

BCE INC
Form 40-F
March 14, 2007

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2006

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

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

OR

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

For the fiscal year ended: **December 31, 2006**

Commission File Number: **1-8481**

BCE Inc.

(Exact name of Registrant as specified in its charter)

Canada

(Jurisdiction of incorporation or organization)

4813

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

98-0134477

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

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

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

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

(Name, address (including zip code) and telephone number (including area code)

of agents for service in the United States)

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

Title of each class

Name of each exchange on which registered

Common shares

New York Stock Exchange

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

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

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

Annual information form

Audited annual financial statements

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

At December 31, 2006, 807,643,941 common shares and 66,000,000 First Preferred Shares were issued and outstanding.

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

YES:

NO:

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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 (BCE) annual report on Form 40-F for the year ended December 31, 2006, 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:

the Annual Information Form of BCE for the year ended December 31, 2006 (the AIF) included herein;

BCE s annual audited consolidated financial statements for the year ended December 31, 2006 and the related management s discussion and analysis of financial condition and results of operations included in the Bell Canada Enterprises 2006 Annual Report to shareholders attached hereto as Exhibit 99.1 (the BCE 2006 Annual Report);

the reports of BCE s management and of BCE s external auditors on the annual audited consolidated financial statements for the year ended December 31, 2006 included in the BCE 2006 Annual Report;

the reports of BCE s management and of BCE s external auditors concerning internal control over financial reporting included in the BCE 2006 Annual Report; and

BCE s Reconciliation of Canadian GAAP to United States GAAP attached hereto as Exhibit 99.3 and the related report of BCE s external auditors attached hereto as Exhibit 99.4;

no other information from the Exhibits attached hereto is to be incorporated by reference in a registration statement or prospectus filed by BCE 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 s annual audited consolidated financial statements for the year ended December 31, 2006 (the Financial Statements), including the external auditors report with respect thereto, see pages 65 to 105 and part of page 64, respectively, of the BCE 2006 Annual Report, which pages are incorporated herein by reference.

B. Management s Discussion and Analysis

For management s discussion and analysis of financial condition and results of operations for the year ended December 31, 2006 (MD&A), see pages 2 to 61 and 106 and 107 of the BCE 2006 Annual Report, which pages are incorporated herein by reference.

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RECONCILIATION OF CANADIAN GAAP TO UNITED STATES GAAP

Refer to the document entitled *Reconciliation of Canadian GAAP to United States GAAP* reconciling the significant differences between Canadian and United States generally accepted accounting principles attached hereto as Exhibit 99.3, which is incorporated herein by reference, and to the external auditors' report with respect thereto attached hereto as Exhibit 99.4, which is also incorporated herein by reference.

DISCLOSURE CONTROLS AND PROCEDURES

Our disclosure controls and procedures are designed to provide reasonable assurance that information is accumulated and communicated to management, including BCE's President and Chief Executive Officer (CEO) and Chief Financial Officer (CFO), to allow timely decisions regarding required disclosure.

As of December 31, 2006, an evaluation of the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the *U.S. Securities Exchange Act of 1934* and under *Multilateral Instrument 52-109* adopted by the Canadian Securities Administrators, was carried out under the supervision of and with the participation of management, including the President and CEO and the CFO. Based on that evaluation, the President and CEO and the CFO concluded that the design and operation of our disclosure controls and procedures were effective as at December 31, 2006 and ensure that information is recorded, processed, summarized and reported within the time periods specified under U.S. and Canadian securities laws.

INTERNAL CONTROL OVER FINANCIAL REPORTING**A. Management's report on internal control over financial reporting**

The report of BCE's management entitled *Management's Report On Internal Control Over Financial Reporting* appearing at page 62 of the BCE 2006 Annual Report is incorporated herein by reference.

B. Auditors' report on internal control over financial reporting

The report of BCE's external auditors concerning BCE's internal control over financial reporting appearing at page 63 of the BCE 2006 Annual Report is incorporated herein by reference.

C. Changes in internal control over financial reporting

No changes were made in our internal control over financial reporting during the year ended December 31, 2006 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

STATEMENT REGARDING CONTROLS AND PROCEDURES

There can be no assurance that our disclosure controls and procedures will detect or uncover all failures to disclose all material information otherwise required to be set forth in our disclosure. Further, a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation. Accordingly, BCE does not expect that BCE's internal control over financial reporting will prevent or detect all errors and all fraud. BCE will continue to periodically review its disclosure controls and procedures and internal control over financial reporting and may make modifications from time to time as considered necessary or desirable.

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AUDIT COMMITTEE FINANCIAL EXPERT

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

CODE OF ETHICS

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

PRINCIPAL ACCOUNTANT FEES AND SERVICES**Auditors fees**

The table below shows the fees that BCE's external auditors, Deloitte & Touche LLP, billed to BCE and its subsidiaries for various services for each year in the past two fiscal years. Fees for audit services increased in 2006 primarily due to additional audit work on internal control over financial reporting as a result of the requirements of the Sarbanes-Oxley Act.

	2006	2005
<i>(millions)</i>		
Audit fees	\$ 13.6	\$ 10.0
Audit-related fees	\$ 5.2	\$ 1.7
Tax fees	\$ 0.9	\$ 1.4
Other fees		
TOTAL	\$ 19.7	\$ 13.1*

* Restated to exclude fees billed to BCE for work related to CTVGlobemedia Inc. (formerly BellGlobemedia Inc.)

Audit fees

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

Audit-related fees

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

Tax fees

These fees include professional services for tax compliance, tax advice and assistance with tax audits and appeals. Prior to October 2005, these fees included fees for services with respect to compliance with our conflict of interest

policy for senior management, which services are no longer provided by the external auditors.

Other fees

These fees include any other fees for permitted services not included in any of the above-stated categories. No such services were provided in the last two fiscal years.

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Auditor Independence Policy

BCE's Auditor Independence Policy is a comprehensive policy governing all aspects of BCE's relationship with the external auditors, including:

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

In particular, the policy specifies that:

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

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

In 2005 and 2006, BCE's audit committee did not approve any audit-related, tax or other services pursuant to paragraph (c) (7) (i) (C) of Rule 2-01 of Regulation S-X.

OFF-BALANCE SHEET ARRANGEMENTS

Please see the sections entitled *Off-Balance Sheet Arrangements* and *Derivative Instruments* at page 38 of BCE's MD&A (which is incorporated by reference in BCE's AIF) and Notes 11, 22 and 27, entitled *Accounts Receivable*, *Financial Instruments* and *Guarantees*, respectively, of the Financial Statements, all contained in the BCE 2006 Annual Report, for a discussion of off-balance sheet arrangements.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

Please see the section entitled *Contractual Obligations* at pages 37 and 38 of BCE's MD&A (which is incorporated by reference in BCE's AIF), contained in the BCE 2006 Annual Report, for a tabular disclosure and discussion of contractual obligations.

IDENTIFICATION OF THE AUDIT COMMITTEE

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

UNDERTAKING

BCE 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.

