Are we a leading communications, media or e-commerce company?

CONNECTIVITY | CONTENT | COMMERCE

>BELL CANADA ENTERPRISES >2000 >ANNUAL REPORT

BELL CANADA ENTERPRISES 2000 ANNUAL REPORT

BCE is Canada's largest communications company, with more customer connections (21 million and counting!), more content (TV, newspaper and Web) and more e-commerce applications than anyone else. In short, a richer combination of destinations and experiences, which customers are accessing on the Internet, via computer and cell phone, television and telephone. **BCE** is now ready for the Internet age. With all the pieces in place, we're turning our sights on making it all work together...

How will BCE make all the pieces fit together?

CONNECTIVITY CONTENT COMMERCE

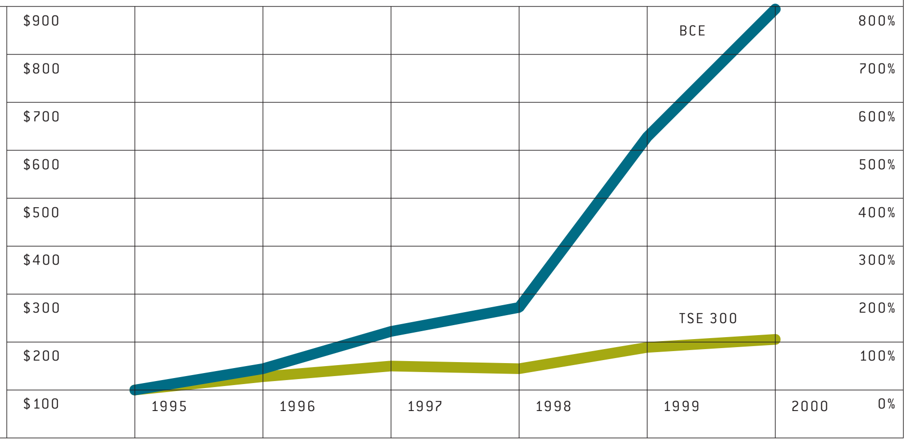
Strong performance...

Key indicators ($ millions, except per share amount)	**2000**	1999
Revenue	**18,094**	14,214
Earnings before interest expense, income taxes, depreciation and amortization (EBITDA)	**6,678**	5,399
Cash baseline earnings applicable to common shares	**1,209**	1,093
Cash baseline earnings per common share	**1.81**	1.70

Shareholder return performance

This graph compares the yearly percentage change in the cumulative total shareholder return on the Corporation's common shares against the cumulative total shareholder return of the TSE 300 Composite Index for the five-year period commencing December 31, 1995, and ending December 31, 2000.*

*Assumes that the initial value of the investment in the Corporation's common shares and in the TSE 300 Composite Index was $100 on December 31, 1995, and that all subsequent dividends were reinvested. All prices for the Corporation's common shares were taken from The Toronto Stock Exchange's records.
The graph has been adjusted to reflect the distribution on May 1, 2000, by the Corporation to its common shareholders of an approximate 35% ownership interest in Nortel Networks by way of a plan of arrangement. For this graph, it has been assumed that the 1.57 common shares of Nortel Networks received on a post-split basis for each BCE Common Share held, as a result of the plan of arrangement, were sold on May 5, 2000 and that the proceeds from such disposition were reinvested into BCE common shares on such date.



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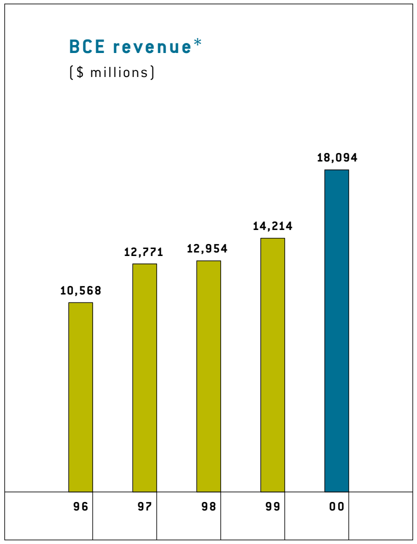
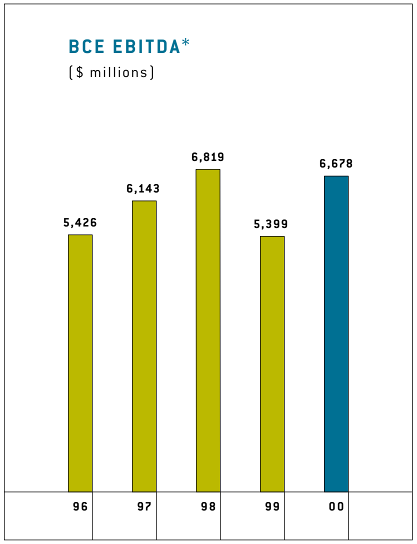
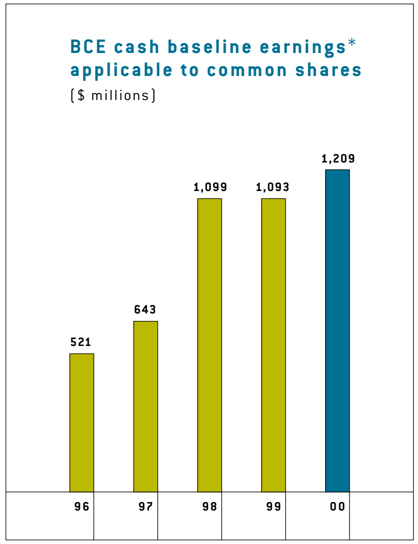
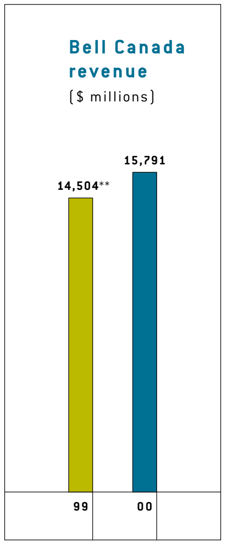
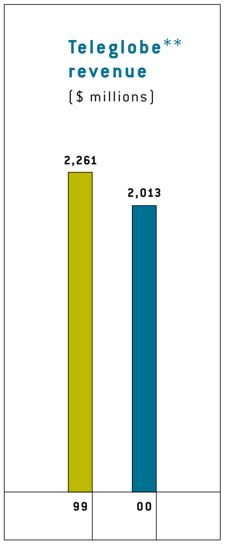


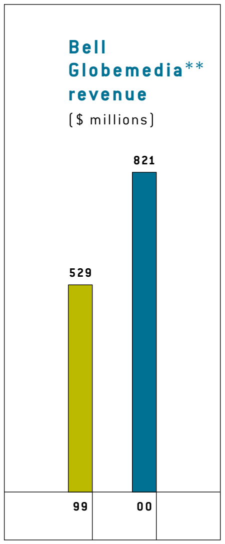


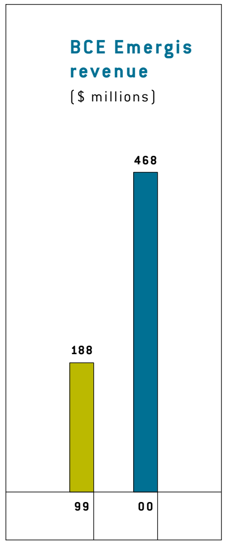


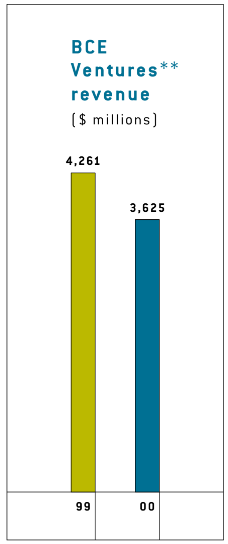
*Excluding Nortel Networks











**Pro forma. Revenue adjusted to reflect a full year.

BCE is now streamlined

Our strategy is to leverage our unrivalled customer connections with compelling content and powerful e-commerce applications.

Jean C. Monty
Chairman and Chief Executive Officer, BCE and Bell Canada

Michael J. Sabia
President, BCE
Vice-Chair, Corporate, Bell Canada

CONNECTIVITY

John W. Sheridan
President, Bell Canada

Terence J. Jarman
CEO, Teleglobe

BELL CANADA

The cornerstone of our business, Bell Canada spans wireline, wireless, satellite and Internet services. By providing rich content and commerce applications over these channels, we're turning Bell's customer connections into lasting relationships.

TELEGLOBE

BCE's gateway to the world, Teleglobe operates one of the world's largest, high-capacity IP networks. As world markets shift from voice to data, Teleglobe is evolving into a provider of Internet services such as Web hosting and content distribution.

CONTENT

Ivan Fecan
President and CEO, Bell Globemedia

BELL GLOBEMEDIA

Canada's premier multimedia company, Bell Globemedia creates rich experiences and destinations for our customers. The synergy in cross-promoting, repurposing and cross-selling our broadcast, print and Internet content will drive growth.

COMMERCE

Brian Edwards
Vice-Charman and CEO, BCE Emergis

BCE EMERGIS

Canada's leading business-to-business e-commerce company, BCE Emergis enables customers to join the electronic marketplace, transferring their business processes to the Internet in order to increase transactional efficiency. It's a proven business model whose success in Canada is being extended to the US.

Bill Anderson
President, BCE Ventures

BCE VENTURES

BCE Ventures includes investments in leading companies that represent opportunities to enhance BCE shareholder value.

for the Internet age

BCE Inc.

	CONNECTIVITY		CONTENT	COMMERCE	
	Bell Canada Canada's leading integrated communications company providing services coast to coast	**Teleglobe** A leading provider of global Internet services connecting customers worldwide, Teleglobe contributes growth opportunities for BCE on the world stage	**Bell Globemedia** Canada's premier multimedia company, bringing together Canada's strongest print, broadcast and Internet brands	**BCE Emergis** A leading North American provider of business-to-business e-commerce solutions	**BCE Ventures** Equity investments in leading companies with significant potential for shareholder value
NATURE OF BUSINESS	More than 21 million customer connections spanning: • IP/broadband • Wireline and wireless • High-speed, dial-up and wireless Internet access • Satellite TV	• Advanced connectivity services to Internet service and content providers, business customers and carriers around the world • Moves content around the globe through digital, ATM, IP, satellite and fibre networks	• Provides innovative integrated services, combining the resources and capabilities of its broadcast, print and Internet properties	• Provides customers with the components necessary to implement a comprehensive e-commerce solution including e-procurement, on-line selling, e-crm, business document exchange, electronic bill and invoice presentment and payment, and security	• Support growth opportunities for Bell Canada International, CGI, Telesat, Excel Communications, and other companies in the group
STRATEGY	• Drive growth through investment in wireless and IP/broadband services • Increase high-speed Internet and satellite TV subscribers • Build connections with Bell Globemedia by developing convergence products and services	• Grow data business • Continue GlobeSystem deployment • Drive initiatives in hosting and content distribution business	• Maintain top brand positions and deepen customer relationships • Enhance BCE's connectivity with original content • Cross-promote and cross-sell products and advertising through Bell channels and across multiple platforms	• Expand reach of applications and technology in eHealth through life insurance companies in North America • Target financial institutions as distribution channels in the US for B2B electronic invoicing • Build upon key e-commerce infrastructure projects to increase penetration of e-commerce solutions in Canada	• Enhance shareholder value through growth, operating success, mergers and alliances, or disposition

The Internet is changing the communications industry and how people around the world work and play. Bell Canada Enterprises is spearheading this change in Canada evolving from a phone company into the country's leading Internet player. Our Internet strategy is based on connectivity, content and commerce, the three drivers of Internet growth worldwide.

JEAN C. MONTY
CHAIRMAN AND CEO

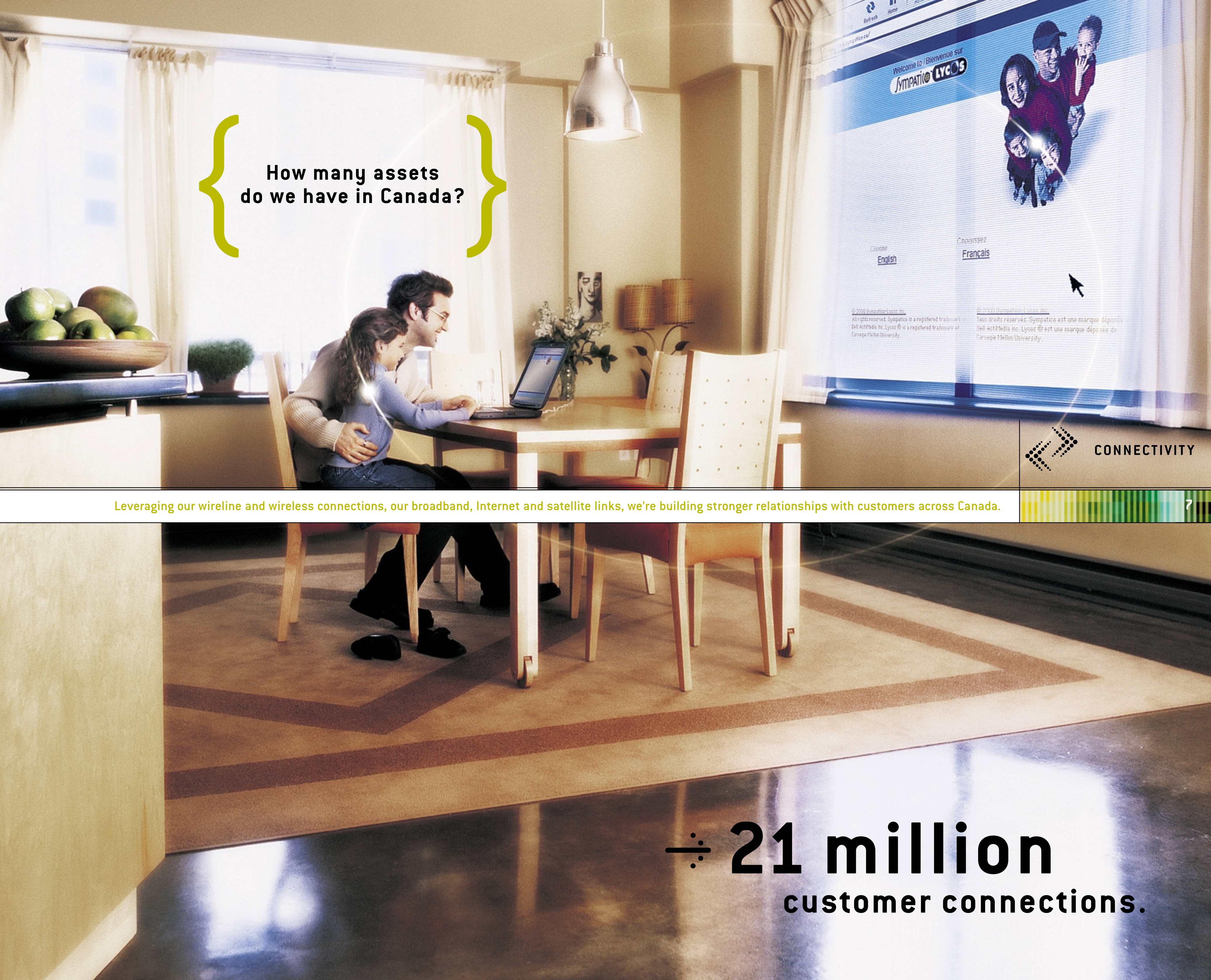
The start of the new millennium capped several years of strategic initiatives aimed at transforming BCE to take advantage of the tremendous growth opportunities of the Internet economy. In 1997 we launched our satellite TV service, Bell ExpressVu, and followed up in 1998 with the creation of Bell Nexxia, our national broadband company, and of BCE Emergis, our e-commerce company. In 1999, we privatized Bell Mobility and forged strategic agreements to extend Bell's national reach, taking a majority ownership in Aliant in Atlantic Canada, and acquiring a 20 per cent stake in Manitoba Telecom Services (MTS). With MTS, we formed Bell Intrigna, a joint venture that provides local services to business customers in Alberta and British Columbia. And, anticipating the growing demand for high-speed connections to the Internet, we invested aggressively to make high-speed Sympatico available to the vast majority of our customers.

The results for 2000 speak for themselves. Bell Canada's data revenue surged by 28 per cent, and even more dramatically, residential subscribers to high-speed Sympatico grew by more than 400 per cent during the year, registering 264,000 at year-end. Combined with business customers and Aliant's market penetration, we now have more than 335,000 high-speed Internet access customers. Bell ExpressVu subscribers also increased from 416,000 to more than 720,000. As for Bell Mobility, revenue rose by 13 per cent, while cellular and PCS subscribers grew by 30 per cent, reaching 2.3 million. BCE's consolidated revenue reached $18.1 billion in 2000, up 13 per cent compared with last year and consolidated EBITDA rose by 9 per cent, reaching $6.7 billion.

TODAY'S STRATEGY, TOMORROW'S GROWTH

In 2000 BCE once again set the stage for tomorrow's growth, as the Internet continues to drive change in our industry. BCE's Internet strategy centres around three axes: connectivity, content and commerce. These axes represent the drivers behind our strategic and business plans.

BCE's chief asset is the number of customer connections we enjoy — some 21 million and growing every day. By transforming Bell Canada into a full-service communications player, yesterday's phone company now offers wireline, wireless, Internet access, broadband and satellite TV connections, under one trusted brand.



How many assets do we have in Canada?

CONNECTIVITY

Leveraging our wireline and wireless connections, our broadband, Internet and satellite links, we're building stronger relationships with customers across Canada.

÷ 21 million customer connections.

Given these customer connections — the "connectivity" part of our business — we developed a strategy to power, or strengthen, these connections with content and commerce, because that's what our customers expect in the Internet communications world.

We began by carving out a leadership position in content. A joint venture with Lycos fortified our Sympatico portal with leading-edge technology. We then purchased CTV, Canada's leading private broadcaster, with stations across Canada. And in September, we joined the Thomson Corporation to form Bell Globemedia, Canada's premier media company. Bell Globemedia gathers, under one umbrella, CTV, which includes 18 specialty channels, the Globe and Mail, Canada's National Newspaper, as well as the Sympatico-Lycos and Globe Interactive suite of leading Web properties. Bell Globemedia has nearly 4,000 employees from coast to coast, generating vast amounts of local and regional content, from news and analysis to sports and entertainment.

We made similar gains in commerce, extending BCE Emergis' expertise and reach through the purchase of UP&UP, a US specialist in health cost containment systems. We're now focused on making BCE Emergis North America's e-commerce leader.

The Internet is empowering customers as never before. Already, customers can log onto our Web site, www.bell.ca, to add or modify services, check their accounts and order hardware. And they can customize their Sympatico-Lycos home page to display exclusively what interests them. But that's only a start. Canadians will soon be able to check their email, scan headlines and sports scores, go shopping or download their favourite music and videos, simply by reaching for their cell phone or turning on their TV or computer. They will access what they want, when they want it — and that's customer value.

To our national strategy we added an international component in 2000. The purchase of Teleglobe, in which we already held a 23 per cent stake, enables us to grow beyond Canada's borders. It also provides a stake in the growing international data market.

FOCUSED ON EXECUTION

By the end of 2000, with most strategic initiatives well under way, the time was right to implement a corporate structure that brings focus to our operations, and enables management to concentrate on executing our Internet strategy. BCE therefore reorganized its activities around four core operating businesses: Bell Canada (Canadian connectivity), Teleglobe (global connectivity), Bell Globemedia (content) and BCE Emergis (commerce). All other investments were combined in BCE Ventures, which includes Bell Canada International, Telesat Canada, CGI and Excel Communications. While these companies are not core to our Internet strategy, we believe opportunities exist to maximize the value of these investments to enhance shareholder value.

It was a pivotal year for BCE and the entire industry. By embracing change and pursuing opportunities for growth, we're now stronger and better equipped to maintain our leadership. With the right assets in place, we're now focussed on delivering our business plans to create maximum value for our shareholders, and to enable Canada to compete in the Internet economy.

Jean C. Monty
Chairman and CEO
BCE Inc.

What does Teleglobe bring to BCE?

CONNECTIVITY

BCE's gateway to the world, Teleglobe is building one of the world's most advanced broadband networks and transforming itself from a voice carrier to an IP/broadband player.

÷ the world.

CONNECTIVITY

Through Bell Canada and Teleglobe, BCE has more customer relationships at home and abroad than anyone else in Canada.

CANADIAN CONNECTIVITY

Together with our Atlantic and Western partners, we now operate a truly national company, winning major new business outside our traditional territory. For example, last May Bell Nexxia signed a multi-million dollar agreement with Canadian Pacific Railways to supply integrated IT/communications, and followed up in November with an important voice and data contract with CIBC. And when Alberta wanted high-speed Internet service for its communities, schools, hospitals and libraries, they chose Bell to wire the province. Bell is also playing a key role in Ottawa's program to bring high-speed Internet service to all Canadian communities by 2004. Canada is already among the most wired nations in the world, and our Internet access technology is one reason why.

SYMPATICO SURGES AHEAD Facing high demand for high-speed Sympatico, on March 27 we moved swiftly to serve the marketplace, committing $1.5 billion to enhance service and coverage. Results surpassed even our forecasts. Our 264,000 high-speed Internet residential subscribers (more than one million when dial-up customers are included) put us squarely in the lead. In fact we're signing up more high-speed Internet customers than anyone else in North America, capturing some 60 per cent of all new subscribers in Canada, in the last quarter of 2000.

Since the future is all multimedia, and it's rapidly unfolding on the Internet, high-speed service has enormous implications for BCE's growth and for the customer's access to richer experiences. Early in 2001 we opened a gateway to this future, by announcing the world's first convergence of high-speed Internet service, satellite TV and Internet gateway. Code-named ComboBox, this new technology integrates, always-on high-speed Sympatico, content from Bell ExpressVu, Bell Globemedia and others, together with digital storage for both broadcast and Internet. Empowered with an exciting suite of advanced interactive services, customers will be able to surf the Web on their TV, obtain interactive information on their favourite shows, create personalized programming by storing content digitally for later playback, and much more.

BELL MOBILITY INVESTS FOR GROWTH Bell Mobility reached a milestone in July, signing up its two-millionth cell phone subscriber and ending the year with total wireless subscribers exceeding three million, the highest in Canada. On November 15 we joined forces with Aliant, MTS and SaskTel to bid on additional PCS wireless spectrum, obtaining 20 licenses in Industry Canada's auction on February 1, 2001.

What does connectivity plus content equal?

CONTENT

Bell Globemedia is Canada's premier multimedia company, gathering news, sports and entertainment and delivering it your way wherever you are.

= total experiences.

We will spend nearly $1 billion to expand nationally, to increase digital cellular service coverage to 95 per cent in Ontario and Québec and to launch a host of new services such as the third-generation wireless technology that promises higher speed, multimedia, graphics and video. And to ensure our customers get the latest in wireless products and services, BCE and Bell Mobility created a new $30 million corporate venture fund to support research and development and invest in companies that are pioneering developments in the wireless Internet and data arenas.

BELL EXPRESSVU SOARS HIGHER Bell ExpressVu registered a banner year in 2000, broadening its subscriber base to more than 720,000 — a 74 per cent growth over 1999. As Canada's pre-eminent satellite TV company, Bell ExpressVu also unveiled DirecPC Internet access, which will bring a greater number of remote communities online. And with the launch of Nimiq, the country's first direct-broadcast satellite, we enriched our menu, now beaming more than 200 digital TV and commercial-free music channels coast to coast.

INTERNATIONAL CONNECTIVITY

TELEGLOBE BRINGS THE WORLD Teleglobe is BCE's springboard for global growth, contributing relationships with hundreds of carriers and licenses to operate in 29 countries. The complementary fit with Bell Nexxia is equally compelling. The two companies' aggregate networks, technical expertise and product portfolios add up to a powerful proposition for customers.

As the world demand for data services increases, Teleglobe is investing to stay ahead of the market, transforming its infrastructure and product portfolio to exploit the surging demand for data services. In this new competitive environment, Teleglobe has identified two strategic priorities: build new leading-edge infrastructure and expand IP services.

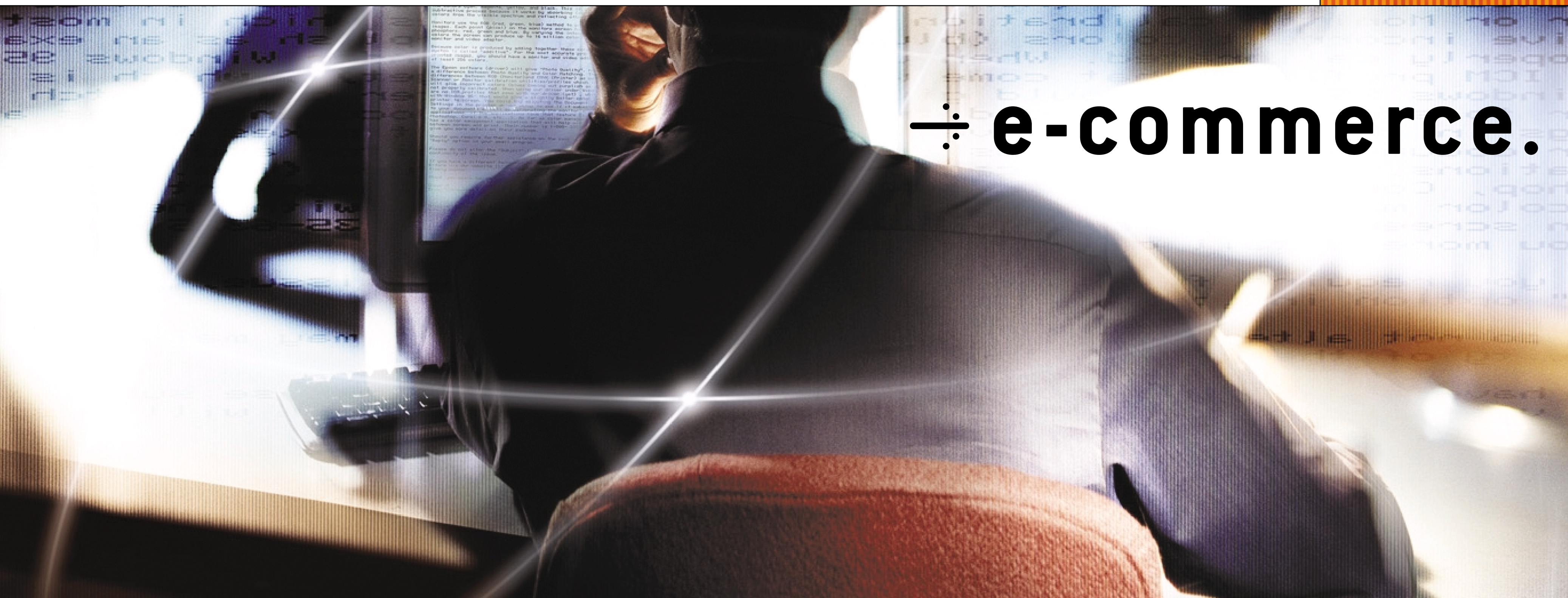
Teleglobe will expand and enhance its infrastructure with GlobeSystem, an international Internet backbone that will extend around the world. GlobeSystem is Teleglobe's growth engine for the future. Once completed, the US$5 billion IP network will link virtually every major world market 200 times faster than Teleglobe's current facilities. As part of its network buildout, in 2001 GlobeSystem will significantly increase its fibre-route miles, more than double its points-of-presence (POPs), and develop up to 600,000 square feet of office data space.

With its network now moving into place, Teleglobe is ideally positioned to seize opportunities in the exploding market for Internet services such as Web hosting and content distribution.

What's the shortest distance between two businesses?

COMMERCE

By enabling customers to access new markets and efficiently process transactions, BCE Emergis has become Canada's business-to-business e-commerce leader.



÷ e-commerce.

CONTENT

Without rich Internet destinations — or content — our connectivity's full potential would remain unfulfilled. This is why, in 2000, we assembled the country's leading TV network, national newspaper and Web sites, uniting them under Canada's newest media company, Bell Globemedia. How do all these media properties fit with BCE's existing business? By providing experiences beyond the connectivity we already offer. And that's the promise of Internet communications.

BELL GLOBEMEDIA CREATES NEW DESTINATIONS With Bell Globemedia, we've built a powerful generator and packager of unique content, which we can distribute over wireless, wireline, fibre optic and satellite channels. What's more, the world-class journalism of The Globe and Mail and CTV, along with CTV's broadcast and specialty channels, and an unrivalled Canadian portfolio of Web properties, will deliver innovative new products and services. Shared resources, cross-promotions and original content will boost audience numbers and drive advertising and other revenue.

As part of the purchase of CTV, a $230 million fund was created to benefit Canadian broadcasting, lighting up the nation's screens with innovative programming and talent.

COMMERCE

Every year the tide of e-business grows, as more companies rush to build outposts on the Internet. Indeed, in today's fiercely competitive markets, the pull of e-commerce is irresistible. It's the one place where buyers and sellers connect across continents, where you can buy products and services with a keystroke, and where once inaccessible customers gather at your desktop.

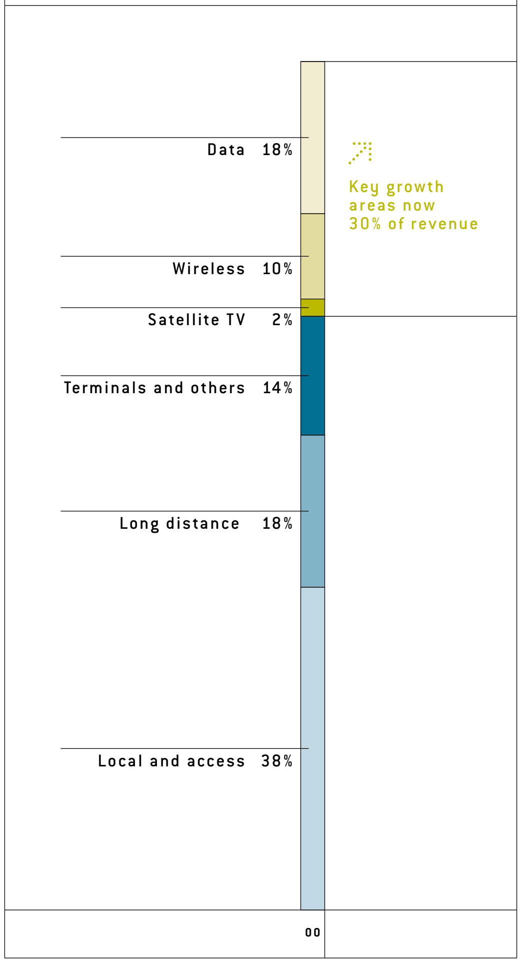
BCE Emergis stands at the forefront of Canadian e-commerce, choosing to focus on high-growth business-to-business markets, notably financial and health insurance services. Following strategic acquisitions in 1999 and 2000, BCE Emergis today processes millions of claims and transactions daily, helping customers to shrink their costs and streamline their business.

