deferral account customer rebates, higher capex and timing of working capital
- **All key financial metrics tracking to 2011 guidance**

**Delivered strong EBITDA and Adjusted EPS growth in line with plan**

# Bell's improving revenue mix

## Operating revenue mix — 2011E Pro forma

**~80%**

**~30%**
**Wireless**


**~11%**
**Bell TV/Fibe**

**~27%**
**Wireline Internet/Data**

**~12%**
**Media**

**~20%**
**Wireline Voice**

- CTV acquisition further shifting Bell's revenue mix away from traditional wireline voice

**Changing revenue mix de-risking Bell's revenue profile**

# Solid capital markets execution

**Strong credit profile**

- Strong investment grade credit ratings with stable outlooks
- Net debt to Adjusted EBITDA maintained below 2.0x
- Preferred shares now treated at 50% equity

**Substantial liquidity**

- Over $2.1B of cash and credit facilities post-CTV closing
- Accessed $3B of low-cost debt since Nov'10
  - Issued $1B of MTNs at average rate of 4.3% in May'11
- Modest debt repayments before 2014

**Growing sustainable free cash flow**

- Healthy free cash flow supports dividend growth and accelerating broadband investment to drive future growth

**Increasing total shareholder returns**

- Dividend payout ratio of 65%-75% of Adjusted EPS
- Use of surplus cash balances shareholder returns with maintenance of strong credit profile

**Business performance supports capital markets strategy**

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# Strong liquidity position and credit profile

| Liquidity position ($M) | |
|---|---|
| **Cash balance (March 31, 2011)** | $2,147 |
| **2011E Free Cash Flow[1]** | ~$2,200-$2,300 |
| **Credit Facilities** | $2,000 |

(1) Free cash flow before common share dividends and including Bell Aliant's cash distributions

| Bell credit profile* | Policy | 03/31/11 |
|---|---|---|
| **Net debt** | | $10.7B |
| **Net debt/ Adj. EBITDA** | 1.5x-2.0x | 1.73x |
| **Adj. EBITDA/Net Interest** | >7.5x | 10.46x |

* Net debt includes capital leases, 50% of preferred shares and A/R securitization

* Net interest includes 50% of preferred share dividends and A/R securitization costs

- **Healthy liquidity position**
  - Over $2.1B in cash at end of Q1'11
  - Credit facilities capacity increased to $2B
- **2011 normal course financing requirements met**
  - ~$700M required for maturing debt, capital lease repayments and xwave acquisition
- **Key credit ratios in line with policy**
  - Investment grade ratings confirmed post-CTV acquisition with stable outlook from all rating agencies
  - CTV financing brings EBITDA leverage ratio to higher end of financial policy range, but improves during course of year

**Strong credit profile and sound financial policies underpinned by healthy balance sheet**

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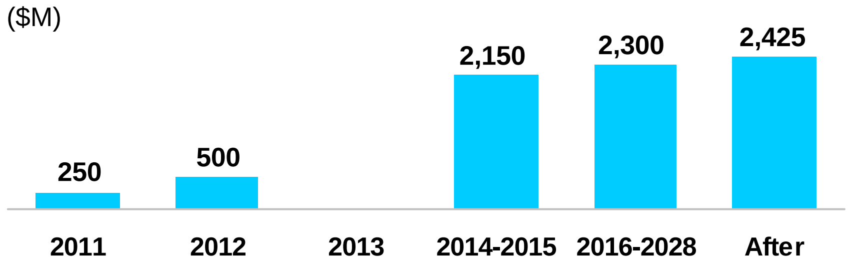
# Solid capital structure

| Net debt ($M) | |
|---|---|
| **Bell debentures** | 7,625 |
| **Capital leases & other** | 2,703 |
| **Preferred shares (@ 50%)** | 1,385 |
| **A/R securitization** | 1,140 |
| **Cash** | (2,147) |
| **Net debt (03/31/11)** | **10,706** |

## Debt maturities[1]




(1) Excludes CTV roll-over debt

- **Capital structure and financial flexibility underpinned by strong investment grade ratings**
  - DBRS: A (low) / Stable
  - S&P: BBB+ / Stable
  - Moody's: Baa1 / Stable
- **Issued $1B of debt in May'11 at average rate of 4.3%**
  - Together with $1B debt issuance in Mar'11, completes the permanent debt financing in respect of the CTV acquisition
  - Improves average cost of total debt to ~5.6% with average term to maturity of ~10 years
  - 2011 debt issuances expected to meet Bell's financing needs to the end of 2012
- **Favourable debt maturity schedule**
  - Minimal debt repayments before 2014
- **Continued focus on liquidity and lowering cost of debt**

**Attractive debt capital markets provide flexibility to be opportunistic**

# Increased 2011 financial guidance(1)

| | February 10 Guidance | May 12 Guidance |
|---|---|---|
| **Revenue growth** | 1% to 2% | 9% to 11% |
| **EBITDA growth** | 2% to 4% | 8% to 10% |
| **Capital intensity** | ~ 16% | No change |
| **Adjusted EPS(2)** | $2.90 to $3.00<br>4% to 8% | $2.95 to $3.05<br>6% to 9% |
| **Free cash flow(3)** | ~$2.2B to $2.3B | No change |

(1) Revenue, EBITDA & capital intensity guidance for Bell excluding Bell Aliant. Reflects Bell Media expected results for Q2'11 to Q4'11.

(2) EPS before severance, acquisition and other costs and net gains (losses) on investments

(3) Free cash flow before common share dividends and including Bell Aliant's cash distributions

- **Increased revenue, EBITDA and Adjusted EPS guidance reflects CTV acquisition**
  - Strong CTV earnings accretion of ~$0.07 per share for 2011
- **No change to free cash flow guidance**
  - Absorbing Bell Media capital spending and one-time CTV acquisition-related costs
  - Seasonality of CTV working capital
- **Capital Intensity guidance unchanged**
- **Positive outlook for Bell Wireless and Bell Wireline segments**
  - Solid competitive position across all product lines
  - Good visibility on cost saving opportunities

**CTV acquisition delivers attractive financial valuation and immediate earnings accretion**

# Summary

## Continued wireless operating strength

Highest market share of incumbent postpaid net adds, growing ARPU, and strong smartphone sales achieved while generating 12.2% wireless EBITDA growth and 40% margins

## Positive wireline operating trends

Reduced NAS landline losses, slowing voice revenue erosion, growing ARPU for all residential services (TV, Internet and Home Phone)

## Continued rigorous cost management

Helping to drive EBITDA growth and margin expansion

## Broadband strength

Growing traction of Fibe Internet and Fibe TV driving triple-play household penetration

## CTV acquisition completed

Executing 4-screen content strategy

## Bell Canada $1B debt issuance

Completes permanent debt financing in respect of CTV acquisition as well as all 2012 debt refinancing requirements, while improving overall cost of debt

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