

# Creation of Consolidated Trust

March 7, 2006

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# Caution Concerning Forward-Looking Statements

Certain statements made in this presentation, including, but not limited to, the future financial condition and results of operations of BCE, Aliant and the consolidated trust, the expectation that the creation of the consolidated trust will provide stable and predictable cash flows for unitholders, the proposed distribution of trust units to BCE shareholders, BCE's anticipated remaining interest in the consolidated trust, the tax treatment of BCE and Aliant shareholders, the expectation that BCE shareholders will receive value from this proposed transaction consistent with the value BCE anticipated distributing to shareholders in the context of the regional lines transaction announced on February 1, 2006, the expected increase in the value of distributions to BCE shareholders, the expected increase in the equity value of the assets involved in the proposed transaction, the expected enterprise value of the consolidated trust, the expected seamless nature of the transition to the consolidated trust for customers, the expected closing date of the proposed transaction, the benefits generally anticipated to result from the proposed transaction and other statements that are not historical facts, are forward-looking statements and are subject to important risks, uncertainties and assumptions. In particular, in making these statements, BCE has assumed, among other things, that the proposed transaction and subsequent distribution by BCE of units in the consolidated trust will receive the required regulatory and securityholder approvals and that the other conditions to the transaction can be satisfied in accordance with their terms. The results or events predicted in these forward-looking statements may differ materially from actual results or events. As a result, readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's plans, estimates, assumptions and views only as at March 7, 2006. Certain of the 2005 pro forma financial results of the consolidated trust have been prepared by management on the basis of unaudited financial information for the year ended December 31, 2005. The actual results for the year ended December 31, 2005 may vary from the amounts discussed herein as a result of year-end adjustments made in connection with the preparation of audited financial statements or otherwise, and such variation may be material. In addition, the actual results of the consolidated trust in the future will likely vary from the amounts discussed herein.

The pro forma combined trust cash distribution and BCE common share dividend has been prepared by management making a number of assumptions including, but not limited to, a reduction of approximately 8% in the number of BCE common shares outstanding following the proposed transaction, BCE owning approximately 45% of the consolidated trust after distributing a portion of its interest to BCE common shareholders on a pro rata basis, pro forma cash available for distribution of approximately \$685 million and the expectation that, initially, the trust will pay out approximately 90% of its cash available for distribution to its unit holders. The equity value of the assets involved in the proposed transaction, both pre and post transaction, are based on various assumptions including: (i) regional lines being currently valued at 4.5-5.0x EBITDA with a 2.0x debt to EBITDA leverage ratio, (ii) the consolidated trust being valued at a yield of between 7.0% and 7.5%, and (iii) the Aliant wireless assets being valued within BCE at an EBITDA multiple of between 9.0x and 10.0x 2005 EBITDA. The completion of the proposed transaction is subject to a number of conditions including, without limitation, receipt of: (i) favourable advance income tax rulings from the CRA for both BCE and Aliant; (ii) CRTC approvals; (iii) an advance ruling certificate from the Competition Bureau; (iv) securities commissions', other applicable regulatory and stock exchange approvals; (v) possible third party consents on satisfactory terms; (vi) required securityholder approvals, including Aliant shareholders' approval and approval by BCE shareholders of the subsequent distribution of trust units; and (vii) necessary court approvals; as well as the arranging of satisfactory bank financing.

Other factors that could cause results or events related to the proposed transaction to differ materially from current expectations include, among other things: the fact that the proposed transaction involves the integration of various operations previously operated independently and that there can be no assurance that the combined operation resulting from the proposed transaction will realize the anticipated synergies, or that other benefits expected from the transaction will be realized; the risk that the integration of such operations will not be accomplished in a timely and cost-effective manner; the risk of incurring liabilities or costs as a result of the proposed transaction that are currently unknown; our ability to complete the proposed transaction without adverse effects on the customers of Bell Canada, Aliant or the consolidated trust; the ability of the trust to make cash distributions (the trust's financial results and ability to make cash distributions will be subject to various risks including, without limitation, intensity of competitive activity, general economic and market conditions, the level of consumer confidence and spending and the demand for, and prices of, the consolidated trust's services, the impact of pending or future litigation or regulatory proceedings, and the other risk factors applicable to BCE companies).