Already 80 per cent of electronic payments in Canada go through BCE Emergis solutions. Through BellZinc.ca and Procuron, Bell Canada is offering small and medium size enterprises electronic procurement and marketplace solutions using BCE Emergis solutions. And most Canadian insurance companies use BCE Emergis solutions to electronically handle health claims.

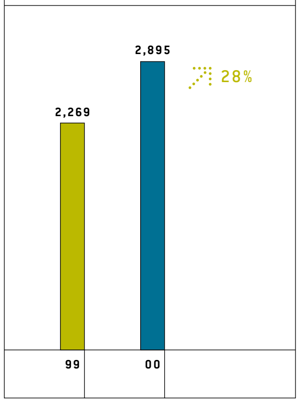
With its proven e-business model and with growing US revenues, in September BCE Emergis restructured to strengthen its focus in key markets and to accelerate its expansion in the United States. The US Business Unit will focus on the financial institutions sector and on establishing business to business exchanges. The Canadian Business Unit will leverage its strength in the financial and telecom market to expand its reach in Canada. The eHealth Solutions Unit will build on its strong relationships with the North American life and health insurance community to increase the penetration of its e-claims and e-commerce solutions.

Operational highlights: 2000 key growth drivers

Bell Canada
revenue by product

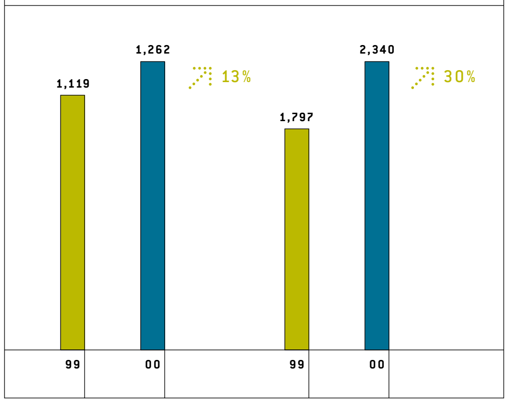


Bell Canada
data revenue
($ millions)

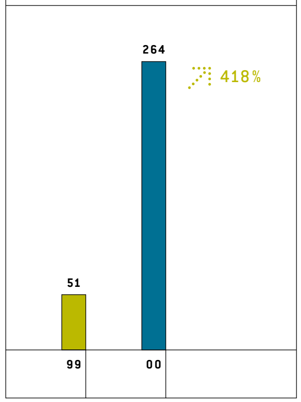


Bell Mobility
revenue
($ millions)

Bell Mobility
subscribers
(thousands)

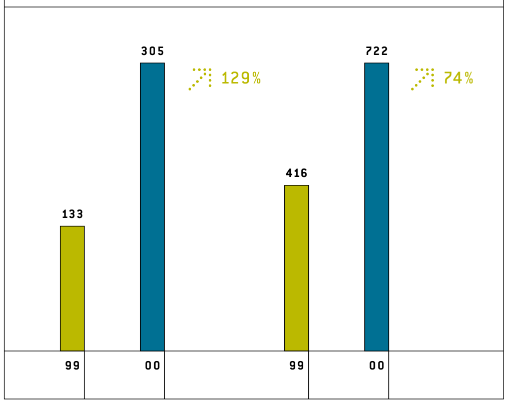


Sympatico High-Speed
subscribers
(thousands)

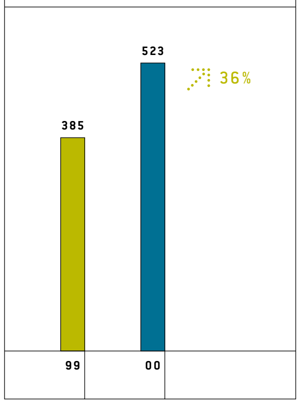


Bell ExpressVu
revenue
($ millions)

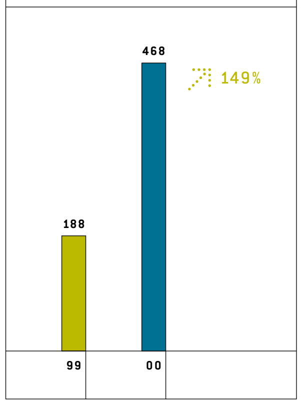
Bell ExpressVu
subscribers*
(thousands)



Teleglobe
data revenue
($ millions)



BCE Emergis
revenue
($ millions)



MANAGEMENT'S REPORT

The accompanying consolidated financial statements of BCE Inc. (the Corporation) and its subsidiaries (collectively BCE), and all information in this annual report, are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in conformity with Canadian generally accepted accounting principles. The financial statements include some amounts that are based on best estimates and judgements of management, and in their opinion present fairly BCE's financial position, results of operations and cash flows. Financial information presented elsewhere in the annual report is consistent with that in the financial statements.

Management of BCE, in furtherance of the integrity and objectivity of the financial statements, has developed and maintains a system of internal controls and supports an extensive program of internal audits. Management believes the internal controls provide reasonable assurance that financial records are reliable and form a proper basis for the preparation of financial statements and that BCE's assets are properly accounted for and safeguarded. The internal control process includes management's communication to employees of policies which govern ethical business conduct.

The Board of Directors carries out its responsibility for the financial statements in this annual report principally through its Audit Committee, consisting solely of outside and unrelated directors. The Audit Committee reviews the Corporation's annual consolidated financial statements and other information in the annual report, and recommends their approval by the Board of Directors. Additional responsibilities of the Audit Committee are outlined on page 63 of this annual report. The internal and the shareholders' auditors have free and independent access to the Audit Committee.

These financial statements have been audited by the shareholders' auditors, Deloitte & Touche LLP, Chartered Accountants.

Jean C. Monty
Chairman and
Chief Executive Officer

Siim A. Vanaseija
Chief Financial Officer

Gary M. Davis
Vice-President and
Corporate Controller

February 28, 2001

AUDITORS' REPORT

To the Shareholders of BCE Inc.

We have audited the consolidated balance sheets of BCE Inc. as at December 31, 2000 and 1999 and the consolidated statements of operations, retained earnings and cash flows for the years then ended as they appear on pages 36 to 60. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants

Montréal, Québec
February 28, 2001

This management's discussion and analysis of financial condition and results of operations (MD&A) for the year ended December 31, 2000 focuses on the results of operations and financial situation of BCE Inc. and its subsidiaries, joint ventures and significantly influenced companies (collectively BCE) by principal operating groups of BCE and should be read in conjunction with the audited consolidated financial statements contained on pages 36 to 60.

Certain sections of this MD&A, and in particular the various outlook sections, contain forward-looking statements with respect to BCE. These forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements. Factors which could cause actual results or events to differ materially from current expectations are discussed on pages 32 to 35 under "FORWARD-LOOKING STATEMENTS".

Certain BCE Inc. subsidiaries and joint ventures publish a more detailed discussion and analysis of their financial condition and results of operations in their year-end documents. You may obtain, once they are available, copies of the following companies' annual reports from the Investor Relations department of BCE Inc. (see p. 64 for contact information): Bell Canada, Aliant Inc. (Aliant), Teleglobe Inc., BCE Emergis Inc. (BCE Emergis), Bell Canada International Inc. (BCI), Telesat Canada (Telesat) and CGI Group Inc. (CGI).

This MD&A reviews the historical 2000 financial condition and results of operations of BCE as it existed on December 31, 2000 and reflects the new operational structure of BCE, which took effect on December 1, 2000. This new operational structure centers BCE's activities around four operating business segments: Bell Canada, Bell Globemedia, Teleglobe and BCE Emergis. All non-core businesses are combined in a new group called BCE Ventures and include BCE's investments in BCI, Telesat, CGI, Excel Communications Inc. (Excel) and other BCE investments. Consequently, all current year and prior year results included in this MD&A have been reclassified to conform with the new operational structure.

HIGHLIGHTS

On January 9, 2001, Bell Globemedia Inc., a Canadian multi-media company in the fields of broadcasting, print and the Internet, was created as a result of the closing of the transaction originally announced on September 15, 2000, when BCE Inc., The Thomson Corporation (Thomson) and The Woodbridge Company Limited (Woodbridge) proposed the creation of a Canadian multi-media company. BCE owns 70.1% of Bell Globemedia Inc. and its principal contributions were its wholly-owned interest in CTV Inc. (CTV) and its 71% interest in Sympatico-Lycos Inc. (Sympatico-Lycos). Thomson owns 20% of Bell Globemedia Inc. and contributed all of the assets and undertakings of The Globe and Mail (division of Thomson Canada Limited) and of Globe Interactive (division of Thomson Canada Limited). Woodbridge owns 9.9% of Bell Globemedia Inc. and contributed $385 million. Bell Globemedia Inc.'s initial capitalization was approximately $4 billion.

On November 16, 2000, BCI, América Móvil S.A. de C.V. (América Móvil) and SBC International, Inc. (SBC International) announced the closing of the September 25, 2000 joint venture agreement and the formation of Telecom Américas Ltd. (Telecom Américas), a new facilities-based communications company, which will serve as the partners' principal vehicle for expansion in Latin America. The September 25, 2000 agreement was originally entered into with Telefonos de Mexico S.A. de C.V. (Telmex). However, Telmex subsequently assigned its rights in the joint venture agreement to América Móvil which now holds the cellular operations and most of the international investments of Telmex. BCI and América Móvil each hold a 44.3% interest in Telecom Américas while SBC International holds an 11.4% interest. At closing, Telecom Américas' initial capitalization was approximately US$4 billion and included the Latin American assets of BCI (excluding Vésper S.A., Vésper São Paulo S.A. and the Internet service provider, Vento Ltda. (collectively, the Vésper companies) and Axtel S.A. de C.V. of Mexico (Axtel)) and América Móvil's and SBC International's investments in the Brazilian wireless company ATL-Algar Telecom Leste S.A. (ATL). In addition, pursuant to the joint venture agreement and upon receipt of the necessary approvals, América Móvil has undertaken to contribute to Telecom Américas, at no further cost, its interest in the Argentine broadband company, Techtel-LMDS Comunicaciones Interactivas S.A. On February 12, 2001, Telecom Américas entered into an agreement to acquire, for a total purchase price of US$ 950 million, a 100% economic interest in Tess S.A. (Tess), a cellular operator in the Brazilian state of São Paulo. BCI recorded a gain of $530 million upon the contribution of its investments to Telecom Américas at fair value, which is being deferred and amortized on a straight-line basis over approximately 13 years as well as goodwill amounting to $569 million upon the contribution of ATL at fair value by its partners, which is being amortized on a straight-line basis over approximately 12 years.

On November 1, 2000, BCE completed the acquisition of all of the outstanding common shares of Teleglobe Inc. that it did not already own. The aggregate purchase price of $7.4 billion was comprised of $240 million in cash and $7.2 billion in BCE Inc. common shares (approximately 174 million common shares were issued) at $41.20 per BCE Inc. common share, which reflected the average of the high and low of the market value of the shares on November 1, 2000. This acquisition was accounted for using the purchase method. At the date of the financial statements included in this annual report, the purchase price allocation process had not yet been finalized. Therefore, the carrying value of the assets and liabilities are subject to change. The preliminary determination of goodwill was approximately $8.0 billion, which is being amortized on a straight-line basis over 20 years. Outstanding Teleglobe Inc. stock options will continue to be exercisable in accordance with their original terms and conditions. However, Teleglobe Inc. stock option holders will receive, upon exercise of the options, 0.91 of a BCE Inc. common share for each Teleglobe Inc. stock option held.

In May 2000, BCE distributed an approximate 35% interest in Nortel Networks Corporation (Nortel Networks) to BCE common shareholders. BCE common shareholders received, for each common share of BCE held, approximately 1.57 post-split common shares of Nortel Networks. Consequently, BCE's results prior to May 2000 reflect its 35% interest in Nortel Networks as a discontinued operation. This transaction was recorded as a distribution (dividend) to shareholders at the pro-rata carrying value of BCE' s approximate 37% interest in Nortel Networks prior to the distribution. This resulted in a decrease to investment in Nortel Networks related to the discontinued operations of approximately $10.0 billion, a decrease in retained earnings of approximately $10.1 billion (including transaction costs of $70 million), and an increase in currency translation adjustment of $150 million. BCE's remaining interest (approximately 2%) in Nortel Networks is now being recorded as an investment at cost.

TABLE 1 RESULTS BY OPERATING GROUP[1]

($ millions, except per share amounts) For the years ended December 31		2000	1999	Increase (Decrease)
REVENUES				
Bell Canada[2,3]		**15,791**	14,504	1,287
Bell Globemedia[4]		**98**	3	95
Teleglobe[5]		**326**	–	326
BCE Emergis		**468**	188	280
BCE Ventures		**2,064**	1,810	254
Corporate and Other (including intercompany eliminations)		**(653)**	(503)	(150)
Total revenues		**18,094**	16,002	2,092
Adjustment for Aliant[3]		**–**	(1,788)	1,788
Total revenues – as reported		**18,094**	14,214	3,880
CONTRIBUTION TO NET EARNINGS APPLICABLE TO COMMON SHARES				
Bell Canada	– Operations	**1,099**	1,117	(18)
	– Special items	**(105)**	(93)	(12)
		994	1,024	(30)
Bell Globemedia	– Operations	**22**	–	22
	– Special items	**(100)**	–	(100)
		(78)	–	(78)
Teleglobe	– Operations	**(60)**	–	(60)
	– Special items	**(177)**	–	(177)
		(237)	–	(237)
BCE Emergis	– Operations	**16**	(2)	18
	– Special items	**(225)**	(67)	(158)
		(209)	(69)	(140)
BCE Ventures	– Operations	**52**	71	(19)
	– Special items	**157**	(377)	534
		209	(306)	515
Corporate and Other (including intercompany eliminations)				
	– Operations	**159**	–	159
	– Special items	**48**	4,420	(4,372)
		207	4,420	(4,213)
Earnings from continuing operations		**886**	5,069	(4,183)
Discontinued operations		**3,975**	390	3,585
Net earnings		**4,861**	5,459	(598)
Dividends on preferred shares		**(79)**	(93)	14
Net earnings applicable to common shares		**4,782**	5,366	(584)
Special items[6]		**(3,573)**	(4,273)	700
Cash baseline earnings		**1,209**	1,093	116
NET EARNINGS PER COMMON SHARE				
Continuing operations		**1.26**	7.74	(6.48)
Net earnings		**7.43**	8.35	(0.92)
Cash baseline earnings		**1.81**	1.70	0.11

In April 2000, BCE completed the acquisition of all of the outstanding common shares of CTV, including the CTV common shares held by Electrohome Broadcasting Inc., for a cash consideration of approximately $2.3 billion. CTV, including its subsidiary NetStar Communications Inc. (NetStar), is a conventional and specialty broadcaster with a local presence across Canada. The CTV shares were transferred to a trustee pending receipt of the Canadian Radio-television and Telecommunications Commission (CRTC) and other regulatory approvals which were obtained on December 7, 2000. During the time the shares were held by the trustee, the investment in CTV was accounted for using the equity method. Starting in December 2000, BCE's results reflect the consolidation of CTV. As part of the CRTC approval process, an additional 10% (approximately $230 million) of the value of the transaction will be spent by the year 2007 on initiatives that will benefit the Canadian broadcasting industry (benefits package). The cost of the benefits package has been included as part of the purchase price for the acquisition of CTV, for a total purchase price of approximately $2.5 billion. The acquisition was accounted for using the purchase method. The allocation of the purchase price was to tangible assets for $1.7 billion, tangible liabilities for $1.1 billion, and goodwill for $1.9 billion. Goodwill is being amortized on a straight-line basis over 20 years.

1 Prior year figures have been restated to conform with the current year's presentation.
2 Represents the consolidation of Bell Canada Holdings Inc. (BCH) with Bell Canada, its consolidated subsidiaries, and BCE's 100% interest in Bell ExpressVu Limited Partnership (Bell ExpressVu). BCH owns 100% of Bell Canada. Since June 1, 1999, BCE Inc. owns 80% of BCH, the remaining 20% is owned by SBC Communications Inc. (SBC).
3 Effective January 2000, BCE increased its ownership interest in Aliant. At December 31, 2000, Aliant was approximately 39% held by Bell Canada and approximately 14% held by BCE Inc. Therefore, in 2000, Aliant is consolidated and included in the Bell Canada segment. For improved comparability, Aliant's revenues for 1999 are also presented on a consolidated basis. An adjustment of $1,788 million for 1999 is required to reconcile to revenues reported for these periods in the audited financial statements contained on pages 36 to 60.
4 The Bell Globemedia segment includes the results of CTV and Sympatico-Lycos. CTV is accounted for using the equity method from April 1, 2000 to November 30, 2000. Effective December 1, 2000, CTV's results are consolidated.
5 Effective November 1, 2000, the Teleglobe segment is comprised of the results of the Teleglobe Communications group.
6 Includes (on an after tax basis) BCE's share of: discontinued operations; goodwill expense which includes the amortization of goodwill for subsidiaries and significantly influenced companies; results of BCI; gains on reduction of ownership in subsidiary and significantly influenced companies; restructuring and other charges; net gains on disposal of investments; and amortization of purchased in-process research and development expense.

RESULTS BY OPERATING GROUP

Overview

BCE's 2000 cash baseline earnings (net earnings applicable to common shares, excluding special items) increased $116 million or 11% to $1,209 million compared with 1999. The improved results for the year ended December 31, 2000 primarily reflected:

- improved results of $159 million at Corporate and Other driven primarily by higher interest income and lower financing costs;
- increased contribution from Bell Globemedia of $22 million, due mainly to the inclusion of CTV's results effective April 1, 2000;
- improved results from BCE Emergis of $18 million, mainly due to the acquisition by BCE Emergis of United Payors and United Providers, Inc. (UP&UP) in the first quarter of 2000;

partially offset by:

- decreased contribution from Teleglobe of $60 million, which was consolidated effective November 1, 2000;
- decreased contribution of $18 million from the Bell Canada segment due mainly to the 20% reduction in ownership interest which occurred on June 1, 1999, as a result of a strategic partnership formed between BCE Inc. and Ameritech Corporation (a wholly-owned subsidiary of SBC (SBC/Ameritech)) as well as decreased earnings from Bell ExpressVu; and
- a decreased contribution of $19 million from BCE Ventures.

BCE's net earnings applicable to common shares were $4,782 million for 2000 compared with net earnings applicable to common shares of $5,366 million for 1999. Included in BCE's net earnings for 2000 were special items of $3,573 million. Special items for 1999 were $4,273 million.

BCE's comparative quarterly financial data for each of the eight most recently completed quarters is presented on p.61 of this annual report.

Special Items

The special items for 2000 related mainly to the following:

- earnings from discontinued operations (Nortel Networks) of $4,055 million. In May 2000, BCE distributed to BCE Inc. common shareholders an approximate 35% ownership interest in Nortel Networks. Accordingly, BCE's share of Nortel Networks' results were classified as discontinued operations, and were no longer included in BCE's cash baseline earnings. Included in the earnings from discontinued operations was a $4.2 billion dilution gain on the reduction of BCE's ownership interest in Nortel Networks, from 39% to 37%, primarily as a result of Nortel Networks' acquisitions, through the issuance of shares, of Qtera Corporation (Qtera), Clarify Inc. (Clarify), and Promatory Communications Inc. (Promatory) and the issuance of shares by Nortel Networks under its stock option plans; and
- BCE's share of BCI's net earnings of $185 million;

partially offset by:

- goodwill expense of $485 million; and
- losses from discontinued operations (ORBCOMM Global L.P. (ORBCOMM)) of $80 million. On September 15, 2000, ORBCOMM voluntarily filed a petition for protection under Chapter 11 of the U.S. Bankruptcy Act. Consequently, BCE's results reflect a $60 million after tax write-down relating to its proportionate interest in ORBCOMM as a discontinued operation. BCE's proportionate interest in ORBCOMM's losses, on the consolidated statement of operations, have been reclassified from Equity in net earnings (losses) of significantly influenced companies to Discontinued operations.

The special items for 1999 related mainly to the following:

- a $4.2 billion dilution gain on the reduction of BCE's ownership in Bell Canada from 100% to 80%, as a result of the SBC/Ameritech partnership, for cash proceeds of $5.1 billion;
- earnings from discontinued operations (Nortel Networks) of $390 million. Included in the earnings from discontinued operations was a $591 million dilution gain on the reduction of BCE's ownership interest in Nortel Networks, from 40% to 39%, as a result of Nortel Networks' acquisitions, through the issuance of shares, of Periphonics Corporation and Shasta Networks, Inc. as well as the issuance of shares by Nortel Networks under its stock option plans; and
- a $234 million gain on the sale of BCE's interest in Jones Intercable Inc. (Jones) for net cash proceeds of $763 million;

partially offset by:

- BCE's share of BCI's losses of $354 million;
- restructuring and other charges of $201 million relating primarily to Bell Canada ($127 million) and to the write-down of BCE's investment in Skyview Media Group Inc. ($62 million), a provider of foreign language ethnic media service to the American market, in the third quarter of 1999; and
- goodwill expense of $100 million.

Consolidated Revenues

Total revenues as reported, inclusive of the consolidated results of Aliant (as of January 1, 2000), CTV (as of December 1, 2000) and Teleglobe (as of November 1, 2000), increased $3,880 million or 27% compared with last year. Total revenues, including Aliant's revenues in 1999, increased $2,092 million or 13% compared with the same periods last year. These increases were mainly due to two month's consolidation of revenue for Teleglobe Inc. ($561 million), one month's consolidation of revenue for CTV ($70 million) as well as strong revenue growth at Bell Canada and BCE Emergis.

Consolidated EBITDA

Consolidated EBITDA (earnings before interest expense, income taxes, depreciation and amortization and excluding net benefit plans credit and restructuring and other charges) for BCE, including Aliant's results in 1999, increased $545 million or 9% to $6.7 billion compared with last year. The increases were mainly attributable to EBITDA growth at Bell Canada and BCE Emergis, partially offset by a lower EBITDA at BCE Ventures.

Outlook

BCE's focus in 2001 will be the execution of the strategies put in place in 2000 by seeking to drive growth at Bell Canada through continued investment in key areas, seeking to build greater connections between the Bell Canada segment and Bell Globemedia to provide innovative and integrated services to its customers, seeking to continue the turnaround at Teleglobe by increasing data revenue, and seeking to continue BCE Emergis' expansion primarily in the U.S. market.

Bell Canada segment

This segment provides an integrated platform of substantially domestic telecommunications services including voice, data, wireline, wireless and directory communications as well as satellite entertainment to Canadian customers. The results of the Bell Canada segment discussed in this MD&A represent the consolidation of Bell Canada Holdings Inc. (BCH) with Bell Canada and its consolidated subsidiaries (including Bell Mobility Inc. (Bell Mobility), BCE Nexxia Inc. (carrying on business in Canada under the name Bell Nexxia), Bell ActiMedia Inc. (Bell ActiMedia), Northern Telephone Limited, Northwestel Inc. and Télébec ltée), and its significantly influenced investments, Manitoba Telecom Services Inc. (MTS) and Bell Intrigna Inc. (Bell Intrigna). BCE Inc. owns 80% of BCH. The remaining 20% ownership interest in BCH is held by SBC. In addition, the segment includes the consolidation of Aliant (approximately 39% held by Bell Canada and approximately 14% held by BCE Inc.) as well as BCE Inc's 100% interest in Bell ExpressVu Limited Partnership (Bell ExpressVu). In order to provide more meaningful comparative financial information, results for 1999 have been restated to reflect the consolidation of Aliant at 41% (for statutory purposes, Aliant is consolidated effective January 1, 2000).

OVERVIEW

On February 7, 2001, Bell Canada, La Confédération des caisses populaires et d'économie Desjardins du Québec (Desjardins) and Connexim, Limited Partnership (Connexim) announced a strategic telecommunications alliance. As part of the alliance, the parties have concluded a seven year agreement of an approximate value of $400 million under which Bell Canada will ensure the migration of the Desjardins telecommunications network to a new technology and Connexim will assume the management of Desjardins' telecommunications operations. The alliance also formalizes Desjardins' participation as a Connexim partner. Connexim is a limited partnership which is also owned by Bell Canada and Hydro-Quebec.

On February 5, 2001, BCE announced plans to develop a new technology that will integrate high-speed Internet access with satellite television and enhanced digital storage. This new technology, designated "ComboBox", would combine **Sympatico High Speed Edition**™ Digital Subscriber Line (DSL) Internet access service and Bell ExpressVu satellite television service with content from Bell Globemedia. Trials are expected later in 2001 with a commercial service launch anticipated in 2002.

On February 1, 2001, Bell Mobility announced that it had successfully bid on 20 new personal communications services (PCS) spectrum licenses in Industry Canada's auction for a total investment of approximately $720 million. These new licenses should enable Bell Mobility, together with its Bell Wireless Alliance (BWA) partners (Aliant, MTS and Saskatchewan Telecommunications Holding Corporation) to deliver third generation wireless services. Furthermore, the licenses acquired in Alberta and British Columbia, and the additional licenses acquired in Southern Ontario, should permit Bell Mobility to deliver a full range of services on a national basis. The spectrum licenses have been won on a provisional basis until processed by Industry Canada as per the auction closure guidelines and procedures. Payment of the license fees is due on March 15, 2001 and final ownership of the new licenses is expected to be confirmed by Industry Canada shortly thereafter.

On January 31, 2001, Bell Canada and Amdocs Limited (Amdocs), a company specializing in telecommunications customer care and billing solutions, announced the creation of a new company, Certen Inc. (Certen), in which Bell Canada holds a majority interest. Certen's initial focus will be on the deployment of an integrated billing platform for all of Bell Canada's services including local, long distance, wireless, broadband, and Internet services. Certen is expected to eventually broaden its scope to meet the billing needs of other companies inside and outside the Bell Canada and BCE group. Wireline and wireless integrated billing is expected to be available to all Bell Canada residential customers by the end of 2001. Bell Canada and Amdocs will invest a total of approximately $200 million in Certen.

On January 7, 2001, Stratos Global Corporation (Stratos), a subsidiary of Aliant (63% held by Aliant), announced the closing of its August 31, 2000 agreement to acquire the Inmarsat, VSAT and aeronautical businesses of British Telecommunications plc., a provider of remote communications solutions to customers world-wide. The total cash consideration of approximately $340 million was financed through credit facilities in the amount of US $380 million of which US $150 million of Stratos' obligations under the new facility was guaranteed by Aliant. The acquisition was recorded effective December 31, 2000.

On November 2, 2000, the Government of Alberta announced the award of a $300 million contract to a consortium of global and provincial technology companies, headed by Bell Intrigna and including Bell Nexxia, to build and implement a high-speed, broadband Internet network.

On September 27, 2000, Bell Canada, Canadian Imperial Bank of Commerce, The Bank of Nova Scotia (Scotiabank), Desjardins and BCE Emergis announced plans to launch a new e-procurement company, Procuron Inc. (Procuron). The new company, which began operating in November 2000, uses combined purchasing volumes, along with its strategic sourcing and e-commerce expertise, to provide Canadian businesses

TABLE 2 TOTAL BELL CANADA SEGMENT OPERATING REVENUES[1]

For the years ended December 31 ($ millions)	2000	1999	% Change
Local and access	**6,018**	5,714	5
Long distance	**2,850**	2,909	(2)
Wireless	**1,515**	1,336	13
Data	**2,895**	2,269	28
DTH[2]	**305**	133	129
Terminal sales, directory advertising and other	**2,208**	2,143	3
Total	**15,791**	14,504	9

NUMBER OF NETWORK ACCESS SERVICES[3]

At December 31 (thousands)	2000	1999	% Change
Residence	**8,642**	8,570	1
Business	**4,719**	4,548	4
Total	**13,361**	13,118	2

1 Revenues have been restated primarily to reflect the new data revenue line item.
2 Direct-to-home (Bell ExpressVu) satellite television service revenues.
3 Network access services represent, approximately, the number of lines in service.

Sympatico High Speed Edition is a trade-mark of Bell ActiMedia Inc.

and emerging vertical exchanges with a national business-to-business exchange to buy business products and services.

On March 27, 2000, Bell Canada announced plans to invest $1.5 billion over three years to rapidly expand and enhance high-speed Internet availability for Bell Canada's residential and business customers. Bell Canada's high-speed Internet services are enabled by both DSL and optical fibre technologies. The $1.5 billion investment has started and will continue to be used to upgrade and expand DSL as well as other technologies, to upgrade Bell Canada's access network using optical fibre and to extend optical fibre into Bell Canada's residential access network in order to accelerate its high-speed Internet connectivity to reach 70% of its residential and business customers by the end of 2000 and over 85% by the end of 2002. At the end of 2000, nearly 70% of all residential and business lines within Bell Canada's (Quebec and Ontario) territory were eligible for DSL service.

In January 2000, BCE Inc. completed the acquisition of 15.8 million outstanding common shares of Aliant at $27.50 per share, for a total consideration of $434.5 million. This brought BCE's total ownership, as at January 2000, in Aliant to 54% (approximately 41% held by Bell Canada and approximately 13% held by BCE Inc.). At December 31, 2000, Aliant was approximately 39% held by Bell Canada and approximately 14% held by BCE Inc. Certain put and call options were put in place which, if exercised, will transfer the shares acquired by BCE Inc. to Bell Canada on agreed upon terms.

