

# Supplementary Financial Information

## First Quarter 2012

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**Q1** 



### BCE Inc. <sup>(1)</sup> Consolidated Operational Data

(\$ millions of Canadian dollars, except per share amounts) (unaudited)	Q1 2012	Q1 2011	\$ change	% change
Operating revenues	4,909	4,466	443	9.9%
Operating costs <sup>(A)</sup>	(2,916)	(2,574)	(342)	(13.3%)
Pension current service costs	(66)	(59)	(0.2)	(11.9%)
EBITDA <sup>(3)</sup>	1,927	1,833	94	5.1%
EBITDA margin <sup>(4)</sup>	39.3%	41.0%	04	(1.7) pts
Severance, acquisition and other costs	(19)	(61)	42	68.9%
Depreciation	(644)	(611)	(33)	(5.4%)
Amorization	(181)	(179)	(2)	(1.1%)
Finance costs	(,	(	(-)	(,.)
Interest expense	(204)	(191)	(13)	(6.8%)
Interest on employee benefit obligations	(243)	(242)	<b>`</b> (1)	(0.4%)
Expected return on pension plan assets	267	254	13	5.1%
Other expense	(20)	(22)	2	9.1%
Earnings before income taxes	883	781	102	13.1%
Income taxes	(207)	(199)	(8)	(4.0%)
Net earnings	676	582	94	16.2%
Net earnings attributable to:				
Common shareholders	574	503	71	14.1%
Preferred shareholders	35	29	6	20.7%
Non-controlling interest Net earnings	67 676	50 582	<u>17</u> 94	34.0% 16.2%
Net earnings per common share - basic	\$ 0.74	\$ 0.67	\$ 0.07	10.4%
Net earnings per common share - diluted	\$ 0.74	\$ 0.67	\$ 0.07	10.4%
Dividends per common share	\$ 0.5425	\$ 0.4925	\$ 0.05	10.2%
Average number of common shares outstanding - basic (millions)	774.3	752.9		
Average number of common shares outstanding - diluted (millions)	774.7	753.5		
Number of common shares outstanding (millions)	773.6	754.1		
Adjusted Net Earnings and EPS				
Net earnings attributable to common shareholders	574	503	71	14.1%
Severance, acquisition and other costs	14	40	(26)	(65.0%)
Net gains on investments	(8)	· ·	(8)	n.m.
Adjusted net earnings attributable to common shareholders <sup>(3)</sup>	580	543	37	6.8%
Impact on net earnings per share	\$ 0.01	\$ 0.05	\$ (0.04)	(80.0%)
Adjusted EPS <sup>(3)</sup>	\$ 0.75	\$ 0.72	\$ 0.03	4.2%

<sup>(A)</sup> Excludes pension current service costs n.m. : not meaningful

#### BCE Inc. Consolidated Operational Data - Historical Trend

		Total				
(\$ millions of Canadian dollars, except per share amounts) (unaudited)	Q1 12	2011	Q4 11	Q3 11	Q2 11	Q1 11
Operating revenues	4,909	19,497	5,166	4,910	4,955	4,466
Operating costs <sup>(A)</sup>	(2,916)	(11,627)	(3,238)	(2,907)	(2,908)	(2,574)
Pension current service costs	(66)	(241)	(59)	(62)	(61)	(59)
EBITDA	1,927	7,629	1,869	1,941	1,986	1,833
EBITDA margin	39.3%	39.1%	36.2%	39.5%	40.1%	41.0%
Severance, acquisition and other costs	(19)	(409)	1	(130)	(219) (638)	(61)
Depreciation Amortization	(644) (181)	(2,538) (723)	(661) (181)	(628) (180)	(183)	(611) (179)
Finance costs	(101)	(123)	(101)	(100)	(100)	(173)
Interest expense	(204)	(842)	(215)	(210)	(226)	(191)
Interest on employee benefit obligations	(243)	(984)	(248)	(247)	(247)	(242)
Expected return on pension plan assets	267	1,032	260	259	259	254
Other (expense) income Earnings before income taxes	(20) 883	129 3,294	(5)	<u>11</u> 816	145 877	<u>(22)</u> 781
Income taxes	(207)	(720)	(247)	(80)	(194)	(199)
Net earnings	676	2,574	573	736	683	582
Net earnings attributable to:						
Common shareholders	574	2,221	486	642	590	503
Preferred shareholders	35	119	26	33	31	29
Non-controlling interest	67	234	61	61	62	50
Net earnings	676	2,574	573	736	683	582
Net earnings per common share - basic	\$ 0.74	\$ 2.88	\$ 0.62 \$			
Net earnings per common share - diluted	\$ 0.74	\$ 2.88	\$ 0.62 \$	0.83	\$ 0.76 \$	\$ 0.67
Dividends per common share	\$ 0.5425	\$ 2.0450	\$ 0.5175 \$	0.5175	\$ 0.5175 \$	6 0.4925
Average number of common shares outstanding - basic (millions)	774.3	771.4	778.1	777.6	776.6	752.9
Average number of common shares outstanding - diluted (millions)	774.7	771.8	778.7	778.2	777.1	753.5
Number of common shares outstanding (millions)	773.6	775.4	775.4	778.0	777.5	754.1
Adjusted Net Earnings and EPS						
Net earnings attributable to common shareholders	574	2,221	486	642	590	503
Severance, acquisition and other costs	14	282	(2)	82	162	40
Net gains on investments	<u>(8)</u> 580	(89)	- 484	- 724	<u>(89)</u> 663	543
Adjusted net earnings attributable to common shareholders Impact on net earnings per share	\$ 0.01	2,414 \$ 0.25	\$ - \$			
	<u> </u>	·	·		•	· · · · · · · · · · · · · · · · · · ·
Adjusted EPS	\$ 0.75	\$ 3.13	\$ 0.62 \$	0.93	\$ 0.86 \$	0.72

<sup>(A)</sup> Excludes pension current service costs

#### BCE Inc. Segmented Data <sup>(2)</sup>

(\$ millions of Canadian dollars, except where otherwise indicated) (unaudited)	Q1 2012	Q1 2011	\$ change	% change
Revenues				
Bell Wireline Bell Wireless Bell Media Inter-segment eliminations	2,579 1,320 512 (78)	2,672 1,251 - (41)	(93) 69 512 (37)	(3.5%) 5.5% n.m. (90.2%)
Total Bell Bell Aliant Inter-segment eliminations	4,333 682 (106)	<u>3,882</u> 682 (98)	<u>451</u> (8)	<u>(30.278)</u> <u>11.6%</u> 0.0% (8.2%)
Total BCE Inc.	4,909	4,466	443	9.9%
Operating costs				
Bell Wireline Bell Wireless Bell Media	(1,576) (799) (431)	(1,628) (790) -	52 (9) (431)	3.2% (1.1%) n.m.
Inter-segment eliminations Total Bell	78 (2,728)	<u>41</u> (2,377)	37 (351)	90.2% (14.8%)
Bell Aliant Inter-segment eliminations Total BCE Inc.	(360) 106 (2,982)	(354) <u>98</u> (2,633)	(6) <u>8</u> (349)	(1.7%) <u>8.2%</u> (13.3%)
	(2,902)	(2,033)	(349)	(13.3%)
EBITDA				()
Bell Wireline Margin Bell Wireless	1,003 <i>38.9%</i> 521	1,044 <i>39.1%</i> 461	(41) 60	(3.9%) <i>(0.2) pts</i> 13.0%
Margin Bell Media	<i>39.5%</i> 81	36.9%	81	<i>2.6 pts</i> n.m.
Margin	15.8%	<u>n.m.</u>		n.m.
Total Bell Margin	1,605 <i>37.0%</i>	1,505 <i>38.8%</i>	100	6.6% (1.8) pts
Bell Aliant Margin	322 47.2%	328 <u>48.1%</u>	(6)	(1.8%) (0.9) pts
Total BCE Inc. Margin Certist June and Margin	1,927 <i>39.3%</i>	1,833 41.0%	94	5.1% (1.7) pts
Capital expenditures		100	(100)	(00.00())
Bell Wireline Capital Intensity <sup>(5)</sup> Delivery (5)	532 20.6%	402 15.0%	(130)	(32.3%) (5.6) pts
Bell Wireless Capital Intensity Bell Media	136 <i>10.3%</i> 12	113 <i>9.0%</i>	(23) (12)	(20.4%) ( <i>1.3) pts</i> n.m.
Capital Intensity Total Bell	<i>2.3%</i> 680		(12)	<u>n.m.</u> (32.0%)
Capital Intensity Bell Aliant	15.7% 137	13.3% 119	(18)	(2.4) pts (15.1%)
Capital Intensity Total BCE Inc.	<i>20.1%</i> 817	<u>17.4%</u> 634	(183)	(2.7) pts (28.9%)
Capital Intensity	16.6%	14.2%		(2.4) pts

