

BCE INC
Form 40-F
March 10, 2006

Table of Contents

2005

**U.S. Securities and Exchange Commission
Washington, D.C. 20549
FORM 40-F**

REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

**For the fiscal year ended:
December 31, 2005**

Commission File Number: 1-8481

BCE Inc.

(Exact name of Registrant as specified in its charter)

Canada

(Jurisdiction of incorporation or organization)

4813

(Primary Standard Industrial Classification Code Number (if applicable))

98-0134477

(I.R.S. Employer Identification Number (if applicable))

1000 rue de La Gauchetière Ouest, Bureau 3700, Montréal, Québec, Canada H3B 4Y7, (514) 397-7000

(Address and telephone number of Registrant's principal executive offices)

CT Corporation System, 111 Eighth Avenue, 13th Floor, New York, N.Y. 10011, (212) 894-8940

(Name, address (including zip code) and telephone number (including area code) of agents for service in the United States)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common shares

Name of each exchange on which registered
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

For annual reports, indicate by check mark the information filed with this Form:

Annual information form

Audited annual financial statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

At December 31, 2005, 927,318,916 common shares and 66,000,000 First Preferred Shares were issued and outstanding.

Indicate by check mark whether the Registrant by filing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934 (the Exchange Act). If Yes is marked, indicate the file number assigned to the Registrant in connection with such Rule.

YES:

NO:

Edgar Filing: BCE INC - Form 40-F

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

YES:

NO:

Table of Contents

2

PRIOR FILINGS MODIFIED AND SUPERSEDED

BCE Inc.'s annual report on Form 40-F for the year ended December 31, 2005, at the time of filing with the U.S. Securities and Exchange Commission (the SEC or Commission), modifies and supersedes all prior documents filed pursuant to Sections 13, 14 and 15(d) of the Exchange Act for purposes of any offers or sales of any securities after the date of such filing pursuant to any registration statement or prospectus filed pursuant to the Securities Act of 1933 which incorporates by reference such annual report on Form 40-F. Other than BCE Inc.'s Annual Information Form for the year ended December 31, 2005 (the AIF) included herein, and BCE Inc.'s annual audited consolidated financial statements for the year ended December 31, 2005 and related management's discussion and analysis of financial condition and results of operations, incorporated by reference herein, no other information from the Exhibits attached hereto is to be incorporated by reference in a registration statement or prospectus filed pursuant to the Securities Act of 1933.

**ANNUAL AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND
MANAGEMENT'S DISCUSSION AND ANALYSIS****A. Annual Audited Consolidated Financial Statements**

For BCE Inc.'s annual audited consolidated financial statements for the year ended December 31, 2005 (the Financial Statements), including the auditor's report with respect thereto, see pages 60 to 101 and part of page 60, respectively, of the Bell Canada Enterprises 2005 Annual Report to shareholders attached hereto as Exhibit 99.1, which pages are incorporated herein by reference. See Note 28 of the Notes to the Financial Statements on pages 98 to 101 of the Bell Canada Enterprises 2005 Annual Report to shareholders, reconciling the significant differences between Canadian and United States generally accepted accounting principles.

The above referenced auditor's report is expressed in accordance with standards of reporting generally accepted in Canada which do not require a reference to changes in accounting principles in the auditor's report when the changes are properly accounted for and adequately disclosed in the financial statements. In the United States, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when there are changes in accounting principles that have a material effect on the comparability of the financial statements, such as the changes described in Note 1 to the Financial Statements, or when there is a retroactive restatement such as described in Note 1 to the Financial Statements.

B. Management's Discussion and Analysis

For management's discussion and analysis of financial condition and results of operations, see pages 2 to 59 of the Bell Canada Enterprises 2005 Annual Report to shareholders attached hereto as Exhibit 99.1, which pages are incorporated herein by reference.

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

As of the end of the period covered by this annual report on Form 40-F, an evaluation was carried out by BCE Inc.'s management, under the supervision, and with the participation, of BCE Inc.'s President and Chief Executive Officer (the CEO) and Chief Financial Officer (the CFO), of the effectiveness of BCE Inc.'s disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). Based on that evaluation, the CEO and CFO concluded that such disclosure controls and procedures were adequate and effective and designed to ensure that material information relating to BCE Inc. and its consolidated subsidiaries would be made known to them by others within those entities.

Table of Contents

3

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

During the year ended December 31, 2005, there were no changes in BCE Inc.'s internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, BCE Inc.'s internal control over financial reporting.

AUDIT COMMITTEE FINANCIAL EXPERT

BCE Inc.'s board of directors has determined that at least one of the members of the audit committee, being the Chair of the audit committee, Mr. T.C. O'Neill, is qualified as an audit committee financial expert, and that all members of the audit committee are independent under the listing standards of the New York Stock Exchange.

CODE OF ETHICS

All of BCE Inc.'s employees, directors and officers must follow the Bell Canada Enterprises Code of Business Conduct (the Code of Conduct), which provides guidelines for ethical behaviour. The Code of Conduct includes additional guidelines for BCE Inc.'s CEO, CFO, Controller and Treasurer. The Code of Conduct is available in the governance section of BCE Inc.'s website at www.bce.ca.

PRINCIPAL ACCOUNTANT FEES AND SERVICES**Auditor's fees**

The table below shows the fees that Deloitte & Touche LLP (Deloitte & Touche), BCE Inc.'s external auditor, billed to BCE Inc. and its subsidiaries for various services for each year in the past two fiscal years.

