

BCE INC  
Form 40-F  
March 11, 2005

2004

U.S. Securities and Exchange Commission  
Washington, D.C. 20549

FORM 40-F

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

OR

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

For the fiscal year ended: **December 31, 2004** Commission File Number: **1-8481**

**BCE Inc.**

*(Exact name of Registrant as specified in its charter)*

**Canada**

*(Jurisdiction of incorporation or organization)*

**4813**

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

**98-0134477**

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

**1000 rue de La Gauchetière Ouest, Bureau 3700, Montreal, Quebec, Canada H3B 4Y7, (514) 397-7000**

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

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

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

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

Title of each class  
**Common shares**

Name of each exchange on which registered  
**New York Stock Exchange**

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

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

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

  X   Annual information form

  X   Audited annual financial statements

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

**At December 31, 2004, 925,935,682 common shares and 66,000,000 First Preferred Shares were issued and outstanding.**

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

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marked, indicate the file number assigned to the Registrant in connection with such Rule.

YES: \_\_\_\_\_ NO:

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

YES:  NO: \_\_\_\_\_

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### **PRIOR FILINGS MODIFIED AND SUPERSEDED**

BCE Inc. s annual report on Form 40-F for the year ended December 31, 2004, at the time of filing with the U.S. Securities and Exchange Commission (the SEC or Commission ), modifies and supersedes all prior documents filed pursuant to Sections 13, 14 and 15(d) of the Exchange Act for purposes of any offers or sales of any securities after the date of such filing pursuant to any registration statement or prospectus filed pursuant to the Securities Act of 1933 which incorporates by reference such annual report on Form 40-F. Other than BCE Inc. s Annual Information Form for the year ended December 31, 2004 (the AIF ) included herein, and BCE Inc. s annual audited consolidated financial statements for the year ended December 31, 2004 and related management s discussion and analysis of financial condition and results of operations, incorporated by reference herein, no other information from the Exhibits attached hereto is to be incorporated by reference in a registration statement or prospectus filed pursuant to the Securities Act of 1933.

### **ANNUAL AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND MANAGEMENT S DISCUSSION AND ANALYSIS**

#### **A. Annual Audited Consolidated Financial Statements**

For BCE Inc. s annual audited consolidated financial statements for the year ended December 31, 2004 (the Financial Statements ), including the auditor s report with respect thereto, see pages 82 to 121 and part of page 82, respectively, of the BCE Inc. 2004 Annual Report to shareholders attached hereto as Exhibit 99.1, which pages are incorporated herein by reference. See Note 27 of the Notes to the Financial Statements on pages 118 to 121 of the BCE Inc. 2004 Annual Report to shareholders, reconciling the significant differences between Canadian and United States generally accepted accounting principles.

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

#### **B. Management s Discussion and Analysis**

For management s discussion and analysis of financial condition and results of operations, see pages 32 to 81 of the BCE Inc. 2004 Annual Report to shareholders attached hereto as Exhibit 99.1, which pages are incorporated herein by reference.

### **EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES**

As of the end of the period covered by this annual report on Form 40-F, an evaluation was carried out by BCE Inc. s management, under the supervision, and with the participation, of BCE Inc. s President and Chief Executive Officer (the CEO ) and Chief Financial Officer (the CFO ), of the effectiveness of BCE Inc. s disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). Based on that evaluation, the CEO and CFO concluded that such disclosure controls and

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procedures were adequate and effective and designed to ensure that material information relating to BCE Inc. and its consolidated subsidiaries would be made known to them by others within those entities.

### CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

During the year ended December 31, 2004, there were no changes in BCE Inc.'s internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, BCE Inc.'s internal control over financial reporting.

### AUDIT COMMITTEE FINANCIAL EXPERT

BCE Inc.'s board of directors has determined that the Chairman of the audit committee, Mr. T.C. O'Neill, qualifies as an "audit committee financial expert" and that Mr. T.C. O'Neill is independent under the listing standards of the New York Stock Exchange.