#### BCE Inc. Segmented Data - Historical Trend

(\$ millions of Canadian dollars, except where otherwise indicated) (unaudited)	Q1 12	Total 2011	Q4 11	Q3 11	Q2 11	Q1 11
Revenues						
Bell Wireline	2,579	10,621	2,709	2,610	2,630	2,672
Bell Wireless	1,320	5,231	1,365	1,339	1,276	1,251
Bell Media	512	1,542	578	435	529	-
Inter-segment eliminations Total Bell	(78)	(261)	(76) 4,576	(71)	(73) 4,362	(41) 3,882
Bell Aliant	4,333 682	<u>17,133</u> 2,775	4,576	4,313 700	4,362	682
Inter-segment eliminations	(106)	(411)	(111)	(103)	(99)	(98)
Total BCE Inc.	4,909	19,497	5,166	4,910	4,955	4,466
				1	4	1
Operating costs	<i>(</i>	(- ()	(1 - 1 - 2)	(	(,)	((
Bell Wireline Bell Wireless	(1,576) (799)	(6,466) (3,408)	(1,712) (944)	(1,567) (858)	(1,559) (816)	(1,628) (790)
Bell Media	(431)	(1,208)	(448)	(354)	(406)	(790)
Inter-segment eliminations	78	261	76	(334)	73	41
Total Bell	(2,728)	(10,821)	(3,028)	(2,708)	(2,708)	(2,377)
Bell Aliant	(360)	(1,458)	(380)	(364)	(360)	(354)
Inter-segment eliminations	106	411	111	103	99	98
Total BCE Inc.	(2,982)	(11,868)	(3,297)	(2,969)	(2,969)	(2,633)
EBITDA						
Bell Wireline	1,003	4,155	997	1,043	1,071	1,044
Margin	38.9%	39.1%	36.8%	40.0%	40.7%	39.1%
Bell Wireless	521 <i>39.5%</i>	1,823	421	481	460	461
Margin Bell Media	39.5% 81	<i>34.8%</i> 334	<i>30.8%</i> 130	<i>35.9%</i> 81	<i>36.1%</i> 123	36.9%
Margin	15.8%	21.7%	22.5%	18.6%	23.3%	n.m.
Total Bell	1,605	6,312	1,548	1,605	1,654	1,505
Margin	37.0%	36.8%	33.8%	37.2%	37.9%	38.8%
Bell Aliant	322	1,317	321	336	332	328
Margin	47.2%	47.5%	45.8%	48.0%	48.0%	48.1%
Total BCE Inc.	1,927	7,629	1,869	1,941	1,986	1,833
Margin Capital expenditures	39.3%	39.1%	36.2%	39.5%	40.1%	41.0%
Bell Wireline	532	1.072	647	474	450	400
Capital Intensity	532 20.6%	1,973 <i>18.6%</i>	647 <i>23.9%</i>	474 18.2%	450 17.1%	402 15.0%
Bell Wireless	136	619	188	150	168	113
Capital Intensity	10.3%	11.8%	13.8%	11.2%	13.2%	9.0%
Bell Media	12	91	36	28	27	-
Capital Intensity	2.3%	5.9%	6.2%	6.4%	5.1%	n.m.
Total Bell	680	2,683	871	652	645	515
Capital Intensity	15.7%	15.7%	19.0%	15.1%	14.8%	13.3%
Bell Aliant	137	573	137	162	155	119
Capital Intensity	20.1%	20.6%	19.5%	23.1%	22.4%	17.4%
Total BCE Inc.	817	3,256	1,008	814	800	634
Capital Intensity	16.6%	16.7%	19.5%	16.6%	16.1%	14.2%

#### Bell Wireline<sup>(2)</sup>

(\$ millions of Canadian dollars, except where otherwise indicated) (unaudited)	Q1 2012	Q1 2011	% change
Bell Wireline	2012		,e onange
Local & access	678	729	(7.0%)
Long distance	212	234	(9.4%)
Data <sup>(A)</sup>	1,418	1,415	0.2%
Equipment & other	192	219	(12.3%)
Total external revenues	2,500	2,597	(3.7%)
Inter-segment revenues	79	75	5.3%
Total Bell Wireline operating revenues	2,579	2,672	(3.5%)
Operating costs	(1,576)	(1,628)	3.2%
EBITDA EBITDA Margin	1,003 <i>38.9%</i>	1,044 <i>39.1%</i>	(3.9%) (0.2) pts
	30.9%	39.1%	(0.2) pis
Capital expenditures	532	402	(32.3%)
Capital Intensity	20.6%	15.0%	(5.6) pts
Local			
Network access services (NAS)			
Residential	3,205,002	3,544,600	(9.6%)
Business	2,800,124	2,871,862	(2.5%)
Total	6,005,126	6,416,462	(6.4%)
Network access service net (losses)/activations	(74.440)	(0 ( 0 0 7)	(10.00())
Residential	(71,119)	(64,287)	(10.6%)
Business	(25,411)	5,044	n.m.
Total	(96,530)	(59,243)	(62.9%)
Internet	10 202	13,161	(5.09/)
High Speed Internet net activations	12,393	,	(5.8%)
High Speed Internet subscribers EOP <sup>(B)</sup> TV	2,104,192	2,110,487	(0.3%)
Net subscriber activations <sup>(C)</sup>	17,623	8,058	n.m.
Total subscribers EOP <sup>(C) (D)</sup>	2,111,675	2,043,416	3.3%

<sup>(A)</sup> Starting in Q1 2012, we have included TV service revenues in data revenues to align with the reporting practices of our peers. As a result, we have restated prior period results within Bell Wireline. Our previously reported Wireline segment and consolidated results did not change as a result of this restatement.

(8) At the beginning of 2012, our high-speed Internet subscriber base was reduced by 20,953 customers to reflect the decommissioning of our Wildax network and our decision to shut down our cable TV business in Montréal in 2012.

<sup>(C)</sup> Our TV customer base was increased by 15,260 customers to include the cable operations of Northwestel at the beginning of Q1 2011

<sup>(0)</sup> At the beginning of 2012, our TV subscriber base was reduced by 9,527 customers following our decision to shut down our cable TV business in Montréal in 2012.