	2005	2004
	(Can. \$ millions)	
Audit fees	12.2	11.4
Audit-related fees	1.9	3.1
Tax fees	1.4	1.9
Other fees		
Total	15.5	16.4

Audit fees

These fees include professional services provided by the external auditor for the review of the interim financial statements, statutory audits of the annual financial statements, the review of prospectuses, the review of financial accounting and reporting matters, other regulatory audits and filings and translation services.

Audit-related fees

These fees relate to non-statutory audits, *Sarbanes-Oxley Act* initiatives, due diligence, pension plan audits and the review of financial accounting and reporting matters.

Tax fees

These fees include professional services for administering compliance with our conflict of interest policy for senior management, tax compliance, tax advice and assistance with tax audits and appeals. Since October 2005, the external auditor no longer provides services with respect to compliance with our conflict of interest policy for senior management.

Other fees

These fees include any other fees for permitted services not included in any of the above-stated categories.

Table of Contents

4

Auditor independence policy

BCE Inc.'s auditor independence policy is a comprehensive policy governing all aspects of BCE Inc.'s relationship with the external auditor, including:

establishing a process for determining whether various audit and other services provided by the external auditor affect its independence;

identifying the services that the external auditor may and may not provide to BCE Inc. and its subsidiaries;

pre-approving all services to be provided by the external auditor of BCE Inc. and its subsidiaries; and

establishing a process outlining procedures (as part of a separate policy) when hiring current or former personnel of the external auditor in a financial oversight role to ensure auditor independence is maintained.

In particular, the policy specifies that:

the external auditor cannot be hired to provide any services falling within the prohibited services category, such as bookkeeping, financial information system design and implementation and legal services;

for all audit or non-audit services falling within the permitted services category (such as prospectus work, due diligence and non-statutory audits), a request for approval must be submitted to the audit committee by the CFO prior to engaging the auditors;

specific permitted services however are pre-approved quarterly by the audit committee and consequently only require approval by the CFO prior to engaging the external auditor; and

at each regularly scheduled audit committee meeting, a consolidated summary of all fees paid to the external auditor by service type is presented. This summary includes a breakout of fees incurred within the pre-approved amounts.

The Auditor Independence Policy is available in the governance section of BCE Inc.'s website at www.bce.ca.

In 2005, BCE Inc.'s audit committee did not approve any audit-related, tax or other services pursuant to paragraph (c) (7) (i) (C) of Rule 2-01 of Regulation S-X.

OFF-BALANCE SHEET ARRANGEMENTS

Please see the sections entitled Off-Balance Sheet Arrangements and Derivative Instruments of BCE Inc.'s management's discussion and analysis of financial condition and results of operations (which is incorporated by reference in BCE Inc.'s AIF) and Notes 10, 21 and 26, entitled Accounts Receivable, Financial Instruments and Guarantees, respectively, of the Financial Statements, all contained in the Bell Canada Enterprises 2005 Annual Report to shareholders attached hereto as Exhibit 99.1, for a discussion of off-balance sheet arrangements.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

Please see the section entitled Contractual Obligations of BCE Inc.'s management's discussion and analysis of financial condition and results of operations (which is incorporated by reference in BCE Inc.'s AIF), contained in the Bell Canada Enterprises 2005 Annual Report to shareholders attached hereto as Exhibit 99.1, for a tabular disclosure and discussion of contractual obligations.

IDENTIFICATION OF THE AUDIT COMMITTEE

BCE Inc. has a separately designated standing audit committee established in accordance with section 3(a)(58) (A) of the Exchange Act. BCE Inc.'s audit committee is comprised of five independent members: Mr. T.C. O'Neill (Chair), Mr. A. Bérard, Ms. J. Maxwell, Mr. R.C. Pozen and Mr. V.L. Young.

Table of Contents

5

UNDERTAKING

BCE Inc. undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities in relation to which the obligation to file this annual report on Form 40-F arises; or transactions in said securities.

WEB SITE INFORMATION

Notwithstanding any reference to BCE Inc. s website on the World Wide Web in the AIF or in the documents attached as Exhibits hereto, the information contained in BCE Inc. s website or any other site on the World Wide Web referred to in BCE Inc. s website is not a part of this Form 40-F and, therefore, is not filed with the Commission.

STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

BCE Inc. has made in the documents filed as part of this annual report on Form 40-F, and from time to time may otherwise make, forward -looking statements and related assumptions concerning its operations, economic performance and financial matters. BCE Inc. is under no duty to update any of these forward-looking statements or related assumptions. Actual results or events could differ materially from those set forth in, or implied by, the forward-looking statements and the related assumptions due to a variety of factors. Reference is made to the section entitled About Forward-Looking Statements on page 3 of the AIF and to the section entitled Assumptions Made in the Preparation of Forward-Looking Statements and Risks That Could Affect Our Business and Results on pages 38 to 50 of the AIF for a discussion of certain of such assumption and factors. Reference is also made to the various assumptions and risk factors discussed throughout BCE Inc. s management s discussion and analysis of financial condition and results of operations (which is incorporated by reference in BCE Inc. s AIF), contained in the Bell Canada Enterprises 2005 Annual Report to shareholders attached hereto as Exhibit 99.1.