### CODE OF ETHICS

All of BCE Inc.'s employees, directors and officers must follow BCE Inc.'s Code of Business Conduct (the Bell Canada Enterprises Code), which provides guidelines for ethical behaviour. The Bell Canada Enterprises Code includes additional guidelines for BCE Inc.'s President and Chief Executive Officer, Chief Financial Officer, Controller and Treasurer. The Bell Canada Enterprises Code is available in the Governance section of BCE Inc.'s website at [www.bce.ca](http://www.bce.ca).

### PRINCIPAL ACCOUNTANT FEES AND SERVICES

#### Auditor's fees

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

	2004	2003 <sup>1</sup>
<b>(Can. \$ millions)</b>		
Audit fees	11.4	13.3
Audit-related fees	3.1	2.2
Tax fees	1.9	2.6
Other fees		1.1
<b>Total</b>	<b>16.4</b>	<b>19.2</b>

<sup>1</sup> Figures for 2003 have been restated to eliminate the fees paid by CGI Group Inc. in the calculation of our aggregate fees paid and reclassify translation services from Other fees to Audit fees so they can be compared to 2004 fees.

#### Audit fees

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

*Audit-related fees*

These fees relate to non-statutory audits, *Sarbanes-Oxley Act of 2002* initiatives, pension plan audits and consulting on prospective financial accounting and reporting standards.

*Tax fees*

These fees include professional services for administering our compliance with our conflict of interest policy, tax compliance, tax advice, tax planning and advisory services relating to the preparation of corporate tax, capital tax and commodity tax returns.

Since November 2004, we generally do not engage the external auditor to perform tax planning and consulting services.

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*Other fees*

These fees include professional services provided for the redesign of product introduction and new applications for account management, inventory programming, promotion and research processes. This work started in 2002 and was completed in early 2003.

In 2004, Deloitte & Touche has not been engaged to design any information system or provide implementation services (IS/IT) or other consulting services to BCE Inc. or its subsidiaries.

**Auditor independence policy**

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

- establishing a process for determining whether various audit and other services provided by the external auditor affect its independence;
- identifying the services that the external auditor may and may not provide to BCE Inc. and its subsidiaries;
- pre-approving all services to be provided by the external auditor of BCE Inc. and its subsidiaries; and
- establishing a process outlining procedures (as part of a separate policy) when hiring current or former personnel of the external auditor in a financial oversight role to ensure auditor independence is maintained.

In particular, the policy specifies that:

- the external auditor cannot be hired to provide any services falling within the prohibited services category, such as bookkeeping, financial information system design and implementation and legal services;
- for all audit or non-audit services falling within the permitted services category (such as prospectus work, due diligence and non-statutory audits), a request for approval must be submitted to the audit committee by the Chief Financial Officer prior to engaging the auditors;
- specific permitted services however are pre-approved quarterly by the audit committee and consequently only require approval by the Chief Financial Officer prior to engaging the external auditor; and
- at each regularly scheduled audit committee meeting, a consolidated summary of all fees paid to the external auditor by service type is presented. This summary includes a breakout of fees incurred within the pre-approved amounts.

In 2004, BCE Inc.'s audit committee did not approve any audit-related, tax or other services pursuant to paragraph (c) (7) (i) (C) of Rule 2-01 of Regulation S-X.

**OFF-BALANCE SHEET ARRANGEMENTS**

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Please see the section entitled *Off-Balance Sheet Arrangements* of BCE Inc.'s management's discussion and analysis of financial condition and results of operations (which is incorporated by reference in BCE Inc.'s AIF) and Notes 11 and 25, entitled *Accounts receivable* and *Guarantees*, respectively, of the Financial Statements, all contained in BCE Inc.'s 2004 Annual Report to shareholders attached hereto as Exhibit 99.1, for a discussion of offbalance sheet arrangements.

### **TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS**

Please see the section entitled *Contractual Obligations* of BCE Inc.'s management's discussion and analysis of financial condition and results of operations (which is incorporated by reference in BCE Inc.'s AIF), contained in BCE Inc.'s 2004 Annual Report to shareholders attached hereto as Exhibit 99.1, for a tabular disclosure and discussion of contractual obligations.