**Bell Wireline - Historical Trend** 

(\$ millions of Canadian dollars, except where otherwise indicated) (unaudited)	Q1 12	Total 2011	Q4 11	Q3 11	Q2 11	Q1 11
Bell Wireline						
Local & access	678	2,852	687	710	726	729
Long distance	212	903	219	223	227	234
Data <sup>(A)</sup>	1,418	5,642	1,450	1,384	1,393	1,415
Equipment & other	192	911	272	212	208	219
Total external revenues	2,500	10,308	2,628	2,529	2,554	2,597
Inter-segment revenues	79	313	81	81	76	75
Total Bell Wireline operating revenues	2,579	10,621	2,709	2,610	2,630	2,672
Operating costs	(1,576)	(6,466)	(1,712)	(1,567)	(1,559)	(1,628)
EBITDA	1,003	4,155	997	1,043	1,071	1,044
EBITDA Margin	38.9%	39.1%	36.8%	40.0%	40.7%	39.1%
Capital expenditures	532	1,973	647	474	450	402
Capital Intensity	20.6%	18.6%	23.9%	18.2%	17.1%	15.0%
Local						
Network access services (NAS)						
Residential	3,205,002	3,276,121	3,276,121	3,365,854	3,461,121	3,544,600
Business	2,800,124	2,825,535	2,825,535	2,839,482	2,854,844	2,871,862
Total	6,005,126	6,101,656	6,101,656	6,205,336	6,315,965	6,416,462
Network access service net (losses)/activations						
Residential	(71,119)	(332,766)	(89,733)	(95,267)	(83,479)	(64,287)
Business	(25,411)	(41,283)	(13,947)	(15,362)	(17,018)	5,044
Total	(96,530)	(374,049)	(103,680)	(110,629)	(100,497)	(59,243)
Internet						
High Speed Internet net activations	12,393	15,426	1,091	(101)	1,275	13,161
High Speed Internet subscribers EOP <sup>(B)</sup>	2,104,192	2,112,752	2,112,752	2,111,661	2,111,762	2,110,487
TV						
Net subscriber activations (C)	17,623	68,221	27,702	26,169	6,292	8,058
Total subscribers EOP (C) (D)	2,111,675	2,103,579	2,103,579	2,075,877	2,049,708	2,043,416

<sup>(A)</sup> Starting in Q1 2012, we have included TV service revenues in data revenues to align with the reporting practices of our peers. As a result, we have restated prior period results within Bell Wireline. Our previously reported Wireline segment and consolidated results did not change as a result of this restatement.

(<sup>B)</sup> At the beginning of 2012, our high-speed Internet subscriber base was reduced by 20,953 customers to reflect the decommissioning of our WilMax network and our decision to shut down our cable TV business in Montréal in 2012.

<sup>(C)</sup> Our TV customer base was increased by 15,260 customers to include the cable operations of Northwestel at the beginning of Q1 2011

<sup>(0)</sup> At the beginning of 2012, our TV subscriber base was reduced by 9,527 customers following our decision to shut down our cable TV business in Montréal in 2012.

#### Bell Wireless<sup>(2)</sup>

(\$ millions of Canadian dollars, except where otherwise indicated) (unaudited) Bell Wireless	Q1 2012	Q1 2011	% change
Revenue			
Service	1,214	1,145	6.0%
Product	94	99	(5.1%)
Total external Bell Wireless revenues	1,308	1,244	5.1%
Inter-segment	12	7	71.4%
Total Bell Wireless operating revenues Operating costs	1,320 (799)	1,251 (790)	5.5% (1.1%)
EBITDA	521	461	13.0%
EBITDA margin (Total revenues)	39.5%	36.9%	2.6 pts
EBITDA margin (Total revenues) EBITDA margin (Service revenues)	42.9%	40.3%	2.6 pts 2.6 pts
	42.3 %	40.078	2.0 pis
Capital expenditures	136	113	(20.4%)
Capital intensity	10.3%	9.0%	(1.3) pts
Wireless gross activations	388,146	423,799	(8.4%)
Postpaid	293,572	299,657	(2.0%)
Wireless net activations	(21,327)	5,292	<u>n.m.</u>
		· · ·	
Postpaid	62,576	80,648	(22.4%)
Wireless subscribers EOP	7,406,155	7,247,340	2.2%
Postpaid	6,037,742	5,622,017	7.4%
Average revenue per unit (ARPU)(\$/month) <sup>(6)</sup>	53.84	51.68	4.2%
Churn (%) (average per month) (7)	1.8%	1.9%	0.1 pts
Prepaid	3.9%	3.7%	(0.2) pts
Postpaid	1.4%	1.4%	0.0 pts
Usage per subscriber (min/month)	285	256	11.3%
	399	366	(9.0%)
Cost of acquisition (COA) <sup>(8)</sup> (\$/sub)	399	366	(9.0%)

#### **Bell Wireless - Historical Trend**

(\$ millions of Canadian dollars, except where otherwise indicated) (unaudited)	Q1 12	Total 2011	Q4 11	Q3 11	Q2 11	Q1 11
Bell Wireless						
Revenue						
Service	1,214	4,769	1,222	1,228	1,174	1,145
Product	94	422	129	102	92	99
Total external Bell Wireless revenues Inter-segment	1,308 12	5,191 40	1,351 14	1,330 9	1,266 10	1,244
Total Bell Wireless operating revenues	1,320	5,231	1,365	1,339	1,276	1,251
Operating costs	(799)	(3,408)	(944)	(858)	(816)	(790)
EBITDA	521	1,823	421	481	460	461
EBITDA margin (Total revenues)	39.5%	34.8%	30.8%	35.9%	36.1%	36.9%
EBITDA margin (Service revenues)	42.9%	38.2%	34.5%	39.2%	39.2%	40.3%
Capital expenditures	136	619	188	150	168	113
Capital intensity	10.3%	11.8%	13.8%	11.2%	13.2%	9.0%
Wireless gross activations	388,146	1,936,396	511,917	525,780	474,900	423,799
Postpaid	293,572	1,402,965	389,317	372,346	341,645	299,657
Wireless net activations	(21,327)	185,434	57,886	85,749	36,507	5,292
Postpaid	62,576	433,797	131,986	126,854	94,309	80,648
Wireless subscribers EOP	7,406,155	7,427,482	7,427,482	7,369,596	7,283,847	7,247,340
Postpaid	6,037,742	5,975,166	5,975,166	5,843,180	5,716,326	5,622,017
Average revenue per unit (ARPU)(\$/month)	53.84	53.55	54.50	55.01	52.99	51.68
Churn (%)(average per month)	1.8%	2.0%	2.1%	2.0%	2.0%	1.9%
Prepaid	3.9%	3.9%	4.2%	3.9%	3.7%	3.7%
Postpaid	1.4%	1.5%	1.5%	1.5%	1.5%	1.4%
Usage per subscriber (min/month)	285	283	299	291	282	256
Cost of acquisition (COA)(\$/sub)	399	403	450	392	400	366

#### BCE Inc. Net debt and other information

9.0

Q3 2011

220

62

9.1

275

103

Q2 2011

BCE Inc Net debt and preferreds							
At March 31, 2012	В	BCE Inc.					
(\$ millions of Canadian dollars, except where otherwise indicated) (unaudited)		Bell					
	Bell	Aliant	BCE Inc.				
Debt due within one year	1,980	406	2,386				
Long-term debt	10,030	2,652	12,682				
Preferred shares - BCE <sup>(A)</sup>	1,698	-	1,698				
Cash and cash equivalents	(369)	(28)	(397)				
Net debt	13,339	3,030	16,369				
Bell - Net debt and preferreds							
(\$ millions of Canadian dollars, except where otherwise indicated) (unaudited)		March 31	Dec. 31				
		2012	2011				
Debt due within one year		1,980	1,724				
Long-term debt		10,030	10,070				
Preferred shares - BCE <sup>(A)</sup>		1,698	1,558				
Cash and cash equivalents Net Debt		(369)	(140)				
uar papr		13,339	13,212				
Net Debt / Adjusted EBITDA <sup>(B)</sup>		2.0	2.0				