Table of Contents

2005
ANNUAL INFORMATION FORM
BCE INC.
FOR THE YEAR ENDED DECEMBER 31, 2005
MARCH 1, 2006

WHAT'S INSIDE

<u>ABOUT THIS ANNUAL INFORMATION FORM</u>	2
<u>Documents incorporated by reference</u>	2
<u>Trademarks</u>	2
<u>About forward-looking statements</u>	3
<u>ABOUT BCE</u>	3
<u>Our strategic priorities</u>	5
<u>Our corporate structure</u>	7
<u>Our directors and officers</u>	8
<u>Our employees</u>	11
<u>Our capital structure</u>	11
<u>Our dividend policy</u>	17
<u>ABOUT OUR BUSINESSES</u>	17
<u>Bell Canada</u>	17
<u>Other BCE Segment</u>	22
<u>OUR POLICY ON CORPORATE RESPONSIBILITY</u>	24
<u>BUSINESS HIGHLIGHTS</u>	25
<u>THE REGULATORY ENVIRONMENT WE OPERATE IN</u>	28
<u>Legislation that governs our business</u>	28
<u>Key regulatory issues</u>	30
<u>Consultations</u>	34
<u>LEGAL PROCEEDINGS WE ARE INVOLVED IN</u>	35
<u>ASSUMPTIONS MADE IN THE PREPARATION OF FORWARD-LOOKING STATEMENTS AND</u>	
<u>RISKS THAT COULD AFFECT OUR BUSINESS AND RESULTS</u>	38
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS</u>	50
<u>FOR MORE INFORMATION</u>	51
<u>SCHEDULE 1 AUDIT COMMITTEE INFORMATION</u>	52
<u>SCHEDULE 2 GLOSSARY</u>	58
<u>Bell Canada Enterprises 2005 Annual Report</u>	
<u>Consent of Independent Registered Chartered Accountants</u>	
<u>Comments by Auditors for U.S. Readers</u>	
<u>Certifications of the CEO & CFO Pursuant to S.302 SOX</u>	
<u>Certifications of the CEO & CFO Pursuant to S.906 SOX</u>	

Table of Contents

P. 2

ABOUT THIS ANNUAL INFORMATION FORM

This Annual Information Form (AIF) contains important information that will help you make informed decisions about investing in BCE Inc. It describes the company and its operations, its prospects, risks and other factors that affect its business.

In this AIF, *we, us, our* and *BCE* mean BCE Inc., its subsidiaries and joint ventures. Bell Canada, Aliant Inc. (Aliant) and their subsidiaries and joint ventures are referred to as the Bell Canada companies.

All dollar figures are in Canadian dollars, unless stated otherwise. The information in this AIF is as of March 1, 2006, unless stated otherwise, and except for information in documents incorporated by reference that have a different date.

DOCUMENTS INCORPORATED BY REFERENCE

The document in the table below contains information that is incorporated by reference in this AIF.

DOCUMENT	WHERE IT IS INCORPORATED IN THIS AIF
BCE Inc. 2005 annual report <i>Management s discussion and analysis, pages 2 to 59</i>	<i>Management s discussion and analysis, page 50</i>

TRADEMARKS

The table below is a list of our trademarks that are referred to and used as such in this AIF and their owners.

OWNER	TRADEMARK
Aliant Inc.	Aliant Aliant Telecom
BCE Inc.	BCE
Bell Canada	Rings & head design Bell Canada Enterprises corporate logo Bell Bell Mobility Bell World Emily Espace Bell GoTrax Kidsmania Seek & Find Sympatico Sympatico.ca 10-4 & design
Bell ExpressVu Limited Partnership	ExpressVu
Bell Globemedia Publishing Inc.	Canada s National Newspaper Globeandmail.com The Globe and Mail

Bell Mobility Inc.	Mobile Browser	
CTV Inc.	CTV CTV Newsnet	CTV Travel The Comedy Network & design
CTV Television Inc.	ROB TV TALK TV	
Solo Branding Inc.	Solo Solo Mobile	
Telesat Canada	Anik Nimiq Telesat	
The Sports Network Inc.	TSN RDS RIS Info Sports	

Any other trademarks, or corporate, trade or domain names used in this AIF are the property of their owners. We believe that our trademarks are very important to our success. Our exclusive trademark rights are perpetual provided that their registrations are timely renewed and that the trademarks are used in commerce by us or our licensees. We take appropriate measures to protect, renew and defend our trademarks. We also spend considerable time and resources overseeing, registering, renewing, licensing and protecting our trademarks and prosecuting those who infringe on them. We take great care not to infringe on the intellectual property and trademarks of others.

BCE INC. 2005 ANNUAL INFORMATION FORM

Table of Contents

P. 3

ABOUT FORWARD-LOOKING STATEMENTS

A statement we make is forward-looking when it uses what we know and expect today to make a statement about the future. Forward-looking statements may include words such as *anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, seek, should, strive, target* and *will*.

Securities laws encourage companies to disclose forward-looking information so that investors can get a better understanding of the company's future prospects and make informed investment decisions.

This AIF contains forward-looking statements about BCE's objectives, plans, strategies, financial condition, results of operations, cash flows and businesses. These statements are forward-looking because they are based on our current expectations, estimates and assumptions about the markets we operate in, the Canadian economic environment and our ability to attract and retain customers and to manage network assets and operating costs. All such forward-looking statements are made pursuant to the safe harbor provisions of the *United States Private Securities Litigation Reform Act of 1995* and of any applicable Canadian securities legislation, including the *Securities Act of Ontario*. It is important to know that:

unless otherwise indicated, forward-looking statements in this AIF describe our expectations at March 1, 2006.

our actual results could differ materially from what we expect if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. As a result, we cannot guarantee that any forward-looking statement will materialize, and accordingly, you are cautioned not to place undue reliance on these forward-looking statements.

except as otherwise indicated by BCE, forward-looking statements do not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made may have on our business. Such statements do not, unless otherwise specified by BCE, reflect the impact of dispositions, sales of assets, monetizations, mergers, acquisitions, other business combinations or transactions, asset write-downs or other charges announced or occurring after forward-looking statements are made. The financial impact of these transactions and non-recurring and other 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.

we disclaim any intention and assume no obligation to update any forward-looking statement even if new information becomes available, as a result of future events or for any other reason.