### **IDENTIFICATION OF THE AUDIT COMMITTEE**

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

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### **UNDERTAKING**

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

### **WEB SITE INFORMATION**

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

### **STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

BCE Inc. has made in the documents filed as part of this annual report on Form 40-F, and from time to time may otherwise make, forward-looking statements and related assumptions concerning its operations, economic performance and financial matters. BCE Inc. is under no duty to update any of these forward-looking statements or related assumptions. Actual results or events could differ materially from those set forth in, or implied by, the forward-looking statements and the related assumptions due to a variety of factors. Reference is made to the section entitled *About forward-looking statements* on page 3 of the AIF and to the section entitled *Risks That Could Affect Our Business* on pages 32 to 41 of the AIF for a discussion of certain of such factors. Reference is also made to the various risk factors discussed throughout BCE Inc.'s management's discussion and analysis of financial condition and results of operations (which is incorporated by reference in BCE Inc.'s AIF), contained in BCE Inc.'s 2004 Annual Report to shareholders attached hereto as Exhibit 99.1.

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# Annual Information Form

**BCE Inc.**

For the year ended December 31, 2004  
March 2, 2005

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**What's inside**

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## **ABOUT THIS ANNUAL INFORMATION FORM**

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

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

**All dollar figures are in Canadian dollars, unless stated otherwise. The information in this AIF is as of March 2, 2005, unless stated otherwise, and except for information in documents incorporated by reference that have a different date.**

### **Documents incorporated by reference**

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

Document	Where it is incorporated in this AIF
BCE Inc. 2004 annual report <i>Management s discussion and analysis</i> , pages 32 to 80	<i>Management s discussion and analysis</i> , page 41

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

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#### About forward-looking statements

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

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

This AIF contains forward-looking statements about BCE's objectives, strategies, financial condition, results of operations, cash flows and businesses. These statements are forward-looking because they are based on our current expectations, estimates and assumptions about the markets we operate in, the Canadian economic environment and our ability to attract and retain customers and to manage network assets and operating costs. It is important to know that:

- **forward-looking statements in this AIF describe our expectations at March 2, 2005.**
- our actual results could be materially different from what we expect if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. As a result, we cannot guarantee that any forward-looking statement will materialize and, accordingly, you are cautioned not to place undue reliance on these forward-looking statements.
- forward-looking statements do not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made may have on our business. For example, they do not include the effect of dispositions, sales of assets, monetizations, mergers, acquisitions, other business combinations or transactions, asset write-downs or other charges announced or occurring after forward-looking statements are made. The financial impact of such transactions and non-recurring and other special items can be complex and necessarily depends on the facts particular to each of them. Accordingly, the expected impact cannot be meaningfully described in the abstract or presented in the same manner as known risks affecting our business.
- we disclaim any intention and assume no obligation to update any forward-looking statement even if new information becomes available, as a result of future events or for any other reason.

Risks that could cause our actual results to materially differ from our current expectations are discussed throughout this AIF and, in particular, in *Risks that could affect our business*.

#### ABOUT BCE



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BCE is Canada's largest communications company. Our primary focus is Bell Canada, which represents the largest component of our business. We report Bell Canada's results of operations in four segments. Each reflects a distinct customer group: *Consumer, Business, Aliant and Other Bell Canada*. All of our other activities are reported in the *Other BCE segment*. Our reporting structure reflects how we manage our business and how we classify our operations for planning and measuring performance.

In 2004, we had consolidated operating revenues of \$19.2 billion. We had total assets of \$39.1 billion and approximately 61,700 employees at December 31, 2004.

The table below shows the operating revenues that each segment contributed to total operating revenues for the year ended December 31, 2004.

### *Operating revenues (in \$ millions)*

Consumer	\$	7,502
Business	\$	5,851
Aliant	\$	2,033
Other Bell Canada	\$	1,939
Inter-segment eliminations	\$	(538)
<hr/>		
Bell Canada	\$	16,787
Other BCE	\$	2,861
Inter-segment eliminations	\$	(455)
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Total operating revenues	\$	<b>19,193</b>

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

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

The Business segment provides local telephone, long distance, wireless, data (including Internet access), and other services to Bell Canada's small and medium-sized businesses (SMB) and large enterprise (Enterprise) customers in Ontario and Québec, as well as business customers in Western Canada.