Net Debt / Adjusted EBITDA (B) Adjusted EBITDA<sup>(B)</sup> / Net interest, excluding interest on employee benefit obligations and including 50% of preferred dividends

#### Bell Media Inc. - Proportionate Information (\$ millions of Canadian dollars, except where otherwise indicated) (unaudited) Q1 2012 Total 2011 Q4 2011 Proportionate Net Debt Proportionate EBITDA 188 230 230 64 278 113

Cash Flow Information						
(\$ millions of Canadian dollars, except where otherwise indicated) (unaudited)			Q1	Q1		
			2012	2011	\$ change	% change
Free Cash Flow (FCF)						
Cash from operating activities, excluding acquisition costs paid			1,005	737	268	36.4%
Capital expenditures			(680)	(515)	(165)	(32.0%)
Dividends paid on preferred shares			(33)	(28)	(5)	(17.9%)
Dividends/distributions paid by subsidiaries to non-controlling interest			(13)	-	(13)	n.m.
Bell Aliant distributions to BCE			48	71	(23)	(32.4%)
FCF			327	265	62	23.4%
Cash Flow Information - Historical Trend						
(\$ millions of Canadian dollars, except where otherwise indicated) (unaudited)	Q1	Total	Q4	Q3	Q2	Q1
	2012	2011	2011	2011	2011	2011
Free Cash Flow (FCF)						
Cash from operating activities, excluding acquisition costs paid	1,005	4,129	676	1,651	1,065	737
Capital expenditures	(680)	(2,683)	(871)	(652)	(645)	(515)
Dividends paid on preferred shares	(33)	(118)	(31)	(31)	(28)	(28)
Dividends/distributions paid by subsidiaries to non-controlling interest	(13)	(31)	(8)	(11)	(12)	-
Bell Aliant distributions to BCE	48	214	48	48	47	71
FCF	327	1.511	(186)	1,005	427	265

 $^{\rm (A)}\,\rm Net$  debt includes 50% of preferred shares.

(B) Adjusted EBITDA is defined as EBITDA including dividends / distributions from Bell Aliant to BCE and is based on trailling 12 months data.

#### BCE Inc. Consolidated Statements of Financial Position Data

(\$ millions of Canadian dollars, except where otherwise indicated) (unaudited)	March 31 2012	December 31 2011
ASSETS		
Current assets		
Cash	130	130
Cash equivalents	267	45
Trade and other receivables	2,821	3,119
Current tax receivable	38	43
Inventory	361	427
Prepaid expenses	381	262
Other current assets	128	152
Total current assets	4,142	4,178
	4,142	4,178
Non-current assets	10.007	10 705
Property, plant and equipment	18,897	18,785
Intangible assets	7,983	8,013
Deferred tax assets	314	329
Investments in associates and joint ventures	314	307
Other non-current assets	576	629
Goodwill	7,185	7,185
Total non-current assets	35,269	35,248
Total assets	39,411	39,426
LIABILITIES		
Current liabilities		
Trade payables and other liabilities	3,464	4,056
Interest payable	154	134
Dividends payable	432	415
Current tax liabilities	43	47
Debt due within one year	2,386	2,106
Total current liabilities	6,479	6.758
Non-current liabilities	-, -	-,
Long-term debt	12,682	12,721
Deferred tax liabilities	832	881
Employee benefit obligation	3,180	2,966
Other non-current liabilities	1,297	1,341
Total non-current liabilities	17,991	17,909
Total liabilities	24,470	24,667
	24,470	24,007
EQUITY		
Equity attributable to owners of the parent		
Prefered shares	3,395	3,115
Common shares	13,540	13,566
Shares subject to cancellation	-	(50)
Contributed surplus	2,536	2,527
Accumulated other comprehensive (loss) income	(6)	5
Deficit	(5,472)	(5,385)
Total equity attributable to owners of the parent	13,993	13,778
Non-controlling interest	948	981
Total equity	14,941	14,759
Total liabilities and equity	39,411	39,426
Number of common shares outstanding	773.6	775.4