A number of assumptions were made by BCE in making forward-looking statements in this AIF, such as certain Canadian economic assumptions, market assumptions, operational and financial assumptions and assumptions about transactions. Certain factors that could cause results or events to differ materially from our current expectations include, among others, our ability to implement our strategies and plans, our ability to implement the changes required by our strategic direction, the intensity of competitive activity and the ability to achieve customer service improvement while significantly reducing costs. Assumptions made in the preparation of forward-looking statements and risks that could cause our actual results to differ materially from our current expectations are discussed throughout this AIF and, in particular, in *Assumptions made in the preparation of forward-looking statements and risks that could affect our business and results*.

ABOUT BCE

BCE is Canada's largest communications company. Our primary focus is Bell Canada, which encompasses our core business operations and represents the largest component of our business. Bell Canada is the nation's leading provider of wireline and wireless communications services, Internet access, data services and video services to residential and business customers. We report Bell Canada's results of operations in four segments. Each reflects a distinct customer group: *Residential, Business, Aliant, and Other Bell Canada*. All of our other activities are reported in the *Other BCE* segment. Our reporting structure reflects how we manage our business and how we classify our operations for planning and measuring performance.

In 2005, we had consolidated operating revenues of \$19.1 billion. We had total assets of \$40.6 billion and approximately 60,000 employees at December 31, 2005.

The table below shows the operating revenues that each segment contributed to total operating revenues for the year ended December 31, 2005.

OPERATING REVENUES *(in \$ millions)*

Residential	\$ 7,599
Business	\$ 6,120
Aliant	\$ 2,097
Other Bell Canada	\$ 1,958
Inter-segment eliminations Bell Canada	\$ (524)
Bell Canada	\$17,250
Other BCE	\$ 2,093
Inter-segment eliminations other	\$ (238)
Total operating revenues	\$19,105

The *Residential* segment (formerly the Consumer segment) provides local telephone, long distance, wireless, Internet access, video and other services to Bell Canada's residential customers, mainly in Ontario and Québec. Wireless services are also offered in Western Canada and video services are provided nationwide.

Local telephone and long distance services are sold under the Bell brand, wireless services through Bell Mobility Inc. (Bell Mobility), Internet access under the Sympatico brand and video services through Bell ExpressVu Limited Partnership (Bell ExpressVu) and Bell Canada.

BCE INC. 2005 ANNUAL INFORMATION FORM

Table of Contents

P. 4

The *Business* segment provides local telephone, long distance, wireless, data (including Internet access), and other services to Bell Canada's large enterprise (Enterprise) customers and small and medium-sized businesses (SMB) in Ontario and Québec, as well as to business customers in Western Canada through Bell West, our division offering competitive local exchange carrier (CLEC) services in Alberta and British Columbia.

In 2005, Bell Canada acquired a number of small, specialized service companies, allowing us to broaden our product suite of information and communications technology (ICT) solutions (or value-added services (VAS)) for both Enterprise and SMB customers.

The *Business* segment also reflects the retail portion of the operations of 360 networks Corporation (360 networks) acquired in November 2004 and operating in Western Canada as the Group Telecom unit within Bell Canada.

The *Aliant* segment provides local telephone, long distance, wireless, data (including Internet access), and other services to residential and business customers in Atlantic Canada, and represents the operations of our subsidiary, Aliant. At December 31, 2005, Bell Canada owned 53% of Aliant. The remaining 47% was publicly held.

The *Other Bell Canada* segment includes Bell Canada's Wholesale business, and the financial results of Télébec, Limited Partnership (Télébec), NorthernTel, Limited Partnership (NorthernTel) and Northwestel Inc. (Northwestel). Our Wholesale business provides various access and network services to other resale or facilities-based providers of local, long distance, Internet, data and other telecommunications services. Télébec, NorthernTel and Northwestel provide telecommunications services to less populated areas of Québec, Ontario and Canada's northern territories. At December 31, 2005, Bell Canada indirectly owned 100% of Northwestel and approximately 63% of Télébec and NorthernTel. Bell Nordiq Income Fund owned the remaining 37% of Télébec and NorthernTel.

On March 7, 2006, BCE Inc. and Aliant announced their intention to create a new regional telecommunications service provider in the form of an income trust which would combine Bell Canada's regional wireline operations with Aliant's wireline operations. The new trust would also own Bell Canada's 63.4% interest in NorthernTel and Télébec indirectly held through Bell Nordiq Group Inc., an indirect wholly-owned subsidiary of Bell Canada.

By combining these assets, we will create a new regional telecommunications service provider of significant scale and scope that brings a strong focus on customer service and regional needs. The new trust will be controlled by BCE and will remain integral to Bell Canada's operations, ensuring that we retain control of core assets in the most capital efficient way.

The new trust, which will be headquartered in Atlantic Canada, is expected to own approximately 3.4 million local access lines, have approximately 400,000 high-speed Internet subscribers in six provinces, and manage the provision of all wireline, legacy data and Internet products for all residential and business customers located in its territory. The transition to the trust will be seamless for customers as products and services will continue to be sold under the Bell and Sympatico brands within the trust's operating territory in Ontario and Québec and under the Aliant and DownEast brands in Atlantic Canada.

At the same time, in partial exchange for its contribution to a subsidiary of the trust, Bell Canada will acquire Aliant Mobility and Aliant's DownEast Communications retail outlets. Furthermore, approximately \$1.25 billion of Bell Canada debt will effectively be transferred to the trust.