In 2004, Bell Canada acquired several small specialized service companies, allowing us to quickly enhance our value-added services (VAS) product suite for both SMB and Enterprise customers. See *Business Highlights* for information about these business acquisitions.

In the third quarter of 2004, we enhanced our competitive position in Western Canada by acquiring 100% ownership of Bell West Inc. (Bell West), our competitive local exchange carrier (CLEC) in Alberta and British Columbia, by completing the purchase of Manitoba Telecom Services Inc.'s (MTS) interest in Bell West.

In the fourth quarter of 2004, we further enhanced our competitive position in Western Canada by completing the acquisition of the Canadian operations of 360networks Corporation (360networks) as well as certain U.S. network assets. This acquisition increases our customer base and gives us an extensive fibre network across major cities in Western Canada. See *Business Highlights* for information about this acquisition.

The Aliant segment provides local telephone, long distance, wireless, data (including Internet access), and other services to residential and business customers in Atlantic Canada, and represents the operations of Aliant.

At December 31, 2004, Bell Canada owned 53% of Aliant. The remaining 47% was publicly held.

The Other Bell Canada segment includes Bell Canada's Wholesale business, and the financial results of Télébec Limited Partnership (Télébec), NorthernTel Limited Partnership (NorthernTel) and Northwestel Inc.

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(Northwestel). Our Wholesale business provides local telephone, long distance, wireless, data and other services to competitors who resell these services. Télébec, NorthernTel and Northwestel provide telecommunications services to less populated areas of Québec, Ontario and Canada's northern territories.

Following the purchase of 360networks, Bell Canada sold 360networks' retail customer operations in Central and Eastern Canada to Call-Net Enterprises Inc. (Call-Net). As part of the sale, Bell Canada will provide to Call-Net, for a share of the revenues, network facilities and other operations and support services.

At December 31, 2004, Bell Canada owned 100% of Northwestel and 63% of Télébec and NorthernTel. The Bell Nordiq Income Fund owned the remaining 37%.

In classifying our operations for planning and measuring performance, all restructuring and other items at Bell Canada and its subsidiaries except for Aliant are included in the Other Bell Canada segment and not allocated to the Consumer or Business segments.

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

Bell Globemedia provides information and entertainment services to Canadian customers and access to distinctive Canadian content. It includes CTV Inc. (CTV), Canada's leading private broadcaster, and The Globe and Mail, Canada's leading national newspaper. BCE Inc. owns 68.5% of Bell Globemedia. The Woodbridge Company Limited and affiliates own the remaining 31.5%.

Telesat is a pioneer in satellite communications and systems management and is an experienced consultant in establishing, operating and upgrading satellite systems worldwide. BCE Inc. owns 100% of Telesat.

CGI is one of Canada's largest IT services companies. It provides a full range of IT services and business solutions including outsourcing, systems development and integration and consulting. CGI is publicly traded. BCE Inc. owns 29% of CGI.

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

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

BCE Inc.'s auditors are Deloitte & Touche LLP.

### Our strategic priorities

The telecommunications industry continues to evolve rapidly as the industry moves from multiple service-specific networks to Internet Protocol (IP)-based integrated communications networks where text, video, sound and voice all travel on a single network. While IP-based communications is creating a new competitive landscape with reduced barriers to entry, it also unleashes new growth opportunities and the ability to achieve significant cost savings.

In 2004, we embarked on our strategy to deliver unrivalled integrated communications to customers across Canada with the overall objective of taking a leadership position in setting the standard in IP for the industry and for our customers. Leveraging the opportunities created by IP-based communications should allow us to deliver on the guiding principles of our strategy of customer simplification, innovation and efficiency. This strategy is founded on three priorities:

#### *1. Deliver an enhanced customer experience with the objective of enabling a significantly lower cost structure at Bell Canada.*

A year ago we announced a far-reaching, company-wide program called Galileo (Galileo) designed to simplify and enhance the customer experience. In the Consumer segment, Galileo aims to unify the customer experience across all product lines, and eliminate the costs of complexity associated with multiple systems and processes. In the Business segment, Galileo aims to deliver to customers a streamlined service offer based on IP, thereby eliminating the costs of multiple data networks and their related processes.