For additional information with respect to certain of these and other assumptions and risk factors, please refer to the Safe Harbor Notice Concerning Forward-Looking Statements dated February 1, 2006 filed by BCE with the U.S. Securities and Exchange Commission, under Form 6-K, and with the Canadian securities commissions. Please also refer to Aliant's Notice Concerning Forward-Looking Statements dated January 26, 2006 and Aliant's MD&A for the year ended December 31, 2005, under "Risks and Uncertainties", filed with the Canadian securities commissions. The forward-looking statements contained in this presentation represent our expectations as of March 7, 2006 and, accordingly, are subject to change after such date. However, we disclaim any intention and assume no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

# Michael Sabia

President & CEO



# Creation of Consolidated Trust

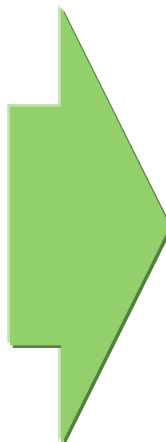
## Key Objective

Create strategic regional telco...

- ✓ Operational scale and scope
- ✓ Focused service model for more stable, lower density markets

...in most capital efficient way

- ✓ Retain control of core asset
- ✓ Unlock value for shareholders



## Transaction Benefits

- Consolidates Bell Regional Lines, Aliant Wireline and Bell Nordiq
  - Significant scale and scope
  - Operations in Ontario, Quebec, Atlantic Canada
  - Close operating relationships with Bell
- Consolidates Bell wireless position...  
...and Aliant Mobility becomes full part of national player
- Simplifies BCE asset portfolio
- Delivers further value to BCE shareholders beyond Bell Regional Lines – with improved strategic potential
- Creates value for Aliant shareholders

# Transaction Overview

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## **1. Creation of Consolidated Trust**

- Bell Regional Lines
- Aliant wireline
- BCE's 63.4% stake in Bell Nordiq

## **2. Bell receives Aliant wireless business**

## **3. Trust ownership at closing**

- BCE: 73.5%
- Aliant shareholders: 26.5%

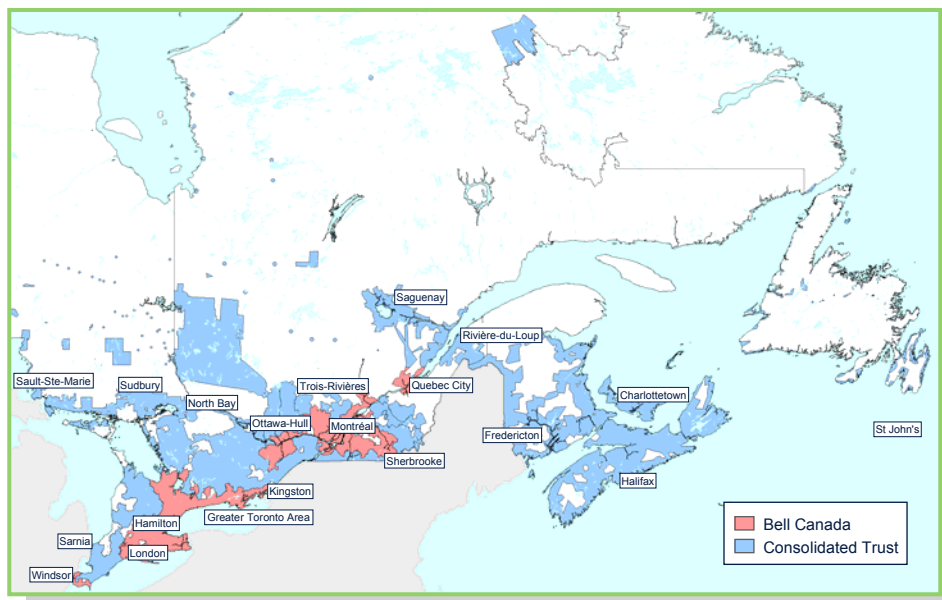
## **4. Post closing BCE distributes Trust units to its shareholders to end at ~45%**

- Bell to appoint majority of directors to 30% ownership
  - Veto rights to 20% ownership
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**Target Closing in Q3**

# Consolidated Trust

## Geographic Footprint



## Well Suited to Income Trust

- More stable competitive environment
- Relatively low customer density
- Greater stability of cash flows

## Focused Operational Model

- Sharp focus on customer service and regional needs
- Headquarters in Atlantic Canada, regional offices in Ontario and Quebec
- Senior management from Bell and Aliant
- Extensive geographic reach
- Full suite of Bell and Aliant products
  - Wireline, voice and DSL via Consolidated Trust
  - Wireless and video sold by Bell
- Scale advantages through close relationships with Bell