ANALYSIS AND DISCUSSION OF THE BELL CANADA SEGMENT'S RESULTS

The Bell Canada segment's contribution to BCE's cash baseline earnings decreased $18 million or 2% for 2000 compared with 1999 primarily due to the 20% reduction of BCE's ownership interest in Bell Canada resulting from BCE's strategic partnership with SBC/Ameritech on June 1, 1999. In addition, the segment's contribution to BCE was negatively impacted by Bell ExpressVu, due to the continued cost of expansion of Bell ExpressVu's direct-to-home (DTH) satellite television service.

The Bell Canada segment's net earnings applicable to common shares increased $104 million to $1,266 million for 2000 compared with 1999 reflecting a $160 million increase in net earnings applicable to common shares from Bell Canada, partially offset by a $56 million decrease from Bell ExpressVu. The results for 2000 mainly reflected increased operating revenues, partially offset by higher cash operating expenses, a reduced net benefit plans credit, higher interest expense, lower other income, higher interest on equity-settled notes and higher depreciation and amortization expense. Additionally, the results for 1999 were impacted by restructuring and other charges.

TABLE 3 BELL CANADA SEGMENT RESULTS

For the years ended December 31 ($ millions)	2000	1999
Revenues	**15,791**	14,504
EBITDA	**6,520**	5,991
Cash Baseline Earnings	**1,099**	1,117

OPERATING REVENUES

Local and access

Local and access revenues are earned principally by connecting business and residential customers to Bell Canada's network and providing them with local area service. Local and access revenues also include revenues from the provision of **SmartTouch**™ services (for example, call waiting and call display) to residential and business customers as well as payments from competitors accessing Bell Canada's local network, consumer terminal sales, and operator and directory assistance charges. Local and access revenues increased $304 million for 2000 compared with 1999 mainly due to higher **SmartTouch**™ services revenues of 22% for 2000, which were positively impacted by the increased penetration of these services combined with price increases. Penetration of capable network access services was approximately 57% in 2000, with each customer taking on average over three features and generating over $13 in monthly revenues. Bell Canada's local market share at December 31, 2000 decreased by approximately 1.6 percentage points, compared with the same period last year, to an estimated market share of 97.1%. Also contributing to the increase in local and access revenues were higher consumer terminal sales and growth in network access services (primarily business line growth).

Long distance

Long distance revenues include long distance voice revenues, as well as long distance settlement payments. Long distance revenues decreased $59 million for 2000 compared with 1999, primarily as a result of lower average prices partially offset by increased service volumes and higher settlement payments. The decline in average prices was primarily due to the increased penetration of discount calling plans for the consumer market, such as **First Rate**™. The increased penetration of these discount calling plans has led to an increase in long distance services volumes, as measured in conversation minutes of 1,492 million or 9% to 17,898 million for 2000 compared with 1999. Bell Canada's share of the long distance market, as at December 31, 2000, decreased by 1.1 percentage points, compared with December 31, 1999, to an estimated market share of 61.0%. The decrease in long distance voice revenues is consistent with the trend which began in the early 1990's with the deregulation of long distance services. Higher long distance settlement payments resulted primarily from an increased volume in inbound overseas traffic.

Wireless

Wireless revenues are primarily derived from the provision of cellular, PCS, paging and wireless data communications services, as well as airline passenger communications and wireless consulting services offered by Bell Canada's subsidiaries, but primarily by Bell Mobility. The increase in wireless revenues of $179 million for 2000 compared with last year was primarily driven by increased wireless revenues from Bell Mobility resulting mainly from a higher cellular and PCS subscriber base, partially offset by lower average revenue per cellular and PCS subscriber. Bell Mobility's average revenue per subscriber decreased from $51 per month for 1999 to $46 per month for 2000. However, average revenue per subscriber increased from $44 per month in the first and second quarter of 2000 to $48 per month in the last two quarters of 2000. The decrease in average revenue per subscriber for the year reflects the combined impact of increased competition in the wireless market and the growth in prepaid subscribers.

At December 31, 2000, Bell Mobility had 2,340,000 cellular and PCS subscribers, of which 1,442,000 were cellular subscribers and 898,000 were PCS subscribers, reflecting net additions of 495,000 or 28% (of which 63% were postpaid subscribers) from December 31, 1999. Included in the total subscriber base at December 31, 2000 were 692,000 prepaid subscribers and 1,648,000 postpaid subscribers

SmartTouch is a trade-mark of Stentor Resource Centre Inc.
First Rate is a trade-mark of Manitoba Telecom Services Inc.

(which includes a one-time transfer of 48,000 **SimplyOne**™ subscribers from Bell Canada) compared with 509,000 and 1,288,000, respectively, at December 31, 1999. In addition, average postpaid churn decreased 0.3 percentage points to 1.5% per month for 2000 compared with 1999.

Data

Data revenues include digital transmission services such as **Megalink**™, network access for Integrated Services Digital Network (ISDN) and Data, as well as Asymmetric Digital Subscriber Line (ADSL), competitive network services, national and regional IP data, sale of inter-networking equipment and cabling, and Internet related services. Data revenues increased $626 million or 28% to $2,895 million for 2000 compared with last year. The increase in data revenues was primarily due to growth in the provision of IP/Broadband, Internet related services and competitive network services, as well as increased sales of inter-networking equipment and cabling.

At December 31, 2000, residential high-speed Internet subscribers totaled approximately 299,000 compared with approximately 64,000 subscribers at December 31, 1999. In addition, Bell Canada's share of the market in Quebec and Ontario was 34%. Total residential Internet subscribers amounted to approximately 1,062,000 at December 31, 2000 compared with approximately 633,000 subscribers at December 31, 1999.

DTH

DTH revenues primarily reflect revenues generated from direct-to-home satellite service, including programming and Pay-Per-View revenues. Revenues at Bell ExpressVu grew by $172 million or 129% compared to 1999, which was mainly driven by significant subscriber growth. At December 31, 2000, Bell ExpressVu had approximately 722,000 subscribers compared with 416,000 subscribers at December 31, 1999, reflecting an increase of 74%. The increase in average revenue per subscriber from $44 at December 31, 1999 to $47 at December 31, 2000 was mainly attributable to higher Pay-Per-View revenues per subscriber and higher priced packages offered in 2000.

Terminal sales, directory advertising and other

Terminal sales, directory advertising and other revenues are primarily derived from the rental, sale and maintenance of business terminal equipment and from directory advertising as well as system integration and network management services. Terminal sales, directory advertising and other revenues increased $65 million for 2000 compared with 1999 principally due to increased contribution from Aliant and higher revenues from directory advertising.

OPERATING EXPENSES

Cash operating expenses

The Bell Canada segment's cash operating expenses increased $758 million for 2000 compared with 1999 principally due to higher costs associated with volume increases related mainly to the provision of IP/Broadband, Internet services, satellite television service and terminal equipment sales, partially offset by lower long distance settlement payments.

At December 31, 2000, the total number of employees was 56,608 which increased by 2,321 employees from December 31, 1999 reflecting Aliant's acquisition, the growth in satellite television service and an increased workload related to network installations. Total salaries and wages for 2000 were $2,914 million, representing an $86 million increase compared with last year primarily due to the higher employee base.

EBITDA (operating revenues less cash operating expenses)

EBITDA was $6,520 million for 2000 representing an increase of $529 million compared with 1999, reflecting a $541 million increase from Bell Canada, partially offset by higher losses of $12 million from Bell ExpressVu. Overall, the higher operating revenues as driven by increased revenues from data, local and access, including **SmartTouch**™ services, wireless and DTH revenues more than offset higher cash operating expenses. The higher losses from Bell ExpressVu relate primarily to higher operating expenses relating to the significant revenue growth, as well as higher costs associated with more aggressive marketing programs in response to market competition.

Net benefit plans credit

The Bell Canada segment's net benefits plan credit of $112 million for 2000 decreased $99 million, compared with 1999, primarily as a result of the adoption of the recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3461, *Employee Future Benefits,* effective January 1, 2000. (See "ADOPTION OF NEW ACCOUNTING STANDARDS" on page 32).

Depreciation and amortization

Depreciation and amortization expense of $2,829 million for 2000, increased $19 million compared with 1999, primarily due to increased capital expenditures to support the growth of satellite television services and higher amortization of goodwill expense generated by the additional investment in Bell Mobility in October 1999 and by the various acquisitions made by Aliant in 2000. The increase in depreciation was partially offset by lower net average plant in service during the year and the impact of updated depreciation rates (effective January 2000) for certain outside plant assets.

Restructuring and other charges

In 1999, Bell Canada recorded a pre-tax charge of $267 million ($141 million after tax and non-controlling interest) representing restructuring and other charges of $163 million and $104 million, respectively. The restructuring charges, mainly employee severance (for approximately 2,600 employees) and directly related incremental costs, resulted principally from the decision to outsource a portion of the Operator Services group, the windup of Stentor Cana-

TABLE 4 BELL CANADA SEGMENT OPERATING EXPENSES

For the years ended December 31 ($ millions)	2000	1999	% Change
Cash operating expenses	**9,271**	8,513	9
Net benefit plans credit	**(112)**	(211)	47
Depreciation and amortization	**2,829**	2,810	1
Restructuring and other charges	**–**	345	n.m.
Total	**11,988**	11,457	5

n.m.: not meaningful

SimplyOne is a trade-mark of Saskatchewan Telecommunications Holding Corporation.
Megalink is a trade-mark of Stentor Resource Centre Inc.

dian Network Management and cost rationalization within other operating groups. These restructuring programs were substantially completed by the end of 2000. Other charges related mainly to the write-down of the Iridium investment. At December 31, 2000, the remaining balance of the restructuring provision was $47 million ($130 million in 1999). This provision was comprised primarily of unpaid severance payments to the members of the Operator Services group for $15 million ($60 million in 1999) and other unpaid incremental costs of $2 million ($12 million in 1999) associated with the outsourcing of the Operator Services group. In addition, the remaining balance of the restructuring provision included $18 million ($30 million in 1999) for costs associated with the 1998 restructuring program relating to the rationalization of real estate.

In the third quarter of 1999, Aliant recorded a pre-tax charge of $78 million ($18 million after tax and non-controlling interest) relating to restructuring activities associated with the combination on May 31, 1999, of Bruncor Inc., Maritime Telegraph and Telephone Company, Limited and NewTel Enterprises Limited to form Aliant. The restructuring charge primarily included the cost associated with voluntary early retirement programs, employee transfer costs and other integration costs. At December 31, 2000, the balance of this provision totaled approximately $11 million ($78 million for 1999), which will be reduced in early 2001 on completion of combination activities.

INTEREST EXPENSE

Interest expense of $1,028 million for 2000, increased $132 million compared with 1999, primarily due to higher financing costs associated with asset transfers from BCE on June 1, 1999 as part of the strategic partnership formed by BCE and SBC/Ameritech.

OTHER EXPENSE (INCOME)

Other expense was $65 million for 2000, compared with other income of $136 million in 1999. The change was mainly due to higher net gains on the disposal of investments in 1999 totaling $127 million, including a net gain of $89 million on the sale of Bell Canada's interest in Phone.Com, Inc.

HEDGE OF SPECIAL COMPENSATION PAYMENTS (SCPs)

BCE grants from time to time options to purchase BCE Inc. common shares to officers and key employees of Bell Canada and its subsidiaries. Prior to 2000, simultaneously with the grant of an option, an officer or key employee of Bell Canada or one of its subsidiaries may also have been granted, by the employer, the right to SCPs. In May 2000, BCE distributed to its common shareholders an approximate 35% interest in Nortel Networks. As a result of this distribution of Nortel Networks common shares, the then outstanding BCE Inc. options were divided into options over BCE Inc. and Nortel Networks common shares, and the related SCPs were appropriately adjusted. As a result, SCP right holders now have, for each SCP right held prior to the distribution, SCP rights related to the increase in price of both the BCE Inc. and Nortel Networks common shares over the exercise prices of the related options. Bell Canada has designated approximately 5 million Nortel Networks common shares, that it acquired from BCE Inc., as a hedge of its exposure to outstanding rights to SCPs relating to options over Nortel Networks common shares. In addition, during the second quarter, Bell Canada entered into forward contracts to hedge its exposure to outstanding rights to SCPs related to options over BCE Inc. common shares.

OUTLOOK

During 2001, the Bell Canada segment will continue to pursue its growth strategy of transitioning its revenue base from voice to wireless and data, as well as building a convergence platform through integrated billing and advanced interactive services. The segment will seek to drive revenue growth through focused execution of various revenue generation initiatives including new product development and enhancements, increased marketing efforts and targeted price increases. It is expected that the Bell Canada segment's revenue performance will capitalize on the growth in demand for IP/Broadband services, and increasing penetration of the satellite television, wireless and high-speed Internet access markets. In addition, the Bell Canada segment, as part of BCE's overall convergence strategy, will seek to power DSL with satellite television services and content in order to maximize customer value. Furthermore, the Bell Canada segment will seek revenue growth from network access services and from increased penetration of SmartTouch™ features. It is anticipated that the potential increase in local service competition and continued price competition in the long distance and wireless markets will exert downward pressure on revenues.

The Bell Canada segment anticipates moderate increases in cash operating expenses for 2001, primarily related to revenue growth initiatives, which are expected to be partially offset by productivity initiatives and lower settlement payments to other telecommunications companies. Depreciation and amortization expense is expected to increase in 2001 compared to 2000 due mostly to continued substantial capital expenditures to support growth strategies.

During 2001, the Bell Canada segment will seek to achieve EBITDA growth through improvements in its core business (achieved mainly through increased revenues and productivity improvements), and will seek continued EBITDA growth in its wireless and IP/Broadband businesses. This EBITDA growth should be partially offset by the negative EBITDA impact associated with investments in areas of strategic importance, which, however, are expected to contribute significantly to EBITDA over the longer term.

REGULATORY DECISIONS

On February 2, 2001, in Order 2001-100, the CRTC ruled that savings realized by Bell Canada from recent reductions in the Ontario Gross Receipts Tax qualify for exogenous treatment in the Price Caps regime. Accordingly, downward price cap adjustments will be made in 2001. No adjustments will be made to reflect savings associated with uncapped revenues nor will any adjustments be made to reflect any savings realized in 1999. For 2000, the CRTC has ordered that the savings associated with capped services should be amortized over two years beginning in 2001. The required price cap adjustment for 2001 will be in the order of 60% of the total in year savings to be realized.

On January 25, 2001, the CRTC issued Decision 2001-23 regarding the terms and conditions of access by Canadian carriers to municipal property, as well as the entitlement of municipalities to compensation for allowing Canadian carriers to occupy municipal rights-of-way. While this decision was limited to Vancouver, it is of importance to all carriers requiring access to municipal rights-of-way. By limiting municipalities to recovery of incremental costs, the CRTC has significantly reduced the potential charges applicable to Bell Canada and other carriers. It is difficult to assess the financial implications of the decision at this time as it is expected that other parties will be carefully considering their option to appeal.

On December 18, 2000, the CRTC in Orders 2000-1148 and 1149 denied Bell Canada's applications to increase the rates for various calling features. This denial has a revenue impact on Bell Canada of approximately $50 million annually. On December 22, 2000, Bell Canada filed an application with the CRTC seeking to vary these Orders as Bell Canada believes these decisions are inconsistent with the parameters established for the current regulatory regime. Bell Canada has requested approval of the rates originally proposed.

On November 30, 2000, the CRTC issued Telecom Decision 2000-745 changing the contribution regime for local service subsidies in high cost areas from a company specific long-distance per minute charge to a nationally averaged surcharge of 4.5% on all Canadian telecommunications revenues. This change, effective January 1, 2001, will have an overall net negative impact on the EBITDA of the Bell Canada segment in 2001 of approximately $70 million. Bell Canada and Bell Mobility have requested that the CRTC vary the terms of its decision as it affects 2001. The requested variance, if granted, would substantially reduce the negative financial impact for 2001. However, the CRTC has the discretion to reject the requested variance or to accept it in whole or in part.

On June 28, 2000, the Governor In Council (GIC) announced that it had dismissed appeals of Telecom Decisions 99-15: Unbundled Local Loop Service Order Charges (filed by Call-Net Enterprises Inc.), 99-16: Telephone Service to High Cost Serving Areas (filed by the Governments of Manitoba and Saskatchewan and other parties) and 99-20: Review of Frozen Contribution Rate Policy (filed by AT&T Canada Corp. and other parties). In addition to upholding the CRTC decisions, the GIC also required that the CRTC report annually over a five-year period on the status of telecommunications competition and deployment of advanced services at affordable rates across Canada.

On June 19, 2000, approval of Bell Canada's third annual price cap filing was essentially completed with the CRTC's approval of Tariff Notices (TN) 6465 and TN 6465a. TN 6465 and TN 6465a, which became effective June 19, 2000, allowed Bell Canada to increase prices for single-line residential telephone service for most customers, representing the first such increase for residential customers in over two years. Also included as part of the price cap filings were price decreases, filed and approved earlier in the year, for single-line and Private Branch Exchange services (used by businesses of all sizes), as well as digital data services (used primarily by larger businesses).

In a letter decision, dated March 9, 2000, the CRTC approved a proposal, filed December 13, 1999, by Bell Canada and other Incumbent Local Exchange Carriers (collectively ILECs), to reduce Direct Connect (switching and aggregation) rates paid by competitors to interconnect with ILEC networks. However, the CRTC denied the ILECs' request to offset reduced Direct Connect revenues with an exogenous adjustment to the price cap index. On March 17, 2000, the ILECs appealed the CRTC's decision asking that the CRTC review and vary that part of its decision that disallowed the exogenous factor adjustment. On May 16, 2000 the CRTC issued a decision that reversed its previous position by allowing the ILECs to partially recover the Direct Connect rate reductions.

On March 12, 1999, in Order 99-239, the CRTC established, on an interim basis, the manner in which Bell Canada can recover, over a three-year period, costs associated with local competition start-up and local number portability. The portion to be recovered from services subject to price cap regulation is to be reflected as an exogenous factor in the price cap formula. On February 23, 2000, in Order 2000-145, the CRTC rendered its final decision allowing recovery of approximately $220 million of the estimated $250 million costs.

Bell Globemedia

This segment provides integrated information, communications and entertainment services to Canadian customers and access to distinctive Canadian content that allows the creation of unique destinations for Internet users through various portal properties. This segment is comprised of BCE's wholly-owned interest in CTV (acquired by BCE Inc. in April 2000, see HIGHLIGHTS on page 17), Sympatico-Lycos and other media interests. Starting in 2001, this segment also includes the Globe and Mail and Globe Interactive (see HIGHLIGHTS on page 17).

ANALYSIS AND DISCUSSION OF BELL GLOBEMEDIA'S RESULTS

Increased revenues of $95 million in 2000 compared to 1999 were primarily due to the consolidation of CTV effective December 1, 2000 ($70 million) as well as the creation of Sympatico-Lycos in May 2000.

TABLE 5 BELL GLOBEMEDIA'S RESULTS

For the years ended December 31 ($ millions)	2000	1999
Revenues	**98**	3
EBITDA	**(8)**	(1)
Cash Baseline Earnings	**22**	–

The decrease in EBITDA of $7 million is mainly due to costs associated with the development of the Sympatico-Lycos portal partially offset by the consolidation of CTV.

The increase in cash baseline earnings of $22 million when compared to 1999 is mainly explained by the acquisition of CTV by BCE in April 2000. From April 2000 to December 1, 2000, the CTV shares acquired under BCE's offer were transferred to a trustee until such time as the CRTC and other regulatory approvals required in this transaction were received by BCE. During the time that these shares were held by the trustee, CTV's results were included within Bell Globemedia's results using the equity method of accounting. CRTC approval was received in December 2000 which resulted in the consolidation of CTV into BCE's results.

On a pro-forma basis, Bell Globemedia's revenues of $821 million for 2000 increased by $292 million or 55%, compared with last year. EBITDA increased by $46 million to $143 million. These increases reflect the consolidation of NetStar effective April 1, 2000 and CTV's conventional broadcasting business benefiting from a strong programming line-up and improved ratings.

OUTLOOK

Bell Globemedia's priorities for 2001 will be concentrated on seeking to maintain its leading brand positions, drive synergies between Bell Globemedia' s investments, and create links across the BCE group of companies.

Teleglobe

This segment provides, on a world-wide basis, a broad portfolio of voice, data and Internet services including connectivity services to Internet service providers, Internet content providers, application service providers, carriers and global enterprises. This segment represents the Teleglobe Communications group which was acquired as part of the Teleglobe Inc. acquisition (see HIGHLIGHTS on p. 17).

On November 20, 2000, Teleglobe signed a three-year contract estimated to be worth US $400 million with Nortel Networks for the supply of high-performance Optical Internet solutions throughout Teleglobe's GlobeSystem network. Nortel Networks will supply Teleglobe with a full suite of Optical Internet systems including the OpTera Long Haul 1600 Optical Line System, which will be used to transport high-bandwidth Internet and voice services on GlobeSystem networks in North America, Europe and Asia.

ANALYSIS AND DISCUSSION OF TELEGLOBE'S RESULTS

The increase of $326 million in revenues, $20 million in EBITDA and decreased contribution of $60 million to BCE is explained by the consolidation of Teleglobe into BCE's results effective November 1, 2000.

On a pro-forma basis, Teleglobe's revenues for 2000 were $2,013 million, which were comprised of voice revenue ($1,490 million) and data and internet revenue ($523 million). Voice revenue decreased by approximately 21% compared to 1999, due to a continued decline in rates charged and volume and the disconnection of non profitable customers. Data and Internet revenue increased by approximately 36% compared to 1999 mainly due to an increase in volume of Internet transmissions over Teleglobe's network. EBITDA decreased by $266 million compared to 1999 primarily due to increased selling, general and administration expenses and increased restructuring charges.

OUTLOOK

For 2001, Teleglobe plans to take advantage of the opportunities offered by the data market through the continued expansion of the GlobeSystem network and other initiatives in the hosting and content businesses.

TABLE 6 **TELEGLOBE RESULTS**

For the years ended December 31 ($ millions)	2000	1999
Revenues	**326**	–
EBITDA	**20**	–
Cash Baseline Earnings[1]	**(60)**	–

1 Cash baseline earnings for Teleglobe represent the total cash baseline earnings for Teleglobe Inc. (Teleglobe, Excel and corporate) as no allocation was made of below EBITDA expenses between Teleglobe and Excel for the period from November 1, 2000 to December 31, 2000.

BCE Emergis

This segment represents BCE Emergis Inc., a business to business ("B2B") e-commerce infrastructure provider, strategically focusing on market leadership in the transaction-intensive eHealth and financial services sectors through its three strategic business units (eHealth, Canadian and U.S.). BCE Inc. owns approximately 66% of BCE Emergis.

OVERVIEW

In January 2001, BCE Emergis announced a strategic agreement with J.P. Morgan Treasury Services (J.P. Morgan Chase), a unit of J.P. Morgan Chase & Co., for the implementation of BCE Emergis' B2B electronic invoice presentment and payment solution. J.P. Morgan Chase will use BCE Emergis' e-Invoicing solution to deliver account analyses and invoice statements to its treasury services clients globally and will offer it to its corporate, middle market, financial institution and net marketplace wholesale banking clients to use with their trading partners.

On January 2, 2001, BCE Emergis announced that it had signed a multi-faceted strategic alliance with Descartes System Group (Descartes), a leading provider of global Internet logistic solutions. Through this alliance, BCE Emergis sold its transportation logistic messaging business to Descartes. As part of this alliance, BCE Emergis and Descartes have also signed numerous marketing agreements. BCE Emergis received $25 million in cash and 1.388 million Descartes common shares, which are subject to certain terms and conditions.

As discussed in more detail on page 20 of this MD&A, on September 27, 2000, Bell Canada, CIBC, Scotiabank, Desjardins and BCE Emergis announced plans to launch a new e-procurement company, Procuron.

On September 15, 2000, BCE Emergis completed its acquisition of InvoiceLink Corporation (InvoiceLink) (now "BCE Emergis Technologies, Inc."), a privately-held company which offers Web-based invoicing and payment solutions for B2B applications. Under the terms of the agreement, InvoiceLink was acquired for approximately US $89 million including a US $6 million contingent consideration and paid for in BCE Emergis shares and options.

On March 24, 2000, BCE Emergis completed the acquisition of all the outstanding shares of United Payors and United Providers, Inc. (UP&UP) (now "BCE Emergis Corporation"), a provider of health claims processing services in the U.S. for a cash consideration of approximately $824 million, subject to certain adjustments. This acquisition was accounted for using the purchase method. In order to facilitate this acquisition, BCE Inc., during the first quarter of 2000, purchased $650 million of BCE Emergis common shares and provided to BCE Emergis $150 million in the form of a convertible debenture.

TABLE 7 **BCE EMERGIS RESULTS**

For the years ended December 31 ($ millions)	2000	1999
Revenues	**468**	188
EBITDA	**75**	4
Cash Baseline Earnings	**16**	(2)

ANALYSIS AND DISCUSSION OF BCE EMERGIS' RESULTS

BCE Emergis' 2000 results include the results of UP&UP as of March 24, 2000 and InvoiceLink as of September 15, 2000.

Revenues from BCE Emergis increased $280 million in 2000 compared with last year, primarily due to strong growth in the eHealth solutions sector resulting mainly from the acquisitions of UP&UP at the end of the first quarter of 2000 and SNS/Assure Corp. and Assure Health Inc. (SNS/Assure Health) in November 1999 as well as internal growth for BCE Emergis' existing solutions. Subsequent to the UP&UP acquisition, 50% of BCE Emergis' revenues were generated in the Canadian Business Unit, while the eHealth solutions sector generated 45% of total revenues.

EBITDA was $75 million in 2000 reflecting an increase of $71 million compared with 1999, mainly as a result of the acquisitions of UP&UP and SNS/Assure Health.

BCE's share of BCE Emergis' cash baseline earnings was $16 million in 2000, reflecting an increase of $18 million, compared with last year. The increase was mainly attributable to EBITDA growth.

OUTLOOK

BCE Emergis, in 2001, will focus in its eHealth business unit on selling and adapting its existing horizontal solutions to the health insurance companies and, in addition, in the case of the U.S., by selling and adapting its existing healthcare solutions offered in Canada to the U.S. healthcare insurance market, in its Canadian business unit on growing the leading-edge solutions and marketplaces for bill presentment and for an on-line purchasing exchange which it has established through increased penetration to end-users, and in its U.S. business unit, on offering specific B2B solutions in the U.S. market focusing on the financial services market, using these institutions to distribute its electronic solutions to their customers. During 2001, BCE Emergis' cash requirements, including the financing of capital expenditures and investments, are expected to be met by internally generated funds from its operations, sales of non core assets, borrowings under existing and new credit facilities and with additional equity and debt issuances.

BCE Ventures

This group combines all the non-core businesses of BCE and reflects BCE's interests in BCI, Telesat, CGI, Excel and other BCE investments.

BCI owns, develops and operates advanced communications companies in markets outside Canada, with a focus on Latin America. Telesat delivers satellite business services to primarily North American companies. CGI is an information technology (IT) services company, which provides outsourcing, systems integration and consulting services, as well as business solutions to customers in North America, Europe and twenty countries outside North America and Europe. Excel provides retail telecommunications services such as long distance, paging and Internet services primarily to residential and business customers in the U.S. and Canada.

OVERVIEW

On February 23, 2001, BCI announced that it had completed the transaction announced on August 31, 2000 to sell its 20% interest in KG Telecommunications Co. Ltd. of Taiwan (KG Telecom) for gross proceeds of approximately $785 million.

On February 21, 2001, CGI and IMRglobal, Corp. (IMRglobal), an IT consulting and systems integration company, signed a definitive merger agreement for acquisition by CGI of IMRglobal for US $438 million. Under the terms of the definitive agreement, IMRglobal shareholders will receive 1.5974 Class A Subordinate Shares of CGI for each IMRglobal common share. CGI's majority individual shareholders have decided to exercise their pre-emptive rights in order to maintain their Class B voting interests at current levels. BCE Inc. has decided not to exercise its pre-emptive right to acquire additional Class A Subordinate Shares and has indicated to CGI that it will decide prior to closing of the merger whether or not it will exercise its pre-emptive right for Multiple Voting Class B Shares.

On February 12, 2001 Telecom Américas announced that it had signed an agreement to acquire, for a total consideration of US$950 million, a 100% economic interest in Tess S.A. (Tess), one of the two B Band cellular operators in the Brazilian state of São Paulo. Under the terms of the agreement, certain voting rights remain with the vendors. The transaction, which is subject to lender and regulatory approvals, is expected to close before the end of the first quarter of 2001.

On February 1, 2001, BCI announced that it had terminated the September 25, 2000 agreement to sell its interests in the Vésper companies to Velocom Inc. (Velocom). The agreement had been subject to the parties obtaining regulatory and other consents, and Velocom concluding necessary financing. Velocom did not notify BCI that it had obtained the necessary financing by the date specified in the agreement. The termination of the agreement preserves BCI's contractual rights, while creating the flexibility to pursue a variety of alternatives. If BCI concludes a sale of the Vésper companies prior to June 30, 2001, BCI is committed to contribute to Telecom Américas the sale proceeds from the disposition of the Vésper companies, net of any additional BCI capital invested subsequent to September 25, 2000. In the event that the Vésper companies are not sold by June 30, 2001, and are not otherwise acquired by Telecom Américas, BCI is required to contribute a minimum of US$300 million and a maximum of US$575 million to Telecom Américas. In the event that BCI contributes less than the maximum amount, BCI's ownership in Telecom Américas would be reduced proportionately but to not less than 40.1%.

On January 16, 2001, TMI and Motient Corporation (Motient), with its financial partners, announced the signing of definitive agreements to create a new combined entity provisionally called Mobile Satellite Ventures. This agreement will bring about a combination of the two companies' mobile satellite operations, along with a US $50 million investment from Columbia Capital, Spectrum Equity Investors and Telecom Ventures L.L.C. The proposed venture is subject to a number of conditions, including regulatory approvals in both the United States and Canada.

On October 24, 2000, CGI concluded a strategic alliance with Desjardins. Through this alliance, established for a 10-year period and worth more than $1 billion, Desjardins delegated the management of its data processing operations to CGI while keeping control of its technological orientations. Desjardins and CGI hope to reach a contractual agreement by the end of the second quarter of 2001.