In 2004, we made significant progress on our Galileo initiatives in both our Consumer and Business segments.

In our consumer segment:

- we gained 369,000 subscriptions to the Bell bundle (a combination of wireless, Internet and video services in one offer), bringing our total sales to 431,000 since it was launched in September of 2003. Over the year, 48% of new bundle activations, 49% of fourth quarter activations and 51% of December activations included the sale of at least one new service.
- the \$5 Long Distance Bundle that we introduced in June 2004, was extremely successful, gaining approximately 229,000 customers by year end
- we completed a major overhaul of Bell ExpressVu's service offerings to stimulate growth and invigorate the business. This included repackaging programs and simpler pricing.
- we completed the migration of all Bell Mobility postpaid customer accounts to a new billing platform that will enable us to consolidate all of a customer's services onto a single bill
- we also made significant advancements in improving the customer experience in our corporate stores.

In our Business segment:

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- we made significant progress on our key objective of having 100% of our core traffic moved to a pervasive national IP multi-protocol label switching (IP-MPLS) network by the end of 2006. At the end of 2004, 61% of the traffic on our core network was IP-based.
- we also began the process to discontinue several legacy data services by announcing in 2004 that we would not sell these services to customers who do not use them currently. This list of legacy services includes Frame Relay, asynchronous transfer mode (ATM), Megastream, Bell Electronic Business Network, some business long distance services from the VNet portfolio (virtual corporate network services for large companies) and some packet services from the Datapac portfolio.

In 2005, we will continue to work on both of these areas.

In Consumer, we will continue to deliver on our strategy to win the broadband home. In particular we:

- aim to significantly increase the number of customers on the Bell bundle

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- will launch a redesigned Bell.ca site, with the objective of increasing online sales
- will rollout a new, simpler bill for our customers.

In Business we will:

- continue the process of discontinuing legacy data services by expanding the list of services that will no longer be sold to customers who do not currently use them and by beginning to stop selling these services to existing customers
- continue to actively encourage customers to adopt new IP-based services as well as to migrate from legacy services to new IP-based services
- increase the adoption of self-serve and web-based interfaces by Enterprise customers
- eliminate network elements and standardize core operating processes.

By the end of 2006, through our Galileo initiatives we are targeting to remove between \$1 billion and \$1.5 billion in annual costs from our current cost structure.

### 2. *Deliver abundant bandwidth to enable all the services of the future with the reliability and security that customers require.*

Over the next four years, we plan to make a significant investment to expand the reach and amount of bandwidth available to customers. We are aiming to be able to deliver by 2008 up to 26 megabits per second (Mbps) to 85% of urban households in the Québec City to Windsor corridor, or approximately 4.3 million households. Four million of these households will be single family units (SFUs) that will be served using a fibre-to-the-node (FTTN) architecture capable of delivering IPTV service (video over Internet protocol). The remaining 300,000 households will be multiple-dwelling units (MDUs) served using very high-bit-rate DSL (VDSL).

In 2004, we began our FTTN rollout by deploying new high-density remotes in 376 neighbourhoods. Although not yet capable of providing video services, these remotes did enable the expansion of our high-speed Internet access footprint in Ontario and Québec to 83% of homes and business lines passed, compared to 80% at the end of 2003. We also made solid progress in the deployment of VDSL to MDUs. By the end of the year, we had signed access agreements with 335 buildings.

In 2005, we plan to continue our FTTN rollout and conduct trials of our IPTV service. By year end, we expect to have deployed new high-density remotes to 2,500 neighbourhoods, representing a footprint of approximately 1.1 million households. We plan to also continue our VDSL expansion into the MDU markets of Toronto, Montréal and Ottawa.

We were also the first in Canada to announce plans to deploy the third generation (3G) of wireless mobile communications. Through our investment in Evolution, Data Optimized (EVDO), we will offer wireless broadband speeds of up to 2.4 Mbps, six times faster than the speeds that exist today. We intend to deploy EVDO in major urban centres across Canada in 2005 and 2006.