Upon closing, BCE will hold a 73.5% indirect interest in the trust, which it expects to reduce to approximately 45% through a distribution of trust units to holders of BCE Inc. common shares. At closing, Aliant's minority shareholders will exchange their common shares for trust units, retaining a 26.5% interest in the new trust. Bell Nordiq Income Fund will continue to trade and operate independently.

BCE plans to establish a governance structure for the proposed income trust in line with comparable current income trust precedents, and will control and consolidate the financial results of the new trust. BCE will retain the ability to nominate a majority of the board of trustees of the trust and of the board of directors of the operating entities of the trust as long as it owns a 30 per cent or more interest in the trust. Also, BCE will have the ability to veto certain actions of the new trust and its operating entities as long as it owns a 20 per cent or more interest in the new trust. At closing, Bell Canada and the trust will enter into a number of outsourcing and commercial agreements pursuant to which Bell Canada will support the operations of the trust. Similar agreements will be entered into between the trust

and Bell Canada to support Bell Canada's wireless operations in Atlantic Canada. The transaction is expected to close as early as the third quarter of 2006 but only once all closing conditions are satisfied and all necessary approvals and consents are obtained.

The *Other BCE* segment includes the financial results of our media and satellite businesses, as well as the costs incurred by our corporate office. This segment includes Bell Globemedia Inc. (Bell Globemedia) and Telesat Canada (Telesat).

Bell Globemedia provides information and entertainment services to Canadian customers and access to distinctive Canadian content. It includes CTV Inc. (CTV), Canada's leading private broadcaster, and The Globe and Mail, Canada's leading national newspaper. At December 31, 2005, BCE Inc. owned 68.5% of Bell Globemedia. The Woodbridge Company Limited (Woodbridge) and an affiliate owned the remaining 31.5%. On December 2, 2005, BCE Inc. announced a transaction in which it has agreed to sell 20% of Bell Globemedia to Ontario Teachers Pension Plan (Teachers), 20% to Torstar Corporation (Torstar) and an additional 8.5% to Woodbridge increasing the stake of Woodbridge and its affiliate to 40%. Following completion of the transaction BCE Inc. will retain a 20% interest in Bell Globemedia, which will be accounted for in our results using the equity method of accounting. The transaction, which is subject to a number of approvals and closing conditions, including approval by the Canadian Radio-television and Telecommunications Commission (CRTC) and the Competition Bureau, is expected to close in the third quarter of 2006.

Telesat is a pioneer in satellite communications and systems management and is an experienced consultant in establishing, operating and upgrading satellite systems worldwide. BCE Inc. owns 100% of Telesat. On February 1, 2006, BCE Inc. announced its intention to implement a recapitalization of Telesat and launch a public offering of a minority stake in Telesat in the second half of 2006⁽¹⁾.

(1) The disclosure in this AIF relating to Telesat does not constitute an offer to sell, or the solicitation of any offer to buy, any securities.

BCE INC. 2005 ANNUAL INFORMATION FORM

Table of Contents

p. 5

On February 1, 2006, BCE Inc. also announced its plan to repurchase 5% of its outstanding common shares through a normal course issuer bid. BCE Inc. has filed its final notice of intention to make a normal course issuer bid with the Toronto Stock Exchange (TSX), which allows it to purchase for cancellation up to 46,000,000 of its common shares, representing approximately 5% of BCE Inc.'s 927,321,825 common shares outstanding as of the close of the market on January 16, 2006. Purchases of the common shares will be carried out through the TSX and/or the New York Stock Exchange (NYSE) and will be made in accordance with the requirements of such exchanges. Purchases of common shares are permitted to be made from time to time, at market prices, during the period starting February 3, 2006, and ending no later than February 2, 2007.

BCE Inc. was incorporated in 1970 and was continued under the *Canada Business Corporations Act* in 1979. It is governed by a Certificate and Articles of Amalgamation dated August 1, 2004.

BCE Inc.'s head and registered offices are at 1000, rue de La Gauchetière Ouest, Bureau 3700, Montréal, Québec H3B 4Y7.

BCE Inc.'s auditor is Deloitte & Touche LLP.

OUR STRATEGIC PRIORITIES

We continued to experience profound changes in our traditional telephone business in 2005. This was driven primarily by the ongoing shift to Internet Protocol (IP) and wireless technologies and new competitive challenges due to the emergence of cable telephony.

Our strategy is to deliver unrivalled integrated communication services to customers, efficiently and cost effectively. Over the past two years, we have laid the operational foundations for the transformation of the company by returning Bell Canada to its core communications business. We have also made significant progress on our three key pillars that support our strategy:

1. Enhance the customer experience by providing superior products and services that build loyalty
2. Provide abundant and reliable bandwidth to enable the delivery of next-generation services
3. Create next-generation services to drive ongoing profitable growth.

Advancing this strategy requires us to transform our cost structure and the way that we serve our customers. These are the guiding principles at the core of Galileo, our company-wide program designed to save costs by simplifying and enhancing the customer experience. Resetting the cost base should allow us to expand our growth services in the future and drive profitability as we face ongoing erosion of our traditional voice and data businesses. In transforming the cost structure, we are developing a new financial foundation that aims to improve margins, increase profitability and generate higher levels of free cash flow, creating value for all our stakeholders. We have outlined four operating priorities for 2006 to help us achieve this objective:

1. *Service* – we are determined to ensure consistently high levels of service, which should lead to corresponding high levels of customer loyalty
2. *Customer retention* – we are focusing our retention efforts on high-value customers and households with multiple products
3. *Growth* – we are growing next-generation services revenue with the objective that they will represent the majority of Bell Canada's revenues by the end of 2006
4. *Cost* – we are effectively resetting the cost base and developing new sourcing and process redesign initiatives in order to achieve recurring cost savings.

In 2005, we made significant progress in building each of our three key strategic pillars.