On July 26, 2000, BCI sold its 21% interest in Hansol M.com (Hansol)(formerly known as Hansol PCS Co., Ltd.) to Korea Telecom. BCI received gross proceeds in the form of cash, promissory notes and shares of SK Telecom Co. Ltd. (a Korean mobile wireless operator) for an aggregate consideration of approximately $1.5 billion, which resulted in a pre-tax gain of approximately $1.1 billion.

ANALYSIS AND DISCUSSION OF BCE VENTURE'S RESULTS

BCI's revenues were $865 million for 2000, an increase of $58 million or 7% compared with 1999. The increase was mainly attributable to revenues at the Latin American competitive local exchange carriers (CLEC's), Axtel and the Vésper companies. The Vésper companies were launched early in 2000, while Axtel was launched in the second half of 1999. Revenues in 2000 were also favorably affected by BCI's Asian PCS provider KG Telecom. In June 1999, BCI increased its effective ownership in KG Telecom from 10% to 20% and began proportionately consolidating financial results, having previously accounted for the investment on the cost basis. The increased revenues generated by KG Telecom and Latin American CLEC's were partially offset by

TABLE 8 **BCE VENTURES REVENUES**

For the years ended December 31 ($ millions)	2000	1999
BCI	**865**	807
Telesat	**272**	242
CGI	**601**	660
Excel	**249**	–
Other investments	**77**	101
Total BCE Ventures Revenues	**2,064**	1,810

lower revenues from Comunicación Celular S.A. Comcel S.A.'s (Comcel) cellular operations, primarily due to the devaluation of the Colombian peso against the Canadian dollar. Excluding Hansol, total revenues for 2000 were $677 million compared with revenues of $592 million in 1999.

Excluding Hansol, total subscribers served by BCI's operations increased 143% to 6.8 million as at December 31, 2000 from 2.8 million as at December 31, 1999. The increase in total subscribers was attributable to the inclusion of the 1.6 million subscribers of ATL, as well as substantial subscriber growth in BCI's mobile and CLEC operations. BCI's proportionate subscribers (based on BCI's percentage ownership in each of its operations) totaled 1.45 million as at December 31, 2000.

Revenues at Telesat increased $30 million or 12% in 2000 compared with 1999 mainly due to its new **Nimiq**™ satellite and from installation and maintenance on the VSAT network at Ford Motor Company's sites in the United States.

Proportionate revenues at CGI decreased $59 million compared to 1999. The decrease in revenues was reflective of a post-Y2K slowdown in the decision making process related to new investments in information technology and delays in the awarding of large outsourcing contracts.

Excel revenues increased by $249 million due to the consolidation of Excel as of November 2000.

BCI's EBITDA decreased $122 million compared with 1999 mainly due to early stage losses at BCI's recently launched CLECs in Brazil and Venezuela. Excluding Hansol, EBITDA decreased by $150 million compared with last year.

EBITDA at Telesat increased mainly due to the increased revenues, while EBITDA at CGI decreased in 2000 due to delays experienced in the signing of contracts.

EBITDA at Excel increased by $9 million due to the consolidation of Excel effective November 1, 2000.

BCI's earnings are excluded from BCE's cash baseline earnings. BCI's contribution to BCE's net earnings of $185 million in 2000 compared with a loss of $354 million in 1999 was primarily attributable to BCI's gain on the sale of Hansol partially offset by the losses incurred by the Vésper companies.

Telesat's contribution to BCE's cash baseline earnings was $50 million in 2000 compared with $29 million last year, primarily due to its increased EBITDA.

Nimiq is a trade-mark of Telesat Canada.

TABLE 9 BCE VENTURES EBITDA

For the years ended December 31 ($ millions)	2000	1999
BCI	**(77)**	45
Telesat	**153**	137
CGI	**65**	108
Excel	**9**	–
Other investments	**(10)**	(25)
Total BCE Ventures EBITDA	**140**	265

CGI's cash baseline earnings contribution to BCE for 2000 reflected a decrease of $20 million compared with 1999, mainly due to the downturn in post-Y2K contracts awarded to CGI.

Other investments' decrease in cash baseline contribution to BCE mainly reflected lower contributions from TMI.

EXCEL REVENUE ADJUSTMENT

On November 1, 2000, BCE completed the acquisition of Excel through the acquisition of Teleglobe Inc. During the course of reviewing Excel's financial results for purposes of determining the purchase price allocation, certain inaccuracies were noted. The accounts receivable balance, as at November 1, 2000, was overstated by approximately US $100 million, which was attributable to revenue processing errors. A US $100 million writedown was reflected in the accounts of Excel, and therefore in the accounts of Teleglobe Inc., for the year ended December 31, 2000. However, the adjustment does not result in a direct charge to BCE's earnings as it is reflected in BCE's purchase price allocation (reduction of net tangible assets acquired) thereby increasing goodwill.

Corporate and other

Corporate and Other income – net (excluding special items) increased by $159 million in 2000 compared with 1999. The increase in 2000 compared with the previous year was mainly due to higher interest income and lower financing costs. Higher interest income resulted from the interest on the proceeds from the sale of BCE's 20% interest in Bell Canada on June 1, 1999 and on $5.1 billion intercompany loans between BCE and Bell Canada. Lower financing costs were mainly due to the repayment of debt funded by the proceeds from the sale of Jones in April 1999, and the 20% sale of Bell Canada.

Prior to 2000, BCE had granted, from time to time, stock options with accompanying rights to SCPs to officers and key employees of BCE and its subsidiaries. As a result of the distribution (dividend) of Nortel Networks common shares, the then outstanding options were divided into options over BCE and over Nortel Networks common shares, and the related SCPs were appropriately adjusted. The SCPs, as adjusted, remain the liability of the original employer. As a result, SCP right holders now have, for each SCP right held prior to the distribution, SCP rights related to the increase in price of both the BCE and Nortel Networks common shares over the exercise prices of the related options. BCE has entered into forward contracts to hedge its exposure to outstanding SCP rights related to options over BCE common shares. In addition, BCE has designated 6 million Nortel Networks common shares (which includes the 5 million shares held by Bell Canada as discussed on page 23) as a hedge of its exposure to outstanding rights to SCPs related to the options over the Nortel Networks common shares.

TABLE 10 BCE VENTURES CASH BASELINE EARNINGS

For the years ended December 31 ($ millions)	2000	1999
Telesat	**50**	29
CGI	**27**	47
Other investments	**(25)**	(5)
Total BCE Ventures Cash Baseline Earnings	**52**	71

Legal Proceedings

WAGE PRACTICES INVESTIGATION

On November 2, 2000, the Federal Court allowed Bell Canada's application for judicial review of the Canadian Human Rights Tribunal's (Tribunal) determination that it could proceed with an inquiry into the 1994 pay equity complaints filed by members of the Communications, Energy and Paperworkers Union of Canada and the Canadian Telephone Employees' Association. The Federal Court found that the Tribunal lacks institutional independence and prohibited further proceedings in the matter. The Canadian Human Rights Commission has appealed this decision to the Federal Court of Appeal. Hearings before the Tribunal into the merits of the case are now suspended. Unless the matter is otherwise resolved, hearings and any appeals could last several years.

US WEST, UNICAL AND SONIGEM LITIGATION

Bell Canada instituted an action for trade-mark infringement seeking a permanent injunction and damages against US West, Inc. (which has merged with Qwest Communications International Inc.) (US West), Unical Enterprises, Inc. (Unical) and Sonigem Products Inc. (Sonigem) on February 11, 2000 in the Federal Court of Canada. The action alleges that the Defendants' sales in Canada of telephones and answering machines bearing among others the marks "Northwestern Bell" and the logo "Bell-in-a-circle design" infringe Bell Canada's exclusive rights to BELL trade-marks in Canada.

In their Statements of Defense and Counterclaims, the Defendants allege that Bell Canada's trade-marks are invalid and not distinctive of Bell Canada's products and services and are seeking damages of $135 million and punitive damages of $500,000 from Bell Canada for allegedly interfering with their businesses.

The Defendants' counterclaims, if successful, should not have a material adverse impact on Bell Canada's consolidated financial position. Bell Canada is of the view that these counterclaims are without merit and intends to pursue its original action and vigorously defend itself against these counterclaims.

BELL GLOBEMEDIA CLASS ACTION LAWSUITS

On February 9, 2001, Bell Globemedia Publishing Inc., a subsidiary of Bell Globemedia Inc., was added as a defendant to a class action lawsuit in respect of copyright infringement. The relief claimed includes damages of $100,000,000 as well as injunctive relief. A motion for partial summary judgment on certain issues is scheduled to be heard in May 2001.

TELEGLOBE INC. CLASS ACTION LAWSUITS

In the third quarter of 2000, several class action lawsuits were filed in the United States District Court for the Southern District of New York against Teleglobe Inc. and certain former officers of Teleglobe Inc. alleging that certain misrepresentations and omissions were made between February 11, 1999 and July 29, 1999. Teleglobe Inc. considers these lawsuits to be without merit and will defend itself vigorously.

Discontinued Operations

Discontinued operations, on the statement of operations, of $3,975 million in 2000 mainly related to BCE's share of Nortel Networks' net earnings applicable to common shareholders, as well as gains on the reduction of BCE's ownership in Nortel Networks, and the ORBCOMM write-down (which is comprised of BCE's proportionate share of Teleglobe Inc.'s ORBCOMM write-down). Nortel Networks' contribution to BCE's net earnings applicable to common shares was $4,055 million in 2000 compared with $390 million for 1999. The $3,665 million increase was mainly due to a $4.2 billion dilution gain on the reduction of BCE's ownership interest in Nortel Networks, from 39% to 37%, primarily as a result of Nortel Networks' acquisitions, through the issuance of shares, of Qtera, Clarify and Promatory, and the issuance of shares by Nortel Networks under its stock option plans.

In the third quarter of 2000, Teleglobe Inc. classified its investment in ORBCOMM as a discontinued operation. On September 15, 2000, ORBCOMM voluntarily filed a petition for protection under Chapter 11 of the U.S. Bankruptcy Act. Consequently, Bell Canada's results reflected a $75 million ($60 million representing BCE's proportionate share) after tax write-down relating to its proportionate interest in ORBCOMM as a discontinued operation. Bell Canada's proportionate interest in ORBCOMM's after-tax losses of $24 million ($20 million representing BCE's proportionate share) for the year have been reclassified from other income, including equity in net earnings (losses) of significantly influenced companies, to discontinued operations.

LIQUIDITY AND CAPITAL RESOURCES

BCE Consolidated

The principal components of BCE's consolidated cash flows are shown in table 11.

Consolidated cash flows from operating activities marginally decreased to $2,325 million for the year ended December 31, 2000 compared with $2,478 million for the same period in 1999, due to a slight deterioration in non-cash working capital components.

Consolidated cash flows used in investing activities for 2000 were $8,169 million compared with cash flows used in investing activities of $32 million in 1999. Investing activities for 2000 consisted principally of capital expenditures of $4,832 million ($3,588 million in 1999) and investments of $4,753 million ($2,729 million in 1999). Investments in 2000 comprised mainly of the $2.3 billion investment in CTV (not including the benefits package of $230 million), the $780 million investment in UP&UP, a $498 million investment (net of cash acquired) in Aliant, investments by Aliant in various companies of $615 million, and the $240 million cash portion of the $7.4 billion purchase price for the Teleglobe shares not already owned by BCE in November 2000. Investments in 1999 consisted mainly of the $1.6 billion investment in Bell Mobility to purchase the shares not already owned by Bell Canada, the $339 million investment in MTS and a $312 million investment in Teleglobe Inc. In addition, 1999 cash flows from investing activities included divestitures of $6,052 million comprising the $5.1 billion of proceeds received on the sale of 20% of Bell Canada to SBC/Ameritech and the US $508 million ($763 million) on the sale of Jones.

Consolidated cash flows from financing activities were $3,709 million for the year ended December 31, 2000

TABLE 11 BCE

For the years ended December 31 ($ millions)	2000	1999
Cash flows from operating activities	**2,325**	2,478
Cash flows used in investing activities	**(8,169)**	(32)
Cash flows from (used in) financing activities	**3,709**	(549)

compared with cash flows used in financing activities of $549 million for the same period last year. The increase resulted mainly from a higher level of notes payable issued and higher debt issues in 2000 primarily to fund the CTV acquisition as well as, since November 2000, Teleglobe Inc.'s capital expenditure requirements and the issuance of $400 million of Bell Canada preferred shares in the first quarter of 2000 partially offset by a higher level of dividends paid by subsidiaries to non-controlling interest (mainly as a result of dividends paid by Bell Canada to SBC/Ameritech) and the issuance of $400 million of convertible debentures by BCI in the first quarter of 1999, a redemption of $295 million of preferred shares by Bell Canada in the first quarter of 2000, and the purchase by BCE of its common shares for cancellation of $384 million, as authorized by the Normal Course Issuer Bid (see p. 31).

A discussion of the liquidity and capital resources of Bell Canada, BCE Ventures with regards to BCI, and Corporate and Other is outlined below.

Bell Canada segment

The principal components of the Bell Canada segment's cash flows are shown in table 12.

Cash flows from operating activities for 2000 were $3,290 million, $290 million higher compared with 1999, mainly due to lower working capital requirements.

Cash flows used in investing activities were $4,086 million for 2000, representing a decrease of $1,227 million compared with 1999. The change was mainly attributable to a higher level of investments in 1999, partially offset by increased capital expenditures for 2000. The Bell Canada segment's investments for 2000 totaled approximately $689 million, which consisted mainly of various investments made by Aliant. This compares to investments of $2,301 million for 1999, comprised mainly of a $1,570 million additional investment in Bell Mobility, a $339 million investment in MTS and a $312 million additional investment in Teleglobe Inc. The increase of $326 million in capital expenditures for 2000 compared with last year related mainly to the accelerated deployment of high-speed Internet services and local infrastructure upgrading due to increased data demand and the growth in satellite television services, partially offset by decreases in information systems and information technology spending on system implementation.

Cash flows from financing activities were $420 million for 2000 compared with $2,420 million for 1999. The change was mainly attributable to: the issuance of an equity-settled note in 1999; a higher level of notes payable issued in 1999 to finance investments and higher dividends paid on common shares in 2000, partially offset by a capital contribution from BCE to BCH in 2000. The equity-settled note of $1,570 million was issued to BCE to finance Bell Canada's additional investment in Bell Mobility in October 1999. In addition, on June 1, 1999, as part of the strategic partnership formed by BCE and SBC/Ameritech and the resulting reorganization of Bell Canada, Bell Canada assumed $3.1 billion of debt due to BCE and issued $2 billion of new debt to BCE. These debts were repaid on June 1, 1999, using the $5.1 billion proceeds received from the issuance of common shares by BCH to SBC/Ameritech.

During 2000, Bell Canada issued $1,750 million of MTN Debentures, pursuant to its medium-term debenture program as shown in table 13.

The proceeds from the issuance of the MTN Debentures were mainly applied towards the repayment of $1,466 million of long-term debt, consisting primarily of a repayment of a senior unsecured $800 million note due to BCE, $398 million of maturing debentures and $207 million of Series 1 senior unsecured notes of Bell Mobility. In addition, in January 2000, Bell Canada issued $400 million Cumulative Redeemable Class A Preferred Shares Series 15 at a price of $25 per share and an initial yield of 5.50%. Part of the proceeds from the issuance of the Series 15 Preferred Shares were used to redeem Bell Canada's Perpetual Cumulative Reset Redeemable Class A Preferred Shares Series 11 ($150 million) and Series 13 ($145 million). Bell Canada also redeemed $100 million of Cumulative Redeemable Retractable Reset Class A Preferred Shares Series 10 on August 15, 2000. Furthermore, Bell Canada received a $160 million capital contribution from BCE, the proceeds of which were used to pay down commercial paper outstanding.

On January 18, 2001 and on February 28, 2001, Bell Canada issued $400 million and $300 million MTN Debentures, Series M-10, respectively, pursuant to its medium-term debenture program. The 6.25% Debentures, Series M-10 will mature on January 18, 2008.

On December 31, 2000, outstanding third party commercial paper for the segment totaled approximately $724 million. The commercial paper program is supported by committed lines of credit, extended by several banks, totaling $1.6 billion.

OUTLOOK

During 2001 and beyond, the Bell Canada segment's cash requirements, including the financing of capital expenditures and investments, are expected to be met by internally generated funds and by the issuance of debt or equity. In 2001, approximately $1 billion of the Bell Canada segment's long-term debt will mature. Bell Canada is considering, subject to prevailing economic conditions, the redemption of $335 million of preferred shares which will be refinanced through the issue of new preferred shares. Furthermore, in 2001, Bell Canada intends to continue to issue MTN Debentures pursuant to its medium-term debenture program in order to repay its maturing debt and to finance investments and capital expenditures. In addition, the segment intends to continue to obtain financing through its commercial paper program as well as explore various other financing options including the issuance of preferred shares and debt.

Capital expenditures of approximately $4.6 billion are expected in 2001, a significant portion of which is related to the execution of Bell Canada's growth strategy. Increased spending is expected in relation to IP/Broadband initiatives and expansion, the PCS spectrum acquisition (as discussed on page 20 of this MD&A), increased digitalisation of Bell Canada's wireless network, expansion of television satellite services, convergence initiatives, and continued deployment of Bell Canada's high-speed access infrastructure.

TABLE 12 **BELL CANADA SEGMENT**

For the years ended December 31 ($ millions)	2000	1999
Cash flows from operating activities	**3,290**	3,000
Cash flows used in investing activities	**(4,086)**	(5,313)
Cash flows from financing activities	**420**	2,420

Bell Globemedia

OUTLOOK

During 2001, Bell Globemedia's cash requirements, including the financing of capital expenditures and investments, are expected to be met by internally generated funds and existing lines of credit.

Teleglobe Inc.

The principal components of Teleglobe Inc.'s (Teleglobe, Excel and corporate) cash flows on a pro-forma basis are shown in table 14.

From the date of acquisition (November 1, 2000) to December 31, 2000, cash flows from operating activities increased by $238 million due mainly to higher cash flows from working capital balances. Cash used in investing activities increased by $415 million due to the GlobeSystem network expenditures. Cash flows from financing activities increased by $192 million due to increased usage of credit facilities and bank loans.

Teleglobe Inc.'s cash flows used in operating activities for the year ended December 31, 2000 were $226 million lower compared with 1999. The change was mainly due to lower cash flows from operations partially offset by higher cash flows from working capital balances.

Cash used in investing activities increased by $174 million, primarily due to increased capital expenditures in the GlobeSystem network and increased investments.

Cash flows from financing activities were $1,130 million for the year ended December 31, 2000 compared with cash flows from financing activities of $824 million for 1999. The change was primarily due to the net increase of $969 million in the draw down of credit facilities and bank loans, in order to fund day to day operations as well as the expansion of the GlobeSystem network partially offset by higher debt payments in 1999.

From November 1 to December 31, 2000, Teleglobe's total capital expenditures, primarily for the GlobeSystem network, were $421 million.

On February 28, 2001, Teleglobe Inc. announced that it will redeem its 5,000,000 Third Series Preferred Shares on April 2, 2001 at a price of $25.00 per share plus $0.2219 per share representing all preferential dividends payable thereon.

OUTLOOK

During 2001 Teleglobe's cash requirements, including the financing of capital expenditures for the GlobeSystem network, are expected to be met by internally generated funds, credit facilities the issuance of debt, or the issuance of equity through BCE Inc. It is expected that, in 2001, approximately $3.0 billion will be spent in Teleglobe's capital expenditure program, mainly for the build-out of the GlobeSystem network.

TABLE 14 TELEGLOBE INC.

($ millions)	Year ended 2000	Ten months ended November 1, 2000	Year ended 1999
Cash flows from operating activities	**38**	**(200)**	264
Cash flows used in investing activities	**(1,212)**	**(797)**	(1,038)
Cash flows from financing activities	**1,130**	**938**	824

TABLE 13 MTN DEBENTURES ($ millions)

MTN issue	Maturity	Interest rate %	Principal
Series M-5	March 1, 2006	6.65	200
Series M-6[1]	May 1, 2003	6.00	300
Series M-7	June 28, 2007	6.70	350
Series M-8	December 1, 2003	6.25	600
Series M-9[2]	October 30, 2002	Floating	300
Total MTN Debentures			1,750

1 On May 1, 2003, 6.00% Debentures, Series M-6 may, at the holder's option, be exchanged for an equal principal amount of newly issued 6.55% Debentures, Series M-3, maturing May 1, 2029.

2 Floating Rate Debentures, Series M-9 may be extended, at the holder's option, for additional one year terms on October 30 of each of 2002, 2003 and 2004, up to a final maturity date of October 30, 2005.

BCE Ventures

BCI

The principal components of BCI's cash flows are shown in table 15.

BCI's cash flows used in operating activities for 2000 were $42 million lower compared with the same period in 1999. The reduction was mainly due to changes in non-cash working capital, partially offset by lower cash flows from operations.

Cash flows from investing activities for 2000 increased by $1,045 million compared with last year mainly due to proceeds realized from the sale of Hansol of $920 million.

Cash flows used in financing activites were $61 million for the year ended December 31, 2000 compared with cash flows from financing activities of $1,202 million in 1999. The change was primarily due to the repayment of short-term loan facilities and long term debt in 2000, compared with the issuance of convertible unsecured subordinated debentures in 1999.

Corporate and other

Investments for 2000 totaling approximately $4.4 billion consisted mainly of:

- an investment of $2.3 billion (not including the benefits package of $230 million) in CTV;
- an additional investment of $800 million in BCE Emergis, consisting of an equity investment of $650 million and convertible debentures of $150 million maturing on December 31, 2000 (this convertible debenture was replaced on its maturity by a new $150 million convertible debenture, at a rate of 6.3% per annum for a term of 18 months. BCE has the option to convert this debenture at any time into BCE Emergis Inc. common shares at the conversion price of $75.40 per share);
- a total investment of $498 million in Aliant by BCE Inc. consisting of a $392 million investment (net of cash

TABLE 15 BCI		
For the years ended December 31 ($ millions)	**2000**	1999
Cash flows used in operating activities	**(107)**	(149)
Cash flows from (used in) investing activities	**88**	(957)
Cash flows (used in) from financing activities	**(61)**	1,202

acquired) in the first quarter of 2000, which increased BCE's approximate ownership interest in Aliant from 41% to 53% and an additional investment of $106 million in the second quarter of 2000 in order for BCE to maintain its approximate 53% ownership interest in Aliant, due to Aliant's public issue of common shares for approximately $200 million;

- an investment of US $100 million ($147 million) in Teleglobe Inc. preferred shares during the second quarter of 2000 as part of BCE's committed funding of up to US $1.0 billion; and
- the cash portion of the $7.4 billion purchase price of Teleglobe Inc. for $240 million.

Cash flows from financing activities primarily included:

- the net increase of notes payable of $2,216 million by BCE Inc.;
- dividends to common and preferred shareholders totaling $928 million for 2000 compared with $968 million in 1999. The decrease in the total dividend payout on a year-to-date basis reflects the reduction of BCE Inc.'s common dividend per share of $1.36 to $1.20 in the second quarter of 2000 in connection with the distribution of an approximate 35% interest in Nortel Networks;
- the issuance of 1,316,467 common shares for $36 million through BCE Inc.'s and Teleglobe Inc.'s stock option plans during 2000;
- the repayment of BCE Inc.'s $173 million Series 13 Notes in the first quarter of 2000;
- a repayment of $800 million of senior unsecured notes from BCH to BCE in 2000; and
- the redemption, prior to maturity, on December 6, 2000, of all of BCE Inc.'s outstanding $300 million 6.20% Series 14 Notes, originally maturing August 28, 2007, at a price equal to 101.259% of the principal amount, together with accrued and unpaid interest. The Series 14 Notes were redeemed to facilitate a proposed long-term debt financing secured by 47.9 million Nortel Networks common shares and forward contracts that was initially expected to be in place by the end of the first quarter of 2001. However, BCE Inc. has since determined to carry out an outright sale of the Nortel Networks shares concurrently with the closing of the forward contracts. This outright sale of Nortel Networks shares, together with the gain anticipated to result from the forward contracts referred to below, are expected to provide to BCE Inc. pre-tax aggregate gross proceeds in the amount of approximately $4.4 billion.

On November 8, 2000, BCE Inc. received acceptance from the Toronto Stock Exchange of its notice of intention to make a Normal Course Issuer Bid. The filing of this notice allows BCE Inc. to purchase for cancellation up to 40,000,000 of its common shares, representing approximately five per cent of BCE Inc.'s 818,606,185 common shares outstanding as of the close of the market on November 7, 2000. The purchase of the common shares may be made from time to time, at market prices, during the period starting November 10, 2000, and ending no later than November 9, 2001. During the fourth quarter of 2000, BCE Inc. purchased and cancelled approximately 9 million of its common shares for an aggregate price of $384 million.

On November 1 and November 10, 2000, BCE Inc. entered into credit facilities with Canadian financial institutions for an aggregate maximum amount of $1 billion. Any amounts borrowed by BCE Inc. under these credit facilities must be used for the purpose of carrying out purchases of BCE Inc. common shares under the Normal Course Issuer Bid referred to above and/or for the purpose of paying, to common shareholders of Teleglobe Inc., the cash portion of the consideration that was payable by BCE Inc. The aforesaid credit facilities are intended to provide to BCE Inc., pending completion of the previously mentioned sale of Nortel Networks shares, short-term bridge financing.

Outstanding commercial paper totaled approximately $1.5 billion at December 31, 2000. The commercial paper program is supported by lines of credit, extended by several banks, totaling $1.8 billion.

During the second and fourth quarters of 2000, BCE entered into forward contracts, for up to one year, with several financial institutions to hedge its exposure to fluctuations in the market price of Nortel Networks common shares in relation to the monetization of such shares. As a result of these contracts, as of December 31, 2000, approximately 47.9 million of BCE's 60 million Nortel Networks common shares have been hedged at an average price of approximately $90 per share. BCE currently intends to settle the forward contracts and to dispose of these shares by way of outright sale. The combination of the sale and the settlement of the forward contracts would provide BCE with proceeds to fund part of its currently expected corporate needs for 2001. BCE anticipates the sale of the Nortel Networks shares to occur by the end of the first quarter of 2001. An additional 6 million of BCE's approximate 60 million Nortel Networks common shares have been designated as a hedge of BCE's exposure to outstanding rights to SCPs, as discussed on page 27.

Credit Ratings

Following BCE Inc.'s announcement in February 2000 of its proposed acquisition of Teleglobe Inc., Moody's Investors Service (Moody's) downgraded BCE Inc.'s long-term debt rating from A1 to A2 and confirmed BCE Inc.'s commercial paper rating of Prime-1, with both ratings placed under review for possible downgrade. **Standard & Poor's**™ Ratings Group, **Dominion Bond Rating Service**™ (DBRS) and **Canadian Bond Rating Service**™ (CBRS) confirmed BCE Inc.'s credit ratings with a Stable outlook. Following BCE Inc.'s announcement of its acquisition of CTV, DBRS and CBRS confirmed BCE Inc.'s ratings with a Stable outlook. In addition, DBRS completed its annual review of BCE Inc. in October 2000, and reaffirmed its ratings on commercial paper at R-1 (middle), on unsecured debentures at A (high), and on preferred shares at Pfd-2 (high). In December 2000, after its annual review, Moody's lowered BCE Inc's long-term rating from A2 to A3 and its commercial paper rating from P-1 to P-2.

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ADOPTION OF NEW ACCOUNTING STANDARDS

On January 1, 2000, BCE adopted the recommendations of the new CICA Handbook Section 3465, *Income Taxes,* which changed the accounting for income taxes. BCE applied the new recommendations retroactively, without restating prior years. The deferral method, which focused on the income statement, was replaced with the liability method of tax allocation, which focuses on the balance sheet. The cumulative effect of adopting the new recommendations was to decrease retained earnings by $75 million.

On January 1, 2000, BCE adopted the recommendations of CICA Handbook Section 3461, *Employee Future Benefits,* which changed the accounting for pension and other types of employee future benefits. Previously, the costs of postemployment and postretirement benefits other than pensions were charged to earnings in the period in which they were paid. The new Handbook section requires companies to accrue the costs over the service period of employees in a manner similar to pension costs. BCE applied the new recommendations retroactively, without restating prior years, by reflecting recognized and unrecognized amounts for all its benefit plans, consistent with United States GAAP. The cumulative effect of adopting the new recommendations as at January 1, 2000, was to decrease retained earnings by $722 million.

RECENT PRONOUNCEMENTS

In December, 2000, the CICA issued a revised Handbook Section 3500, *Earnings Per Share* (EPS), which changes the measurement and reporting of EPS effective for fiscal years beginning on or after January 1, 2001. The revised Handbook section requires the presentation of both basic and diluted EPS on the face of the income statement regardless of the materiality of the difference between them. In addition, BCE will be required to use the treasury stock method to compute the dilutive effect of options, warrants and similar instruments as opposed to the currently used imputed earnings approach.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A and in other sections of this Annual Report, and in particular the statements contained in the various outlook sections of this MD&A, constitute forward-looking statements. In addition, other written or oral statements which constitute forward-looking statements may be made from time to time by or on behalf of one or more of BCE Inc. and its subsidiaries, joint ventures, and significantly influenced companies (the "BCE Group companies"). These forward-looking statements relate to the future financial condition, results of operations or business of the BCE Group companies. These statements may be based on current expectations and estimates about the markets in which the BCE Group companies operate and management's beliefs and assumptions regarding these markets. In some cases forward-looking statements may be identified by words such as "anticipate", "could", "expect", "seek", "may", "intend", "will", and similar expressions. These statements are subject to important risks and uncertainties which are difficult to predict and assumptions which may prove to be inaccurate. The results or events predicted in the forward-looking statements contained in this MD&A, and in other sections of this Annual Report, and in such other written or oral statements which may subsequently be made, may differ materially from actual results or events. Some of the factors which could cause results or events to differ materially from current expectations are discussed below under the heading "Risk Factors" and other cautionary factors are outlined elsewhere in this MD&A. The risk factors discussed below relate to BCE Inc.'s four core business segments: Bell Canada, Bell Globemedia, Teleglobe and BCE Emergis. For a more detailed discussion of the risk factors which could materially affect the results of operations and financial condition of BCE Inc.'s business segments, including BCE Ventures, the reader is referred to BCE Inc.'s Annual Information Form for the year ended December 31, 2000. Readers should also consult, when filed, the Annual Information Forms for the year ended December 31, 2000 of the following BCE Group companies: Bell Canada, Aliant, Teleglobe Inc., BCE Emergis, BCI, Telesat and CGI. BCE Inc. disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. In particular, forward-looking statements do not reflect the potential impact of any mergers, acquisitions, other business combinations or divestitures that may be completed after such statements are made.