Net examples         676         592         944           Adjustments for concolle and examples to cash flows from operating activities         19         61         (42           Severance, acquisition and other costs         82         70         35           Net employee benefit plans cost         82         70         35           Net employee benefit plans cost         82         70         35           Ontinuesca contrasting         207         199         8           Contributions to employee turne benefit plans         207         199         8           Severance and (net costs paid         (24)         (24)         2-           Severance and (net costs paid         (25)         (33)         75           Cash flows from operating activities         (28)         (24)         (24)         2-           Severance and (net or trunds)         (28)         (24)         (24)         2-           Cash flows from operating activities         (28)         (24)         (24)         2-           Severance and (net or trunds)         (28)         (24)         (24)         2-         (24)         (24)         2-         (24)         (24)         (24)         (24)         (24)         (24)         (24)         (		00110			
Net examples         676         592         944           Adjustments for concolle and examples to cash flows from operating activities         19         61         (42           Severance, acquisition and other costs         82         70         35           Net employee benefit plans cost         82         70         35           Net employee benefit plans cost         82         70         35           Ontinuesca contrasting         207         199         8           Contributions to employee turne benefit plans         207         199         8           Severance and (net costs paid         (24)         (24)         2-           Severance and (net costs paid         (25)         (33)         75           Cash flows from operating activities         (28)         (24)         (24)         2-           Severance and (net or trunds)         (28)         (24)         (24)         2-           Cash flows from operating activities         (28)         (24)         (24)         2-           Severance and (net or trunds)         (28)         (24)         (24)         2-         (24)         (24)         2-         (24)         (24)         (24)         (24)         (24)         (24)         (24)         (		Q1	Q1		
Adjustments to reconcile net earnings to cash flows from operating activities Severance, acquisition and other costs Berl Ander Berl Plans cost Berl Berl Plans costs Berl Berl Plans costs Berl Berl Plans costs Berl Berl Plans costs Berl Berl Berl Berl Berl Berl Berl Berl	(\$ millions of Canadian dollars, except where otherwise indicated) (unaudited)	2012	2011	\$ change	
Adjustments to reconcile net earnings to cash flows from operating activities Severance, acquisition and other costs Berl Ander Berl Plans cost Berl Berl Plans costs Berl Berl Plans costs Berl Berl Plans costs Berl Berl Plans costs Berl Berl Berl Berl Berl Berl Berl Berl	Net earnings	676	582	94	
Biorenance, acquisition and other costs         19         61         (42           Depreciation and amottation         42         44         47         (5)           Net employee benefit plans cost         42         47         (6)				0.	
Depreciation and amontzation         825         790         535           Net employee benefit plans cost         203         189         141           Caniso on investments         207         199         8           Contributions to employee pension plans         680         (354)         286           Contributions to employee pension plans         680         (354)         286           Contributions to employee pension plans         (60)         (167)         (167)         (167)           Contributions to employee pension plans         (160)         (167)         (167)         (167)         (167)         (167)         (167)         (167)         (167)         (167)         (167)         (167)         (168)         (167)         (168)         (167)         (168)         (167)         (168)	Severance, acquisition and other costs	19	61	(42)	
Nei employee benefit plans cost         242         47         56           Veit interest sepanse         203         189         14           Gains on investments         (0)         -         68         203         189         8           Contributions to employee pension plans         (0)         (2)         199         8         6         100				35	
Net intresit expense         203         189         -14           Gains on investments         207         199         8           Contributions to employee pension plans         207         199         8           Perments under other employee tuture benefit plans         207         199         8           Severance and other costs paid         203         101         7         7           Acquisition ous paid         203         101         7         7         7           Income taxes         (203)         101         7         4         4         7         1030         7         7         4         2         2         2 <td< td=""><td></td><td></td><td></td><td></td></td<>					
Gains on investments         (8)         -         (8)           Income taxes         (86)         (354)         288           Contributions to employee pension plans         (86)         (354)         288           Payments under other employee ponsion plans         (82)         (247)         155           Severance and other costs paid         (82)         (247)         (15)           Income taxes paid (net of refunds)         (160)         (160)         (160)         (160)           Operating assets and labilities         (180)         (180)         (180)         (180)         (180)           Cash flows from operating activities         (180)         (180)         (180)         (180)         (180)         (180)           Cash flows from operating activities         (180) <t< td=""><td></td><td>203</td><td>189</td><td></td></t<>		203	189		
ncome taxes         207         199         6           Contributions to employee previou plants         (64)         (24)         (24)         (24)           Payments under other employee future benefit plants         (64)         (24)         (24)         (24)           Severance and other costs paid         (25)         (4)         (21)         (16)           Interest paid         (160)         (167)         (13)         (16)           Interest paid         (104)         (8)         734         444           Deparating assets and itabilities         (25)         (33)         (25)         (33)           Cash flow/dends/distributions paid to BCE         (8)         74         444           Cash dividends/distributions paid to BCE         (8)         71         (23)         (25)         (4)         (21)           Cash dividends/distributions paid by subidaries to non-controlling interest         (6)         (75)         (20)         (21)         (22)         (24)         (25)         (4)         (21)         (22)         (24)         (25)         (26)         (26)         (26)         (26)         (26)         (26)         (26)         (26)         (26)         (26)         (26)         (26)         (26) <td< td=""><td></td><td></td><td>· ·</td><td>(8)</td></td<>			· ·	(8)	
Payments under other employee future benefit plans         '(24)         '(24)         '(24)         '(24)         '(24)         '(24)         '(25)         '(26)			199	8	
Payments under other employee future benefit plans         '(24)         '(24)         '(24)         '(24)         '(24)         '(24)         '(25)         '(26)		-			
Severance and other costs paid         (247)         (145)           Acquisition costs paid         (160)         (167)         (167)           Income taxes paid (net or feunds)         (160)         (167)         (167)           Operating assets and liabilities         (25)         (33)         (25)           Cash flows from operating assets and liabilities         (160)         (17)         (43)           Cash flows from operating assets and liabilities         (17)         (634)         (163)           Cash flows from operating assets and liabilities         (17)         (634)         (163)           Cash dividends/distributions paid to BCE         (18)         (18)         (16)           Cash dividends/distributions paid to BCE         (18)         (18)         (28)         (18)           Cash dividends/distributions paid by subsidiaries to non-controlling interest         (15)         209         (224)           Acquisition costs paid         25         4         21         260         227           Bell Aliant free Cash Flow         (15)         209         (224)         229         (24)           Rec Cash Flow         (15)         209         (224)         200         200         200         200         200         200         200 <td></td> <td></td> <td>· · · ·</td> <td></td>			· · · ·		
Acquisition costs paid         (22)         (4)         (22)           Interest paid         (160)         (167)         (13)           Increases paid (not of refunds)         (160)         (167)         (13)           Operating assess and liabilities         (255)         (330)         75           Cash flows from operating activities         1,198         714         (464)           Bell Aliant dividends/distributions paid to BCE         48         71         (233)           Cash flows from operating activities         (817)         (238)         (29)         (153)           Cash dividends/distributions paid by subsidiaries to non-controlling interest         (33)         (29)         (224)           Bell Aliant Free Cash Flow         (15)         209         (224)           Free Cash Flow         (15)         209         (224)           Bell Aliant Free Cash Flow         (15)         209         (224)           Recash Flow (155)         209         (224)         (20)         (21)           Bell Aliant free Cash Flow         (15)         209         (224)           Bell Aliant free Cash Flow (15)         209         (224)         (23)         (24)         (25)         (25)         (25)         (26)         (26) <td></td> <td></td> <td></td> <td>155</td>				155	
Increase paid         (190)         (187)         (187)         (187)           Increase in sepaid (not or feunds)         (104)         (6)         (66)           Operating assets and liabilities         (255)         (330)         75           Cash flows from operating activities         (255)         (330)         74         4444           Cash dividends/distributions paid to BCE         48         71         (23)         (183)           Cash dividends/distributions paid by subsidiaries to non-controlling interest         (817)         (634)         (183)           Cash dividends/distributions paid by subsidiaries to non-controlling interest         (15)         209         (224)           Free Cash Flow         (15)         209         (224)         (22)         -         (22)           Bell Allant free Cash Flow         (15)         209         (224)         -         (22)         -         (22)         -         (22)         -         (22)         -         (22)         -         (22)         -         (22)         -         (22)         -         (22)         -         (22)         -         (22)         -         (22)         -         (22)         -         (22)         -         (22)         - <td< td=""><td></td><td></td><td></td><td></td></td<>					