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WEB SITE INFORMATION

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

STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

BCE 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 is under no duty to update any of these forward-looking statements or related assumptions. Actual results or events could differ materially from those set forth in, or implied by, the forward-looking statements and the related assumptions due to a variety of factors. Reference is made to the section entitled "About forward-looking statements" on page 3 of the AIF and to the section entitled "Assumptions and Risks underlying our Forward-Looking Statements" on pages 41 to 47 of the AIF for a discussion of certain of such assumptions and risk factors. Reference is also made to the various assumptions and risk factors discussed throughout the AIF and MD&A (which is incorporated by reference in BCE's AIF), contained in the BCE 2006 Annual Report, including in particular to the sections of BCE's AIF entitled "The Competitive Environment we operate in" and "The Regulatory Environment we operate in" on pages 28 to 36 of the AIF.

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Annual
Information
Form
BCE Inc.**

For the year ended December 31, 2006
March 7, 2007

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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, company* and *BCE* mean BCE Inc., its subsidiaries, joint ventures and associated companies. References to Bell Aliant include matters relating to, and actions taken by, both Aliant Inc. (Aliant) and its affiliated entities prior to July 7, 2006, and Bell Aliant Regional Communications Income Fund and its affiliated entities, on and after such date.

All dollar figures are in Canadian dollars, unless stated otherwise. The information in this AIF is as of March 7, 2007, unless stated otherwise, and except for information in documents incorporated by reference that have a different date.

The meanings of certain capitalized terms used in this AIF can be found in the Glossary which is in Schedule 2 of this AIF.

Documents incorporated by reference

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

DOCUMENT	WHERE IT IS INCORPORATED IN THIS AIF
Bell Canada Enterprises 2006 Annual Report <i>Management's Discussion and Analysis</i> pages 2 to 61	<i>Management's Discussion and Analysis</i> , page 48

Our annual report is available on SEDAR at www.sedar.com, on EDGAR at www.sec.gov and on BCE Inc.'s website at www.bce.ca.

Trademarks

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

OWNER	TRADEMARK
Bell Aliant Regional Communications, Limited Partnership (Bell Aliant LP)	Aliant Aliant Telecom Aliant Mobility
BCE Inc.	BCE
Bell Canada	Rings & head design Bell Canada Enterprises corporate logo Bell Bell Mobility Bell World Espace Bell Sympatico Sympatico.ca 10-4 & design
Bell ExpressVu Limited Partnership	ExpressVu
Bell Mobility Inc.	Mobile Browser
Solo Branding Inc.	

Solo
Solo Mobile

Telesat Canada

Anik
Nimiq
Telesat

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

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About forward-looking statements

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

This AIF contains forward-looking statements about BCE's objectives, plans, strategies, financial condition, results of operations, cash flows and businesses. A statement we make is forward-looking when it uses what we know and expect today to make a statement about the future. Forward-looking statements may include words such as *anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, seek, should, strive, target* and *will*. These statements are forward-looking because they are based on our current expectations, estimates and assumptions about the markets we operate in, the Canadian economic environment and our ability to attract and retain customers and to manage network assets and operating costs. All such forward-looking statements are made pursuant to the safe harbor provisions of the *United States Private Securities Litigation Reform Act of 1995* and of any applicable Canadian securities legislation. It is important to know that:

§ unless otherwise indicated, forward-looking statements in this AIF describe our expectations at March 7, 2007.

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

§ except as otherwise indicated by BCE, forward-looking statements do not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made may have on our business. Such statements do not, unless otherwise specified by BCE, reflect the impact of dispositions, sales of assets, monetizations, mergers, acquisitions, other business combinations or transactions, asset write-downs or other charges announced or occurring after forward-looking statements are made. The financial impact of these transactions and non-recurring and other special items can be complex and depends on the facts particular to each of them. We therefore cannot describe the expected impact in a meaningful way or in the same way we present known risks affecting our business.

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

A number of assumptions were made by BCE in making forward-looking statements in this AIF, such as certain Canadian economic and market assumptions, operational and financial assumptions, and assumptions about transactions. Certain factors that could cause results or events to differ materially from our current expectations include, among others, our ability to implement our strategies and plans, the intensity of competitive activity and the ability to achieve customer service improvement while significantly reducing costs. Assumptions made in the preparation of forward-looking statements and risks that could cause our actual results to differ materially from our current expectations are discussed throughout this AIF and, in particular, in the section entitled *Assumptions and Risks underlying our Forward-Looking Statements*. Important additional risks and assumptions are also discussed under the sections entitled *The Competitive Environment we operate in* and *The Regulatory Environment we operate in*.

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BCE is Canada's largest communications company. Bell Canada, which encompasses our core business operations, is the nation's leading provider of wireline and wireless communications services, Internet access, data services and video services to residential and business customers. At December 31, 2006, we reported Bell Canada's results of operations in four segments, each reflecting a distinct customer group: *Residential*, *Business*, *Bell Aliant*, and *Other Bell Canada*. All of our other activities were reported in the *Other BCE* segment. Our reporting structure reflects how we managed our business in financial year 2006 and how we classified our operations for planning and measuring performance. Starting in the third quarter of 2006, our segment reporting was modified to reflect the formation of Bell Aliant and it is reported as a separate segment.

In 2006, we had consolidated operating revenues of \$17.7 billion. We had total assets of \$37.0 billion and 54,434 employees at December 31, 2006.

The table below shows the operating revenues that each segment contributed to total operating revenues for the year ended December 31, 2006.

OPERATING REVENUES (IN \$ MILLIONS)	2006	2005
Residential	\$ 7,099	\$ 7,016
Business	\$ 6,057	\$ 5,966
Bell Aliant	\$ 3,358	\$ 3,320
Other Bell Canada	\$ 1,592	\$ 1,651
Inter-segment eliminations - Bell Canada	\$ (758)	\$ (719)
Bell Canada	\$17,348	\$17,234
Other BCE	\$ 535	\$ 538
Inter-segment eliminations - other	\$ (170)	\$ (167)
Total operating revenues	\$17,713	\$17,605

The *Residential* segment provides local telephone, long distance, wireless, Internet access, video and other services to Bell Canada's residential customers, mainly in urban Ontario and Québec. Wireless services 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 information and communications technology (ICT) services to Bell Canada's large enterprise (Enterprise) customers and small and medium-sized businesses (SMB) in urban Ontario and Québec, as well as to business customers in Western Canada through Bell West, our division offering competitive local exchange carrier (CLEG) services in Alberta and British Columbia.

The *Bell Aliant* segment provides local telephone, long distance, data (including Internet access), and other information technology (IT) and communication services to residential and business customers in the Atlantic provinces and in rural Ontario and Québec. Bell Aliant combines Bell Canada's former regional wireline operations in the less populated areas of Ontario and Québec with Aliant's former wireline, IT and related operations in Atlantic Canada, and also includes Bell Canada's former 63.4% interest in NorthernTel, Limited Partnership (NorthernTel) and Télébec, Limited Partnership (Télébec) held indirectly through Bell Nordiq Group Inc. At December 31, 2006, BCE owned approximately 45% of Bell Aliant. The remaining 55% was publicly held. For more details on the formation of Bell Aliant, see *Business highlights 2006 highlights Key acquisitions and dispositions*. Also see *Our corporate structure* for more information regarding our ownership of Bell Aliant.