RISK FACTORS

Introduction

GENERAL

The future operating results of the BCE Group companies may be affected by various trends and factors which must be managed in order to achieve favourable operating results. In addition, there are trends and factors beyond the BCE Group companies' control which affect their operations. Such trends and factors include adverse changes in the conditions in the specific markets for the BCE Group companies' products and services, the conditions in the broader market for communications and the conditions in the domestic or global economy generally. Recently, the slowdown in global economic activity, particularly in the United States, has made the overall global and Canadian economic environment more uncertain and could have an important impact on the demand for products and services and on the financial performance of the BCE Group companies. However, it is not possible for the BCE Group companies to accurately predict economic fluctuations and the impact of such fluctuations on their performance.

The BCE Group companies participate in a highly volatile and rapidly growing telecommunications industry which is characterized by vigorous competition for market share and rapid technological development. These factors could result in aggressive pricing practices and growing competition both from start-up and well capitalized companies.

The success of the BCE Group companies is largely dependent upon their ability to attract and retain highly skilled personnel and the loss of the services of key persons could materially harm their businesses and operating results. Competition in the recruitment of highly qualified personnel in the communications and technology industries is intense and the turnover rate for them is high. No assurance can be given that the BCE Group companies will be able to retain key employees or that it will be able to attract qualified personnel in the future. It is possible that additional incentives may be required and that some initiatives may be jeopardized if skill shortages occur.

In addition, changes in laws or regulations, including those governing broadcasting and the Internet, as well as generally the uncertainties related to the Internet, including its impact on network capacity and the Internet economy growing at a slower pace than is currently anticipated, could also have a material adverse effect on the BCE Group companies' business, operating results and financial condition.

Finally, all BCE Group companies are subject to the risks related to pending or future litigation or regulatory initiatives or proceedings.

STRATEGIES AND ACQUISITIONS

BCE recently completed the acquisition of Teleglobe Inc. and CTV and has also created a Canadian multi-media company, Bell Globemedia Inc., with Thomson and Woodbridge. BCE has also reorganized its operations under five business segments. Following such initiatives, BCE has developed new business strategies and priorities. However, there is no certainty that BCE's strategies (including its convergence, bundling, billing and branding strategies) and acquisitions will yield the expected benefits, revenue and earnings projections, synergies and growth prospects. Furthermore, there is no certainty that the BCE Group companies will be successful in making additional acquisitions, realizing synergies and/or integrating the operations of acquired businesses in an effective manner.

STOCK PRICE VOLATILITY

The common shares of BCE Inc. have in the past experienced price volatility generally due to certain announcements affecting BCE Inc. and the BCE Group companies. Variations between BCE Inc.'s actual or anticipated financial results and the published expectations of financial analysts may also contribute to this volatility. In addition, the stock market has experienced extreme price fluctuations that have affected the market price of many technology companies in particular and that have often been unrelated to the operating performance of these companies. These factors, as well as general economic and political conditions, may also have a material adverse effect on the market price of BCE Inc.'s common shares.

Bell Canada segment

EXPENDITURES, CAPITAL AND DEMAND FOR SERVICES

The level of expenditures necessary to expand operations, increase the number of subscribers, provide new services, update networks and maintain or improve quality of service, the availability and cost of capital required to fund such expenditures, and the extent of demand for telephone access lines, optional services, basic long distance services, wireless services, Internet services and other new and emerging services, in the markets served by Bell Canada and Aliant and their subsidiaries and significantly influenced companies (the "Bell Canada Group companies"), constitute factors which could materially affect their results of operations and financial condition in the future. The level of expenditures could materially increase as the Bell Canada Group companies seek to expand the scope and scale of their businesses beyond traditional territories and service offerings. Furthermore, as the Bell Canada Group companies incur additional expenditures to update their networks, products and services to remain competitive, they may be exposed to incremental financial risks associated with newer technologies that are subject to accelerated obsolescence. To the extent that the Bell Canada Group companies fail to make the necessary and appropriate expenditures on new and existing capital programs, they may cease to be competitive in the markets in which they compete and/or may have incurred substantial capital expenditures to acquire assets with little commercial or economic value.

An increasingly important driver for network and infrastructure investments is the growth of Internet traffic. This traffic is driven by residential and business Internet usage and has overtaken the volume of voice telephony traffic on many routes. It is uncertain to what extent this traffic will continue to exhibit high growth rates as high-speed access services are deployed and bandwidth intensive applications, such as video, are increasingly downloaded by users. Significant upgrades to network capacity will be required to sustain service levels if Internet data growth rates remain as high as they are today.

INCREASING COMPETITION

With the advent of competition in the local service market in 1998, all parts of the Bell Canada Group companies' businesses are facing substantial and intensifying competition. Factors such as product pricing and service are under continued pressure while the necessity to reduce costs is ongoing. The Bell Canada Group companies must not only try to anticipate, but must also respond promptly to continuous and rapid developments in their businesses and their markets. In addition, the significant growth and size, as well as the increasing global scope, of the telecommunications industry are attracting new entrants and encouraging parties other than existing participants to expand their services and their markets. Mergers and acquisitions, as well as alliances and joint ventures, are creating new or larger participants with broad skills and significant resources which will further impact the competitive landscape.

The Canadian wireless telecommunications industry is highly competitive. Bell Mobility competes directly with other wireless service providers with aggressive product and service introductions, pricing and marketing. Bell Mobility expects competition to continue to increase through the development of new technologies, products and services, and through consolidations in the Canadian telecommunications industry.

TECHNOLOGY

The telecommunications industry, as with many others, is characterized by rapidly changing technology with the related changes in customer demands and the need for new products and services at competitive prices. Technological developments are also shortening product life cycles and facilitating convergence of different segments of the increasingly global information industry. The Bell Canada Group companies' future success will be impacted by their ability to anticipate, invest in and implement new technologies with the levels of service and prices that consumers demand. Technological advances may also affect the Bell Canada Group companies' level of earnings by shortening the useful life of some of their assets. Furthermore, technological advances may well emerge that reduce or replace the costs of plant and equipment, and eliminate or reduce barriers that deter other companies from competing in particular market segments.

The Bell Canada Group companies' high-speed Internet connectivity objectives are subject to the uncertainties resulting from the magnitude of the deployment of the necessary technology, the uncertainties related to the novel nature of the relevant technology and to obtaining the necessary municipal or private rights-of-way.

On February 5, 2001, BCE Inc. announced that it was taking a major step forward in its media convergence strategy by announcing plans to develop a new technology, code-named "ComboBox", that is expected to integrate high-speed Internet access with satellite television and enhanced digital storage. There can be no assurance that this new proposed technology will be developed according to anticipated schedules, that it will perform according to expectations, or that it will achieve commercial acceptance.

The wireless telecommunications industry is experiencing significant technological change, as evidenced by the increasing pace of digital and other upgrades to existing analog wireless systems, evolving industry standards, ongoing improvements in the capacity and quality of digital technology, shorter development cycles for new products, and enhancements to and changes in end-user requirements and preferences. Such continuing technological advances make it difficult to predict the extent of future competition with cellular, PCS and paging services. As a result, there can be no assurance that existing, proposed or as yet undeveloped technologies will not become dominant in the future and render cellular, PCS or paging systems less profitable or even obsolete. In 2001, Bell Mobility plans to begin the trial and deployment of the initial phase of 3G digital wireless technology in its network. Bell Mobility may incur significant capital expenditures to deploy this technology, with no guarantees as to its performance or its acceptance in the marketplace.

REGULATORY ENVIRONMENT

The Bell Canada Group companies are subject to evolving regulatory policies in the form of decisions by various regulatory agencies including the CRTC. Many of these decisions balance competitor requests for access to the incumbent telephone companies' essential facilities and other network infrastructure with the rights of the incumbent telephone companies to compete on a reasonably unencumbered basis. More recently, telecommunications service providers seeking physical access to customers on reasonable terms have increasingly found themselves in disputes with gatekeepers, either land/building owners/developers impeding access to private property or municipalities impeding access to public rights-of-way. Policy decisions in all of these areas will continue to evolve.

In addition to these types of risks, Bell Canada and Aliant are nearing the end of the four year price caps regime that commenced January 1, 1998. The nature and extent of the changes to the current price caps regime are unknown at this time. However, the CRTC is expected to commence a proceeding in the first quarter of 2001 designed to establish the framework that will apply for 2002 and beyond.

On November 30, 2000, the CRTC announced fundamental changes to the current contribution regime designed to maintain affordable local residential service rates in high cost serving areas in Canada. In essence, the CRTC prescribed a new national contribution fund and a new contribution collection mechanism broadly applicable to telecommunications service providers. Effective January 1, 2001, a percentage-of-revenue collection mechanism has replaced the per-minute mechanism previously imposed on long distance carriers. Bell Canada and certain wireless carriers have requested the CRTC to vary certain aspects of the decision. The unknown outcome of this review, the potential for problems in implementation of the new mechanism, as well as the change, upcoming in 2002, to a new definition of the subsidy requirement, all contain certain important elements of risk.

BELL EXPRESSVU

Bell ExpressVu expects to generate negative EBITDA pre subscriber acquisition costs for the next one to two years as it expands its subscriber base. To date, Bell ExpressVu has funded operating losses through capital injections from BCE Inc. Bell ExpressVu believes that it will access sufficient sources of funding to achieve its business plan. However, such access is based on a business plan that is subject to various assumptions and estimates, including subscriber base, average revenue per subscriber and costs for acquiring new subscribers. If the business plan is not achieved, greater losses than planned would occur, requiring Bell ExpressVu to seek additional financing. There is no assurance that Bell ExpressVu will be successful in obtaining such financing on favourable terms and conditions. In addition, there is no assurance that a viable DTH market will develop in Canada or, even if such a market does develop, that Bell ExpressVu will be profitable in delivering its DTH services.

Bell Globemedia

Television broadcasting is comprised of a conventional television sector of free over-the-air television services and a sector of specialty and pay television services delivered to subscribers by broadcast distribution undertakings, including cable and DTH operators. CTV operates in both the conventional and specialty sectors. Commercial advertising is the only source of revenue for the conventional television sector while the specialty sector is more dependent on subscriber revenues and benefits from commercial advertising. Commercial advertising, while being affected by normal economic cycles, is a function of the viewing share in a given market, and viewing share is in turn dependent on programming content and the number of choices available. Market fragmentation has increased over the last decade as a result of the introduction of additional television services, the extended reach of existing signals and the increased use of VCRs. The deployment of digital capability will further extend the choices available over the next years as new Canadian and foreign services are made available. Furthermore, new web based services available over the Internet are expected to provide alternative niche services to consumers, continuing the fragmentation of the viewing market. Accordingly, reach and attractiveness of programming content are the two prominent variables in the ability to generate revenues. However, there can be no assurance that CTV will be able to maintain or increase its current ability to reach viewers with programming content that is satisfactory to the public, nor that CTV will be able to maintain or increase its current advertising revenues.

The Canadian advertising market is about $10 billion in total with television and daily newspapers each accounting for a 24% share of the total market. Advertising is related to economic growth and tends to follow GDP. Accordingly, any economic downturn will impact Bell Globemedia's ability to generate revenue growth as approximately 73% of Bell Globemedia's revenue base from the television and print sectors is dependent on advertising revenues.

Within the television sector, competition for highly rated programming maintains cost pressure on program acquisitions. Recent decisions allowing Can-West/WIC to own two conventional stations in the markets of Ontario and British Columbia along with completion of their national network across Canada will further the competition for programming and increase costs.

In the print sector, competition from the launch of a new national newspaper in Canada two years ago continues to require substantial spending in distribution and marketing and impacts revenue growth through competitive pricing. This competition is expected to continue.

Bell Globemedia also operates a number of activities through Globe Interactive and a portal through Sympatico-Lycos. These businesses are, by their nature, relatively new and accordingly subject to uncertain returns. Leveraging existing content through these new distribution channels requires continued investment in labour and technology while attempting to grow share of revenues in an emerging market.

Teleglobe

GLOBESYSTEM

In an effort to accelerate its expansion strategy, Teleglobe announced in May 1999 that it would build, at a cost of approximately US $5 billion, GlobeSystem, a globally integrated Internet, voice, data and video network. GlobeSystem is currently in its initial phase and Teleglobe has to date invested approximately US $900 million in this project. Various risk factors are associated with the GlobeSystem initiative, including the following: the GlobeSystem initiative requiring more capital than anticipated to complete; GlobeSystem not being completed on schedule due to delays in the delivery of network components or delays in Teleglobe's migration from leased facilities; the potential higher network costs that such a delay may cause; GlobeSystem not providing the anticipated benefits; the unavailability of financing for BCE Inc. and/or Teleglobe to complete GlobeSystem; and the inability of GlobeSystem to expand Teleglobe's business as expected. In order to reduce the execution and financial risks related to GlobeSystem and accelerate its implementation schedule, Teleglobe may elect to make acquisitions and/or enter into alliances or partnerships with other parties. However, there is no certainty that should Teleglobe choose to seek such alliances or partnerships or to make such acquisitions that it will be successful in consummating any of them. The failure of Teleglobe to complete GlobeSystem, or its inability to significantly increase the revenues it receives from data, would have a material adverse effect on Teleglobe.

FINANCIAL DEPENDENCE ON BCE INC. AND OTHERS

In the course of 2000, Teleglobe Inc. entered into new credit facilities. Pursuant to these facilities, BCE Inc. confirmed to the lenders that it would, under certain circumstances, provide continued financial assistance to Teleglobe Inc. including that, until the maturity of these facilities, BCE Inc. would, from time to time, inject or cause to be injected into Teleglobe Inc., by way of equity or quasi-equity, sufficient funds, as required, to enable Teleglobe Inc. to meet at all times cash operating shortfalls, if any, in funding its capital expenditures program. However, the financial commitment of BCE Inc. to Teleglobe Inc. was limited to US $900 million, exclusive of US $100 million already advanced by BCE Inc. These credit facilities have been, and will continue to be, used in part for the purpose of funding Teleglobe capital requirements. Going forward, Teleglobe may not have sufficient funds available from its existing cash flow and Teleglobe Inc.'s credit facilities in order to meet its obligations to make necessary capital expenditures (including but not limited to GlobeSystem) and pay other operating expenses, and may need to rely on other financing sources to provide additional funding in order to meet these obligations. The failure of BCE Inc. or any other financing sources to provide this funding would have a material adverse effect on Teleglobe.

OTHER RISK FACTORS

Other risk factors concerning Teleglobe include, without limitation: revenue fluctuations arising from the gain or loss of customers and pricing pressures on voice services; difficulties in integrating the operations of BCE and Teleglobe, including achieving expected synergies from the integration; the ability of Teleglobe to increase revenues from business segments other than voice services (such as data and Internet services) in order to offset declining revenues and operating margins in the voice business segment; the uncertainties related to the transformation of Teleglobe from a voice-driven global carrier to a global data and Internet provider and BCE Inc.'s ability to quickly reposition Teleglobe as a relevant industry player despite the rapidly evolving business and competitive environment; fluctuations in foreign currencies which have an adverse impact on the financial results of Teleglobe; and the relevant risk factors (excluding those relating to Bell Mobility and the wireless industry) previously referred to under the headings "Expenditures, capital and demand for services", "Increasing competition" and "Technology" under "BELL CANADA SEGMENT".

BCE Emergis

In order for BCE Emergis to be successful, e-commerce must continue to be widely adopted in a timely manner. Because B2B commerce, and communications over the internet in general, are new and evolving, it is difficult to predict the size of this market and its sustainable growth rate. In addition, if BCE Emergis is unable to develop new technologies or enhancements to its existing services on a timely and cost-effective basis, or if its new services or enhancements do not achieve market acceptance, its sales may decline.

The e-commerce business is intensely competitive and BCE Emergis has many competitors with substantial financial, marketing, personnel and technological resources.

BCE Emergis has experienced rapid growth in its revenues and BCE Emergis intends to continue to grow its business significantly. If BCE Emergis is not able to manage its growth successfully, BCE Emergis will not grow as planned which in turn could materially harm its business and operating results.

BCE Emergis has experienced losses in the past. Revenues in any quarter are substantially dependent on the quantity of purchases of services requested in that quarter by customers. Quarterly revenues also are difficult to forecast since the market for e-commerce is rapidly evolving and BCE Emergis' revenues in any period are significantly affected by the announcements and product offerings of BCE Emergis' competitors as well as alternative technologies and general market conditions.

A key element of BCE Emergis' growth strategy has been and continues to be to make strategic acquisitions. BCE Emergis may not be able to integrate the operations of recently acquired companies with its operations without encountering difficulties and there can be no assurance that, in the future, acquisition candidates will be found on terms suitable to BCE Emergis or that BCE Emergis will have adequate resources to consummate any acquisition. In addition, BCE Emergis relies on strategic relationships to increase its client base and, if these relationships fail, its business and operating results could be materially harmed.

Additional risk factors include, without limitation, BCE Emergis' ability to protect the security and privacy of its electronic transactions and to develop and maintain the proprietary aspects of its technology; possible third party claims that BCE Emergis or its current or potential future intellectual property infringes on their intellectual property; integrity of the public key cryptography technology; the risk that governmental policies affecting the e-commerce industry could be implemented by legislation or otherwise, particularly in the U.S. healthcare industry; and possible claims related to adverse medical consequences as a result of, or for the costs of, services denied, and claims, such as malpractice, arising from the errors or omissions of healthcare professionals.

CONSOLIDATED STATEMENT OF OPERATIONS

For the years ended December 31 ($ millions, except per share amounts)	Notes	2000	1999
Operating revenues		**18,094**	14,214
Operating expenses		**15,072**	11,545
Restructuring and other charges	(4)	**–**	490
Net operating revenues		**3,022**	2,179
Gains on reduction of ownership in subsidiary and significantly influenced companies	(5)	**–**	4,311
Equity in net (losses) earnings of significantly influenced companies		**(113)**	41
Other income	(6)	**1,118**	588
Earnings from continuing operations before under-noted items		**4,027**	7,119
Interest expense – long-term debt		**1,003**	880
– other debt		**333**	209
Total interest expense		**1,336**	1,089
Earnings from continuing operations before income taxes and non-controlling interest		**2,691**	6,030
Income taxes	(7)	**(1,407)**	(963)
Non-controlling interest		**(398)**	2
Earnings from continuing operations		**886**	5,069
Discontinued operations	(8)	**3,975**	390
Net earnings		**4,861**	5,459
Dividends on preferred shares		**(79)**	(93)
Net earnings applicable to common shares		**4,782**	5,366
Net earnings per common share			
Continuing operations		**1.26**	7.74
Net earnings		**7.43**	8.35
Dividends per common share		**1.24**	1.36
Average number of common shares outstanding (millions)		**670.0**	642.8

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

For the years ended December 31 ($ millions)	Notes	2000	1999
Balance at beginning of year, as previously reported		**8,691**	4,207
Adjustment for changes in accounting policies	(1)	**(797)**	–
Balance at beginning of year, as restated		**7,894**	4,207
Net earnings		**4,861**	5,459
		12,755	9,666
Dividends			
Preferred shares		**(79)**	(93)
Common shares		**(849)**	(875)
Distribution of Nortel Networks common shares	(8)	**(10,114)**	–
		(11,042)	(968)
Premium on redemption of common shares	(17)	**(216)**	–
Other		**24**	(7)
		(11,234)	(975)
Balance at end of year		**1,521**	8,691

CONSOLIDATED BALANCE SHEET

At December 31 ($ millions)	Notes	2000	1999
ASSETS			
Current assets			
Cash and cash equivalents		**260**	2,395
Accounts receivable		**4,344**	2,598
Other current assets		**2,096**	514
Total current assets		**6,700**	5,507
Investments in significantly influenced and other companies	(9)	**1,648**	2,909
Capital assets	(11)	**22,301**	17,022
Future income taxes	(7)	**1,117**	–
Deferred charges and other assets	(12)	**3,313**	2,677
Goodwill		**16,304**	2,321
Investment in Nortel Networks – discontinued operations	(8)	**–**	6,524
Total assets		**51,383**	36,960
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**5,486**	3,618
Income and other taxes payable		**144**	248
Debt due within one year	(12)	**5,884**	1,677
Total current liabilities		**11,514**	5,543
Long-term debt	(13)	**14,044**	8,780
Future income taxes	(7)	**715**	783
Other long-term liabilities	(12)	**3,885**	1,502
Total liabilities		**30,158**	16,608
Non-controlling interest	(15)	**3,764**	2,460
SHAREHOLDERS' EQUITY			
Preferred shares	(16)	**1,300**	1,700
Common shareholders' equity			
Common shares	(17)	**13,833**	6,789
Contributed surplus	(17)	**985**	997
Retained earnings		**1,521**	8,691
Currency translation adjustment		**(178)**	(285)
Total common shareholders' equity		**16,161**	16,192
Total shareholders' equity		**17,461**	17,892
Commitments and contingent liabilities	(20)		
Total liabilities and shareholders' equity		**51,383**	36,960

On behalf of the Board of Directors:

J. Edward Newall
Director

Donna S. Kaufman
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended December 31 ($ millions)	Notes	2000	1999
Cash flows from operating activities			
Earnings from continuing operations		**886**	5,069
Adjustments to reconcile net earnings to cash flows from operating activities:			
Depreciation and amortization		**3,779**	3,001
Restructuring and other charges	(4)	**–**	441
Gains on reduction of ownership in subsidiary and significantly influenced companies	(5)	**–**	(4,311)
Net gains on disposal of investments		**(1,091)**	(547)
Future income taxes		**(80)**	34
Dividends received in excess of equity in net losses of significantly influenced companies		**198**	25
Other items		**(125)**	(277)
Change in non-cash working capital components		**(1,242)**	(957)
		2,325	2,478
Cash flows from investing activities			
Capital expenditures		**(4,832)**	(3,588)
Investments		**(4,753)**	(2,729)
Divestitures		**1,638**	6,412
Other items		**(222)**	(127)
		(8,169)	(32)
Cash flows from financing activities			
Dividends paid on common and preferred shares		**(928)**	(968)
Dividends paid by subsidiaries to non-controlling interest		**(260)**	(163)
Increase (decrease) of notes payable and bank advances		**3,538**	(191)
Issue of long-term debt		**3,219**	2,139
Repayment of long-term debt		**(1,848)**	(2,346)
Redemption of preferred shares by subsidiaries		**(295)**	–
Issue of common shares		**36**	152
Purchase of common shares for cancellation	(17)	**(384)**	–
Issue of common shares, preferred shares, convertible debentures and equity-settled notes by subsidiaries to non-controlling interest		**544**	771
Other items		**87**	57
		3,709	(549)
Effect of exchange rate changes on cash and cash equivalents		**(30)**	8
Cash (used in) provided by continuing operations		**(2,165)**	1,905
Cash provided by discontinued operations		**30**	120
Net (decrease) increase in cash and cash equivalents		**(2,135)**	2,025
Cash and cash equivalents at beginning of year		**2,395**	370
Cash and cash equivalents at end of year		**260**	2,395

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and all amounts are in Canadian dollars unless otherwise indicated. Certain comparative figures in the consolidated financial statements have been reclassified to conform with the current year presentation.

With respect to the financial statements of BCE Inc. (the Corporation) and its subsidiaries (collectively BCE), the significant differences between Canadian and United States GAAP are described and reconciled in Note 21.

New accounting standards

On January 1, 2000, BCE adopted the recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook section 3465, *Income Taxes*, which replaces the deferral method with the liability method of tax allocation. BCE applied the new recommendations retroactively without restating prior years. The cumulative effect of adopting the new recommendations as at January 1, 2000, was to increase investments in significantly influenced and other companies by $20 million, decrease investment in Nortel Networks Corporation (Nortel Networks) related to discontinued operations by $113 million, increase deferred charges and other assets by $36 million, increase future income taxes liability by $4 million, increase non-controlling interest by $14 million and decrease retained earnings by $75 million.

On January 1, 2000, BCE adopted the recommendations of the CICA Handbook section 3461, *Employee Future Benefits*, which changes the accounting for pension and other types of employee future benefits. Previously, the costs of postemployment and postretirement benefits other than pensions were charged to earnings in the period in which they were paid. The new Handbook section requires companies to accrue the costs over the working lives of employees in a manner similar to pension costs. BCE applied the new recommendations retroactively, without restating prior years, by reflecting recognized and unrecognized amounts for all its benefit plans, consistent with United States generally accepted accounting principles. The cumulative effect of adopting the new recommendations as at January 1, 2000, was to decrease deferred charges and other assets by $59 million, decrease investments in significantly influenced and other companies by $46 million, decrease investment in Nortel Networks related to discontinued operations by $304 million, decrease future income taxes liability by $343 million, increase other long-term liabilities by $757 million, decrease non-controlling interest by $101 million and decrease retained earnings by $722 million.

Consolidation

The financial statements of entities which are controlled by the Corporation are consolidated; entities which are jointly controlled by the Corporation, referred to as joint ventures, are accounted for using the proportionate consolidation method; entities that the Corporation has the ability to significantly influence are accounted for using the equity method; and investments in other entities are accounted for using the cost method.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

BCE recognizes operating revenues as services are rendered or as products are delivered to customers.

Cash and cash equivalents

For purposes of the statement of cash flows, all highly liquid investments with short-term maturities are classified as cash and cash equivalents.

Capital assets

Capital assets are carried at cost less accumulated depreciation, where applicable. Depreciation and amortization of capital assets are generally computed using the straight-line method, with rates based on the estimated useful lives of the assets. In 2000, the composite depreciation rate for plant was approximately 6.8% (6.2% in 1999). The expected useful lives of machinery and equipment are 2 to 20 years, buildings are 10 to 40 years and licenses are 15 to 20 years. When depreciable capital assets are retired, the carrying value of such assets is charged to accumulated depreciation.

Translation of foreign currencies

Self-sustaining foreign operations, which comprise most of BCE's foreign subsidiaries, joint ventures and significantly influenced companies, are those whose economic activities are largely independent of those of the parent company. Assets and liabilities are translated at exchange rates in effect at the balance sheet date. Revenues and expenses are translated at average exchange rates prevailing during the year. Resulting unrealized gains or losses, net of related hedging activities, are accumulated in and reported as a currency translation adjustment in shareholders' equity. On reduction of such investments or on the payment of dividends by a self-sustaining foreign operation, an appropriate portion of the currency translation adjustment is recognized in earnings.

Integrated foreign subsidiaries are financially or operationally dependent on the parent company. Monetary assets and liabilities are translated at the exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at average rates prevailing during the year. Translation exchange gains and losses of integrated foreign subsidiaries are reflected in earnings.

Unrealized translation gains and losses on assets and liabilities denominated in foreign currencies are reflected in earnings for the year, except for gains and losses on long-term monetary assets and liabilities, such as long-term debt, which are reported as deferred

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

charges or other long-term liabilities and amortized to earnings on a straight-line basis over the remaining lives of the related items.

Derivative financial instruments and hedging strategies

BCE uses a combination of derivative financial instruments to manage its interest and foreign exchange risk exposures, as well as equity risk related to its remaining interest in Nortel Networks. In addition, BCE uses a combination of derivative and non-derivative instruments to manage its Special Compensation Payments (SCPs) exposure (Notes 14 and 18). BCE does not trade derivative financial instruments for speculative purposes.

Gains and losses on forward contracts and cross currency swaps used to hedge foreign investments are deferred and reported as part of the currency translation adjustment in shareholders' equity. Gains and losses on forward contracts and cross currency swaps used to manage exposure to foreign exchange rates and forward contracts used to manage equity risk and SCP exposure are recognized on the same basis as the gains and losses on the hedged item. Amounts receivable or payable under interest rate swaps are accrued and recorded as adjustments to interest expense. Gains and losses related to hedges of anticipated transactions are recognized in earnings or recorded as adjustments of carrying values when the hedged transaction occurs. Any premiums paid with respect to financial instrument contracts are deferred and expensed to earnings over the contract period.

Goodwill

Goodwill represents the excess, at the dates of acquisition, of the cost of investments over the fair value of the net identifiable assets acquired and is amortized on a straight-line basis, over its estimated useful life, up to a period of 40 years. The carrying value of goodwill is reevaluated for potential permanent impairment on an ongoing basis. In order to determine whether permanent impairment exists, BCE's management considers each business segment's financial condition, as well as expected pre-tax earnings, undiscounted cash flows or market-related values. Any permanent impairment in the value of goodwill is written off against earnings in the year the impairment is recognized. Total goodwill amortization charged to earnings from continuing operations, including that in Equity in net (losses) earnings of significantly influenced companies, amounted to $485 million in 2000 ($118 million in 1999).

Employee benefit plans

The Corporation and most of its significant subsidiary companies maintain non-contributory defined benefit plans that provide for pensions for substantially all their employees based on length of service and rate of pay, as well as other retirement benefits such as certain health care and life insurance benefits on retirement and various disability plans, workers' compensation and medical benefits to former or inactive employees, their beneficiaries and covered dependants, after employment but before retirement, under specified circumstances.

BCE accrues its obligations under employee benefit plans and the related costs, net of plan assets. Pension costs and other retirement benefits earned by employees are actuarially determined using the projected benefit method pro-rated on service and based on management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and expected health care costs. Pension plan assets are valued at fair value. The plan assets are also valued at fair value for the purpose of calculating the expected return on plan assets. Past service costs arising from plan amendments are amortized on a straight-line basis over the average remaining service period of the employees active at the date of amendment. The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees. When the restructuring of a benefit plan gives rise to both a curtailment and a settlement of obligations, the curtailment is accounted for prior to the settlement. A valuation is performed at least every three years to determine the actuarial present value of the accrued pension and other retirement benefits, including the impact of workforce reduction programs.