Income taxes paid (not of refunds)         (104)         (105)         (106)				· · ·	
Operating assets and liabilities         (255)         (330)         775           Cash flows from operating activities         1,198         734         464           Capilal expenditures         (617)         (633)         (28)         (15)           Cash dividends/distributions paid to BCE         (33)         (28)         (15)         (23)           Cash dividends/distributions paid by subsidiaries to non-controlling interest         (33)         (28)         (28)           Acquisition costs paid         (15)         209         (28)         (28)           Bell Aliant free cash flow         (15)         209         (28)         (28)           Requisition costs paid         (33)         (28)         (24)         (28)         (28)           Bell Aliant free cash flow         (28)         -         (26)         (28)         -         (26)         (28)         -         (27)         (28)         -         (28)         -         (28)         -         -         (28)         -         -         (28)         -         -         (28)         -         -         2         -         -         2         -         -         2         -         -         2         -         -         2					
Cash flows from operating activities         1,198         7.34         444           Bell Aliant dividends/distributions paid to BCE         48         7.1         (23           Cash dividends/distributions paid to BCE         (631)         (631)         (183)           Cash dividends/distributions paid to subsidiaries to non-controlling interest         (33)         (28)         (5)           Cash dividends/distributions paid by subsidiaries to non-controlling interest         (79)         (91)         12           Acquisition costs paid         25         4         21         (24)           Bell Aliant free cash Flow         (15)         209         (224)           Pree Cash Flow ( <sup>3</sup> )         (280)         (27)         (280)         (280)           Bell Aliant free cash flow, excluding dividends/distributions paid         (280)         (27)         (280) <td< td=""><td></td><td></td><td></td><td></td></td<>					
Bell Aliant dividends/distributions paid to BCE         44         71         (23)           Capital expenditures         (33)         (28)         (63)           Cash dividends paid on prefered shares         (33)         (28)         (5)           Cash dividends/distributions paid by subsidiaries to non-controlling interest         (79)         (17)         (22)           Acquisition costs paid         25         4         (21)         (22)         (224)           Free Cash Flow         (15)         205         (26)         (22)         (224)           Bell Aliant free Cash Flow         (3)         (280)         (22)         (22)         (22)           Statistion costs paid         (23)         (240)         (22)         (22)         (22)           Bell Aliant free cash flow, excluding dividends/distributions paid         (23)         (24)         (21)         (21)         (22)         (22)           Bell Aliant free cash flow         (21)         (22)         (11)         (22)         (11)         (22)         (11)         (22)         (11)         (22)         (11)         (23)         (24)         (20)         (12)         (21)         (21)         (22)         (12)         (24)         (20)         (12)         (23					
Capital expenditures         (817)         (634)         (183)           Cash dividends paid on preferred shares         (33)         (28)         (53)           Cash dividends/distributions paid by subsidiaries to non-controlling interest         (77)         (91)         12           Acquisition costs paid         (15)         209         (224)           Bell Allant Free Cash Flow         (15)         209         (224)           Free Cash Flow <sup>(0)</sup> (33)         (280)         247           Business acquisition costs paid         (2)         -         (2)         -           Business dispositions         (2)         -         (2)         1         (2)         1         (2)         1         1					
Cash dividends paid on preferred shares         (33)         (28)         (6)           Cash dividends/distributions paid by subsidiaries to non-controlling interest         (73)         (72)         (72)           Acquisition costs paid         25         4         21           Bell Allant Free Cash Flow         (15)         209         (224           Free Cash flow <sup>10</sup> (33)         (280)         247           Bell Allant free cash flow, excluding dividends/distributions paid         (23)         (24)         242           Bell Allant free cash flow, excluding dividends/distributions paid         (25)         (4)         (21)           Business acquisitions         (25)         (4)         (21)         22           Acquisition costs paid         (25)         (4)         (21)         (22)         (11)           Increase in investments         (11)         (22)         1         4         (33)         (34)         (34)         (34)         (35)         (76)         (91)           Increase in notes payable and bank advances         10         3         7         14         4         (33)         (344)         (55)         (76)         (91)         11         1.002         (91)         128         4(93)         (34)					
Cash dividends/distributions paid by subsidiaries to non-controlling interest         (79)         (91)         12           Acquisition costs paid         (15)         209         (224           Bell Aliant Free Cash Flow         327         265         62           Free Cash Flow <sup>(0)</sup> (20)         (20)         224           Bell Aliant Free cash flow, excluding dividends/distributions paid         (33)         (280)         247           Business acquisitions         (2)         -         2         (2)         -         2           Acquisition costs paid         (2)         -         2         (2)         -         2         (2)         -         2         (2)         -         2         (2)         -         2         (2)         -         2         (2)         -         2         (2)         -         2         (2)         -         2         (2)         -         2         (2)         -         1         -         2         (2)         1         -         2         (2)         1         1         3         7         -         1         -         2         2         2         2         2         2         2         2         1 <td< td=""><td></td><td></td><td></td><td></td></td<>					
Acquisition costs paid         25         4         21           Bell Aliant free Cash Flow         (15)         209         (224           Free Cash Flow <sup>(7)</sup> (3)         (280)         265         62           Bell Aliant free cash flow, excluding dividends/distributions paid         (3)         (280)         245         62           Bell Aliant free cash flow, excluding dividends/distributions paid         (3)         (280)         245         62           Bell Aliant free cash flow, excluding dividends/distributions paid         (3)         (280)         24         (21)         245         62           Business dispositions         (25)         (4)         (21)         (22)         (1)         (22)         (1)         (23)         7           Other investing activities         (10)         (3)         (10)         (3)         1         4         (3)           Increase in investments         (11)         (22)         (24)         (26)         (2	Cash dividends paid on preferred shares				
Beli Aliant Free Cash Flow(15)209(224Free Cash Flow $^{(0)}$ 32726562Beli Aliant Free Cash flow, excluding dividends/distributions paid(33)(28)247Business acquisitions(2)-(2Acquisition costs paid(2)(4)(21)Business dispositions(1)(2)-(2Increase in investments(1)(2)11Decrease in investments14(3)7Other investing activities14(3)7Cher investing activities114(3)7Cher investing activities(12)(2)(10)37Cher investing activities114(3)(34)(59)Issue of long-term debt(11)1,002(99)(99)Repayment of long-term debt(10)-280(10)(10)Cash dividends paid on common shares(107)-(107)-280Issue of common shares(107)-280-280288(287)Issue of equity securities by subsidiaries to non-controlling interest11288(287)(11)(11)(11)(11)Cash and cash equivalents2221,401(11)(11)(12)(11)(12)(12)(11)Section act act equivalents at beginning of period11288(287)(24)(30)6(24)(30)(59)(13)(12)(	Cash dividends/distributions paid by subsidiaries to non-controlling interest				
Free Cash Flow (9)         327         265         62           Bell Aliant free cash flow, excluding dividends/distributions paid         (33)         (280)         247           Business acquisitions         (25)         (4)         (21)         265           Acquisition costs paid         (25)         (4)         (21)         265         (22)         (4)         (21)         201         (21)         (22)         (11)         (100)         (21)         (22)         (11)         (100)         (21)         (22)         (11)         (100)         (21)         (22)         (21)         (24)         (30)         (34)         (55)         (56)         (526)         (526)         (526)         (526)         (526)         (526)         (52)         (10)         (11) <td></td> <td></td> <td></td> <td></td>					
Bel Aliant free cash flow, excluding dividends/distributions paid       (33)       (280)       247         Business acquisitions       (22)       -       (22)         Acquisition costs paid       (22)       -       (22)         Business dispositions       -       2       (2)         Increase in investments       10       3       7         Other investing activities       10       3       7         Increase in notes payable and bank advances       266       526       (260)         Reduction in securitized trade receivables       (12)       (2)       (10)         Issue of common shares       (85)       (76)       (9)         Issue of common shares       (107)       -       280         Issue of common shares       (107)       -       280         Issue of common shares       (107)       -       280         Issue of preferred shares       280       -       2800					
Business acquisitions $(2)$ $(-)$ $(2)$ $(-)$ $(2)$ $(-)$ $(2)$ $(-)$ $(2)$ $(-)$ $(2)$ $(-)$ $(2)$ $(-)$ $(2)$ $(-)$ $(2)$ $(-)$ $(-)$ $(2)$ $(-)$ <		-			
Acquisition costs paid       (25)       (4)       (21)         Business dispositions       -       2       (2         Increase in investments       (1)       (2)       1         Decrease in investments       10       3       7         Other investing activities       1       4       (3)         Increase in otes payable and bank advances       266       526       (260)         Reduction in securitized trade receivables       (12)       (2)       (10)       (2)       (11)         Issue of long-term debt       (11)       1       1,002       (19)       (11)       (2)       (11)       (2)       (11)       (2)       (11)       (2)       (11)       (2)       (11)       (2)       (11)       (2)       (11)       (2)       (11)       (2)       (2)       (10)       (11)       (2)       (11)       (2)       (11)       (2)       (11)       (2)       (11)       (2)       (11)       (2)       (11)       (2)       (11)       (2)       (11)       (2)       (11)       (2)       (2)       (10)       (11)       (2)       (2)       (11)       (2)       (2)       (11)       (2)       (2)       (2)       (2)			(280)		