1. Enhancing customer experience by providing superior products and services that build loyalty

At the end of 2005, over 22% of the total households in our Ontario and Québec footprint subscribed to three or more products (a combination of local wireline, Internet, video and long distance services). We believe our multi-product household strategy is effective in fostering customer loyalty and minimizing network access services (NAS) losses to the competition.

We continued to migrate customers in our Residential segment to our One Bill platform. At the end of 2005, 2.3 million customers were enjoying the benefits of a single bill for their wireline, Internet, and video services,

representing more than a two-fold increase since the end of 2004. Reducing the number of bills not only improves the customer experience, but also lowers costs since we issue fewer invoices. At the end of the year, we started migrating Bell Mobility customers who already receive a single invoice for their other Bell Canada services to One Bill.

We launched two initiatives to enhance customer support for our Sympatico Internet customers:

Emily, an online, virtual customer service agent who interacts with customers needing help

Internet Care, an online and phone support service for popular Internet-related products.

We began the rollout of OrderMax, our order entry tool that allows customers to order any Bell Canada product from any channel, through our customer service agents. As at the end of 2005, over 50% of our customer service agents had access to the OrderMax tool, with rollout continuing in 2006.

We launched the beta site of our new Bell.ca website. The new website provides customers with:

a simplified and consistent page layout

one process for shopping for any or all of our products

an improved search engine

easy access to online bills.

We continued to make progress on moving our core traffic to a national IP multi-protocol label-switching (IP-MPLS) network. At the end of 2005, 78% of the migratable traffic on our core network was IP-based, exceeding our year-end target of 75%.

BCE INC. 2005 ANNUAL INFORMATION FORM

Table of Contents

p. 6

As part of our shift to IP, we continued the process of rationalizing our legacy data services and stopped selling 28 services in 2005. We have discontinued 47 legacy data services since we started this initiative in 2004.

The move to IP continued in 2005 with 57 Enterprise customers contracted to implement IP virtual private networks (IP-VPN), bringing the total number of Enterprise customers implementing IP-VPN networks to 143.

At the end of 2005, 656 Enterprise customers were enrolled in Service Promise, our commitment to provide customers with a clearly defined and consistent level of service for delivering connectivity services.

In 2006, we intend to continue improving service and enhancing the customer experience. In particular we plan to: ensure consistency of service to all of our customers by improving our service provisioning and assurance both in our call centres and in our field operations

offer the simplicity of a one-contact approach through initiatives such as One Bill and on-line self-serve tools that allow problems to be registered, ticketed and tracked

deliver improved service commitments and service levels by significantly reducing the number of missed appointments because of process issues, and by shortening repair times

offer an end-to-end service desk for our Enterprise customers that includes both connectivity and ICT services.

2. Deliver abundant bandwidth to enable next-generation services

We continued our rollout of fibre-to-the-node (FTTN) by deploying another 1,672 neighbourhood nodes in 2005. This increased the total number to 2,048, exceeding our objective to deploy more than 2,000 nodes by the end of the year.

We launched Canada's first Evolution, Data Optimized (EVDO) wireless data network with service available in Montréal, Toronto, Vancouver, Calgary and Edmonton. EVDO enables a new generation of sophisticated wireless data solutions, and increases the speed and potential for current tools such as e-mail, file downloads, instant messaging, streaming video and games.

We announced an alliance with Rogers Communications Inc. (Rogers) to jointly build and manage a national wireless broadband network through the Inukshuk joint venture (Inukshuk). Inukshuk will give subscribers wireless access to the Internet and enable a host of voice, video streaming and data applications from wherever the service is available. The network footprint is expected to reach more than two-thirds of Canadians in less than three years, covering over 40 cities and approximately 50 rural and remote communities that are not currently served.

In 2006, we will continue to expand the reach and speed of Digital Subscriber Line (DSL) service through our FTTN rollout, which will enable speeds of up to 26 megabits per second (Mbps). At the same time, work will proceed on Inukshuk to build a fixed wireless broadband access network and create a network footprint within three years. We anticipate that by 2008, we will have the capability to provide broadband connections to virtually all of our customers, either through DSL or through our fixed wireless platform. We also plan to implement EVDO across most of our wireless coverage areas.

3. Create next-generation services to drive ongoing profitable growth

Our Residential segment introduced Bell Digital Voice in Toronto and Montréal. The new Voice over Internet Protocol (VoIP) service, which is the first of its kind in Canada, uses existing phone lines to provide customers with advanced Internet-based calling features along with the reliability of Bell Canada's phone network.

Bell Mobility launched a number of applications designed to drive growth, including:

10-4, a new service that allows customers to use their cell phones as walkie-talkies to communicate with up to five other users at the push of a button

True Tones, a monthly service that enables customers to download actual songs and ringtones

Seek & Find, a wireless location-based system that allows subscribers to locate multiple individuals away from their homes or offices

MobiTV, a video application that allows customers with specific mobile handsets to access a variety of video channels

MSN Messenger, an instant messaging service that allows customers to transmit in real-time text messages to other mobile phones or to PCs on their contact list over the Internet.

Bell Mobility also introduced its first handset compatible with Global System for Mobile Communications (GSM) and launched Canada's first flat per-minute rate billing service for global roaming on GSM networks in up to 150 countries.

Bell ExpressVu introduced a number of new products and services, including:

a dual-tuner, high-definition personal video recorder (HD PVR) that allows customers to pause live television, as well as record, replay, stop, fast forward and fast rewind HD and standard definition programming on up to two TVs in the home through a single receiver.