Income taxes

BCE uses the liability method of accounting for income taxes. Future income taxes are provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes, computed based on rates and provisions of enacted or substantially enacted tax law.

Subscriber acquisition costs

BCE subsidizes the cost of the Direct to Home (DTH) satellite hardware equipment sold to its customers. These subsidies are deferred and amortized over three years. In addition, wireless subscriber acquisition costs are deferred and amortized over the terms of the contracts, which normally do not exceed twelve months.

Stock-based compensation plans

The Corporation's stock-based compensation plans consist primarily of the Employees' Savings Plan (ESP) and the Long-Term Incentive (Stock Option) Programs, which, prior to 2000, may also have included SCPs, which are described in Note 18. No compensation expense is recognized for these plans when shares or stock options are issued to employees. Any consideration paid by employees on exercise of stock options or purchase of shares is credited to share capital. A compensation expense is recognized for the Corporation's portion of the contributions made under the ESP.

Future accounting changes

In December 2000, the CICA issued a revised Handbook Section 3500, *Earnings Per Share* (EPS), which changes the measurement and reporting of EPS effective for fiscal years beginning on or after January 1, 2001. The revised Handbook section requires the presentation of both basic and diluted EPS on the face of the income statement regardless of the materiality of the difference between them. In addition, BCE will be required to use the treasury stock method to compute the dilutive effect of options, warrants and similar instruments as opposed to the currently used imputed earnings approach.

2. SEGMENTED INFORMATION

Effective December 1, 2000, BCE centres its activities around four operating businesses: a) **Bell Canada**: This segment provides an integrated platform of substantially domestic telecommunications services including voice, data, wireline, wireless and directory communications and satellite entertainment to Canadian customers; b) **Bell Globemedia**: This segment provides integrated information, communications and entertainment services to Canadian customers and access to distinctive Canadian content that allows the creation of unique destinations for Internet users through the various portal properties; c) **Teleglobe**: This segment provides, on a world-wide basis, a broad portfolio of voice, data and Internet services, including connectivity services, to Internet service providers, Internet content providers, application service providers, carriers and global enterprises; d) **BCE Emergis**: This segment provides business to business (B2B) e-commerce infrastructures, strategically focusing on market leadership in the transaction-intensive eHealth and financial services sectors, through its three strategic business units (eHealth, Canadian and U.S.), e) All other non-core businesses are combined in a new group called **BCE Ventures**.

BCE operates the following business segments, which have been segregated based on products and services, reflecting the way that management organizes the segments within the business for making operating decisions and assessing performance:

Bell Canada – represents the consolidation of Bell Canada Holdings Inc. (BCH) with Bell Canada and its consolidated subsidiaries (including Bell Mobility Inc., BCE Nexxia Inc. (carrying on business under the name Bell Nexxia) and Bell ActiMedia Inc.). BCH owns 100% of Bell Canada. BCE owns 80% of BCH, the remaining 20% is owned by SBC Communications Inc. (SBC) (Note 5). In addition, the segment includes the consolidation of Aliant Inc. (Aliant) (approximately 39% held by Bell Canada and approximately 14% held by BCE Inc.), as well as Bell ExpressVu Limited Partnership (Bell ExpressVu);

Bell Globemedia – reflects interests in CTV Inc. (CTV) (acquired by BCE Inc. in April 2000 (Note 3)), Sympatico-Lycos Inc. (Sympatico-Lycos) and Other media interests. Starting in 2001, this segment will also include The Globe and Mail and Globe Interactive (Note 22);

Teleglobe – represents the Teleglobe Communications group (Teleglobe) which was acquired in November 2000 as part of the Teleglobe Inc. acquisition (Note 3).

BCE Emergis – represents BCE Emergis Inc. (BCE Emergis).

BCE Ventures – reflects BCE's interests in Bell Canada International Inc. (BCI), Telesat Canada (Telesat), CGI Group Inc. (CGI), Excel Communications Inc., acquired as part of the Teleglobe Inc. acquisition (Note 3) and other BCE investments.

The Corporation evaluates each segment's performance based on its contribution to consolidated net earnings. The accounting policies of the segments are the same as those described in Note 1, Significant Accounting Policies. Inter-segment sales are negotiated on arm's length terms. The following tables present summarized financial information for the years ended December 31, 2000 and 1999:

GEOGRAPHIC INFORMATION (i)

	2000		1999	
	Revenues from external customers	**Capital assets & goodwill**	Revenues from external customers	Capital assets & goodwill
Canada	**16,124**	**25,372**	13,129	16,774
United States	**1,646**	**12,541**	139	157
Other foreign countries	**324**	**692**	946	2,412
Total	**18,094**	**38,605**	14,214	19,343

(i) The point of origin (the location of the selling organization) of revenues and the location of capital assets and goodwill determine the geographic areas.

2. SEGMENTED INFORMATION (continued)

BUSINESS SEGMENTS

	Bell Canada	Bell Globemedia[iii]	Teleglobe[iv]	BCE Emergis	BCE Ventures
2000					
Total revenues	**15,791**	**98**	**326**	**468**	**2,064**
Interest income	**14**	**1**	**4**	**6**	**23**
Interest expense	**1,028**	**4**	**39**	**36**	**442**
Depreciation and amortization	**2,829**	**7**	**84**	**346**	**385**
Equity in net earnings (losses) of significantly influenced companies	**3**	**15**	**(122)**	**–**	**(9)**
Income tax expense	**1,241**	**7**	**(57)**	**6**	**104**
Earnings (losses) from continuing operations [i]	**994**	**(78)**	**(237)**	**(209)**	**209**
1999					
Total revenues	12,716	3	–	188	1,810
Interest income	18	–	–	4	59
Interest expense	793	–	–	1	510
Depreciation and amortization	2,810	–	–	86	303
Equity in net earnings (losses) of significantly influenced companies	52	–	–	–	(11)
Income tax expense	880	116	–	–	–
Earnings (losses) from continuing operations [i]	1,024	–	–	(69)	(306)
Other significant non-cash items:					
– Gain on reduction of ownership in a significantly influenced company	–	–	–	–	69
– Restructuring and other charges	345	–	–	–	113

RECONCILIATIONS

	2000	1999
Revenues		
Total revenues for reportable segments	**18,747**	14,717
Corporate and other (including elimination of inter-segment revenues) [ii]	**(653)**	(503)
Total consolidated revenues	**18,094**	14,214
Net earnings		
Total earnings from continuing operations for reportable segments	**679**	649
Corporate and other (including elimination of inter-segment earnings)	**207**	4,420
Earnings from continuing operations	**886**	5,069
Discontinued operations (Note 8)	**3,975**	390
Net earnings	**4,861**	5,459
Other significant non-cash items in corporate and other (including elimination of inter-segment earnings)		
– Gain on reduction of ownership in a subsidiary company	**–**	4,242

(i) Represents each segment's contribution to BCE's net earnings.
(ii) The majority of inter-segment revenues were between Bell Canada and Nortel Networks in 1999 and up to May 2000.
(iii) CTV is consolidated effective December 1, 2000.
(iv) Includes unallocated corporate expenses. Teleglobe is consolidated effective November 1, 2000.

3. BUSINESS ACQUISITIONS

2000

TELECOM AMÉRICAS LTD

On November 16, 2000, BCI, América Móvil S.A. de C.V. (América Móvil) and SBC International, Inc. (SBC International) announced the closing of the September 25, 2000 joint venture agreement and the formation of Telecom Américas Ltd. (Telecom Américas), a new facilities-based communications company, which will serve as the partners' principal vehicle for expansion in Latin America. The September 25, 2000 agreement was entered into with Telefonos de Mexico S.A. de C.V. (Telmex). However, Telmex subsequently assigned its rights in the joint venture agreement to América Móvil which now holds the cellular operations and most of the international investments of Telmex. BCI and América Móvil each hold a 44.3% interest in Telecom Américas while SBC International holds an 11.4% interest. At closing, Telecom Américas' initial capitalization was approximately US$4 billion and included the Latin American assets of BCI (excluding Vésper S.A., Vésper São Paulo S.A. and the Internet service provider, Vento Ltda. (collectively, the Vésper companies) and Axtel S.A. de C.V. of Mexico (Axtel)) and América Móvil's and SBC International's investments in the Brazilian wireless company ATL-Algar Telecom Leste S.A. (ATL). In addition, pursuant to the joint venture agreement and upon receipt of the necessary approvals, América Móvil has undertaken to contribute to Telecom Américas at no further cost its interest in the Argentine broadband company, Techtel-LMDS Comunicaciones Interactivas S.A. On February 12, 2001, Telecom Américas entered into an agreement to acquire, for a total purchase price of US$950 million, a 100% economic interest in Tess S.A. (Tess), a cellular operator in the Brazilian state of São Paulo (Note 22). BCI recorded a gain of $530 million on the contribution of its investments to Telecom Américas at fair value, which is being deferred and amortized on a straight-line basis over approximately 13 years as well as goodwill amounting to $569 million, upon the contribution of ATL at fair value by its partners which is being amortized on a straight-line basis over approximately 12 years.

TELEGLOBE INC.

On November 1, 2000, BCE completed the acquisition of all of the outstanding common shares that it did not already own of Teleglobe Inc. Teleglobe Inc. is a global telecommunications carrier providing a broad range of international and domestic long distance and wireless telecommunications services including Internet connectivity, Internet access, data transmission, broadcast, voice, paging services and other value-added services on a wholesale and retail, residential and commercial basis. The aggregate purchase price of $7.4 billion was comprised of $240 million in cash and $7.2 billion in BCE Inc. common shares (approximately 174 million common shares were issued) at $41.20 per BCE Inc. common share, which reflected the average of the high and low of the market value of the shares on November 1, 2000. The acquisition was accounted for using the purchase method. At the date of these financial statements, the purchase price allocation process has not yet been finalized. Therefore, the carrying values of the assets and liabilities are subject to adjustment. The preliminary determination of goodwill is approximately $8.0 billion which is being amortized on a straight-line basis over 20 years.

CTV

In April 2000, BCE completed the acquisition of all of the outstanding common shares of CTV, including the CTV common shares held by Electrohome Broadcasting Inc., for a cash consideration of approximately $2.3 billion. CTV, including its subsidiary NetStar Communications Inc. (NetStar), is a conventional and specialty broadcaster with a local presence across Canada. The CTV shares were transferred to a trustee pending receipt of the Canadian Radio-television and Telecommunications Commission (CRTC) and other regulatory approvals which were obtained on December 7, 2000. During the time the shares were held by the trustee, the investment in CTV was accounted for using the equity method. Starting in December 2000, BCE's results reflect the consolidation of CTV. As part of the CRTC approval process, an additional 10% (approximately $230 million) of the value of the transaction will be spent by 2007 on initiatives that will benefit the Canadian broadcasting industry (benefits package). The cost of the benefits package has been included as part of the purchase price for the acquisition of CTV, for a total purchase price of approximately $2.5 billion. The acquisition was accounted for using the purchase method. The allocation of the purchase price was to tangible assets for $1.7 billion, tangible liabilities for $1.1 billion and goodwill for $1.9 billion. Goodwill is being amortized on a straight-line basis over 20 years.

UNITED PAYORS & UNITED PROVIDERS, INC. (UP&UP)

On March 24, 2000, BCE Emergis completed the acquisition of all the outstanding shares of UP&UP of Rockville, Maryland, a provider of health claims processing services in the U.S. The aggregate purchase price was a cash consideration of approximately $824 million, subject to certain adjustments. The acquisition was accounted for using the purchase method. The allocation of the purchase price was to tangible assets for $183 million, tangible liabilities for $23 million and goodwill for $664 million. Goodwill is being amortized on a straight-line basis over 3 years.

ALIANT

In January 2000, BCE increased its ownership in Aliant, a provider of telecommunications services, as well as information technology, remote communications services, and Internet-based solutions, from approximately 41% to approximately 53% (at December 31, 2000 approximately 39% held by Bell Canada and approximately 14% held by BCE Inc.). The acquisition was accounted for using the purchase method. The aggregate purchase price was a total cash consideration of $435 million. The allocation of the purchase price was to tangible assets for $2,885 million, tangible liabilities for $2,757 million and goodwill for $307 million. Goodwill is being amortized on a straight-line basis over 20 years. Certain put and call options have been put in place which, if exercised, will transfer the shares acquired by BCE Inc. to Bell Canada on agreed upon terms.

1999

SNS/ASSURE CORP. AND ASSURE HEALTH INC.

In November 1999, BCE Emergis acquired all of the outstanding shares of SNS/Assure Corp. and Assure Health Inc., two related companies operating in the electronic commerce industry. The aggregate purchase price was $224 million, comprised of $151 million in cash and approximately 2.2 million BCE Emergis common shares valued at $73 million. The acquisition was accounted for using the purchase method. The allocation of the purchase price was

3. BUSINESS ACQUISITIONS (continued)

to tangible assets for $27 million, tangible liabilities for $43 million, acquired technologies for $40 million and goodwill for $200 million. Goodwill, acquired technologies and purchased in-process R&D are being amortized on a straight-line basis over 3 years.

BELL MOBILITY

On October 22, 1999, Bell Canada increased its ownership interest in Bell Mobility, Canada's largest full-service wireless communications company, from 65% to 100%. The aggregate purchase price was $1,570 million in cash. The acquisition was accounted for using the purchase method. The allocation of the purchase price was to tangible assets for $597 million, tangible liabilities for $296 million and goodwill for $1,269 million. Goodwill is being amortized on a straight-line basis over 40 years.

CGI

During 1999, BCE increased its equity ownership in CGI to 45% resulting mainly from the exercise, in part, of put options in exchange for approximately 1.3 million BCE shares having a value of $78 million. The put options are provided for by a July 1, 1998 agreement entered into by BCE with CGI's three largest individual shareholders (the Shareholders) providing for certain put and call options, as well as rights of first refusal, on the shares of CGI held by the Shareholders. The agreement gives the Shareholders the right to gradually sell (put options) their shares to BCE through January 5, 2004 and, thereafter for a period of two years, the right to BCE to buy (call options) these shares to the extent not already acquired by BCE. The price per share payable on any exercise of the put or call options will be, in all cases, 115% of the market price for CGI shares on the exercise date payable in common shares of BCE. These options, if fully exercised, will increase BCE's equity ownership and voting interest in CGI to approximately 55%. At December 31, 2000, 10,571,651 BCE common shares were reserved for future purchases of CGI shares.

Effective July 1, 1998, BCE's interest in CGI has been accounted for under the proportionate consolidation method. As a result of the purchase of CGI shares through a series of transactions, BCE's purchase price in excess of the fair value of the net assets acquired at each step amounted to $71 million in 1999 and is being amortized on a straight-line basis over 20 years.

4. RESTRUCTURING AND OTHER CHARGES

In 1999, BCE recorded a pre-tax charge of $490 million ($270 million after tax and non-controlling interest) representing restructuring and other charges of $163 million and $327 million, respectively. The restructuring charges, mainly employee severance (for approximately 2,600 employees) and directly related incremental costs, resulted principally from the decision to outsource a portion of the Operator Services group, the windup of Stentor Canadian Network Management and cost rationalization within other operating groups. These restructuring programs were substantially completed by the end of 2000. Other charges relate mainly to the write-down of the Iridium and SkyView Media Group, Inc. investments as well as the write-off of certain assets by BCI. The BCI write-off related mainly to handset subsidy costs associated with certain customer contracts. BCI no longer defers and amortizes these costs, as current circumstances indicate that the benefit from these expenditures relates more appropriately to current period activities.

As at December 31, 2000, the remaining balance of the restructuring provision is $70 million ($130 million in 1999). This provision is comprised primarily of unpaid severance payments to the members of the Operator Services group for $15 million ($60 million in 1999), other unpaid incremental costs of $2 million ($12 million in 1999) associated with the outsourcing of the Operator Services group, $18 million ($30 million in 1999) for costs relating to the rationalization of real estate, and $24 million unpaid restructuring costs at Teleglobe Inc.

5. GAINS ON REDUCTION OF OWNERSHIP IN SUBSIDIARY AND SIGNIFICANTLY INFLUENCED COMPANIES

	2000	1999
Bell Canada (a)	–	4,242
Hansol (b)	–	69
Total gains on reduction of ownership in subsidiary and significantly influenced companies	–	4,311

(a) On June 1, 1999, BCE and Ameritech Corporation (SBC/Ameritech), now a wholly-owned subsidiary of SBC Communications Inc., finalized their strategic partnership announced on March 24, 1999. Under the terms of the partnership, SBC/Ameritech acquired an indirect 20% minority interest in Bell Canada for a cash consideration of $5.1 billion. Accordingly BCE recognized a gain of $4.2 billion on the reduction of its ownership in Bell Canada from 100% to 80%. Bell Canada was reorganized to hold certain telecommunications assets previously held by BCE. On May 31, 1999, Bell Canada acquired, at net book value from BCE, BCE's interests in Bell Mobility, Teleglobe Inc., Aliant, (the company under which, on May 31, 1999, Bruncor Inc. (Bruncor), Maritime Telegraph and Telephone Company, Limited (MT&T), and NewTel Enterprises Limited (NewTel) were combined), three other regional Canadian telecommunications companies and other investments. Furthermore, Bell Canada transferred to BCE, at net book value, its investments in BCE Emergis and CGI.

(b) In 1999, BCI recognized a gain of $69 million on the reduction of its ownership in Hansol M. Com (formerly known as Hansol PCS Co., Ltd.) from 23% to 21% as a result of Hansol's issuance of 15.7 million shares to the public.

6. OTHER INCOME

	2000	1999
Gain on disposal of investments:		
Hansol M.com (Hansol) (a)	**1,023**	–
Jones Intercable, Inc. (Jones) (b)	**–**	309
Phone.Com, Inc. (Phone.Com) (c)	**–**	89
Other	**56**	149
Interest income	**172**	153
Other	**(133)**	(112)
Total other income	**1,118**	588

(a) On July 26, 2000, BCI sold its 21% interest in Hansol to Korea Telecom. BCI received gross proceeds in the form of cash, promissory notes and shares of SK Telecom Co. Ltd. (SK Telecom) (a Korean mobile wireless operator) for an aggregate consideration of approximately $1.5 billion, which resulted in a pre-tax gain of approximately $1.1 billion. This gain was partially offset by a decrease in the market value of the SK Telecom shares in the amount of $110 million.

(b) In April 1999, BCE recorded a gain of $309 million on the sale of its 31% interest in Jones for net cash proceeds of $763 million.

(c) In December 1999, BCE recorded a gain of $89 million on the sale of its interest in Phone.Com for net cash proceeds of $116 million.

7. INCOME TAXES

The following disclosures for 2000 reflect the new recommendations of the CICA for income taxes (Note 1). As permitted under the new recommendations, prior year amounts have not been restated. The terminology used to describe comparative figures is consistent with the terminology used to describe current year amounts calculated using the liability method of tax allocation.

A reconciliation of income taxes at Canadian statutory rates with the reported income taxes is as follows:

	2000	1999
	Liability method	Deferral method
Earnings from continuing operations before income taxes and non-controlling interest	**2,691**	6,030
Statutory income tax rates in Canada	**41.9%**	42.3%
Income taxes at Canadian statutory rates	**1,128**	2,551
Gain on reduction of ownership in subsidiary and significantly influenced companies	**(2)**	(1,813)
Losses not tax effected	**324**	273
Equity in net losses of significantly influenced companies	**(40)**	(17)
Gain on disposal of investments	**(350)**	(113)
Difference between Canadian statutory rates and those applicable to foreign subsidiaries	**2**	36
Large corporations tax	**17**	13
Reduction in Canadian statutory rate	**48**	–
Goodwill amortization	**216**	24
Other	**64**	9
Total income tax expense	**1,407**	963

Significant components of the provision for income tax expense attributable to continuing operations are as follows:

	2000	1999
	Liability method	Deferral method
Current tax expense	**1,431**	1,072
Future income taxes (benefits) expenses	**–**	(109)
Change in temporary differences	**154**	–
Recognition of loss carryforwards	**(229)**	–
Tax rate changes	**51**	–
Total income tax expense	**1,407**	963

7. INCOME TAXES (continued)

The tax effects of temporary differences which gave rise to future tax liabilities and assets are as follows:

At December 31	2000
Non-capital loss carryforwards	**838**
Capital losses carryforward	**126**
Capital assets	**187**
Employee benefit plans	**(378)**
Investment tax credits	**(31)**
Currency translation adjustments	**13**
Difference in accounting and tax basis for investments	**10**
Other	**(313)**
Total future income taxes	**452**
Future income taxes are comprised of:	
Future income tax asset – current portion	**50**
Future income tax asset – long-term portion	**1,117**
Future income tax liability – long-term	**(715)**
Total future income taxes	**452**

As of December 31, 2000, the Corporation has non-capital tax losses carried forward amounting to approximately $2,606 million, expiring at various dates, as well as approximately $442 million that can be carried forward indefinitely. In addition, the Corporation has net capital losses amounting to approximately $443 million that can be carried forward indefinitely. For financial reporting purposes, a future tax asset of $964 million has been recognized in respect of these loss carryforwards.

8. DISCONTINUED OPERATIONS

	2000	1999
Nortel Networks (a)	**4,055**	390
ORBCOMM Global, L.P. (ORBCOMM) (b)	**(80)**	–
Total discontinued operations	**3,975**	390

(a) In May 2000, BCE distributed an approximate 35% interest in Nortel Networks to BCE common shareholders. BCE common shareholders received, for each common share of BCE held, approximately 1.57 post-split common shares of Nortel Networks. Consequently, BCE's results prior to May 2000 reflect its 35% interest in Nortel Networks as a discontinued operation. This transaction was recorded as a distribution (dividend) to shareholders at the pro-rata carrying value of BCE's approximate 37% interest in Nortel Networks prior to the distribution. This resulted in a decrease to investment in Nortel Networks related to the discontinued operations of $10 billion, a decrease in retained earnings of $10.1 billion (including transaction costs of $70 million), and an increase in currency translation adjustment of $150 million. BCE's remaining interest (approximately 2%) in Nortel Networks is now being recorded as an investment at cost.

Discontinued operations, for Nortel Networks, mainly reflects BCE's share of Nortel Networks' net losses applicable to common shareholders, as well as gains on the reduction of BCE's ownership in Nortel Networks, mainly as a result of Nortel Networks' acquisitions, through the issuance of shares, of Qtera Corporation, Clarify Inc. and Promatory Communications, Inc.

(b) In the third quarter of 2000, Teleglobe Inc. classified its investment in ORBCOMM, a provider of a digital satellite telecommunications system, as a discontinued operation. On September 15, 2000, ORBCOMM voluntarily filed a petition for protection under Chapter 11 of the U.S. Bankruptcy Act. Consequently, BCE's results reflect a $60 million after tax write-down relating to its proportionate interest in ORBCOMM as a discontinued operation. BCE's proportionate interest in ORBCOMM's after-tax losses of $20 million (nil in 1999) have been reclassified from equity in net earnings (losses) of significantly influenced companies, to discontinued operations.

9. INVESTMENTS IN SIGNIFICANTLY INFLUENCED AND OTHER COMPANIES

Investments are accounted for using the equity method, except where otherwise noted.

	Ownership (%)			
At December 31	2000	1999	2000	1999
Bell Canada				
Teleglobe Inc. (a)	**–**	23.1	**–**	1,601
Aliant (b)	**–**	41.2	**–**	456
Manitoba Telecom Services Inc. (MTS) (c)	**21.7**	20.8	**351**	336
Other, at equity			**60**	15
Other, at cost			**143**	56
Other investments (d)			**1,094**	445
Total investments in significantly influenced and other companies (e)			**1,648**	2,909

(a) Teleglobe Inc.'s results are consolidated as of November 2000, as a result of the acquisition by BCE of all of Teleglobe Inc. common shares it did not already own (Note 3). In 1999, Bell Canada increased its ownership interest in Teleglobe Inc. to 23% for an aggregate purchase price of $312 million. Goodwill recorded on the acquisition amounted to $111 million and is being amortized over 20 years on a straight-line basis.

(b) As of January 2000, Aliant's results are consolidated due to BCE's increased ownership from 41% to 53%.

(c) In the first quarter of 1999, Bell Canada acquired 20% of MTS for an aggregate purchase price of $339 million. Goodwill recorded on the acquisition amounted to $189 million and is being amortized over 20 years on a straight-line basis.

(d) Other investments include BCE's interest in Nortel Networks, consisting of approximately 60 million shares, at cost (Note 8).

(e) The goodwill implicit in investments in significantly influenced companies amounted to $181 million at December 31, 2000 ($506 million in 1999).

10. INTERESTS IN JOINT VENTURES

BCE's proportionate share of interests in joint ventures are included in the consolidated financial statements and are summarized in the table below.

The amounts proportionately consolidated primarily relate to BCE's interest in CGI, BCI's interests in Telecom Américas (Note 3), Hansol (up to July 2000 (Note 6)), KG Telecommunications Co. Ltd. (Note 22), the Vésper companies (Note 22), Axtel S.A. de C.V. and Aliant's interests in Tele-Direct Atlantic and Laurentides Joint Venture.

	2000	1999
Balance sheet		
Current assets	**1,429**	679
Long-term assets	**3,338**	1,728
	4,767	2,407
Current liabilities	**976**	648
Long-term liabilities	**1,473**	764
	2,449	1,412
Statement of operations		
Operating revenues	**1,220**	1,072
Net loss	**312**	156
Statement of cash flows		
Cash flows from operating activities	**20**	(126)
Cash flows from investing activities	**(855)**	(763)
Cash flows from financing activities	**386**	447

11. CAPITAL ASSETS

At December 31	2000		1999	
	Cost	**Net book value**	Cost	Net book value
Plant	**32,490**	**12,180**	26,162	10,269
Machinery and equipment	**8,861**	**4,675**	6,448	2,827
Buildings	**2,954**	**1,762**	2,228	1,299
Licenses	**745**	**635**	928	783
Plant under construction	**2,862**	**2,862**	1,561	1,561
Land	**128**	**128**	94	94
Other	**296**	**59**	263	189
Total capital assets	**48,336**	**22,301**	37,684	17,022

Included in operating expenses are depreciation and amortization of capital assets amounting to $3,084 million in 2000 ($2,725 million in 1999).

12. SUPPLEMENTARY INFORMATION

	2000	1999
BALANCE SHEET		
Deferred charges and other assets		
Accrued benefit asset (Note 19)	**1,826**	1,620
Unrealized foreign currency losses, net of amortization (a)	**287**	389
Debt issue expenses, net of amortization (a)	**48**	106
Long-term notes and other receivables	**197**	50
Other	**955**	512
Total deferred charges and other assets	**3,313**	2,677
Debt due within one year (b)		
Bank advances and Notes payable	**5,313**	595
Long-term debt due within one year (Note 13)	**571**	1,082
Total debt due within one year	**5,884**	1,677
Other long-term liabilities		
Accrued benefit liability (Note 19)	**987**	96
CTV benefits package (Note 3)	**230**	–
BCE Inc. Series P retractable preferred shares	**400**	–
BCI deferred gain on transfer of assets to Telecom Americas	**527**	–
Other	**1,741**	1,406
Total other long-term liabilities	**3,885**	1,502
STATEMENT OF CASH FLOWS		
Interest paid	**1,309**	905
Income taxes paid	**1,329**	745

(a) Included in operating expenses and other income are amortization of deferred charges amounting to $118 million in 2000 ($208 million in 1999).

(b) Debt due within one year is expected to either be repaid by internally generated funds or refinanced by the issuance of debt including the long term financing with the Nortel Networks common shares (Note 14).

13. LONG-TERM DEBT

At December 31	Weighted average rate of interest %	2000	1999
BCE Inc.			
9.95% Series 13 Notes		–	173
6.2% Series 14 Notes		–	300
Total – BCE Inc.		–	473
Bell Canada			
Debentures and notes (a)			
Repaid in 2000	8.60	–	753
Due 2001	7.43	**216**	171
2002	7.20	**351**	323
2003	6.39	**1,420**	497
2004	9.86	**283**	277
2005	6.82	**1,098**	796
2006-2015	8.40	**3,192**	2,513
2016-2054	9.01	**1,363**	1,300
Subordinated debentures			
Due 2026-2031	8.21	**275**	275
Other (b)		**57**	126
Total – Bell Canada		**8,255**	7,031
Aliant			
Notes, 6.46% to 12.25%, due 2002 to 2009 (c)		**350**	–
Bonds, 8.40% to 12.25%, due 2005 to 2019 (d)		**302**	–
Debentures, 6.40% to 11.13%, due 2001 to 2025 (e)		**400**	–
Acquisition facility, LIBOR + 3.75%, due 2002 (f)		**271**	–
Term debt, LIBOR + 3.75%, due 2005 (f)		**225**	–
Other		**20**	–
Total – Aliant		**1,568**	–
Teleglobe Inc. (g)			
Debentures (US $597 million), 7.20%, due 2009 (h)		**896**	–
Debentures (US $397 million), 7.70%, due 2029 (h)		**595**	–
Debentures, 8.85%, due 2002 (i)		**125**	–
Debentures, 8.35%, due 2003 (i)		**125**	–
Debentures, 8.00%, due 2026 (i)		**100**	–
Other		**159**	–
Total – Teleglobe Inc.		**2,000**	–
Total – BCE Emergis		**47**	23

At December 31	2000	1999
CTV		
Revolving reducing term credit agreement (j)	**534**	–
Notes, 7.15%, due 2009	**150**	–
Other	**24**	–
Total – CTV	**708**	–
BCI		
14.125% Senior deferred coupon bonds (2000 – US $125 million, 1999 – US $255 million) due 2005	**187**	367
LIBOR plus 3.75% Senior term loan (2000 – US $73 million, 1999 – US $240 million) due in varying semi-annual payments ending in 2002	**109**	346
14.0% Senior discount notes (2000 – US $79 million, 1999 – US $157 million) due 2004	**119**	226
11.0% Senior unsecured notes, redeemable at the option of the issuer, repayable in 2004	**160**	160
6.0% to 12.93% Debentures (1999 KRW 167 billion), repayable in varying amounts ending in 2004	–	212
Term equipment financing (k)	**577**	305
Other (l)	**536**	371
Total – BCI	**1,688**	1,987
Total – CGI	**28**	26
Telesat		
11.59% notes due in 2001	**50**	50
10.75% notes due in 2002	**75**	75
7.40% notes due in 2006	**150**	150
Other	**26**	28
Total – Telesat	**301**	303
Total – Other	**20**	19
Total long-term debt	**14,615**	9,862
Less: due within one year (Note 12)	**571**	1,082
Long-term debt	**14,044**	8,780

13. LONG-TERM DEBT (continued)

Bell Canada

(a) Debentures and notes include US $400 million maturing in 2006 and 2010 and 300 million Swiss francs, due 2003, swapped into U.S. dollar obligations. In addition, $750 million of long-term debt includes call options permitting early repayment of the principal amounts upon payment of certain premiums.