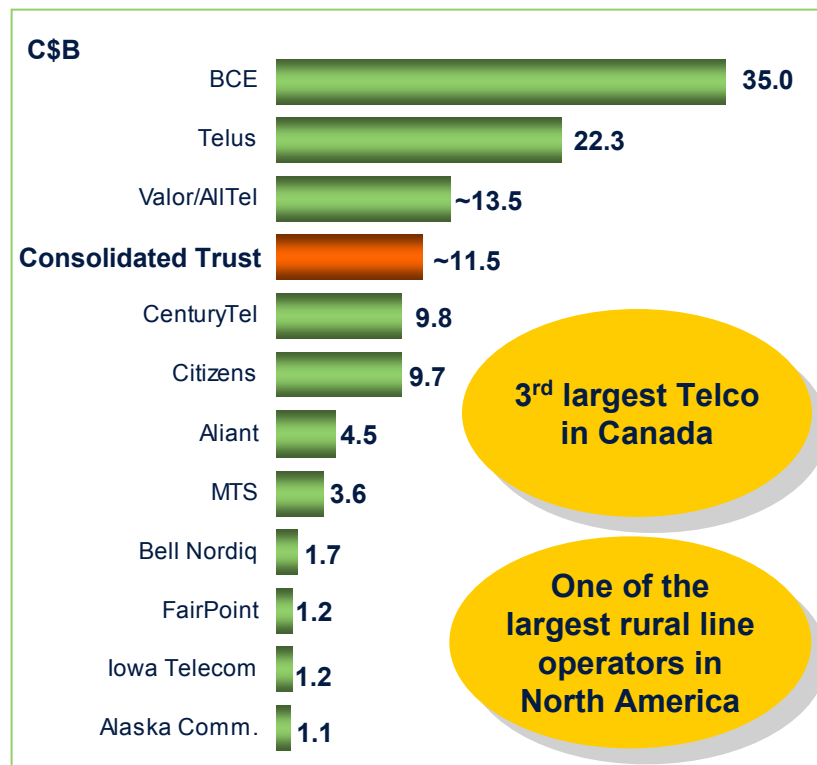
# Profile of Consolidated Trust

2005 (approx.)	Bell Regional Lines	Aliant Wireline	Bell Nordiq	Pro Forma Trust
Revenues	\$1.2B	\$1.7B	\$0.36B	\$3.2B
EBITDA	\$635M	\$620M	\$180M	\$1,435M
EBITDA %	53%	37%	50%	45%
Capex	\$165M	\$305M	\$55M	\$525M
Distributable cash flow	~\$400M	~\$220M	~\$105M	~\$685M*
NAS	1.6M	1.5M	250k	3.4M
High-Speed subs	160k	212k	35k	410k
Employees	1,000	8,000	1,000	9,000

\*Only includes 63.4% of Bell Nordiq's distributable cash flow

- 90% payout ratio
- Initial leverage ~2x EBITDA
  - \$1.25B of Bell debt effectively transferred to Consolidated Trust
- Expect investment grade credit rating