The *Other Bell Canada* segment includes Bell Canada's wholesale business, and the financial results of Northwestel Inc. (Northwestel). Our wholesale business provides local telephone, long distance, wireless, Internet, data and other services to competitors who resell these services. Northwestel provides telecommunications services to less populated areas of Canada's northern territories. At December 31, 2006, Bell Canada owned 100% of Northwestel.

The *Other BCE* segment includes the financial results of our satellite businesses, as well as our corporate office. This segment includes Telesat Canada (Telesat). Telesat provides satellite communications and systems management and is a consultant in establishing, operating and upgrading satellite systems worldwide. BCE Inc. owns 100% of Telesat. On December 18, 2006, BCE Inc. announced the sale of Telesat to a new company formed by Canada's Public Sector Pension Investment Board (PSP Investments) and Loral Space & Communications Inc. for \$3.25 billion. The sale is subject to regulatory approval both in Canada and the United States and other closing conditions including the absence of a material adverse change affecting Telesat's business. For more details, see *Business highlights 2006 highlights Key acquisitions and dispositions* and *About our Businesses Other BCE segment*.

A transaction involving the reorganization of the ownership of CTVglobemedia Inc. (CTVglobemedia) (formerly Bell Globemedia Inc. (Bell Globemedia)) was announced on December 2, 2005 and completed on August 30, 2006. As of August 31, 2006, we have accounted for CTVglobemedia as a discontinued operation and no longer consolidate its financial results. Our remaining 15% investment is accounted for at cost. For more details, see *Business highlights 2006 highlights Key acquisitions and dispositions*.

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, by a Certificate and Articles of Arrangement dated July 10, 2006 and by a Certificate and Articles of Amendment dated January 25, 2007. BCE Inc.'s head and registered offices are at 1000, rue de La Gauchetière Ouest, Bureau 3700, Montréal, Québec H3B 4Y7. BCE Inc.'s auditors are Deloitte & Touche LLP.

BCE Inc. will, at its next annual shareholder meeting, submit a proposal to its shareholders to change its name to Bell Canada Inc. Bell Canada intends to change its name to Bell Inc. at the same time as BCE Inc.'s name is changed. For more details, see *Business highlights 2006 highlights Strategic announcements*.

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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, 2006.

SUBSIDIARY	WHERE IS IT INCORPORATED OR REGISTERED	PERCENTAGE OF VOTING SECURITIES OR PARTNERSHIP INTEREST THAT BCE INC. HELD AT DECEMBER 31, 2006 ⁽¹⁾
BellCanada ⁽²⁾	Canada	100%
Bell Mobility	Canada	100%
Bell ExpressVu ⁽³⁾	Ontario	100% ⁽⁴⁾

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

(2) At December 31, 2006, all of the voting securities of Bell Canada were owned by Bell Canada Holdings Inc. (BCH), a wholly-owned subsidiary of BCE Inc. As part of our corporate simplification process, BCH has been eliminated and since February 1, 2007 all of the

voting securities of Bell Canada are directly held by BCE Inc.

- (3) This partnership represents 10% or less of our total consolidated assets and 10% or less of our total consolidated operating revenues. We have included it to provide a better understanding of our overall corporate structure.

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

As at December 31, 2006, BCE also owned approximately 45% of the voting securities of Bell Aliant on a fully-diluted basis. For so long as we own a 30% or greater interest in Bell Aliant and provided that certain major commercial agreements are in place, we have the right to appoint a majority of the directors and to nominate a majority of the trustees of Bell Aliant. We also have the ability to veto certain actions of Bell Aliant (business plans, significant corporate transactions, material changes in business, leverage in excess of 2.5 times debt to earnings before interest, taxes, depreciation and amortization (EBITDA), appointment and change of Chief Executive Officer and entering into material commercial agreements with competitors of BCE) as long as we own a 20% or greater interest in Bell Aliant. For more details, see *Business highlights 2006 highlights Key acquisitions and dispositions*. On December 12, 2006, BCE Inc. announced that it intends, at its next annual shareholder meeting, to submit a proposal to its shareholders to change its name to Bell Canada Inc. In addition, under a plan of arrangement effective January 31, 2007, holders of Bell Canada's Class A preferred shares exchanged their preferred shares of Bell Canada for new first preferred shares of BCE Inc. with the same series rights. For more details, refer to *Our capital structure and Business highlights 2006 highlights Strategic announcements*.

Our directors and officers

The table below shows the number and percentage of securities BCE Inc.'s directors and officers as a group beneficially owned, directly or indirectly, or exercised control or direction over as at December 31, 2006:

BCE Inc.	1,639,571 Common shares	0.2030%
Bell Canada International Inc. (BCI) ⁽¹⁾	38 Common shares	0.0001%

(1)

As at
December 31,
2006, BCE Inc.
owned
approximately
62% of the
outstanding
common shares
of BCI.

As at December 31, 2006, BCE Inc.'s directors and officers as a group also beneficially owned, directly or indirectly, or exercised control or direction over 125,320 units (or 0.0558%) of Bell Aliant Regional Communications Income Fund.

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The table below lists BCE Inc.'s directors, where they lived, the date they have been elected or appointed and their current principal occupation on March 7, 2007.

DIRECTORS		
NAME AND PROVINCE/STATE AND COUNTRY OF RESIDENCE	DATE ELECTED OR APPOINTED TO THE BCE INC. BOARD	CURRENT PRINCIPAL OCCUPATION
André Bérard, O.C., Québec, Canada	January 2003	Corporate director, since March 2004
Ronald A. Brenneman, Alberta, Canada	November 2003	President and Chief Executive Officer, Petro-Canada (petroleum company), since January 2000
Richard J. Currie, O.C., ⁽¹⁾ Ontario, Canada	May 1995	Chair of the board, BCE Inc. and Bell Canada, since April 2002
Anthony S. Fell, O.C., ⁽¹⁾ Ontario, Canada	January 2002	Chairman of the board, RBC Dominion Securities Limited (investment bank), since December 1999
Donna Soble Kaufman, Ontario, Canada	June 1998	Corporate director (since July 1997) and lawyer
Brian M. Levitt, Québec, Canada	May 1998	Partner and Co-Chair, Osier, Hoskin & Harcourt LLP (law firm), since January 2001
The Honourable Edward C. Lumley, P.C., ⁽²⁾ Ontario, Canada	January 2003	Vice-Chairman, BMO Nesbitt Burns Inc. (investment bank), since December 1991
Judith Maxwell, C.M., Ontario, Canada	January 2000	Research Fellow, Canadian Policy Research Networks Inc. (non-profit organization conducting research on work, family, health, social policy and public involvement), since February 2006
John H. McArthur, Massachusetts, U.S.A.	May 1995	Dean Emeritus, Harvard University Graduate School of Business Administration, since 1995
Thomas C. O'Neill, F.C.A., Ontario, Canada	January 2003	Corporate director (since October 2004) and chartered accountant
James A. Pattison, O.C., O.B.C., ⁽³⁾ British Columbia, Canada	February 2005	Chairman and Chief Executive Officer, The Jim Pattison Group (diversified consumer-oriented company), since May 1961

Robert C. Pozen, Massachusetts, U.S.A.	February 2002	Chairman of the board, MFS Investment Management (global investment manager), since February 2004
Michael J. Sabia, ⁽¹⁾ Québec, Canada	October 2002	President and Chief Executive Officer (since April 2002), BCE Inc., and Chief Executive Officer (since May 2002), Bell Canada
Paul M. Tellier, PC., C.C., Q.C., Québec, Canada	April 1999	Corporate director, since December 2004
Victor L. Young, O.C., Newfoundland and Labrador, Canada	May 1995	Corporate director, since May 2001

(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 or 19, 1998, the dates when Livent Inc. and its United States subsidiaries filed for court protection under insolvency statutes in Canada and the United States, respectively.