### 3. *Create the next-generation services to drive future growth.*

We continue to leverage our network capabilities, customer base and market knowledge to deliver innovative next-generation services. We plan to develop applications together with our wide array of partners, integrate them into useful services and bring these services to market using our strong brand, customer reach and channels.

In 2004, our Consumer segment provided next-generation services with:

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- the launch of Sympatico-MSN.ca, a single portal combining the best features and Internet tools of MSN Canada Co. (MSN Canada) with the broadband content and innovative services of Sympatico.ca
- the introduction of MSN Premium
- the launch of Sympatico Home Networking (an integrated wireless high-speed modem and router solution)
- the launch of leading-edge wireless location-based services
- the launch of wireless phone-to-phone video messaging service.

For Enterprise customers, we launched our Managed IP Telephony service. By year end, Bell Canada had sold more than 145,000 IP-enabled lines on customer premises equipment (CPE). We also enhanced our portfolio of value-added services through the acquisitions of:

- Infostream Technologies Inc. (Infostream), a systems and storage technology firm, addressing customer needs for secure and reliable information storage and redundant back-up capabilities
- approximately 76% of Elix Inc., a provider of call routing and management systems, IT applications integration, and design and implementation of electronic voice-driven response systems
- the security business of BCE Emergis Inc. (Emergis).

As part of our strategy to become the technology advisor of choice to SMB customers, we:

- launched Productivity Pak (a self-serve bundle of tools that enables SMB customers to more easily access and share information) and ProConnect (a fully managed service enabling the sharing of information easily, securely and affordably across the most extensive private IP-based network in Canada)
- acquired IT solutions provider Charon Systems Inc. and, by February 21, 2005, an 89% interest in IT solutions provider Nexxlink Technologies Inc. (Nexxlink)
- on December 14, 2004, announced an initiative with Microsoft Canada Co. whereby Bell Canada will combine telecommunications services and Microsoft software-based solutions to bring SMB customers reliable, secure, productivity-enhancing services at affordable prices.

In 2005, we plan to introduce Internet telephony service for consumers. In the Enterprise unit, we are targeting to increase the proportion of our customers in the Enterprise market purchasing value-added solutions. In the SMB market, we intend to reinvent the way information technology and telecom are integrated with the objective of increasing the number of SMB customers that view Bell Canada as their virtual Chief Information Officer (VCIO).

We will exploit the IP capability to achieve inter-operability between wireless and wireline platforms. For instance, in 2005 we are targeting to bring to market an integrated single-voice mailbox for both cellular and land lines to allow customer access to voicemail messages through a single voicemail system.

### Our corporate structure

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

We have other subsidiaries, but they have not been included in the table because each represents 10% or less of our total consolidated assets and 10% or less of our total consolidated operating revenues. These other subsidiaries together represented 20% or less of our total consolidated assets and 20% or less of our total consolidated operating revenues at December 31, 2004.

#### *Our corporate structure*

100%

- (1) We do not own any outstanding non-voting securities issued by these subsidiaries.
- (2) All of the voting securities of Bell Canada are owned by Bell Canada Holdings Inc. (BCH), a wholly-owned subsidiary of BCE Inc.
- (3) These subsidiaries represent 10% or less of our total consolidated assets and 10% or less of our total consolidated operating revenues. We have included them to provide a better understanding of our overall corporate structure.

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

### Our directors and officers

At December 31, 2004, BCE Inc.'s directors and officers as a group beneficially owned, directly or indirectly, or exercised control or direction over:

- approximately 1,549,314 or 0.1673% of the common shares of BCE Inc.
- approximately 3,000 or 0.0023% of the common shares of Aliant
- approximately 460 or 0.0012% of the common shares of Bell Canada International Inc. (BCI)
- approximately 6,000 or 0.0067% of the units of the Bell Nordiq Income Fund.

### Directors

The table on the next page lists BCE Inc.'s directors, where they lived and their principal occupation on March 2, 2005.