Our Residential Internet service was enhanced by the introduction of new services at Sympatico, including:

Sympatico/MSN Video channel, a new service that allows customers to create customized playlists of streaming video clips

Kidsmania, a new educational online service for children aged 3 to 12, offering more than 50 interactive games and activities.

Our SMB unit launched:

PC Care and Network Care, two virtual chief information officer (VCIO) solutions that provide software and technical support for customers

BCE INC. 2005 ANNUAL INFORMATION FORM

Table of Contents

p. 7

Business IP Voice, a service designed to provide innovative Internet-based technology solutions that deliver business advantages usually only available to large corporations, such as a dedicated, reservation-free conferencing tool and the ability to forward a voice-mail message as an attachment to an e-mail account

GoTrax, a low-cost remote wireless tracking system that allows assets to be tracked in places where traditional Global Positioning System (GPS) signals do not work.

Our Enterprise unit sold 275,000 IP-enabled lines on customer premises equipment by the end of the year, which is a 90% increase over 2004.

Our Business segment launched Global VoIP solution for Canadian multinationals, a managed IP service that can provide unlimited, international intra-company voice services at a flat rate by interconnecting geographically dispersed customer locations over a virtual private IP network.

In 2006, we plan to introduce EVDO-enabled data applications and other services to our wireless customers, as well as expand our residential broadband services to help customers manage information needs in their home using our Sympatico-MSN portal. We also plan to exploit our IP capability to achieve interoperability between wireless and wireline platforms. In our video unit, we intend to drive future growth through investing in new growth areas, such as IPTV and HD programming, in our goal to become the leader in on-demand television.

In the Business segment, our Enterprise unit will continue its efforts to expand its ICT solutions by focusing on the financial services, health-care and government sectors. We will also strengthen our capabilities in network security. Our SMB unit will continue to focus on being the premium solutions provider for VAS among SMB in Canada with the objective of increasing customers' perception of Bell Canada as their VCIO.

Transforming our cost structure

Overall, our various Galileo initiatives resulted in cost reductions of \$524 million in 2005, which was consistent with our run-rate savings target of \$500 to \$600 million. These cost savings were mainly from:

- The 2004 employee departure program

- lower procurement costs

- call centre efficiencies and optimization initiatives

- eliminating network elements and standardizing core operating processes.

In 2006, we will continue to transform our cost structure to support our operations. Enhancements to the customer experience and cost structure will be gained primarily through a redesign of our processes and increased controls over discretionary spending.

Accordingly, we have broadened our Galileo program for 2006 to address our annual procurement spend of \$8.5 billion. Our goal is to transform the supply chain to reduce the amount we spend each year on delivering service to customers.

Galileo will also continue to address process transformation within the company, to lower costs and improve customer experience. Our process transformation initiatives will include:

- continuing to actively encourage customers to adopt new IP-based services

- developing end-to-end process improvements for sales and ordering, installation, billing, collections and maintenance and repair, which will allow us to deliver our products and services more efficiently

- optimizing management support to reduce costs in our corporate and support functions.

OUR CORPORATE STRUCTURE

The table below shows our main subsidiaries, where they are incorporated or registered, and the percentage of voting and non-voting securities or partnership interest that we beneficially own or that we directly or indirectly exercise control or direction over.

We have other subsidiaries, but they have not been included in the table because each represents 10% or less of our total consolidated assets and 10% or less of our total consolidated operating revenues. These other subsidiaries together represented 20% or less of our total consolidated assets and 20% or less of our total consolidated operating revenues at December 31, 2005.

Our corporate structure

SUBSIDIARY	WHERE IS IT INCORPORATED OR REGISTERED	PERCENTAGE OF VOTING SECURITIES OR PARTNERSHIP INTEREST THAT BCE INC. HELD AT DECEMBER 31, 2005 ⁽¹⁾
Bell Canada ⁽²⁾	Canada	100%
Aliant	Canada	53.2%
Bell Mobility	Canada	100%
Bell ExpressVu ⁽³⁾	Ontario	100% ⁽⁴⁾
Bell Globemedia ⁽³⁾⁽⁵⁾	Ontario	68.5%

(1) We do not own any outstanding non-voting securities issued by these subsidiaries.

(2) All of the voting securities of Bell Canada are owned by Bell Canada Holdings Inc. (BCH), a wholly-owned subsidiary of BCE Inc.

(3) These subsidiaries represent 10% or less of our total consolidated assets and 10% or less of our total consolidated operating revenues. We have included them to provide a better understanding of our overall corporate structure.

(4) This subsidiary is indirectly wholly-owned by BCE Inc. 52% is indirectly held by Bell Canada.

(5) See Business Highlights 2005 Key Acquisitions and Dispositions Sale of Bell Globemedia Interest.

BCE INC. 2005 ANNUAL INFORMATION FORM

Table of Contents*p. 8***OUR DIRECTORS AND OFFICERS**

At December 31, 2005 BCE Inc.'s directors and officers as a group beneficially owned, directly or indirectly, or exercised control or direction over:

approximately 1,559,444 or 0.1682% of the common shares of BCE Inc.

approximately 1,500 or 0.0012% of the common shares of Aliant

approximately 447 or 0.0011% of the common shares of Bell Canada International Inc. (BCI)

approximately 6,073 or 0.0186% of the units of Bell Nordiq Income Fund.

Directors

The table below lists BCE Inc.'s directors, where they lived and their current principal occupation on March 1, 2006.