(b) Included in Other is an obligation under a capital lease of $49 million ($45 million in 1999), net of a loan receivable of $256 million ($246 million in 1999). This obligation resulted from an agreement entered into in 1999, whereby Bell Canada sold and leased back telecommunication equipment for proceeds of $316 million in 1999, a portion of which was invested in an interest bearing loan receivable.

Aliant

(c) The Notes are a combination of both secured and unsecured issues. The unsecured notes have been issued under a trust indenture or under long-term floating rate facilities. Certain notes are secured by debentures containing a floating charge over certain assets.

(d) All Bonds are issued in series and are redeemable at the option of Aliant prior to maturity at the prices, times and conditions specified in each series. The Bonds are secured by a Deed of Trust and Mortgage and by supplemental deeds. These instruments contain a first fixed and specific mortgage, a pledge and charge upon all real and immovable property and equipment of Aliant Telecommunications Inc., and a floating charge on all other property of Aliant Telecommunications Inc., both present and future.

(e) All Debentures are issued in series and are redeemable at the option of Aliant prior to maturity at the prices, times and conditions specified in each series. The Debentures are issued under a trust indenture and are unsecured.

(f) As collateral for the acquisition facility and term debt, Stratos Global Corporation has provided a first priority perfected security interest over all its assets.

Teleglobe Inc.

(g) Teleglobe Inc. is authorized to issue up to $500 million of promissory notes (commercial paper), none of which were outstanding as at December 31, 2000.

(h) The 7.20% and 7.70% debentures issued on July 20, 1999 are unsecured and redeemable at any time by Teleglobe Inc. They are fully and unconditionally guaranteed by Excel and Teleglobe Holding U.S. They were issued under a trust indenture providing for the creation of a debenture in the principal amount of US$1 billion. On August 18, 1999, the trust indenture for both debentures was modified to procure for holders of the 7.20% debentures the option to sell the debentures back to Teleglobe Inc. at par on July 20, 2005, and for holders of the 7.70% debentures, the option to sell the debentures back to Teleglobe Inc. at par on July 20, 2011.

(i) The 8.85%, 8.35% and 8.00% debentures issued in 1992, 1993 and 1996, respectively, are unsecured and redeemable at any time by Teleglobe Inc. They were each issued under a trust indenture providing for the creation of a debenture in the principal amount of $300 million. They are fully and unconditionally guaranteed by Excel and Teleglobe Holding U.S.

CTV

(j) CTV has entered into revolving reducing term credit agreements, expiring in 2002 and 2006, and has accordingly classified this bank indebtedness as long-term. These agreements are collateralized by assets of CTV and NetStar and require certain financial ratios to be met on a quarterly basis and impose certain covenants and maintenance tests and restrict the payment of dividends. Amounts borrowed under these facilities bear interest at prime to prime plus 0.5% to 1.75% dependent on specified financial ratios and the form of funds received. CTV has fixed interest rates through swap agreements on $235 million of bank indebtedness.

BCI

(k) Term equipment financing at LIBOR plus 2.5% to 10% due at different dates no later than 2009.

(l) Other consists mainly of bank loans and other financing at various rates due at different dates no later than 2011.

Long-term debt maturities during each of the next five years are summarized below:

Years ending December 31	2001	2002	2003	2004	2005
Bell Canada	216	351	1,420	283	1,098
Aliant	59	305	135	188	241
Teleglobe Inc.	14	138	137	13	908
BCE Emergis	18	18	10	1	–
CTV	–	303	–	2	113
BCI	208	280	69	601	286
CGI	3	–	–	25	–
Other	53	95	3	3	3
Total maturities	571	1,490	1,774	1,116	2,649

At December 31, 2000, unused bank lines of credit, for general corporate purposes and to support commercial paper borrowings, generally at the banks' prime rate of interest, amounted to approximately $4 billion.

Bell Canada issued $400 million and $300 million of MTN Debentures, Series M-10, on January 18, 2001 and on February 28,2001, respectively, pursuant to its medium term debenture program. The 6.25% debentures will mature on January 18, 2008.

14. FINANCIAL INSTRUMENTS

Risk management

BCE Inc. uses interest rate swaps to manage its financing costs as well as forward contracts to manage expenses related to SCPs (Note 18)and its exposure to fluctuations in the market price of its remaining interest in Nortel Networks.

Bell Canada uses cross currency swaps, forward contracts and interest rate swaps to manage its foreign currency and interest rate positions associated with its debt instruments and to diversify Bell Canada's access to capital markets.

Aliant uses cross currency and interest rate swaps, forward contracts, forward rate agreements and interest rate caps to manage its foreign currency and interest rate positions associated with its debt instruments and to diversify Aliant's access to capital markets.

Teleglobe Inc. operates internationally and is therefore exposed to market risks related to foreign currency fluctuations. To mitigate these risks, it uses derivative financial instruments such as forward foreign exchange contracts, foreign currency swap contracts and foreign currency denominated options, principally in Canadian dollars and in special drawing rights. Teleglobe Inc. is also exposed to market risks associated with changes in interest rates. To manage these risks, it uses interest rate swaps.

CTV uses interest rate swaps to manage its financing costs.

BCI operates internationally and as such is exposed to fluctuations in foreign exchange rates. BCI has entered into forward currency contracts in anticipation of the sale of KG Telecom (Note 22) and in relation to the SK Telecom shares received as consideration from the sale of Hansol.

Telesat uses foreign exchange contracts to manage its foreign exchange rate exposures.

Credit risk

BCE is exposed to credit risk in the event of non-performance by counterparties to its derivative financial instruments, but does not anticipate non-performance by any of the counterparties. BCE deals only with highly-rated financial institutions and monitors the credit risk and credit standing of counterparties on a regular basis. BCE manages its exposure so that there is no substantial concentration of credit risk resulting from equity forward contracts, interest rate swaps and cross currency contracts.

In addition, BCE is exposed to credit risk from customers. However, BCE's businesses have a large number of diverse customers which minimizes the concentration of this risk. The introduction of competition in the local exchange market may increase credit risk at Bell Canada.

Currency exposures

The terms of the cross currency contracts essentially match the terms of the hedged item. The following table summarizes the debt-related strategies used to manage the exposure to fluctuations in foreign exchange rates, as at December 31, 2000:

	Before-hedging strategies			After-hedging strategies	
	Total	Canadian dollars	Foreign currency	Canadian dollars	Foreign currency
Long-term debt					
Bell Canada	8,255	7,263	992	7,309	946
Aliant	1,568	1,563	5	1,563	5
Teleglobe Inc.	2,000	350	1,650	–	2,000
BCE Emergis	47	35	12	35	12
CTV	708	708	–	708	–
BCI	1,688	171	1,517	171	1,517
CGI	28	28	–	28	–
Telesat	301	301	–	301	–
Other	20	6	14	6	14
Total long-term debt	**14,615**	**10,425**	**4,190**	**10,121**	**4,494**

Principal amounts to be received under cross currency contracts include SF 300 million, US $706 million and $901 million. Principal amounts owed under cross currency contracts include US $794 million, NTD $11 billion, KRW $220 billion and $364 million.

14. FINANCIAL INSTRUMENTS (continued)

Interest rate exposures

Long-term debt is issued mainly at fixed interest rates and notes payable are issued at market rates for commercial paper. The terms of the interest rate swaps are similar to the hedged items and are principally between one and seven years in duration. The following table summarizes the debt and preferred share-related strategies used to manage financing costs and the exposure to interest rate fluctuations, as at December 31, 2000:

		Before-hedging strategies		After-hedging strategies	
	Total	Fixed interest rate	Floating interest rate	Fixed interest rate	Floating interest rate
Long-term debt					
Bell Canada	8,255	7,955	300	7,805	450
Aliant	1,568	723	845	723	845
Teleglobe Inc.	2,000	2,000	–	1,725	275
BCE Emergis	47	47	–	47	–
CTV	708	153	555	410	298
BCI	1,688	656	1,032	656	1,032
CGI	28	28	–	28	–
Telesat	301	301	–	301	–
Other	20	6	14	6	14
Total long-term debt	**14,615**	**11,869**	**2,746**	**11,701**	**2,914**
Preferred shares	**1,300**	**1,300**	**–**	**650**	**650**

Fair value

Fair values approximate amounts at which financial instruments could be exchanged between willing parties, based on current markets for instruments of the same risk, principal and remaining maturities. Fair values are based on estimates using present value and other valuation techniques which are significantly affected by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates which reflect varying degrees of risk. Potential income taxes and other expenses that would be incurred on disposition of these financial instruments have not been reflected in the fair values. Therefore, due to the use of subjective judgement and uncertainties, the aggregate fair value amount should not be interpreted as being realizable in an immediate settlement of the instruments.

At December 31, 2000 and 1999, the carrying value of all financial instruments approximates fair value with the following exceptions:

	2000		1999	
	Carrying value	Fair value	Carrying value	Fair value
Investment in Nortel Networks (a)	**721**	**2,907**	–	–
Long-term debt due within one year	**571**	**572**	1,082	1,137
Long-term debt	**14,044**	**14,707**	8,780	9,077
Derivative financial instruments, net assets (liability) position:				
Forward contracts – Nortel Networks shares (a)	**–**	**2,005**	–	–
Forward contracts – BCE Inc. shares	**–**	**19**	–	–
Cross currency contracts (b)	**58**	**62**	(44)	(28)
Interest rate swaps	**–**	**31**	–	(19)

(a) During the second and fourth quarters of 2000, BCE entered into forward contracts, for up to one year, with several financial institutions to hedge its exposure to fluctuations in the market price of Nortel Networks common shares in relation to the monetization of such shares. As a result of these contracts, as of December 31, 2000, approximately 47.9 million of BCE's 60 million Nortel Networks common shares have been hedged at an average price of approximately $90 per share. BCE currently intends to settle the forward contracts and dispose of these shares by way of outright sale. The combination of the sale and the settlement of the forward contracts would provide BCE with proceeds to fund part of its currently expected corporate needs for 2001. BCE anticipates the sale of the Nortel Networks shares to occur by the end of the first quarter of 2001. An additional 6 million of BCE's approximate 60 million Nortel Networks common shares have been designated as a hedge of BCE's exposure to outstanding rights to SCPs (Note 18).

(b) Amounts receivable or payable under cross currency contracts are included in current assets, deferred charges or liabilities, as appropriate.

14. FINANCIAL INSTRUMENTS (continued)

Sale of accounts receivable

Under an agreement effective October 14, 1997, Bell Canada sold accounts receivable for aggregate cash proceeds of $650 million. Pursuant to the agreement, the purchaser will use the funds from collections to purchase further receivables from Bell Canada until the expiration of the agreement on October 6, 2002.

Guarantees

At December 31, 2000, BCE had outstanding guarantees of $100 million representing financial, bid, performance and advance payment guarantees issued in the normal course of business.

15. NON-CONTROLLING INTEREST

At December 31	2000	1999
Non-controlling interest in subsidiaries:		
Bell Canada	**617**	829
Aliant	**712**	–
Teleglobe Inc.	**208**	–
BCI	**99**	66
BCE Emergis	**366**	121
CTV Inc.	**91**	–
	2,093	1,016
Preferred shares, equity-settled notes and convertible debentures issued by subsidiaries:		
Bell Canada	**1,065**	959
Teleglobe Inc.	**130**	–
BCI	**426**	415
Other	**50**	70
	1,671	1,444
Total non-controlling interest	**3,764**	2,460

16. PREFERRED SHARES

Authorized

The articles of incorporation of the Corporation provide for an unlimited number of First Preferred Shares and Second Preferred Shares. The articles authorize the Directors to issue such shares in one or more series and to fix the number of shares of each series, and the conditions attaching to them.

Authorized and outstanding

The following table provides a summary of the principal terms and conditions relating to the Corporation's authorized and outstanding series of First Preferred Shares. The detailed terms and conditions of such shares are set forth in the Corporation's articles of incorporation.

All series outstanding as at December 31, 2000, were non-voting except under certain circumstances when the holders were entitled to one vote per share. All series outstanding as at December 31, 2000, other than Series P shares, were convertible at the holder's option into another series of First Preferred Shares. As at December 31, 2000, no Second Preferred Shares were outstanding.

16. PREFERRED SHARES (continued)

CUMULATIVE REDEEMABLE FIRST PREFERRED SHARES

Series	Annual dividend rate		Conversion date (on or after)	Convertible into	Redemption date	Redemption price		Authorized Number of shares		Outstanding Stated Capital At December 31 2000	1999
P (a)	$1.6000		–	–	July 15, 2002	$25		16,000,000	(i)	– (j)	400
Q (b)	–		December 1, 2010	Series R	December 1, 2010	$25		8,000,000	(h)	–	200
R (b)	$1.5435		December 1, 2005	Series Q	December 1, 2005	$25	(d)	8,000,000	(i)	**200**	–
S	$1.3200	(c)	November 1, 2001	Series T	November 1, 2001	$25	(d)	8,000,000	(i)	**200**	200
T			November 1, 2006	Series S	November 1, 2006	$25		8,000,000	(h)	–	–
U	$1.3850	(e) (f)	March 1, 2007	Series V	March 1, 2007	$25	(g)	22,000,000	(i)	**350**	350
V			March 1, 2012	Series U	March 1, 2012	$25		22,000,000	(h)	–	–
W	$1.3625	(e) (f)	September 1, 2007	Series X	September 1, 2007	$25	(g)	20,000,000	(i)	**300**	300
X			September 1, 2012	Series W	September 1, 2012	$25		20,000,000	(h)	–	–
Y	$1.1500	(c)	December 1, 2002	Series Z	December 1, 2002	$25	(d)	10,000,000	(i)	**250**	250
Z			December 1, 2007	Series Y	December 1, 2007	$25		10,000,000	(h)	–	–
										1,300	1,700

(a) Prior to March 14, 2000, the Series P shares were convertible into common shares at the holder's option or at the Corporation's option. On March 14, 2000, the holders of Series P shares approved the removal of these conversion features and the inclusion of a provision allowing for the shares to be redeemed, at the holder's option, on a quarterly basis on or after July 15, 2002. The holders of Series P shares also approved, on March 14, 2000, an amendment to the articles which deferred the date prior to which the Corporation may not redeem the Series P shares from April 15, 2002 to July 15, 2002. The Corporation may, at any time, elect to create a further series of preferred shares into which the Series P shares will be convertible on a share-for-share basis at the option of the holder.

(b) On December 1, 2000, the 8,000,000 Series Q shares were converted into Series R shares on a one-for-one basis. Until such date, the Series Q shares' annual dividend rate was $1.7250. As at December 31, 2000, no Series Q shares were outstanding.

(c) Holders of Series S and Series Y shares will be entitled to floating adjustable cumulative dividends commencing with the month of December 2001 and January 2003, respectively.

(d) At any time after November 1, 2000 and December 1, 2002, the Corporation may redeem the Series S and Series Y shares, respectively, for $25.50 per share. The Corporation may redeem the Series R shares on December 1, 2005 and on December 1 every fifth year thereafter for $25.00 per share.

(e) The Corporation has entered into interest rate swap agreements until 2007 to effectively convert the Series U and W fixed dividends to floating rate dividends equal to the 90-day Bankers' Acceptance Rate less 0.675% and 0.594%, respectively.

(f) Holders of Series U and Series W shares will be entitled to floating cumulative dividends commencing with the month of April 2007 and October 2007, respectively.

(g) The Corporation may redeem the Series U and Series W shares on and after March 1, 2007 and September 1, 2007, respectively. However, if these series are listed on The Toronto Stock Exchange, the redemption price after these dates shall be $25.50 per share.

(h) Authorized but not issued.

(i) Authorized and outstanding, except that only 14,000,000 Series U shares and 12,000,000 Series W shares are outstanding.

(j) Effective March 14, 2000, these shares were classified in Other long-term liabilities (Note 12). As at December 31, 2000, 16,000,000 Series P preferred shares (stated capital of $408 million) was outstanding.

17. COMMON SHARES AND CLASS B SHARES

Authorized

The articles of incorporation of the Corporation provide for an unlimited number of common shares and Class B Shares. The common shares and the Class B Shares rank equally with respect to the payment of dividends and upon liquidation, dissolution or winding-up of the Corporation. The Class B Shares are non-voting.

Authorized and issued

The following table provides information concerning the outstanding common shares of the Corporation.

	2000		1999	
	Number of shares	**Stated capital**	Number of shares	Stated capital
Outstanding at beginning of year	**643,804,984**	**6,789**	640,131,136	6,559
Shares issued				
In exchange for Teleglobe Inc. common shares (a)	**173,889,782**	**7,164**	–	–
For cash				
Shareholder Dividend Reinvestment and Stock Purchase Plan (b)	**–**	**–**	1,020,402	71
Employees' Savings Plan (Note 18)	**–**	**–**	1,047,926	70
Exercise of BCE Inc. stock options (Note 18)	**986,244**	**32**	355,216	11
Exercise of put options by CGI shareholders (Note 3)	**–**	**–**	1,250,304	78
Exercise of Teleglobe Inc. stock options (Note 18)	**330,223**	**4**	–	–
Shares purchased for cancellation (c)	**(9,149,702)**	**(156)**	–	–
Outstanding at end of year	**809,861,531**	**13,833**	643,804,984	6,789

In connection with the Nortel Networks distribution (Note 8), in May, 2000, BCE common shareholders received new BCE Inc. common shares and Class B Shares. Class B Shares were subsequently exchanged for Nortel Networks common shares at a ratio of 1.57 Nortel Network shares to one Class B Share. As at December 31, 2000, no Class B Shares were outstanding.

(a) Teleglobe Inc. acquisition

In connection with the Teleglobe Inc. acquisition (Note 3), on November 1, 2000, BCE Inc. issued 173,889,782 common shares at $41.20 per share.

(b) Shareholder Dividend Reinvestment and Stock Purchase Plan (DRP)

The Corporation's DRP allows holders of its common shares to invest cash dividends and optional cash payments in common shares of the Corporation which, at the Corporation's option, can either be purchased on the open market through a stock exchange or can be purchased directly from the Corporation. Participants may purchase shares quarterly with common share cash dividends; in addition, participants may purchase shares monthly with optional cash payments up to an aggregate sum of $20,000 in each 12-month period ending October 15. Optional cash payments amounted to $22 million in 2000 and $15 million in 1999.

The price at which BCE Inc. common shares are purchased is, for open market purchases, the average of the actual cost incurred by the DRP agent to purchase such shares and, for direct purchases from BCE Inc., the weighted average price of all board lot trades of BCE Inc. common shares on The Toronto Stock Exchange during the three trading days immediately preceding an investment period. As at December 31, 2000, 5% of the number of outstanding common shares were enrolled in the DRP (8% as at December 31, 1999) and 5,488,577 common shares were reserved for issuance under the DRP.

(c) Normal Course Issuer Bid

On November 8, 2000, BCE Inc. received acceptance from The Toronto Stock Exchange of its notice of intention to make a Normal Course Issuer Bid. The filing of this notice allows BCE Inc. to purchase for cancellation up to 40 million of its common shares, which could be purchased from time to time, at market prices, during the period starting November 10, 2000, and ending no later than November 9, 2001. During the year ended December 31, 2000, the Corporation purchased and cancelled 9,149,700 of its common shares, under the normal course issuer bid, for an aggregate price of $384 million, of which $216 million was charged to retained earnings as the premium on redemption of common shares and $12 million was charged to contributed surplus.

18. STOCK-BASED COMPENSATION PLANS

Employees' Savings Plans (ESPs)

The ESPs enable employees of the Corporation and its participating subsidiaries to acquire BCE Inc. common shares through regular payroll deductions plus employer contributions, if applicable. Under the terms of the ESPs, employees can choose each year to have up to a certain percentage of their annual earnings as determined by each participating company (10 % in the case of the Corporation) withheld to purchase the Corporation's common shares. The employer contributes up to a certain maximum percentage of the employee's annual earnings which, in the case of the Corporation, is 2%. The purpose of the ESP is to encourage employees to own shares of the Corporation. Participation at December 31, 2000, was 36,563 employees (34,835 employees in 1999).

18. STOCK-BASED COMPENSATION PLANS (continued)

Common shares of the Corporation are purchased by the ESP trustee on behalf of the participants on the open market, by private purchase or from BCE Inc., as determined from time to time by BCE Inc. The total number of common shares purchased on behalf of employees, including purchases from the Corporation in 1999 shown in the table in Note 17, was 3,518,159 during 2000 (2,106,419 in 1999). Compensation expense related to ESP amounted to $37 million (33 million in 1999)

At December 31, 2000, 8,452,289 common shares were reserved for issuance under the ESP.

BCE Inc. Stock Options

Under the Long-Term Incentive Stock Option Programs (Programs) of the Corporation, options may be granted to directors, officers and other key employees of the Corporation and of its subsidiaries to purchase common shares of the Corporation generally at a subscription price of 100% of market value on the last trading day prior to the effective date of the grant. At December 31, 2000, a total of 25,906,742 common shares remained authorized for issuance under the Programs. The options are exercisable during a period not to exceed ten years and are generally not exercisable during the first 12 months after the date of the grant. The right to exercise all of the options generally accrues over a period of four years of continuous employment or directorship except when a special vesting period is granted. In 2000, 10,000 options (2,440,000 options in 1999) were granted with a five-year special vesting period that are fully exercisable in 2005 (2004 for 1999 options). Additionally, in 2000, 1,644,587 options were granted that were subject to forfeiture in the event certain economic profit targets for 2000 were not achieved. However, if there is a change of control of the Corporation, the options may, if an optionee's employment or directorship is terminated under certain circumstances, become immediately exercisable. Furthermore, with respect to optionees employed by certain subsidiaries of the Corporation, the same result may also occur if the Corporation ceases, under certain circumstances, to hold a specific percentage ownership interest (as set forth in the Programs) in these subsidiaries.

As a result of the distribution of Nortel Networks common shares in May 2000 (Note 8) each of the then outstanding BCE Inc. stock options was cancelled and replaced by a new stock option which, in addition to the right to acquire one BCE Inc. common share, gave the holder the right to acquire approximately 1.57 post-split common shares of Nortel Networks (BCE Inc./Nortel options) with exercise prices established so as to maintain the economic position of the holder. In order to ensure that the exercise of the BCE Inc./Nortel options would not result in a dilution to Nortel Networks shareholders, the aggregate number of BCE Inc. common shares issuable pursuant to options granted under the Programs immediately prior to the effective time of the distribution was factored into the computation of the number of Nortel Networks common shares per BCE Inc. common share held to be distributed. Accordingly, the exercise price paid to Nortel Networks on the exercise of the BCE Inc./Nortel options is remitted to BCE Inc. shortly after the time of exercise. In addition, BCE Inc. also has the right to exercise all BCE Inc./Nortel options that expire unexercised or are forfeited, with the exercise price being remitted to BCE Inc. by Nortel Networks.

The following table summarizes the status of BCE Inc.'s Stock Option Programs as of, and changes during the years ended, December 31, 2000 and 1999:

	2000		1999	
	Number of shares	**Weighted-average exercise price**	Number of shares	Weighted-average exercise price
Options outstanding at beginning of year	**5,767,012**	**$56**	2,820,295	$40
Granted	**4,812,218**	**$39**	3,645,109	$66
Exercised	**(986,244)**	**$33**	(355,216)	$32
Forfeited/Expired	**(478,291)**	**$42**	(343,176)	$59
Options outstanding at end of year (a)	**9,114,695**	**$27**	5,767,012	$56
Options exercisable at December 31 (a)	**1,057,731**	**$11**	1,361,937	$35

(a) The weighted average exercise price has been adjusted to reflect the distribution of the Nortel Networks common shares in May 2000.

The following table summarizes information about BCE Inc.'s Stock Option Programs as at December 31, 2000:

	Options Outstanding			Options Exercisable	
Range of exercise prices	**Number outstanding**	**Weighted-average remaining contractual life (years)**	**Weighted-average exercise price**	**Number exercisable**	**Weighted-average exercise price**
$0 to $17	4,292,819	7.48	$14	1,047,731	$11
$18 to $40	1,355,790	9.47	$33	–	–
$41 to $60	3,466,086	9.17	$41	10,000	$41
Total	**9,114,695**	**8.42**	**$27**	**1,057,731**	**$11**

Special Compensation Payments (SCPs)

Prior to 2000, simultaneously with the grant of an option, officers and key employees of the Corporation and its subsidiaries may have been granted by their employer, from time to time, accompanying rights to SCPs. As a result of the distribution of Nortel Networks common shares (Note 8), the then outstanding options were divided into options to acquire BCE Inc. common shares and Nortel Networks common shares, and the related SCPs were appropriately adjusted. As a result, SCP right holders now have, for each SCP right held prior to the distribution, SCP rights related to the increase in price of both the BCE Inc. and Nortel Networks common shares over the exercise prices of the related options. The amount of any SCPs is equal to the increase in market value of the number of BCE Inc. and Nortel Networks shares covered by the SCPs (which may not exceed the number of shares covered by the option to which it is related) from the date of grant of the SCPs to the date of exercise of the option to which the SCPs is related. SCPs have been granted as follows: nil in 2000 (3,371,400 in 1999).

18. STOCK-BASED COMPENSATION PLANS (continued)

To manage SCP expense, BCE has entered into forward contracts to hedge its exposure to outstanding SCP rights related to options over BCE Inc. common shares and has designated approximately six million Nortel Networks common shares as a hedge of BCE's exposure to outstanding SCP rights related to the options over the Nortel Networks common shares.

At December 31, 2000, 4,080,111 SCPs covering the same number of shares as the options to which they are related were outstanding. The payment of SCPs remains the responsibility of the employer. In 2000, compensation expense related to SCPs amounted to $82 million ($193 million in 1999).

Teleglobe Inc. Stock Options

As a result of the acquisition of Teleglobe Inc. on November 1, 2000 (Note 3), the Teleglobe Inc. stock options will continue to be exercisable in accordance with their original terms and conditions, with the exception that stock option holders will receive, upon exercise of their options, 0.91 of a BCE Inc. common share for each Teleglobe Inc. stock option held. The outstanding Teleglobe Inc. stock options have a vesting period of over three to four years, and will expire seven to ten years from the date of grant.

The following table summarizes the status of Teleglobe Inc.'s Stock Option Programs as of, and changes from November 1, 2000 to December 31, 2000:

	2000	
	Number of BCE Inc. shares	Weighted-average exercise price
Options outstanding at November 1, 2000	**20,106,612**	**$37**
Exercised	**(330,223)**	**$13**
Forfeited/Expired	**(841,852)**	**$38**
Options outstanding at end of year	**18,934,537**	**$36**
Options exercisable at December 31	**8,035,329**	**$33**

The following table summarizes information about the Teleglobe Inc.'s Stock Option Programs as at December 31, 2000:

	Options Outstanding			Options Exercisable	
Range of exercise prices	Number outstanding	Weighted-average remaining contractual life (years)	Weighted-average exercise price	Number exercisable	Weighted-average exercise price
$0 to $17	2,231,833	4.22	$15	2,231,833	$15
$18 to $40	16,167,169	7.10	$39	5,387,479	$39
$41 to $60	535,535	5.36	$51	416,017	$50
Total	**18,934,537**	**6.71**	**$36**	**8,035,329**	**$33**

19. EMPLOYEE BENEFIT PLANS

BCE and most of its significant subsidiaries maintain non-contributory defined benefit plans that provide for pension, other retirement and post-employment benefits for substantially all their employees based on length of service and rate of pay. BCE's funding policy is to make contributions to its pension funds based on various actuarial cost methods as permitted by pension regulatory bodies. The companies are responsible to adequately fund the plans. Contributions reflect actuarial assumptions concerning future investment returns, salary projections and future service benefits. Plan assets are represented primarily by Canadian and foreign equities, government and corporate bonds, debentures and secured mortgages.

The following disclosures for 2000 reflect the new recommendations of the CICA for employee benefit plans (Note 1). As permitted under the new recommendations, prior year amounts have not been restated. Accordingly, the 1999 amounts and disclosures reflect the former recommendations of the CICA.

For the year ended December 31, 2000, the changes in the benefit obligations and in the fair value of assets and the funded status of the defined benefit plans were as follows:

At December 31	Pension Benefits 2000	Other Benefits 2000
Change in benefit obligations		
Benefit obligation, beginning of year, as restated	**8,956**	**1,437**
Current service cost	**191**	**30**
Interest cost	**696**	**109**
Actuarial gains	**–**	**3**
Estimated benefit payments	**(691)**	**(60)**
Employee contributions	**3**	**–**
Business combinations	**1,366**	**122**
Divestitures	**(24)**	**(4)**
Benefit obligation, end of year	**10,497**	**1,637**
Change in fair value of plan assets		
Fair value of plan assets, beginning of year	**12,000**	**333**
Return on plan assets	**1,346**	**29**
Estimated benefit payments	**(691)**	**(60)**
Employer contribution	**6**	**59**
Employee contribution	**3**	**–**
Business combinations	**1,614**	**4**
Divestitures	**(24)**	**(4)**
Fair value of plan assets, end of year (a)	**14,254**	**361**
Funded status- plan surplus (deficit)	**3,757**	**(1,276)**
Unamortized net actuarial gain	**(1,488)**	**(198)**
Unamortized past service costs	**15**	**–**
Unamortized transitional (asset) obligation	**(402)**	**487**
Valuation allowance	**(56)**	**–**
Accrued benefit asset (liability) (Note 12)	**1,826**	**(987)**

(a) Approximately 1% of the plan assets are held in BCE Inc. common shares.