## Enterprise Value

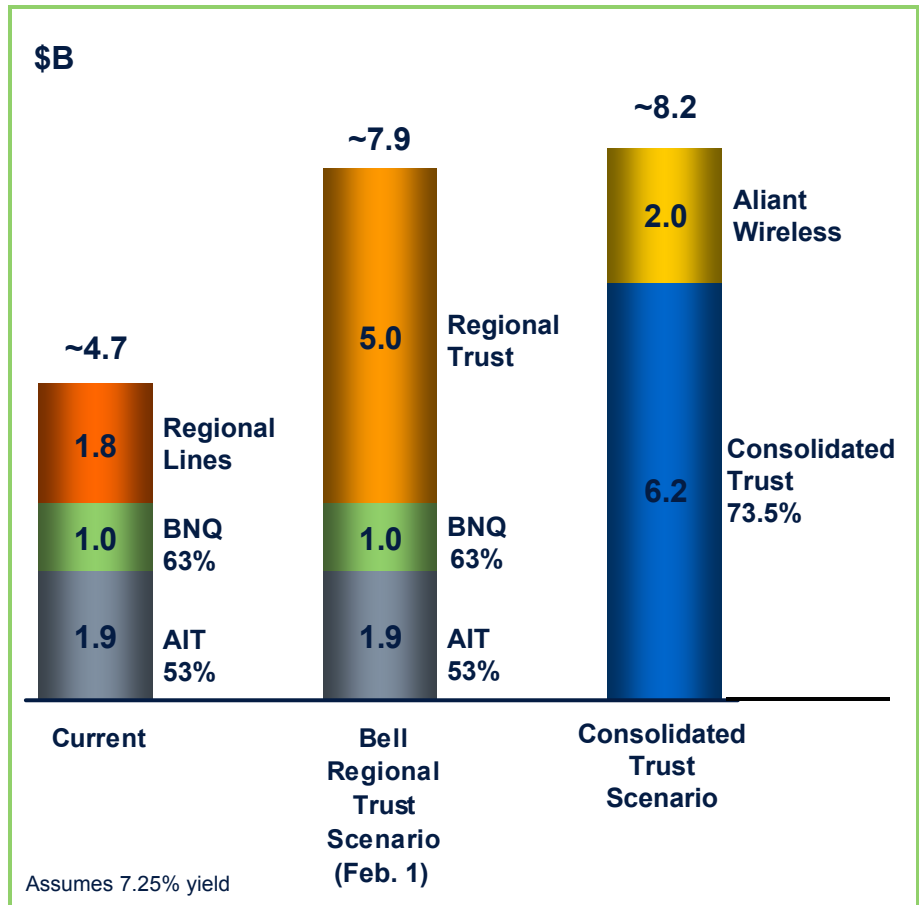


Source: Merrill Lynch Global Telecom Weekly (28 February 2006)

**Creating a business with significant scale and scope**

# Valuation and Distributions

## Asset Value to BCE



- Value surfaced
  - Increase of ~\$3.5B in NAV
- BCE shareholders post closing
  - Will receive ~\$2.4B in distribution of Consolidated Trust units
    - In exchange for ~75M shares or ~8% of BCE shares held
  - Will receive annual dividend/distribution of \$1.40 per BCE share
    - vs \$1.32 today
- BCE will hold
  - ~45% of ~\$8.5B Consolidated Trust vs 50% of ~\$5B Bell Regional Lines Trust
  - 100% of Aliant wireless

# Jay Forbes

President & CEO



# Aliant Key Reasons for the Transaction

- ✓ Aliant wireline to join a trust with significantly greater scale, scope, geographical diversification, market profile and customer base
  - HQ in Atlantic Canada
  - Leveraging Aliant's infrastructure and systems
  - Wireline operations ideally suited to the income trust structure
- ✓ Seamless for Aliant customers with continued regional focus
- ✓ Continued full competitive capabilities
  - Utilise strength of existing brands in the market
  - Offer quadruple play of voice, internet, wireless and video
- ✓ Aliant Mobility to enjoy the benefits of scale, time to market and network reach as a fully integrated part of a national player
- ✓ Income trust conversion creates significant shareholder value

# Increased Scale and Scope

- Aliant's wireline operations joins a trust with significantly expanded scale and scope

Key Operating Metrics		
	<u>Aliant</u>	<u>Consolidated Trust</u>
NAS	1.46M	3.36M
- Residential	864K	2.29M
- Business	596K	1.07M
Customers		
- HSI (Total)	212K	410K
- Dial-Up	131K	272K
- Wireless	715K	69K*
Population	2.3M	5.3M
Footprint	NS,NB, PE,NL	NS, NB, PE, NL, Rural ON & QC
Land Mass	504K km <sup>2</sup>	1.51M km <sup>2</sup>
Line Density	2.9 lines/km <sup>2</sup>	2.2 lines/km <sup>2</sup>
HSI Footprint	82%	70%

\* Bell Nordiq

# Unlocking Significant Value for Aliant Shareholders

- Expected valuation increase of approx. 30% to 40% based on pro forma distributable cash



# Aliant Shareholder Timeline

## Transaction timeline:

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|---|--------------------|
| 1. Notice of annual and special meeting of shareholders               | <b>early April</b> |
| 2. Mail shareholder meeting materials, including information circular | <b>April</b>       |
| 3. Annual and special meeting of shareholders                         | <b>May</b>         |
| 4. Obtain other approvals   |                    |
| ▪ Court approval  |                    |
| ▪ Canada Revenue Agency advance tax rulings                           |                    |
| ▪ CRTC approvals  |                    |
| 5. Redeem Aliant preferred shares                                     | <b>June 30</b>     |
| 6. Implement transaction agreements                                   | <b>Q3</b>          |
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