Business dispositions         1         2         (2)           Increase in investments         10         3         7           Other investing activities         1         4         (3)           Increase in investments         266         526         (20)           Increase in investments         266         526         (20)           Increase in onces payable and bank advances         21         4         (3)           Reduction in securitized trade receivables         11         4         (3)           Repayment of long-term debt         (85)         (76)         (9)           Cash dividends paid on common shares         (403)         (344)         (59)           Issue of common shares         (107)         -         (107)           Issue of preferred shares         280         -         280           Issue of preferred shares         280         -         280           Other financing activities         138         49         (31)           Net increase in cash and cash equivalents         18         280         -         280           Other information         138         288         (24)         (30)         6           Cash flow per share <sup>(9)</sup> 397			· ·	(2)	
Increase in investments       (1)       (2)       1         Decrease in investments       10       3       7         Other investing activities       1       4       (3)         Increase in notes payable and bank advances       266       526       (260         Reduction in securitized trade receivables       (11)       1,002       (99)         Issue of long-term debt       11       1,002       (99)         Repayment of long-term debt       (403)       (344)       (59)         Issue of common shares       (107)       -       (107)         Issue of common shares       (107)       -       (107)         Issue of equity securities by subsidiaries to non-controlling interest       280       -       280         Issue of equity securities by subsidiaries to non-controlling interest       280       -       280         Issue of equity securities by subsidiaries to non-controlling interest       280       -       280         Issue of equity securities by subsidiaries to non-controlling interest       1       288       (287)         Other innacing activities       280       -       280       -       280         Issue of equity securities by subsidiaries to non-controlling interest       1       288       (287)		(25)			
Decrease in investments         10         3         7           Other investing activities         1         4         (3)           Increase in notes payable and bank advances         266         526         (260)           Reduction in securitized trade receivables         (12)         (2)         (10)           Issue of long-term debt         (11)         1,002         (991)           Repayment of long-term debt         (85)         (76)         (9)           Cash dividends paid on common shares         (403)         (344)         (59)           Issue of common shares         (107)         -         (107)           Repayments         (107)         -         (200)         6           Issue of preferred shares         (107)         -         280         -         280           Issue of equity securities by subsidiaries to non-controlling interest         (107)         -         280         -         280           Other innacting activities         (108)         1,136         (1,241)         (1,179)           Cash and cash equivalents at beginning of period         15         7771         (596)           Cash and cash equivalents at end of period         397         2,172         (1,775)           Other inf				(2)	
Other investing activities       1       4       (3)         Increase in notes payable and bank advances       266       526       (260)         Reduction in securitized trade receivables       (11)       1,002       (91)         Issue of long-term debt       (403)       (344)       (59)         Repayment of long-term debt       (107)       -       (107)         Issue of common shares       (107)       -       (107)         Issue of common shares       (107)       -       (107)         Issue of preferred shares       280       -       280         Issue of preferred shares       (107)       -       (107)         Issue of common shares       (107)       -       (107)         Issue of common shares       (107)       -       280       -       280         Issue of common shares       (107)       -       (107)       -       (107)       -       (107)       -       (107)       -       (287)       (30)       6			(2)	1	
Increase in notes payable and bank advances         266         526         (260           Reduction in securitized trade receivables         (11)         (2)         (10)           Issue of long-term debt         11         1,002         (991           Repayment of long-term debt         (85)         (76)         (9)           Cash dividends paid on common shares         (403)         (344)         (59)           Issue of common shares         (107)         -         (107)           Issue of preferred shares         280         -         280           Issue of preferred shares         (107)         -         280           Issue of preferred shares         280         -         280           Issue of preferred shares         1         288         (280)           Issue of preferred shares         1         288         (280)           Issue of equity securities by subsidiaries to non-controlling interest         (24)         (30)         6           Other financians equivalents at end of period					
Reduction in securitized trade receivables       (12)       (2)       (10)         Issue of long-term debt       11       1,002       (991         Repayment of long-term debt       (85)       (76)       (9)         Cash dividends paid on common shares       (403)       (344)       (59)         Issue of common shares       18       49       (31)         Repurchase of common shares       18       49       (31)         Issue of prefered shares       280       -       280         Issue of equity securities by subsidiaries to non-controlling interest       1       288       (287)         Other financing activities       (105)       1,136       (1,241)         Net increase in cash and cash equivalents       222       1,401       (1,179)         Cash and cash equivalents at beginning of period       397       2,172       (1,775)         Other information       397       2,172       (1,775)         Cash flow per share <sup>(9)</sup> \$       0.49       \$       0.33       \$       0.36		-			
Issue of long-term debt11 $1,002$ $(9)$ andRepayment of long-term debt(85) $(76)$ (9)Cash dividends paid on common shares(403) $(344)$ (59)Issue of common shares1849(31)Repurchase of common shares(107)- $(107)$ Issue of preferred shares280-280Issue of equity securities by subsidiaries to non-controlling interest1288(287)Other financing activities(105)1,136 $(1,241)$ Net increase in cash and cash equivalents at beginning of period2221,401 $(1,179)$ Cash and cash equivalents at beginning of period3972,172 $(1,775)$ Other information3972,172 $(1,775)$ Cash flow per share <sup>(9)</sup> \$0.13\$0.36					
Repayment of long-term debt         (85)         (76)         (9)           Cash dividends paid on common shares         (403)         (344)         (59)           Issue of common shares         18         49         (31)           Repurchase of common shares         18         49         (31)           Issue of preferred shares         (107)         -         (107)           Issue of equity securities by subsidiaries to non-controlling interest         1         288         (287)           Other financing activities         (105)         1,136         (1,241)           Net increase in cash and cash equivalents         (105)         1,136         (1,241)           Cash and cash equivalents at beginning of period         1         (1,241)         (1,241)           Cash and cash equivalents at end of period         397         2,172         (1,775)           Other information         397         2,172         (1,775)           Cash flow per share <sup>(9)</sup> \$         0.13         \$         0.36					
Cash dividends paid on common shares $(403)$ $(344)$ $(59)$ Issue of common shares1849 $(31)$ Repurchase of common shares $(107)$ - $(107)$ Issue of preferred shares280-280Issue of equity securities by subsidiaries to non-controlling interest1288 $(287)$ Other financing activities(105)1,136 $(1,241)$ Net increase in cash and cash equivalents2221,401 $(1,179)$ Cash and cash equivalents at beginning of period3972,172 $(1,775)$ Other information3972,172 $(1,775)$ $(1,775)$ Cash flow per share <sup>(9)</sup> \$0.49\$0.13\$0.36					
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Issue of equity securities by subsidiaries to non-controlling interest       1       288       (287         Other financing activities       (24)       (30)       6         (105)       1,136       (1,241)         Net increase in cash and cash equivalents       222       1,401       (1,179)         Cash and cash equivalents at beginning of period       397       2,172       (1,775)         Other information       397       2,172       (1,775)         Cash flow per share <sup>(9)</sup> \$       0.49       \$       0.13       \$       0.36			· ·		
Other financing activities         (24)         (30)         6           (105)         1,136         (1,241)           Net increase in cash and cash equivalents         222         1,401         (1,179)           Cash and cash equivalents at beginning of period         175         771         (596)           Cash and cash equivalents at end of period         397         2,172         (1,775)           Other information         S         0.49         \$         0.13         \$         0.36			-		
(105)         1,136         (1,241           Net increase in cash and cash equivalents         222         1,401         (1,179           Cash and cash equivalents at beginning of period         175         771         (596           Cash and cash equivalents at end of period         397         2,172         (1,775           Other information         Cash flow per share <sup>(9)</sup> \$ 0.49         \$ 0.13         \$ 0.36		-		· · ·	
Net increase in cash and cash equivalents       222       1,401       (1,179)         Cash and cash equivalents at beginning of period       175       771       (596)         Cash and cash equivalents at end of period       397       2,172       (1,775)         Other information       \$       0.49       \$       0.13       \$       0.36	Other financing activities				
Cash and cash equivalents at beginning of period       175       771       (596)         Cash and cash equivalents at end of period       397       2,172       (1,775)         Other information       \$       0.49       \$       0.13       \$       0.36					
Cash and cash equivalents at end of period         397         2,172         (1,775)           Other information         Cash flow per share <sup>(9)</sup> \$ 0.49         \$ 0.13         \$ 0.36					
Other information         \$         0.49         \$         0.13         \$         0.36					
Cash flow per share <sup>(9)</sup> \$ 0.49 \$ 0.13 \$ 0.36	Cash and cash equivalents at end of period	397	2,172	(1,775)	
	Other information				
	Cash flow per share <sup>(9)</sup>	\$ 0.49	\$ 0.13	\$ 0.36	
	Annualized cash flow yield (10)	5.1%	4.3%	(0.8) pts	