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Table of Contents**Past occupation**

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

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

Committees of the board

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

COMMITTEE	MEMBERS
Audit	T.C. O'Neill (Chair) A. Bérard A.S. Fell J. Maxwell V.L. Young

Corporate governance

D. Soble Kaufman (Chair)
A. Bérard
The Honourable E.C. Lumley
J.H. McArthur
J.A. Pattison

Management resources and compensation

R.J. Currie (Chair)
R.A. Brenneman
A.S. Fell
J.H. McArthur
R.C. Pozen

Pension fund

R.C. Pozen (Chair)
R.A. Brenneman
B.M. Levitt
P.M. Tellier
V.L. Young

Table of Contents**Officers**

The table below lists BCE Inc.'s executive officers, where they lived and the office that they held at BCE Inc. on March 7, 2007.

NAME	PROVINCE AND COUNTRY OF RESIDENCE	OFFICE HELD AT BCE INC.
Michael J. Sabia ⁽¹⁾	Québec, Canada	President and Chief Executive Officer
Alain Bilodeau	Québec, Canada	Senior Vice-President, BCE Inc. and President, BCE Corporate Services
Michael T. Boychuk ⁽¹⁾	Québec, Canada	Senior Vice-President and Treasurer
Karyn A. Brooks	Québec, Canada	Senior Vice-President and Controller
William J. Fox	Ontario, Canada	Executive Vice-President Communications and Corporate Development
Leo W. Houle	Québec, Canada	Chief Talent Officer
Lawson A.W. Hunter	Ontario, Canada	Executive Vice-President and Chief Corporate Officer
Patricia A. Olah	Québec, Canada	Corporate Secretary and Lead Governance Counsel
L. Scott Thomson	Ontario, Canada	Executive Vice-President Corporate Development and Planning
Wayne L. Tunney	Québec, Canada	Senior Vice-President Taxation
Marline Turcotte	Québec, Canada	Chief Legal Officer
Siim A. Vanaselja	Québec, Canada	Chief Financial Officer
Nicholas Zelenczuk	Ontario, Canada	Senior Vice-President Audit and Risk Management

(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.

Past occupation

All of our officers have held their present positions or other executive positions with BCE Inc. or one or more of our subsidiaries during the past five years or more, except for:

§ Mr. Bilodeau who was Senior Vice-President, Compensation Practice of AON Consulting (consulting company) before April 2002

§ Ms. Brooks who was Vice-President and Controller of Enbridge Inc. (pipeline company) before July 2003

§ Mr. Fox who was Senior Vice-President Public Affairs of Bombardier Inc. prior to January 2005. He was also Senior Vice-President Public Affairs of Canadian National Railway Company before January 2003

§ Mr. Hunter who was a partner with Stikeman Elliott LLP (law firm) before March 2003

§ Mr. Thomson who was Vice-President of Mergers and Acquisitions of Goldman, Sachs & Co. in both Toronto and New York before January 2003

§ Mr. Tunney who was partner in the Tax Group of KPMG before October 2006

§ Mr. Zelenczuk who was a partner in the Advisory Services Group of KPMG before February 2006.

Our employees

The table below shows the number of our employees as at December 31, 2006, 2005 and 2004.

NUMBER OF EMPLOYEES

AT DECEMBER 31	2006	2005	2004
Total	54,434	56,044 ⁽¹⁾	50,684

(1) Includes
increases due to
acquisitions
made during the
year.

Approximately 46% of our employees are represented by unions and are covered by collective agreements.

The collective agreements between the Communications, Energy and Paperworkers Union of Canada (CEP) and Expertech Network Installation Inc. (Expertech) representing approximately 160 clerical and 1,300 craft and services employees have both expired on November 30, 2006. The parties have been in negotiations since November 2006. A first offer by Expertech was rejected by both bargaining units employees on December 20, 2006.

On February 26, 2007, the craft and services employees rejected Expertech's final offer at 64.5% whereas its clerical employees accepted the offer at 78.3%. Expertech's craft and services employees will obtain their right to strike if and

once the CEP gives 72-hours notice to Expertech indicating the date after which a strike will occur.

As a result of this vote, Expertech declared it was unable to restructure its operations and announced the wind-down of its operations. Bell Canada announced that it would work with Expertech toward an orderly and timely wind-down of its activities and would transfer its work to many local suppliers in Québec and Ontario.

On March 5, 2007, the CEP and Expertech announced that an agreement had been reached on some refinements to Expertech's final offer that, if accepted by union members, would allow Expertech to avoid closure. This offer has been put to a vote by the craft and services employees. The results will be announced on March 19, 2007.

As part of the bargaining process, the CEP filed, in December 2006, a single employer and a sale of business application before the Canada Industrial Relations Board (CIRB) against Bell Canada and Expertech. Hearings are scheduled in May and June 2007. Should the CEP be

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successful with these applications, Bell Canada could be bound by the collective agreements now covering Expertech's employees.

An arbitration decision was received by Expertech in December 2006 under which it was ordered to make the Bell Canada 2004 Voluntary Early Retirement (VER) program available to all employees covered by the craft and services collective agreement.

The following collective agreements were signed in 2006:

§ The collective agreement between the Canadian Telecommunications Employees Association (CTEA) and Bell Canada, representing approximately 700 communications sales employees expired on December 31, 2006. A new two-year collective agreement was signed on December 13, 2006. The new collective agreement will expire on December 31, 2008.

§ The collective agreement between the CTEA and Connexim Inc. (Connexim), representing approximately 200 clerical employees expired on May 31, 2006. A new five-year collective agreement was signed on June 1, 2006. The new collective agreement will expire on May 31, 2011.

§ The collective agreement between the Teamsters Québec Local 1999 and Télébec representing approximately 200 technicians expired on July 22, 2006. A new collective agreement was signed on October 5, 2006. The new collective agreement will expire on July 22, 2013.