19. EMPLOYEE BENEFIT PLANS (continued)

The significant weighted-average assumptions adopted in measuring BCE's pension and other benefit obligations as at December 31, 2000 were as follows:

	Pension Benefits 2000	Other Benefits 2000
Discount rate	**7.0%**	**7.0%**
Expected long-term rate of return on plan assets	**8.5%**	**8.5%**
Rate of compensation increase	**3.9%**	**3.9%**

For measurement purposes, a 5% to 6.5% annual rate of increase in the per capita cost of covered health care benefits (the health care cost trend rate) was assumed for 2000 except for the cost of medication which was assumed to increase at a 10% annual rate for 2000. This rate was assumed to gradually decline to 5% by 2005 and remain at that level thereafter.

The net benefit plans expense (credit) for the year ended December 31, 2000 included the following components:

	Pension Benefits 2000	Other Benefits 2000
Current service cost	**191**	**30**
Interest cost on projected benefit obligations	**696**	**109**
Expected return on plan assets	**(1,104)**	**(28)**
Amortization of past service costs	**3**	**–**
Amortization of net actuarial gain	**(7)**	**(5)**
Amortization of transitional (asset) obligation	**(64)**	**40**
Increase in valuation allowance	**30**	**–**
Net benefit plans (credit) expense	**(255)**	**146**

The following table summarizes the consolidated financial position of the pension plans and BCE's net pension asset for the year ended December 31, 1999:

At December 31	1999
Plan assets at market value	12,000
Actuarially projected plan benefits	
Accumulated plan benefits	7,749
Effect of salary projections	878
Projected plan benefits	8,627
Plan assets in excess of projected plan benefits	3,373
Unrecognized net experience gains	(1,908)
Unrecognized net assets existing at January 1, 1987	(31)
Unrecognized prior period costs	90
Net pension asset reflected on the consolidated balance sheet	1,524
Deferred pension asset included in deferred charges (Note 12)	1,620
Pension obligations, included in other long-term liabilities (Note 12)	(96)
Net pension asset	1,524

The components of BCE's pension credit follow:

	1999
Service cost – benefits earned	156
Interest cost on projected plan benefits	606
Expected return on plan assets	(837)
Net amortization and other	(122)
Pension credit	(197)

20. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

At December 31, 2000, the future minimum lease payments under capital leases were $990 million. At December 31, 2000, the future minimum lease payments under operating leases with initial non-cancellable lease terms in excess of one year were $572 million in 2001, $485 million in 2002, $419 million in 2003, $376 million in 2004, $325 million in 2005 and $1,839 million thereafter. Rental expense applicable to operating leases for 2000 was $410 million ($450 million in 1999).

Effective July 1, 1998, under the terms of a ten-year outsourcing agreement, a subsidiary of CGI is the preferred provider of Bell Canada's information systems and information technology services. Bell Canada's minimum commitment between January 1, 2001 and June 30, 2001 is approximately $160 million. Beyond this period, the amount of these expenditures will depend upon Bell Canada's business strategies and directions and the associated information systems and information technology requirements.

Contingent liabilities

In connection with the sale of a 20% interest in Bell Canada to SBC in 1999, BCE and SBC entered into a unanimous shareholders' agreement, which includes, among other conditions, the option by SBC to sell all of its shares in BCH (the holding company of Bell Canada) to BCE, at any time from July 1, 2002 until December 31, 2002, and at any time from July 1, 2004 until December 31, 2004, at the fair market value of the shares multiplied by 1.25. BCE also has the option, during the same periods of time, to purchase SBC's shares at the fair market value of the shares multipled by 1.25.

In December 1998, a sudsidiary of BCI which holds an investment in Comcel issued common shares to an unrelated company. BCI granted the unrelated company the right to require BCI to purchase all or a portion of such shares in the event that Comcel has not completed a public offering of its common shares for net proceeds of not less than US $200 million prior to December 10, 2001. This could result in BCI purchasing back these shares for approximately US $108 million in cash or through the issuance of BCI common shares. The difference between the amount paid for the unrelated company's shares and their fair value at that time would be expensed.

In the third quarter of 2000, several class action lawsuits were filed in the United States District Court for the Southern District of New York against Teleglobe Inc. and certain former officers of Teleglobe Inc. alleging that certain misrepresentations and omissions were made between February 11, 1999 and July 29, 1999. Teleglobe Inc. considers these lawsuits to be without merit and will defend itself vigorously.

In the normal course of operations, BCE becomes involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending at December 31, 2000, cannot be predicted with certainty, it is the opinion of management that their resolution will not have a material adverse effect on BCE's consolidated financial position or results of operations.

21. RECONCILIATION OF EARNINGS REPORTED IN ACCORDANCE WITH CANADIAN GAAP WITH UNITED STATES GAAP

The significant differences between Canadian and United States GAAP affecting the consolidated financial statements of BCE are reconciled in the table below:

	2000		1999	
($ millions except per share amounts)	**Net earnings applicable to common shares**	**Retained earnings**	Net earnings applicable to common shares	Retained earnings
Canadian GAAP – Continuing operations	**807**	**1,601**	4,976	8,301
Adjustments				
Additional pick-up of non-controlling interest (a)	**14**	**(66)**	(80)	(80)
Pre-operating expenses and subscriber acquisition costs (b)	**(100)**	**(221)**	(17)	(121)
Foreign exchange (c)	**(76)**	**(258)**	(63)	(182)
Employee future benefits (d)	**39**	**39**	(69)	(477)
Income taxes (e)	**45**	**45**	252	(20)
Gain on exchange of investments (f)	**–**	**99**	99	99
Gain on disposal of investments and on reduction of ownership in subsidiary companies (g)	**(31)**	**(276)**	124	(245)
Other	**(63)**	**(38)**	(60)	25
U.S. GAAP – Continuing operations	**635**	**925**	5,162	7,300
Discontinued operations — U.S. GAAP (h)	**(991)**	**(67)**	231	(1,734)
U.S. GAAP	**(356)**	**858**	5,393	5,566
Other comprehensive earnings (loss) items:				
Change in currency translation adjustment	**107**		(467)	
Change in unrealized gain on investments, net (i)	**2,788**		8	
Comprehensive earnings – U.S. GAAP	**2,539**		4,934	

21. RECONCILIATION OF EARNINGS REPORTED IN ACCORDANCE WITH CANADIAN GAAP WITH UNITED STATES GAAP (continued)

	2000	1999
Net earnings (loss) per common share		
– Canadian GAAP		
• Continuing operations	**1.26**	7.74
• Net earnings	**7.43**	8.35
– U.S. GAAP (j)		
• Continuing operations		
– Basic	**0.95**	8.03
– Fully diluted	**0.92**	7.83
• Net earnings (loss)		
– Basic	**(0.53)**	8.17
– Fully diluted	**(0.55)**	7.97

(a) Additional pick-up of non-controlling interest

Under Canadian and United States GAAP, the controlling shareholder is required to account for 100% of a subsidiary's losses when the non-controlling interest, related to that subsidiary, has been eliminated on the balance sheet. Any subsequent earnings from the subsidiary will be allocated entirely to the controlling shareholder until previously absorbed losses are recovered. However, Canadian and United States GAAP differences will cause the point, at which 100% of the losses or recovery of earnings allocated to the controlling shareholder, to be different.

(b) Pre-operating expenses and subscriber acquisition costs

Under Canadian GAAP, pre-operating expenses, if they meet certain criteria, and subscriber acquisition costs can be deferred and amortized. Under United States GAAP, these costs are expensed as incurred.

(c) Foreign exchange

Under Canadian GAAP, unrealized foreign exchange translation gains and losses on long-term monetary assets and liabilities are deferred and amortized over the remaining lives of the related items. Under United States GAAP, the translation gains and losses are reported in earnings immediately.

(d) Employee future benefits

Under Canadian GAAP, prior to January 1, 2000, BCE recognized the costs of postretirement benefits other than pension costs and postemployment benefits, when paid.

Effective January 1, 2000, BCE adopted the new accounting recommendations under Canadian GAAP (Note 1) which are now in all material respects consistent with United States GAAP, except for the recognition of certain unrealized gains.

(e) Income taxes

Under Canadian GAAP, prior to January 1, 2000, BCE accounted for income taxes under the deferral method, which focused on the income statement. Effective January 1, 2000, BCE adopted the new accounting recommendations under Canadian GAAP (Note 1) which are now in all material respects consistent with United States GAAP, with the exception that under Canadian GAAP, income tax rates of enacted or substantially enacted tax law can be used to calculate deferred income tax assets and liabilities while under US GAAP, only income tax rates of enacted tax law can be used.

(f) Gain on exchange of investments

On May 31, 1999, Bruncor, MT&T and NewTel combined their businesses to form Aliant. As a result, Bell Canada exchanged the ownership interest it had in Bruncor (45%), MT&T (34%) and NewTel (55%) for a 42% interest in Aliant. For United States GAAP purposes, the transaction represents, for Bell Canada, a series of non-monetary exchanges. Generally, exchanges of similar productive assets are accounted for at carrying value and no gain or loss is recognized. However, as a consolidated investment is not considered a productive asset, the exchange of Bell Canada's interest in NewTel was recorded at fair value.

(g) Gain on disposal of investments and on reduction of ownership in subsidiary companies

Under Canadian and United States GAAP, a gain on disposal of investments and on reduction of ownership in subsidiary companies is calculated in a similar manner. However, Canadian and United States GAAP differences will cause the underlying equity value of a subsidiary company to be different; therefore, the resulting gain will be different.

(h) Discontinued operations

Under Canadian GAAP, discontinued operations amounted to $3,975 million for the year ended December 31, 2000 (Note 8). The difference between Canadian and United States GAAP for discontinued operations related mainly to differences in the underlying equity value of BCE's investments in Nortel Networks and ORBCOMM and that, under United States GAAP, the gain on reduction of BCE's ownership in Nortel Networks in the first quarter of 2000 was credited directly to retained earnings as a result of BCE's intention to spin-off the majority of its investment in Nortel Networks, which occurred in May 2000. Therefore, retained earnings was reduced by an additional $521 million under United States GAAP.

(i) Change in unrealized gain on investments, net

Under Canadian GAAP, BCE's remaining interest in Nortel Networks is now being recorded as an investment at cost. Under United States GAAP, the investment would be classified as "available-for-sale" and carried at fair value with the unrealized gain, net of tax, included in other comprehensive earnings. In addition, BCE entered into forward contracts to hedge its exposure to fluctuations in the market price of approximately 47.9 million of Nortel Networks common shares at an average price of approximately $90 per share. The effects of this hedging strategy, net of tax, are also included in the other comprehensive earnings.

21. RECONCILIATION OF EARNINGS REPORTED IN ACCORDANCE WITH CANADIAN GAAP WITH UNITED STATES GAAP (continued)

(j) Earnings per share

Under United States GAAP, companies are required to present diluted earnings per share using the treasury stock method, which differs from the method of computing fully diluted earnings per common share under Canadian GAAP.

Future accounting changes

Financial Accounting Standards Board Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities* (FAS 133), as amended by Financial Accounting Standards Board Statement No. 138, is effective for fiscal years beginning after June 15, 2000. FAS 133 requires that all derivatives, including those embedded in other contracts to be recorded in the balance sheet at fair value. Changes in fair value will be recorded in net earnings or, if the derivative is designated as a cash flow hedge, in other comprehensive income. For fair value hedges, changes in the fair value of the derivative instrument will generally be offset in net earnings by changes in fair value of the hedged item. For cash flow hedge transactions, the effective portion of the changes in the fair value of the derivative instrument will be reported in other comprehensive income and will be reclassified to net earnings in the periods in which net earnings are affected by the variabilities in cash flows of the hedged item.

BCE has adopted FAS 133 effective January 1, 2001 and accordingly revalued all derivatives to fair value. The adoption of FAS 133 did not have a material impact on the consolidated results of operations or financial position of the Corporation.

22. SUBSEQUENT EVENTS

Sale of KG Telecommunications Co. Ltd

On February 23, 2001, BCI announced that it had completed the transaction announced on August 31, 2000, to sell its 20% interest in KG Telecommunications Co. Ltd. for gross proceeds of approximately $785 million.

Acquisition of IMRglobal, Corp.

On February 21, 2001, CGI and IMRglobal, Corp. (IMRglobal), an IT consulting and systems integration company, signed a definitive merger agreement for acquisition by CGI of IMRglobal for US $438 million. Under the terms of the definitive agreement, IMRglobal shareholders will receive 1.5974 Class A Subordinate Shares of CGI for each IMRglobal common share. CGI's majority individual shareholders have decided to exercise their pre-emptive rights in order to maintain their Class B voting interests at current levels. BCE Inc. has decided not to exercise its pre-emptive right to acquire additional Class A Subordinate Shares and has indicated to CGI that it will decide prior to closing of the merger whether or not it will exercise its pre-emptive right for Multiple Voting Class B Shares.

Acquisition of Tess S.A.

On February 12, 2001, Telecom Américas announced that it had signed an agreement to acquire, for a total consideration of US $950 million, a 100% economic interest in Tess S.A. (Tess), one of the two B Band cellular operators in the Brazilian state of São Paulo. Under the terms of the agreement, certain voting rights remain with the vendors. The transaction, which is subject to lender and regulatory approvals, is expected to close before the end of the first quarter of 2001.

Sale of Vésper S.A. and Vésper São Paulo S.A.

On February 1, 2001, BCI announced that it had terminated the September 25, 2000 agreement to sell its interests in the Vésper companies to Velocom Inc. (Velocom). The agreement had been subject to the parties obtaining regulatory and other consents, and Velocom concluding necessary financing. Velocom did not notify BCI that it had obtained the necessary financing by the date specified in the agreement. The termination of the agreement preserves BCI's contractual rights, while creating the flexibility to pursue a variety of alternatives. If BCI concludes a sale of the Vésper companies prior to June 30, 2001, BCI is committed to contribute to Telecom Américas the sale proceeds from the disposition of the Vésper companies, net of any additional BCI capital invested subsequent to September 25, 2000. In the event that the Vésper companies are not sold by June 30, 2001, and are not otherwise acquired by Telecom Américas, BCI is required to contribute a minimum of US $300 million and a maximum of US $575 million to Telecom Américas. In the event that BCI contributes less than the maximum amount, BCI's ownership in Telecom Américas would be reduced proportionately but to not less than 40.1%.

Acquisition of Spectrum Licenses

On February 1, 2001, Bell Mobility announced that it had successfully bid on 20 new personal communications services spectrum licenses in Industry Canada's auction for a total investment of approximately $720 million. These new licenses should enable Bell Mobility, together with its Bell Wireless Alliance partners (Aliant, MTS and Saskatchewan Telecommunications Holding Corporation) to deliver third generation wireless services. The spectrum licenses have been won on a provisional basis until processed by Industry Canada as per the auction closure guidelines and procedures. Payment of the license fees is due on March 15, 2001 and final ownership of the new licenses is expected to be confirmed by Industry Canada shortly thereafter.

Creation of Bell Globemedia Inc.

On January 9, 2001, Bell Globemedia Inc., a Canadian multi-media company in the fields of broadcasting, print and the Internet, was created as a result of the closing of the transaction originally announced on September 15, 2000, when BCE, The Thomson Corporation (Thomson) and The Woodbridge Company Limited (Woodbridge) proposed the creation of a Canadian multi-media company. BCE owns 70.1% of Bell Globemedia Inc. and its principal contributions were its wholly-owned interest in CTV and its 71% interest in Sympatico-Lycos. Thomson owns 20% of Bell Globemedia Inc. and contributed all of the assets and undertakings of The Globe and Mail (division of Thomson Canada Limited) and of Globe Interactive (division of Thomson Canada Limited). Woodbridge owns 9.9% of Bell Globemedia Inc. and contributed $385 million. Bell Globemedia Inc.'s initial capitalization was approximately $4 billion.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

(Unaudited)	2000	1999	1998	1997	1996	1995
Statement of operations data ($ millions) (i)						
Operating revenues	**18,094**	14,214	12,954	12,771	10,568	9,921
Earnings from continuing operations before extraordinary item	**886**	5,069	1,399	773	810	144
Discontinued operations/Extraordinary item	**3,975**	390	3,199	(2,309)	342	638
Net earnings (loss)	**4,861**	5,459	4,598	(1,536)	1,152	782
Net earnings (loss) applicable to common shares	**4,782**	5,366	4,505	(1,610)	1,076	695
Balance sheet data ($ millions)						
Total assets	**51,383**	36,960	32,170	40,298	41,261	38,861
Long-term debt (including current portion)	**14,615**	9,862	10,349	12,784	12,586	13,062
Preferred shares	**1,300**	1,700	1,700	1,700	1,450	1,250
Common shareholders' equity	**16,161**	16,192	11,945	8,109	10,522	10,039
Capital expenditures	**4,832**	3,588	3,774	3,413	3,128	2,804
Common share data (ii)						
Earnings (loss) per common share						
Continuing operations before extraordinary item	**1.26**	7.74	2.05	1.10	1.16	0.09
Discontinued operations/Extraordinary item	**6.17**	0.61	5.02	(3.63)	0.54	1.03
Net earnings (loss)	**7.43**	8.35	7.07	(2.53)	1.70	1.12
Dividends declared per common share	**1.24**	1.36	1.36	1.36	1.36	1.36
Other data						
Network access services (thousands)	**13,361**	11,579	11,556	11,221	10,869	10,593
Number of employees (thousands)	**75**	55	53	122	121	121

(i) Prior years have been restated to reflect Nortel Networks Corporation as a discontinued operation.

(ii) Adjusted to reflect the BCE two-for-one stock split effective May 14, 1997.

QUARTERLY FINANCIAL DATA

($ millions except per share amounts)	4th Quarter		3rd Quarter		2nd Quarter		1st Quarter	
(Unaudited)	2000	1999	2000	1999	2000	1999	2000	1999
Operating revenues	**5,185**	3,707	**4,474**	3,632	**4,335**	3,451	**4,100**	3,424
Earnings from continuing operations	**(13)**	171	**726**	132	**50**	4,554	**123**	212
Discontinued operations	**–**	561	**(67)**	14	**(7)**	119	**4,049**	(304)
Net earnings (loss)	**(13)**	732	**659**	146	**43**	4,673	**4,172**	(92)
Net earnings (loss) applicable to common shares	**(31)**	709	**640**	123	**24**	4,649	**4,149**	(115)
Net earnings (loss) per common share								
Continuing operations	**(0.04)**	0.23	**1.10**	0.17	**0.04**	7.05	**0.16**	0.29
Net earnings (loss)	**(0.04)**	1.10	**0.99**	0.19	**0.04**	7.23	**6.44**	(0.18)
Average number of common shares outstanding (millions)	**746.1**	643.8	**644.7**	643.6	**644.5**	642.8	**644.0**	641.1

BOARD OF DIRECTORS*

Jean C. Monty, C.M.
Montréal, Québec
Chairman of the Board and Chief Executive Officer, BCE Inc.
A director from May 1991 to September 1992 and since October 1997. Chairman of the Board and Chief Executive Officer of Bell Canada and Chairman of the Board of Bell Globemedia Inc. and Teleglobe Inc.

Richard J. Currie, C.M.
Toronto, Ontario
President and a director
George Weston Limited
A director since May 1995. Lead director and Chairman of the Management Resources and Compensation Committee and a member of the Corporate Governance Committee. A director of Teleglobe Inc.

Donna S. Kaufman
Toronto, Ontario
Lawyer and Corporate Director
A director since June 1998. A member of the Audit Committee. A director of Bell Globemedia Inc.

Thomas E. Kierans
Toronto, Ontario
Chairman
Canadian Institute for Advanced Research
A director since April 1999. A member of the Audit Committee. A director of CGI Group Inc. and Teleglobe Inc.

Brian M. Levitt
Montréal, Québec
Co-Chair, Osler, Hoskin & Harcourt LLP, Business Lawyers
A director since May 1998. A member of the Management Resources and Compensation Committee. A director of Bell Globemedia Inc.

Judith Maxwell
Ottawa, Ontario
President
Canadian Policy Research Networks Inc.
A director since January 2000. A member of the Audit Committee. A director of Bell Canada.

John H. McArthur
Wayland, Massachusetts
Dean Emeritus
Harvard University Graduate School of Business Administration
A director since May 1995. A member of the Corporate Governance Committee and the Management Resources and Compensation Committee. A director of BCE Emergis Inc.

J. Edward Newall, O.C.
Calgary, Alberta
Chairman of the Board
Newall and Associates
A director since May 1989. Chairman of the Audit Committee and a member of the Corporate Governance Committee. A director of Bell Canada.

Guy Saint-Pierre, O.C.
Montréal, Québec
Chairman of the Board
SNC-Lavalin Group Inc.
A director since May 1995. Chairman of the Corporate Governance Committee. A director of Bell Canada.

Paul M. Tellier, P.C., C.C., Q.C.
Westmount, Québec
President, Chief Executive Officer and a director
Canadian National Railway Company
A director since April 1999. Member of the Management Resources and Compensation Committee. A director of Bell Canada.

Victor L. Young, O.C.
St. John's, Newfoundland
Chairman and Chief Executive Officer
Fishery Products International Limited.
A director since May 1995. A member of the Audit Committee.

CORPORATE OFFICERS*

Jean C. Monty
Chairman of the Board and Chief Executive Officer

Michael J. Sabia
President

William D. Anderson
President – BCE Ventures

Michael T. Boychuk
Corporate Treasurer

Peter J.M. Nicholson
Chief Strategy Officer

Patrick Pichette
Executive Vice-President Planning & Performance Management

Barry W. Pickford
Vice-President, Taxation

Marc J. Ryan
Corporate Secretary

C. Wesley M. Scott
Chief Corporate Officer

Martine Turcotte
Chief Legal Officer

Siim A. Vanaselja
Chief Financial Officer

*As of February 28, 2001

There are three standing committees of the Board of Directors: the Audit Committee, the Corporate Governance Committee ("CGC") and the Management Resources and Compensation Committee ("MRCC").

THE AUDIT COMMITTEE

The Audit Committee reviews, reports and, where appropriate, approves or provides recommendations to the Board on: the annual and interim consolidated financial statements (including the related management discussion and analysis) and the integrity of the financial reporting of the Corporation; the adequacy of the Corporation's processes for identifying and managing risk; the adequacy of its internal control system; the adequacy of its processes for complying with laws and regulations; the appropriateness of, and compliance with, the policies and practices of the Corporation relating to business ethics; the appointment, terms of engagement, independence and proposed fees of the shareholders' auditor; the appointment and mandate of the internal auditor; the relationship between related entities' audit committees and that of the Corporation; and the relationship between the Audit Committee, other standing committees of the Board of Directors and management. The Audit Committee has direct communication channels with the internal and external auditors to discuss and review specific issues as appropriate.

The Audit Committee also advises the Board on policy with respect to the administration, funding and investment of the Corporation's pension plan (the "Plan") and fund (the "Fund") and the unitized pooled fund sponsored by the Corporation for the collective investment of the Fund and participating subsidiaries' pension funds (the "Master Fund"). More particularly, the Audit Committee reviews the impact of the Plan liabilities and funding of proposed changes to benefits under the Plan; approves long-term funding objectives in relation to the Plan liabilities; approves the appointment or removal of the actuary of the Plan; and with respect to the Plan, the Fund and the Master Fund, reviews the system in place for carrying out the Corporation's responsibilities as employer and administrator of the Plan, the Fund and the Master Fund, including supervision and monitoring procedures and reports to the Board of Directors on its appropriateness; approves changes to the investment policies and goals to be followed in the investment of the Fund and the Master Fund; reviews the investment performance of the Fund and the Master Fund; and reviews and approves the audited financial statements of the Fund and the Master Fund. The Audit Committee met six times in 2000.

THE CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee reviews, reports and, where appropriate, provides recommendations to the Board on: candidates for election to the Board of Directors and matters of corporate governance including standards of performance for directors, the size of the Board, tenure of directors, performance of directors, directors' remuneration in relation to current compensation practices, the structure, responsibility and composition of Board committees and the merits of shareholder proposals. The CGC also undertakes periodic surveys of all directors to allow each director to assess the effectiveness of the Board as well as to appraise his or her own participation on the Board. It reports to the Board periodically on the Board's assessment of its effectiveness. It also assists newly appointed Board members in becoming acquainted with the Corporation and its governance process. The CGC met three times in 2000.

THE MANAGEMENT RESOURCES AND COMPENSATION COMMITTEE

The Management Resources and Compensation Committee reviews, reports and, where appropriate, provides recommendations to the Board on: the appointment of the Chief Executive Officer and other officers; existing management resources and succession plans for officers and other management ranks; the performance of the Chief Executive Officer and other officers; the Corporation's executive compensation policy and the compensation of the Chief Executive Officer and other officers; and any proposed major changes in organization or personnel, or changes to the Corporation's pension and benefit plans. The MRCC met eight times in 2000.

MEMBERS OF COMMITTEES OF THE BOARD

AUDIT

J.E. Newall
Chairman

D.S. Kaufman

T.E. Kierans

J. Maxwell

V.L. Young

CORPORATE GOVERNANCE

G. Saint-Pierre
Chairman

R.J. Currie

J.H. McArthur

J.E. Newall

MANAGEMENT RESOURCES AND COMPENSATION

R.J. Currie
Chairman

B.M. Levitt

J.H. McArthur

P.M. Tellier

2001 ANNUAL AND SPECIAL MEETING

The annual and special meeting of BCE shareholders will take place at 10:30 a.m. (Pacific Time), Wednesday, April 25, 2001, at the Vancouver Convention and Exhibition Centre, 999 Canada Place, Vancouver, British Columbia.

DIVIDENDS ON COMMON SHARES*

RECORD DATE	PAYMENT DATE
March 15, 2001	April 15, 2001
June 15, 2001	July 15, 2001
September 14, 2001	October 15, 2001
December 14, 2001	January 15, 2002

*Subject to approval by the Board of Directors.

CANADIAN WITHHOLDING TAXES ON FOREIGN INVESTORS

Dividends on BCE shares paid or credited to non-residents of Canada are subject to withholding tax at 25%, unless reduced by treaty. Under current tax treaties, US and UK residents' withholding tax rate is 15%.

NUMBER OF SHARES AND SHAREHOLDERS

At December 31, 2000, there were 809,861,531 BCE common shares outstanding and 184,607 registered common shareholders, and 68,000,000 preferred shares outstanding, and 490 registered preferred shareholders.

DIVIDENDS PAID

Since 1995 and until the second quarter of 2000, quarterly dividends of $0.34 per common share have been paid.* Effective Q2 2000, BCE's dividend is $0.30 per common share and reflects the distribution of Nortel Networks Corporation shares on which dividends, if and when declared, are paid directly to shareholders by Nortel Networks.

*Adjusted to reflect the BCE two-for-one stock split effective May 14, 1997.

ESTATE AND SUCCESSION DUTIES

There are no estate taxes or succession duties imposed by Canada or by any province of Canada.

U.S. BACKUP WITHHOLDING

Effective January 1, 2001, BCE is required to solicit TIN's (taxpayer identification numbers) and W9 declarations of residency from US investors. Where these have not been received, BCE is required to deduct Internal Revenue Service specified backup withholding tax of 31% on all dividends paid on or after January 1, 2001.

STOCK EXCHANGE LISTINGS

Toronto, New York and the Swiss Exchange.

CORPORATE DOCUMENTS

Most of BCE Inc. corporate documents, including quarterly and annual reports, can be found on our Web site. Shareholders wishing to be notified electronically when documents are posted should go to the BCE Web site at **www.bce.ca** and register to our service "Our news, your way".

Corporate documents can also be requested:

BY E-MAIL
investor.relations@bce.ca

BY TELEPHONE
1 800 339-6353
(toll free in Canada and the U. S.)

BY MAIL
BCE Inc.
Investor Relations
1000, rue de La Gauchetière O.
Bureau 3700
Montréal (Québec)
H3B 4Y7

SPECIAL SERVICES FOR SHAREHOLDERS

1 Join BCE's Dividend Reinvestment and Stock Purchase Plan and increase your investment in BCE common shares without brokerage costs.

2 Avoid postal delays and trips to the bank by joining BCE's bank deposit program for your dividends.

3 Help BCE control costs and eliminate duplicate mailings by consolidating your accounts.

For more information, contact Computershare Trust Company of Canada

TRANSFER OFFICES AND REGISTRAR FOR SHARES

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Computershare Trust Company of Canada
(514) 982-7555 in the Montréal area
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(toll free in Canada and the U.S.)

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Computershare Trust Company of New York
(212) 701-7600

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tel: (514) 982-7555 *or* 1 800 561-0934
fax: (514) 982-7635

CONNECTIVITY

CANADIAN

BELL CANADA	www.bell.ca
BELL ACTIMEDIA	www.bellactimedia.com
BELL EXPRESSVU	www.expressvu.com
BELL INTRIGNA	www.bellintrigna.com
BELL MOBILITY	www.bellmobility.ca
BELL NEXXIA	www.bellnexxia.com
ALIANT	www.aliant.ca
MANITOBA TELECOM SERVICES	www.mts.mb.ca
NORTHERN TELEPHONE	www.northerntel.on.ca
NORTHWESTEL	www.nwtel.ca
TÉLÉBEC	www.telebec.qc.ca

INTERNATIONAL

TELEGLOBE	www.teleglobe.com

CONTENT

GLOBEMEDIA

CTV	www.ctv.ca
GLOBE AND MAIL	www.globeandmail.ca
SYMPATICO-LYCOS	www.sympatico.ca

COMMERCE

BCE EMERGIS	www.emergis.com

BCE VENTURES

BELL CANADA INTERNATIONAL	www.bci.ca
CGI GROUP	www.cgi.ca
TELESAT	www.telesat.ca
BCE CAPITAL	www.bcecapital.ca
EXCEL COMMUNICATIONS	www.excel.com

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BCE
Bell Canada
Enterprises

BELL CANADA ENTERPRISES 2000 ANNUAL REPORT

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