BCE Inc. Consolidated Cash Flow Data

		Consolidated Cash Flow Data - Historical Trend				
		Total				
(\$ millions of Canadian dollars, except where otherwise indicated) (unaudited)	Q1 12	2011	Q4 11	Q3 11	Q2 11	Q1 11
Net earnings	676	2,574	573	736	683	582
Adjustments to reconcile net earnings to cash flows from operating activities		, -				
Severance, acquisition and other costs	19	409	(1)	130	219	61
Depreciation and amortization	825	3,261	842	808	821	790
Net employee benefit plans cost	42	193	47	50	49	47
Net interest expense	203	821	213	207	212	189
Gains on investments	(8)		-	-	(89)	-
Income taxes	207	720	247	80	194	199
Contributions to employee pension plans	(86)	(1,491)	(961)	(91)	(85)	(354)
Payments under other employee future benefit plans	(24)	(102)	(26)	(25)	(27)	(24)
Severance and other costs paid	(92)		(68)	(37)	(59)	(247)
Acquisition costs paid	(25)	( )	(28)	(7)	(31)	(4)
Interest paid	(180)		(234)	(178)	(216)	(167)
Income taxes paid (net of refunds)	(104)	(130)	(73)	(24)	(25)	(8)
Operating assets and liabilities	(255)	(21)	307	267	(265)	(330)
Cash flows from operating activities	1,198	4,869	838	1,916	1,381	734
Bell Aliant dividends/distributions paid to BCE	48	214	48	48	47	71
Capital expenditures	(817)		(1,008)	(814)	(800)	(634)
Cash dividends paid on preferred shares	(33)	(118)	(31)	(31)	(28)	(28)
Cash dividends/distributions paid by subsidiaries to non-controlling interest	(79)		(72)	(75)	(77)	(91)
Acquisition costs paid	25	70	28	7	31	4
Bell Aliant Free Cash Flow	(15)		11	(46)	(127)	209
Free Cash Flow	327	1,511	(186)	1,005	427	265
Bell Aliant free cash flow, excluding dividends/distributions paid	(33)	(261)	(59)	(2)	80	(280)
Business acquisitions	(2)		-	-	(680)	-
Acquisition costs paid	(25)		(28)	(7)	(31)	(4)
Business dispositions	-	2	-	-	-	2
Increase in investments	(1)		(6)	(2)	(2)	(2)
Decrease in investments	10	56	6	2	45	3
Other investing activities	1	6	2	1	(1)	4
Increase (decrease) in notes payable and bank advances	266	30	54	106	(656)	526
(Reduction) increase in securitized trade receivables	(12)		32 8	- 3	(348)	(2)
Issue of long-term debt Repayment of long-term debt	11	2,314 (2,350)	o (342)	(193)	1,301 (1,739)	1,002
Cash dividends paid on common shares	(85)	,	(403)	. ,	(371)	(76)
Issue of common shares	(403)	152	(403) 37	(402)		(344)
Repurchase of common shares	18 (107)		(143)	15	51	49
Issue of preferred shares	280	345	(143)	345	-	-
Issue of equity securities by subsidiaries to non-controlling interest	200	403	115	- 545		288
Other financing activities	(24)		(16)	(43)	28	(30)
	(105)		(743)	(177)	(2,323)	1,136
Nativersage (decrease) in each and each aguivelente	222	(596)	(743)	828		1,401
Net increase (decrease) in cash and cash equivalents Cash and cash equivalents at beginning of period	175	(596) 771	(929) 1,104	828 276	(1,896) 2,172	771
Cash and cash equivalents at beginning of period	397	175	1,104	1,104	2,172	2,172
		175	175	1,104	210	۲,۱۱۷
Other information	•	<b>•</b> • • • •		• • • • •		
Cash flow per share	\$ 0.49	\$ 2.09	\$ (0.23)		+	0.13
Annualized cash flow yield	5.1%	4.6%	4.6%	3.8%	3.3%	4.3%

- (1) Throughout this report, BCE means BCE Inc., its subsidiaries, joint ventures and associates; Bell means our Bell Wireline, Bell Wireless and Bell Media segments on an aggregate basis; and Bell Aliant means Bell Aliant Inc. and its subsidiaries.
- (2) We report our results of operations in four segments: Bell Wireline, Bell Wireless, Bell Media and Bell Aliant. Our reporting structure reflects how we manage our business and how we classify our operations for planning and measuring performance.

Starting in the first quarter of 2012, we have included TV service revenues in data revenues to align with the reporting practices of our peers. As a result, we have restated prior period results within Bell Wireline. The previously reported Wireline segment and consolidated results did not change as a result of this restatement.

In the second quarter of 2011, BCE acquired the remaining 85% of CTV Inc. (CTV) common shares that it did not already own. CTV is a media company that holds specialty television, digital media, conventional TV and radio broadcasting assets. CTV is reported as a new segment, Bell Media. As at the acquisition date, we transferred certain assets from our wireline business segment to this new segment.

#### (3) Non-GAAP Financial Measures

#### **EBITDA**

The term EBITDA does not have any standardized meaning according to IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other companies.

We define EBITDA as operating revenues less operating costs (including pension current service costs). We use EBITDA to evaluate the performance of our businesses as it reflects their ongoing profitability. We believe that certain investors and analysts use EBITDA to measure a company's ability to service debt and to meet other payment obligations or as a common measurement to value companies in the telecommunications industry. EBITDA also is one component in the determination of short-term incentive compensation for all management employees. EBITDA has no directly comparable IFRS financial measure. Alternatively, it may be reconciled to net earnings as shown in this document.

#### Adjusted net earnings and Adjusted earnings per share (EPS)

The terms Adjusted net earnings and Adjusted EPS do not have any standardized meaning according to IFRS. Therefore, they are unlikely to be comparable to similar measures presented by other companies.

We define Adjusted net earnings as net earnings attributable to common shareholders before severance, acquisition and other costs, and net (gains) losses on investments. We define Adjusted EPS as Adjusted net earnings per BCE common share.

We use Adjusted net earnings and Adjusted EPS, among other measures, to assess the performance of our businesses without the effects of severance, acquisition and other costs, and net (gains) losses on investments, net of tax and non-controlling interest. We exclude these items because they affect the comparability of our financial results and could potentially distort the analysis of trends in business performance. Excluding these items does not imply they are non-recurring.

The most comparable IFRS financial measures are net earnings attributable to common shareholders and EPS.

## **Accompanying Notes**

#### **Free Cash Flow**

The term free cash flow does not have any standardized meaning according to IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other companies.

We define free cash flow as cash flows from operating activities, excluding acquisition costs paid, and dividends/distributions received from Bell Aliant less capital expenditures, preferred share dividends, dividends/distributions paid by subsidiaries to non-controlling interest and Bell Aliant free cash flow.

We consider free cash flow to be an important indicator of the financial strength and performance of our business because it shows how much cash is available to repay debt and reinvest in our company. We present free cash flow consistently from period to period, which allows us to compare our financial performance on a consistent basis.

We believe that certain investors and analysts use free cash flow to value a business and its underlying assets.

The most comparable IFRS financial measure is cash flows from operating activities.

(4) EBITDA margin is calculated as follows:

EBITDA Operating revenues

(5) Capital Intensity is calculated as follows:

Capital expenditures Operating revenues

- (6) Average revenue per unit (ARPU) represents the measurement of the average revenue generated by each unit, expressed as a rate per month for the year.
- (7) Churn is the rate at which existing subscribers cancel their services. Churn is calculated as the number of subscribers disconnected divided by the average subscriber base.
- (8) Cost of acquisition (COA) is also referred to as subscriber acquisition costs. This measure is expressed per gross activation. It includes costs associated with acquiring a customer such as hardware subsidies, marketing and distribution costs.
- (9) Cash flow per share is calculated as follows:

<u>Cash flow from operating activities less capital expenditures</u> Average number of common shares outstanding

(10) Annualized cash flow yield is calculated as follows:

Trailing 12 month free cash flow

Number of common shares outstanding at end of period multiplied by share price at end of period