On January 21, 2005, the CEP filed a single employer application with the CIRB concerning Bell Canada, Bell West Inc. (now the Bell West division of Bell Canada), Smiston Communications Inc. (Smiston) and GT Group Telecom Services Corporation (Group Telecom) to represent the craft and service employees of Bell West, Smiston and Group Telecom. The parties exchanged written documentation and a pre-hearing conference took place before the CIRB at the end of 2005. In December 2006, the CEP filed a request for certification to represent approximately 120 employees of Bell Canada in the Western operations. On February 1, 2007, the CEP was certified to represent 129 technicians of Bell Canada in the West. Both parties will meet in mid-March to start the bargaining process for the signature of a first collective agreement. The CEP has withdrawn its single employer application that had been filed with the CIRB.

The following collective agreements have expired or will expire in 2007:

§ The collective agreement between the CEP and NorthernTel representing approximately 130 craft, clerical and sales employees expired on February 28, 2007. Negotiations are scheduled to begin on April 2, 2007.

§ The collective agreement between the CTEA and Télébec representing approximately 250 clerical employees will expire on November 1, 2007.

§ The collective agreement between the CEP and Bell Canada representing approximately 6,000 craft and services employees will expire on November 30, 2007.

§ The collective agreement between the CEP and Connexim representing approximately 70 craft employees will expire on November 30, 2007.

§ The collective agreement between the CEP and Bell Aliant LP representing approximately 660 craft and services employees in Ontario and Québec will expire on November 30, 2007.

§ The collective agreement between the CEP and Bell Aliant LP representing approximately 3,500 craft, clerical and operator employees in the four Atlantic provinces will expire on December 31, 2007.

Our capital structure

This section describes BCE Inc.'s and Bell Canada's securities, the ratings that certain rating agencies have attributed to such securities and the trading of such securities on the Toronto Stock Exchange (TSX).

BCE Inc. securities

BCE Inc. s articles, as amended, provide for an unlimited number of common shares, an unlimited number of first preferred shares issuable in series, an unlimited number of second preferred shares also issuable in series and an unlimited number of Class B shares. In addition, BCE Inc. has issued debt securities in the form of notes.

BCE Inc. preferred shares

The terms set out in the articles authorize BCE Inc. s directors to issue first and second preferred shares in one or more series and to set the number of shares and conditions for each series.

On January 25, 2007, the articles of BCE Inc. were amended to create the series AE, AF, AG, AH, AI and AJ first preferred shares. These new series of preferred shares were created in connection with a plan of arrangement of Bell Canada where all of the issued and outstanding series of preferred shares of Bell Canada were exchanged for equivalent new first preferred shares of BCE Inc. (BCE new preferred shares). This plan of arrangement became effective on January 31, 2007. As a result of the implementation of the plan of arrangement and of the provision by BCE Inc. of certain guarantees of Bell Canada s public debt securities effective February 1, 2007, Bell Canada no longer has to prepare and file public disclosure documents separate from those of BCE Inc. For more details, see *Business highlights 2006 highlights Strategic announcements*.

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The table below is a summary of the principal terms of BCE Inc.'s first preferred shares at December 31, 2006. There were no second preferred shares issued and outstanding at December 31, 2006. BCE Inc.'s articles describe the terms and conditions of these shares in detail.

SERIES	ANNUAL DIVIDEND RATE	CONVERTIBLE INTO	CONVERSION DATE	REDEMPTION DATE	REDEMPTION PRICE	NUMBER OF SHARES AUTHORIZED OUTSTANDING	ISSUED AND OUTSTANDING	STATUTORY CAPITAL	DECEMBER 31, 2006
								(IN MILLION)	(IN MILLION)
floating	4.54%	Series R	December 1, 2015	At any time	\$25.50	8,000,000			
floating	4.502%	Series Q	December 1, 2010	December 1, 2010	\$25.00	8,000,000	8,000,000	200	200
floating	5.319%	Series T	November 1, 2011	At any time	\$25.50	8,000,000	2,279,791	57	57
floating	5.45%	Series S	November 1, 2011	November 1, 2011	\$25.00	8,000,000	5,720,209	143	143
floating	5.54%	Series Z	December 1, 2007	At any time	\$25.50	10,000,000	1,147,380	29	29
floating	5.54%	Series Y	December 1, 2007	December 1, 2007	\$25.00	10,000,000	8,852,620	221	221
floating	5.54%	Series AB	September 1, 2007	September 1, 2007	\$25.00	20,000,000	20,000,000	510	510
floating	5.54%	Series AA	September 1, 2012	At any time	\$25.50	20,000,000			
floating	5.54%	Series AD	March 1, 2008	March 1, 2008	\$25.00	20,000,000	20,000,000	510	510
floating	5.54%	Series AC	March 1, 2013	At any time	\$25.50	20,000,000			
								1,670	1,670

Voting rights

All of the issued and outstanding preferred shares are non-voting, except under special circumstances, for example if BCE Inc. fails to make dividend payments, then the holders are entitled to one vote per share.

Entitlement to dividends

Holders of Series R, T, Z, AA and AC shares are entitled to fixed cumulative quarterly dividends. The dividend rate on these shares is reset every five years, as set out in BCE Inc.'s articles.

Holders of Series S and Y shares are entitled to floating adjustable cumulative monthly dividends. The floating dividend rate on these shares is calculated every month, as set out in BCE Inc.'s articles.

If Series Q, AB and AD shares are issued, their holders will be entitled to floating adjustable cumulative monthly dividends.

Conversion features

All of the issued and outstanding preferred shares are convertible at the holder's option into another associated series of preferred shares on a one-for-one basis according to the terms set out in BCE Inc.'s articles.

Redemption features

BCE Inc. may redeem Series R, T, Z, AA and AC shares on the redemption date and every five years after that date should such shares be outstanding.

BCE Inc. may redeem Series S and Y shares at any time at \$25.50 per share. If Series Q, AB and AD shares are issued, BCE Inc. may redeem them at any time at \$25.50 per share.

Liquidation, dissolution or winding up

The first preferred shares of all series rank on a parity with each other and in priority to all other shares of BCE Inc. with respect to payment of dividends and with respect to distribution of assets in the event of liquidation, dissolution

or winding up of BCE Inc., whether voluntary or involuntary, or any other distribution of assets for the purpose of winding up its affairs.

The second preferred shares of all series rank on a parity with each other and after the first preferred shares and in priority to all other shares of BCE Inc. with respect to payment of dividends and with respect to distribution of assets in the event of liquidation, dissolution or winding up of BCE Inc., whether voluntary or involuntary, or any other distribution of assets for the purpose of winding up its affairs.

BCE Inc. common shares and Class B shares

BCE Inc.'s articles of amalgamation provide for an unlimited number of voting common shares and non-voting Class B shares. Each common share entitles its holder to one vote at any meeting of shareholders. The common shares and the Class B shares rank equally in the payment of dividends and in the distribution of assets if BCE Inc. is liquidated, dissolved or wound up, after payments due to the holders of preferred shares.

The following table provides details about the outstanding common shares of BCE Inc. at December 31, 2006 and 2005. No Class B shares were outstanding at December 31, 2006 and 2005.