### Directors

<i>Name and municipality of residence</i>	<i>Date elected or appointed to the board</i>	<i>Current principal occupation</i>
André Bérard, <i>Montréal, Québec</i>	January 2003	Corporate director
Ronald A. Brenneman, <i>Calgary, Alberta</i>	November 2003	President and Chief Executive Officer and a director, Petro-Canada (petroleum company), since January 2000
Richard J. Currie, <sup>(1)</sup> <i>Toronto, Ontario</i>	May 1995	Chair of the board, BCE Inc. and Bell Canada, since April 2002
Anthony S. Fell, <sup>(1)</sup> <i>Toronto, Ontario</i>	January 2002	Chairman of the board, RBC Dominion Securities Limited (investment bank), since December 1999
Donna Soble Kaufman, <i>Toronto, Ontario</i>	June 1998	Lawyer and corporate director
Thomas E. Kierans, <sup>(1)</sup> <i>Toronto, Ontario</i>	April 1999	Chair, CSI Global Education Inc. (financial educator), since October 2004
Brian M. Levitt, <i>Montréal, Québec</i>	May 1998	Co-Chair, Osler, Hoskin & Harcourt LLP (law firm), since January 2001
The Honourable Edward C. Lumley, <sup>(2)</sup> <i>South Lancaster, Ontario</i>	January 2003	Vice-Chairman, BMO Nesbitt Burns Inc. (investment bank), since 1991
Judith Maxwell, <i>Ottawa, Ontario</i>	January 2000	President, Canadian Policy Research Networks Inc. (non-profit organization conducting research on work, family, health, social policy and public involvement), since 1995
John H. McArthur, <i>Wayland, Massachusetts</i>	May 1995	Senior advisor to the President, The World Bank Group (development bank), since March 1996
Thomas C. O'Neill, <i>Don Mills, Ontario</i>	January 2003	Chartered Accountant and corporate director

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James A. Pattison, <sup>(3)</sup> <i>Vancouver, British Columbia</i>	February 2005	Chairman and Chief Executive Officer, The Jim Pattison Group, since 1961
Robert C. Pozen, <i>Boston, Massachusetts</i>	February 2002	Chairman of the board, MFS Investment Management (global investment manager), since February 2004
Michael J. Sabia, <sup>(1)</sup> <i>Montréal, Québec</i>	October 2002	President and Chief Executive Officer (since April 2002) and a director, BCE Inc., and Chief Executive Officer (since May 2002) and a director, Bell Canada
Paul M. Tellier, <i>Montréal, Québec</i>	April 1999	Corporate director
Victor L. Young, <i>St. John s, Newfoundland and Labrador</i>	May 1995	Corporate director

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- (1) Was a director or executive officer of Teleglobe Inc. or certain of its affiliates on or during the year preceding May 15, 2002, the date when Teleglobe Inc. and certain of its affiliates filed for court protection under insolvency statutes in various countries, including Canada and the United States.
- (2) Was a director or executive officer of Air Canada on or during the year preceding April 1, 2003, the date when Air Canada filed for court protection under insolvency statutes in Canada and the United States.
- (3) Was a director or executive officer of Livent Inc. on or during the year preceding November 18 and 19, 1998, the dates when Livent Inc. and its United States subsidiaries filed for court protection under insolvency statutes in Canada and the United States, respectively.

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### Past occupation

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

### Past occupation

<i>Director</i>	<i>Past occupation</i>
Mr. A. Bérard	<ul style="list-style-type: none"> <li>• Chairman of the board of National Bank of Canada (chartered bank) from March 2002 to March 2004</li> <li>• Chairman of the board and Chief Executive Officer of National Bank of Canada from 1990 to March 2002 and a director of National Bank of Canada from 1985 to March 2004</li> </ul>
Mr. R.A. Brenneman	<ul style="list-style-type: none"> <li>• Before January 2000, General Manager Corporate Planning of Exxon Corporation (petroleum company)</li> </ul>
Mr. R.J. Currie	<ul style="list-style-type: none"> <li>• President of George Weston Limited (food distribution, retail and production) from 1996 to May 2002 and a director from 1975 to May 2002</li> <li>• President of Loblaw Companies Limited (grocery chain) from 1976 to January 2001 and a director from 1973 to May 2001</li> </ul>
Mr. T.E. Kierans	<ul style="list-style-type: none"> <li>• Chairman of the board of Canadian Institute for Advanced Research (conducts basic research programs in the social and natural sciences) from September 1999 to October 2004</li> </ul>