DIRECTORS

NAME AND PROVINCE/STATE AND COUNTRY OF RESIDENCE	DATE ELECTED OR APPOINTED TO THE BCE INC. BOARD	CURRENT PRINCIPAL OCCUPATION
<i>Richard, Québec, Canada</i>	January 2003	Corporate director
<i>Brenneman, Alberta, Canada</i>	November 2003	President and Chief Executive Officer of Petro-Canada (petroleum company), since January 2000
<i>Currie,⁽¹⁾ Ontario, Canada</i>	May 1995	Chair of the board, BCE Inc. and Bell Canada, since April 2002
<i>S. Fell,⁽¹⁾ Ontario, Canada</i>	January 2002	Chairman of the board, RBC Dominion Securities Limited (investment bank), since December 1999
<i>Robert Kaufman, Ontario, Canada</i>	June 1998	Lawyer and corporate director
<i>Levitt, Québec, Canada</i>	May 1998	Partner and Co-Chair, Osler, Hosken & Harcourt LLP (law firm), since January 2001
<i>Walter Edward C. Lumley,⁽²⁾ Ontario, Canada</i>	January 2003	Vice-Chairman, BMO Nesbitt Burns (investment bank), since 1991
<i>John Maxwell, Ontario, Canada</i>	January 2000	Research Fellow, Canadian Policy Research Networks Inc. (non-profit organization conducting research on work, family, health, social policy and public involvement), since February 2000
<i>John McArthur, Massachusetts, U.S.A.</i>	May 1995	Dean Emeritus, Harvard University Graduate School of Business Administration, since 1995
<i>John O'Neill, Ontario, Canada</i>	January 2003	

		Chartered Accountant and corporate director
Pattison, ⁽³⁾ <i>British Columbia, Canada</i>	February 2005	Chairman and Chief Executive Officer of The Jim Pattison Group, since 1998
Pozen, <i>Massachusetts, U.S.A.</i>	February 2002	Chairman of the board, MFS Investment Management (global investment manager), since February 2004
Sabia, ⁽¹⁾ <i>Québec, Canada</i>	October 2002	President and Chief Executive Officer of Teleglobe Inc. (since April 2002) and a director of Teleglobe Inc., and Chief Executive Officer of Bell Canada (May 2002) and a director, Bell Canada
ellier, <i>Québec, Canada</i>	April 1999	Corporate director
Young, <i>Newfoundland and Labrador, Canada</i>	May 1995	Corporate director

⁽¹⁾ Was a director or executive officer of Teleglobe Inc. (Teleglobe) or certain of its affiliates on, or during the year preceding, May 15, 2002, the date when Teleglobe and certain of its affiliates filed for court protection under insolvency statutes in various countries, including Canada and the United States.

⁽²⁾ Was a director or executive officer of Air Canada on, or during the year preceding, April 1, 2003, the date when Air Canada filed for court protection under insolvency statutes in Canada and the United States.

⁽³⁾ Was a director or executive officer of Livent Inc. on, or during the year preceding, November 18 or 19, 1998, the dates when Livent Inc. and its United States subsidiaries filed for court protection under insolvency statutes in Canada and the United States, respectively.

BCE INC. 2005 ANNUAL INFORMATION FORM

Table of Contents

p. 9

Past occupation

Under BCE Inc.'s by-laws, each director holds office until the next annual shareholder meeting or until his or her successor is elected. All of BCE Inc.'s directors have held the positions listed in the table on the previous page or other executive positions with the same or associated firms or organizations during the past five years or more, except for the people listed in the table below.

DIRECTOR	PAST OCCUPATION
Mr. A. Bérard	Chairman of the board of National Bank of Canada (chartered bank) from March 2002 to March 2004 Chairman of the board and Chief Executive Officer of National Bank of Canada from 1990 to March 2002 and a director of National Bank of Canada from 1985 to March 2004
Mr. R.J. Currie	President of George Weston Limited (food distribution, retail and production company) from 1996 to May 2002 and a director from 1975 to May 2002 President of Loblaw Companies Limited (grocery chain) from 1976 to January 2001 and a director from 1973 to May 2001
Ms. J. Maxwell	President of Canadian Policy Research Networks Inc. from 1995 to January 2006
Mr. T.C. O'Neill	Chief Executive Officer of PricewaterhouseCoopers Consulting (provider of management consulting and technology services) from January 2002 to May 2002 and then Chairman of the board from May 2002 to October 2002 Chief Operating Officer of PricewaterhouseCoopers LLP global organization (professional services firm in accounting, auditing, taxation and financial advisory services) from July 2000 to January 2002 Chief Executive Officer of PricewaterhouseCoopers LLP (accounting firm) in Canada from 1998 to July 2000
Mr. R.C. Pozen	Visiting professor, Harvard Law School from 2002 to August 2004 Vice-chairman of the board of Fidelity Investments from June 2000 to December 2001 President and a director of Fidelity Management and Research Company (provider of financial services and investment resources) from 1997 to June 2001
Mr. P.M. Tellier	President and Chief Executive Officer and a director of Bombardier Inc. (manufacturer of business jets, regional jets and rail transportation equipment) from 2003 to December 2004 President, Chief Executive Officer and a director of Canadian National Railway Company from 1992 to December 2002
Mr. V.L. Young	

Chairman of the board and Chief Executive Officer of Fishery Products International Limited (frozen seafood products company) from 1984 to May 2001

Committees of the board

The table below lists the committees of our board of directors and their members. As a public company, we are required by law to have an audit committee.

COMMITTEE	MEMBERS
Audit	T.C. O Neill (Chair) A. Bérard J. Maxwell R.C. Pozen V.L. Young
Corporate governance	D. Soble Kaufman (Chair) A. Bérard A.S. Fell The Honourable E. C. Lumley J. H. McArthur
Management resources and compensation	R.J. Currie (Chair) R.A. Brenneman A.S. Fell J.H. McArthur V.L. Young
Pension fund	R.C. Pozen (Chair) B.M. Levitt