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	NUMBER OF SHARES	2006 STATED CAPITAL (IN \$ MILLIONS)	NUMBER OF SHARES	2005 STATED CAPITAL (IN \$ MILLIONS)
Outstanding, beginning of year	927,318,916	16,806	925,935,682	16,781
Shares issued under employee stock option plan ⁽¹⁾	1,246,932	35	1,383,234	25
Shares repurchased and cancelled	(45,151,666)	(805)		
Share reduction ⁽²⁾	(75,770,241)	(2,549)		
Outstanding, end of year	807,643,941	13,487	927,318,916	16,806

(1) Includes a \$6 million reclassification from contributed surplus relating to the exercise of employees stock options.

(2) Reduction of BCE Inc. common shares outstanding, in conjunction with a distribution of Bell Aliant fund units, by way of return of capital, to holders of BCE Inc. common shares.

There are ownership constraints on BCE Inc.'s common shares. For more details, see *The Regulatory Environment we operate in* - *Legislation that governs our business*.

BCE Inc. debt securities

On December 28, 2006, BCE Inc. redeemed all of its outstanding 6.75% Series B Notes due October 30, 2007 in the principal amount of \$1.050 billion at a price equal to \$1,017.210 per \$1,000 Notes plus \$10.911 for accrued and unpaid interest.

BCE Inc. has issued long-term debt securities as summarized in the table below which remain outstanding.

INTEREST			\$
RATE	MATURITY		MILLIONS

Series C Notes	7.35%	October 30, 2009	650
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The Series C Notes issued by BCE Inc. are unsecured. BCE Inc. has the option to redeem the Series C Notes at any time.

BCE Inc. has a shelf prospectus providing for the issue of up to \$1.0 billion of medium term notes (MTNs). BCE Inc. has not issued any MTNs under its current shelf prospectus which expires on November 10, 2007.

The indentures governing the Series C Notes and the MTNs contain certain covenants including, but not limited to, a negative pledge, and certain events of default including, but not limited to, a cross-default with respect to Bell Canada's indebtedness for borrowed money in certain circumstances. The indenture governing the Series C Notes contains, in particular, a provision stating that in the event BCE Inc. disposes of voting shares of Bell Canada in such a number as to hold, directly or indirectly, less than 75% of the voting rights attaching to the outstanding voting shares of Bell Canada, unless the Series C Notes have an approved rating from each of certain rating agencies on each day of a rating period, BCE Inc. shall have the obligation to make an offer to purchase all of the Series C Notes within the five business days following the rating period at 100% of their face value together with accrued and unpaid interest to the purchase date.

BCE Inc. may issue notes under its commercial paper program up to the amount of its supporting committed lines of credit. The total amount of its supporting committed lines of credit available was \$291 million at December 31, 2006. BCE Inc. had no commercial paper outstanding at December 31, 2006.

BCE Inc. is in compliance with all conditions and restrictions attaching to its debt securities described above.

Bell Canada securities

Bell Canada's articles of amalgamation, as amended, provide for an unlimited number of common shares and an unlimited number of preferred shares issuable in series. Bell Canada has also issued debt securities in the form of debentures and notes.

Bell Canada Class A preferred shares

As at December 31, 2006, Bell Canada's articles provided for an unlimited number of Class A preferred shares (Bell Canada preferred shares). The terms set out in the articles authorized Bell Canada's directors to issue Bell Canada preferred shares in one or more series and to set the number of shares and conditions for each series.

The table below is a summary of the principal terms of the Bell Canada preferred shares at December 31, 2006. Bell Canada's articles described the terms and conditions of these shares in detail. For each of Bell Canada's Series 15 to 20 preferred shares, we have indicated the equivalent Series AE to AJ of BCE new preferred shares for which the Bell Canada preferred shares were exchanged on January 31, 2007 in connection with the implementation of Bell Canada's plan of arrangement. The terms and conditions of the BCE new preferred shares are equivalent to those of Bell Canada preferred shares described below. For more details on Bell Canada's plan of arrangement, see *Our capital structure*, *BCE Inc. securities* and *Business highlights 2006 highlights Strategic announcements*.

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SERIES	ANNUAL DIVIDEND RATE	CONVERTIBLE INTO	CONVERSION DATE	REDEMPTION DATE	REDEMPTION PRICE	AUTHORIZED	ISSUED AND OUTSTANDING	STATUTORY CAPITAL DECEMBER 31, 2006
								(IN MILLIONS)
new AE)	Floating	Series 16 (new AF)	Feb. 1, 2010	At any time	\$25.50	24,000,000	1,914,218	48
new AF)	4.40%	Series 15 (new AE)	Feb. 1, 2010	Feb. 1, 2010	\$25.00	24,000,000	14,085,782	352
new AG)	4.35%	Series 18 (new AH)	May 1, 2011	May 1, 2011	\$25.00	22,000,000	10,051,751	251
new AH)	Floating	Series 17 (new AG)	May 1, 2011	At any time	\$25.50	22,000,000	3,948,249	99
new AI)	4.65%	Series 20 (new AJ)	August 1, 2011	August 1, 2011	\$25.00	22,000,000	14,000,000	350
new AJ)	Floating	Series 19 (new AI)	August 1, 2016	At any time	\$25.50	22,000,000		
								1,100

Voting rights

All of Bell Canada's issued and outstanding preferred shares at December 31, 2006 were non-voting, except under special circumstances, for example if Bell Canada failed to make dividend payments, then the holders were entitled to one vote per share.

Entitlement to dividends

Holders of Series 15 and 18 shares were entitled to floating adjustable cumulative monthly dividends.

Holders of Series 16, 17 and 19 shares were entitled to fixed cumulative quarterly dividends. The dividend rate on these shares was reset every five years as set out in Bell Canada's articles.

If Series 20 shares were issued, their holders would have been entitled to floating adjustable cumulative monthly dividends.

Conversion features

All of the issued and outstanding Bell Canada preferred shares at December 31, 2006 were convertible at the holder's option into another associated series of Bell Canada preferred shares on a one-for-one basis according to the terms set out in Bell Canada's articles.

Redemption features

Bell Canada could redeem Series 15 and 18 shares at any time.

Bell Canada could redeem Series 16, 17 and 19 shares on the redemption date and every five years after that date should such shares be outstanding.

If Series 20 shares had been issued, Bell Canada could have redeemed them at any time.

Liquidation, dissolution or winding up

In case of liquidation, dissolution or winding up of Bell Canada or any other distribution of its assets among shareholders for the purpose of winding up its affairs, the holders of Bell Canada preferred shares were entitled to receive all amounts provided in Bell Canada's articles to be payable in respect of return of capital, premium and dividends. These amounts were payable before any amount was paid to or any assets distributed among the holders of common shares or of shares of any other class ranking junior to the Bell Canada preferred shares. Unless the articles of Bell Canada otherwise provided with respect to any series of the Bell Canada preferred shares, after payment to the holders of the Bell Canada preferred shares of the amounts provided in such articles to be payable to them, such holders would not be entitled to share in any further distribution of the assets of Bell Canada.

Bell Canada debt securities

Bell Canada has also issued long-term debt securities as summarized in the table below.

	WEIGHTED AVERAGE INTEREST RATE	MATURITY	AT DECEMBER 31, 2006 (IN \$ MILLIONS)
Debentures and notes	6.87%	2007-2035	7,025
Debentures	9.84%	2041-2054	700
Subordinated debentures	8.21%	2026-2031	275
Total			8,000

All of the above debentures issued by Bell Canada are unsecured and effective February 1, 2007 have been guaranteed by BCE Inc. They include:

§ US\$200 million maturing in 2010, which has been swapped into Canadian dollars

§ \$125 million of long-term debt with a call option that has been exercised, allowing for the debt to be redeemed on February 15, 2007.

Bell Canada has a shelf prospectus providing for the issuance of \$3.0 billion of MTN debentures. As of March 7, 2007, Bell Canada had issued \$200 million of MTN debentures under its current shelf prospectus. This shelf prospectus expires in June 2007.

Bell Canada may issue notes under its commercial paper program up to the amount of its supporting committed lines of credit. The total amount of its supporting committed lines of credit available was \$872 million at December 31, 2006. Bell Canada had no commercial paper outstanding at December 31, 2006. Bell Canada can issue up to \$400 million Class E notes under its commercial paper program. These notes are not supported by committed lines of credit and may be extended in certain circumstances. Bell Canada had no Class E notes outstanding at December 31, 2006.

Certain of Bell Canada's debt agreements impose covenants which place limitations on the issuance of additional debt with a maturity date exceeding one year based on certain tests related to interest and asset coverage. Bell Canada is in compliance with all conditions and restrictions attaching to its debt securities.

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Ratings for BCE Inc. and Bell Canada securities

Ratings generally address the ability of a company to repay principal and interest or dividends on securities. BCE Inc. s and Bell Canada s securities are rated by the following rating agencies:

§ Dominion Bond Rating Service Limited (DBRS)

§ Standard & Poor s, a division of The McGraw-Hill Companies, Inc. (S&P)

§ Moody s Investors Service, Inc. (Moody s)

§ Fitch Ratings Ltd. (Fitch).

This section describes the credit ratings that BCE Inc. and Bell Canada have asked for or received for their securities. These ratings provide investors with an independent measure of credit quality of an issue of securities. Each rating should be evaluated independently.

These credit ratings are not recommendations to purchase, hold or sell any of the securities discussed above, or a comment on the market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn in the future by a rating agency.

Commercial paper

The table below shows the range of credit ratings that each rating agency which rates BCE Inc. s or Bell Canada s short term debt instruments assigns to short-term debt instruments.

	HIGHEST QUALITY OF SECURITIES RATED	LOWEST QUALITY OF SECURITIES RATED
DBRS	R-1 (high)	D
S&P	A-1 (high)	D
Moody s	P-1	P-3

The DBRS short-term debt rating scale indicates DBRS s assessment of the risk that a borrower will not fulfill its near-term debt obligation in a timely manner. Every DBRS rating is based on quantitative and qualitative considerations relevant to the borrowing entity.

An S&P commercial paper rating indicates S&P s assessment of whether the company can meet the financial commitments of a specific commercial paper program or other short-term financial instrument, compared to the debt servicing and repayment capacity of other companies in Canada s financial markets.

Moody s short-term ratings indicate Moody s assessment of the ability of issuers to meet short-term financial obligations. It may assign ratings to issuers, short-term programs or to individual short-term debt instruments. These short-term obligations generally have an original maturity of 13 months or less, unless explicitly noted.

BCE Inc. and Bell Canada have received the following credit ratings for commercial paper.

	COMMERCIAL PAPER CREDIT RATING
DBRS	R-1 (low)
S&P	A-1 (low)

Moody's

P-2

DBRS has also assigned an R-1 (low) rating to Bell Canada and an R-2 (high) rating to BCE Inc. for extendible commercial notes.

The R-1 (low) rating for short-term debt ranks third among the 10 credit ratings given by DBRS, and according to DBRS, indicates:

§ satisfactory credit quality

§ respectable overall strength and outlook for key liquidity, debt and profitability ratios, but not as favourable as higher rating categories

§ any qualifying negative factors that exist are considered manageable, and the company is normally of sufficient size to have some influence in its industry.

The R-2 (high) rating for short-term debt ranks fourth among the 10 credit ratings given by DBRS, and according to DBRS, indicates the upper end of adequate credit quality. The ability to repay obligations as they mature remains acceptable, although the overall strength and outlook for key liquidity, debt and profitability ratios is not as strong as higher rating categories.

The A-1 (low) rating ranks third among the eight short-term credit ratings given by S&P and, according to S&P, indicates the short-term obligation is slightly more susceptible to the adverse effects of changes in circumstances and economic conditions than short-term obligations in higher rating categories and a satisfactory capacity to meet financial commitments on short-term obligations. Obligations rated A-1 (low) on the Canadian commercial paper rating scale would qualify for a rating of A-2 on S&P's global short-term rating scale.

The P-2 rating provided for BCE Inc. and Bell Canada commercial paper ranks second among the three short-term credit ratings given by Moody's and according to Moody's, indicates a strong ability to repay short-term debt obligations.

Long-term debt

The table below shows the range of credit ratings that each rating agency assigns to long-term debt instruments.

	HIGHEST QUALITY OF SECURITIES RATED	LOWEST QUALITY OF SECURITIES RATED
DBRS	AAA	D
S&P	AAA	D
Moody's	Aaa	C
Fitch	AAA	D

The DBRS long-term debt rating scale indicates the risk that a company may not meet its obligations to pay interest and principal in a timely manner. Every DBRS rating is based on quantitative and qualitative considerations relevant to the borrowing entity.

S&P's credit rating scale provides a current assessment of the creditworthiness of a company in meeting a specific financial obligation, a specific class of financial obligations, or a specific financial program. It takes into consideration:

§ the creditworthiness of guarantors, insurers, or other forms of credit enhancement on the obligation

§ the currency that the obligation is denominated in

§ current information provided by the company or obtained by S&P from other reliable sources

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§ unaudited financial information from time to time, as S&P does not perform an audit

§ the likelihood of payment capacity and willingness of the company in meeting its financial commitment on an obligation according to the terms of the obligation

§ the nature of and provisions of the obligation

§ the protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.

Moody's long-term obligation ratings are an assessment of the relative credit risk of fixed-income obligations with an original maturity of one year or more. They address the possibility that a financial obligation will not be honoured as promised. Such ratings reflect both the likelihood of default and any financial loss suffered in the event of default.

Fitch's international long-term credit ratings assess the capacity to meet foreign or local currency commitments. Both foreign and local currency ratings are internationally comparable assessments. The local currency rating measures the probability of payment only within the sovereign state's currency and jurisdiction.

BCE Inc. and Bell Canada have received the following credit ratings for long-term debt:

	BCE INC. UNSUBORDINATED LONG-TERM DEBT	BELL CANADA UNSUBORDINATED LONG-TERM DEBT	BELL CANADA SUBORDINATED LONG-TERM DEBT
DBRS	A (low)	A	BBB (high)
S&P	BBB+	A-	BBB+
Moody's	Baa2	Baa1	Baa2
Fitch	BBB+	BBB+	BBB

The DBRS A, A (low) and BBB (high) ratings on long-term debt rank sixth, seventh and eighth, respectively, among the 26 long-term debt credit ratings given by DBRS.

According to DBRS, a company with long-term debt rated A by DBRS:

§ is satisfactory credit quality

§ protection of interest and principal is still substantial, but the degree of strength is less than that of AA rated entities.

While A is a respectable rating, companies that fall into this category are considered to be more susceptible to adverse economic conditions and have greater cyclical tendencies than higher-rated securities.

According to DBRS, long-term debt rated BBB by DBRS:

§ is adequate credit quality

§ protection of interest and principal is acceptable, but the company is fairly susceptible to adverse changes in financial and economic conditions, or there may be other adverse conditions present which reduce the strength of the company and its rated securities.

The A- and BBB+ ratings rank seventh and eighth, respectively, among the 22 long-term debt credit ratings given by S&P. According to S&P, an obligation rated A is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the company still has a strong capacity to meet its financial commitment on the obligation. According to S&P, a company rated BBB has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the company to meet its financial commitments.

The Baa1 and Baa2 ratings rank eighth and ninth, respectively, among the 21 long-term debt credit ratings given by Moody's. According to Moody's, obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and may have certain speculative characteristics.

The BBB+ and BBB ratings rank eighth and ninth, respectively, among the 23 long-term ratings given by Fitch. According to Fitch, BBB ratings indicate that there is currently expectations of low credit risk and good credit quality. The capacity for payment of financial commitments is considered adequate but adverse changes in circumstances and economic conditions are more likely to impair this capacity.

Preferred Shares

The table below describes the range of credit ratings that each rating agency assigns to preferred share instruments.

	HIGHEST QUALITY OF SECURITIES RATED	LOWEST QUALITY OF SECURITIES RATED
DBRS	Pfd-1 (high)	D
S&P	P-1 (high)	D

The DBRS preferred share rating scale indicates their assessment of the risk that a borrower may not be able to meet its full obligation to pay dividends and principal in a timely manner. Every DBRS rating is based on quantitative and qualitative considerations relevant to the borrowing entity.

S&P's preferred share rating is a current assessment of the credit worthiness of a company in meeting a specific preferred share obligation issued in the market, compared to preferred shares issued by other issuers in the Canadian market.

BCE Inc. has received the following credit ratings for the first preferred shares it has issued.

	PREFERRED SHARE CREDIT RATING
DBRS	Pfd-2 (low)
S&P	P-2

The Pfd-2 (low) rating for preferred shares ranks sixth among the 16 preferred share credit ratings given by DBRS.

According to DBRS, a company with preferred shares rated Pfd-2 by DBRS:

§ is satisfactory credit quality

§ protection of dividends and principal is still substantial, but earnings, balance sheet, and coverage ratios are not as strong as Pfd-1 rated companies. Generally, companies with Pfd-2 ratings have senior bonds rated in the A category.

The P-2 rating ranks fifth among the 18 preferred share credit ratings given by S&P. A P-2 rating on the Canadian scale is equivalent to a BBB rating on the global scale. According to S&P, an obligation rated BBB exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken the company's ability to meet its financial commitment on the obligation.

Table of Contents**Outlook**

BCE Inc. and Bell Canada have stable outlooks from DBRS, Moody's and Fitch and a negative outlook from S&P.

Trading of our securities

The common and preferred shares of BCE Inc. are listed on the TSX and, up to January 31, 2007, the Bell Canada preferred shares were also listed on the TSX. In addition, BCE Inc.'s common shares are also listed on the New York Stock Exchange (NYSE) and the SWX Swiss Exchange. The tables below and on the next pages show the range in share price per month and volume traded on the TSX in 2006 for each class of BCE Inc. securities.

BCE Inc. common shares

2006	HIGH	LOW	VOLUME TRADED
December	\$ 31.50	\$ 27.85	100,311,684
November	\$ 28.50	\$ 26.79	65,343,412
October	\$ 34.25	\$ 30.10	103,465,748
September	\$ 31.10	\$ 27.01	86,785,489
August	\$ 28.00	\$ 25.41	50,769,722
July	\$ 26.96	\$ 25.32	35,786,736
June	\$ 27.81	\$ 25.91	46,138,711
May	\$ 27.75	\$ 26.12	48,550,885
April	\$ 28.53	\$ 27.50	34,133,692
March	\$ 28.95	\$ 27.13	54,161,271
February	\$ 28.80	\$ 26.56	62,246,216
January	\$ 29.04	\$ 27.18	57,586,682

BCE Inc. preferred shares Series R

2006	HIGH	LOW	VOLUME TRADED
December	\$ 25.65	\$ 25.12	1,514,084
November	\$ 25.67	\$ 24.66	29,973
October	\$ 25.87	\$ 25.25	41,404
September	\$ 25.59	\$ 24.75	137,037
August	\$ 25.33	\$ 24.75	36,395
July	\$ 25.59	\$ 25.05	45,585
June	\$ 25.80	\$ 25.16	41,402
May	\$ 25.72	\$ 24.66	49,442
April	\$ 26.19	\$ 25.07	50,936
March	\$ 26.20	\$ 25.71	102,660
February	\$ 25.97	\$ 25.65	164,565
January	\$ 26.09	\$ 25.78	468,330

BCE Inc. preferred shares Series S

2006	HIGH	LOW	VOLUME TRADED
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December	\$ 25.09	\$ 24.70	472,130
November	\$ 24.98	\$ 24.51	27,150
October	\$ 25.35	\$ 24.80	87,660
September	\$ 25.00	\$ 24.28	61,520
August	\$ 25.05	\$ 24.25	55,910
July	\$ 25.15	\$ 24.76	16,875
June	\$ 25.25	\$ 25.11	26,212
May	\$ 25.30	\$ 25.11	28,857
April	\$ 25.25	\$ 25.10	142,599
March	\$ 25.30	\$ 25.04	58,656
February	\$ 25.25	\$ 25.05	279,511
January	\$ 25.39	\$ 25.05	103,978

BCE Inc. preferred shares Series T

2006	HIGH	LOW	VOLUME TRADED
December	\$ 25.85	\$ 25.01	594,453
November	\$ 25.50	\$ 25.00	20,515

BCE Inc. preferred shares Series Y

2006	HIGH	LOW	VOLUME TRADED
December	\$ 25.00	\$ 24.75	2,200
November	\$ 25.20	\$ 24.70	11,300
October	\$ 25.48	\$ 24.41	15,526
September	\$ 24.88	\$ 24.15	9,175
August	\$ 25.00	\$ 24.77	4,446
July	\$ 25.20	\$ 25.00	9,045
June	\$ 25.29	\$ 24.95	13,997
May	\$ 25.44	\$ 25.01	39,668
April	\$ 25.39	\$ 25.16	44,060
March	\$ 25.44	\$ 25.10	5,585
February	\$ 25.65	\$ 25.10	6,594
January	\$ 25.60	\$ 25.10	9,447

BCE Inc. preferred shares Series Z

2006	HIGH	LOW	VOLUME
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