

### BCE INC.

|                            |                 |
|----------------------------|-----------------|
| Price (August 13, 2009)    | \$26.15         |
| 52-Week Range              | \$40.29-\$20.94 |
| Shares O/S                 | 767.1 million   |
| Market Cap                 | \$20.06 billion |
| Enterprise Value           | \$30.04 billion |
| Enterprise Value Per Share | \$39.16         |
| 50-day Avg Volume          | 3,348,100       |
| 200-day Avg Volume         | 4,975,300       |
| Fiscal Year-End            | December 31     |
| Symbol                     | TSX: BCE        |
| Website                    | www.bce.ca      |

#### Financial Data

##### Selected Income/Cash Flow

| C\$millions; 12 months ended | Dec-07   | Dec-08   | Jun-09   |
|------------------------------|----------|----------|----------|
| Revenues                     | \$17,752 | \$17,698 | \$17,577 |
| EBITDA                       | \$9,068  | \$5,880  | \$5,983  |
| Net Income: Continuing Ops   | \$3,959  | \$1,031  | \$1,111  |
| Cash Flow (CF) From Ops      | \$5,733  | \$5,912  | \$5,872  |

| Selected Balance Sheet | At Dec-07 | At Dec-08 | At Jun-09 |
|------------------------|-----------|-----------|-----------|
| Cash (& Equivalents)   | \$2,652   | \$3,059   | \$1,764   |
| Total Debt             | \$11,487  | \$12,300  | \$11,744  |
| Shareholders' Equity   | \$17,232  | \$17,311  | \$16,662  |
| Total Assets           | \$38,230  | \$39,663  | \$37,964  |
| Enterprise Value       | \$40,764  | \$29,422  | \$28,389  |

| Key Ratios                 | At Dec-07 | At Dec-08 | At Jun-09 |
|----------------------------|-----------|-----------|-----------|
| EBITDA Margin              | 51.1%     | 33.2%     | 34.0%     |
| Return on Equity (ROE)     | 23.0%     | 6.0%      | 6.7%      |
| Return on Assets (ROA)     | 10.4%     | 2.6%      | 2.9%      |
| Total Debt/Total Capital   | 40.0%     | 41.5%     | 41.3%     |
| Cash Flow/Total Debt       | 0.50x     | 0.48x     | 0.50x     |
| Earnings Per Share         | \$4.92    | \$1.28    | \$1.45    |
| Cash Flow Per Share        | \$7.12    | \$7.36    | \$7.66    |
| Cash Per Share             | \$3.29    | \$3.81    | \$2.30    |
| Equity Per Share           | \$21.40   | \$21.56   | \$21.72   |
| Enterprise Value Per Share | \$50.62   | \$36.64   | \$37.01   |

| Multiples              | At Dec-07 | At Dec-08 | At Jun-09 |
|------------------------|-----------|-----------|-----------|
| Price/EPS              | 8.06x     | 19.57x    | 16.57x    |
| Price/EBITDA           | 3.52x     | 3.43x     | 3.08x     |
| Price/Cash Flow        | 5.57x     | 3.41x     | 3.14x     |
| Price/Enterprise Value | 0.78x     | 0.69x     | 0.65x     |

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Note: Report prepared with public information only.



Source: [www.bigcharts.com](http://www.bigcharts.com)

#### PROFILE

BCE is Canada's largest communications company, providing a comprehensive suite of communication services to residential and business customers in Canada.

BCE consists of 100% of Bell Canada and 45% of Bell Aliant which, collectively, provide access to 65% of Canada's population. Operating under the Bell brand, the Company's services include Bell Home-Phone local and long-distance services, Bell Mobility and Solo Mobile wireless, high-speed Bell Internet, Bell TV direct-to-home satellite and VDSL television, IP-broadband services, and information and communications technology services.

The Company's business mix, based on revenues generated, are approximately 30% local and long-distance telephony, 30% wireless operations, 24% data, 10% video, and 6% other activities.

In the Company's recently-released Q2 results, revenue for the first half of 2009 declined slightly (1.4%), but EBITDA rose 3.3%, such that the EBITDA margin increased from 36.16% to 37.86%. The Company raised its quarterly dividend to \$0.405 per share, or \$1.62 annually, to provide an attractive current yield of 6.2%.

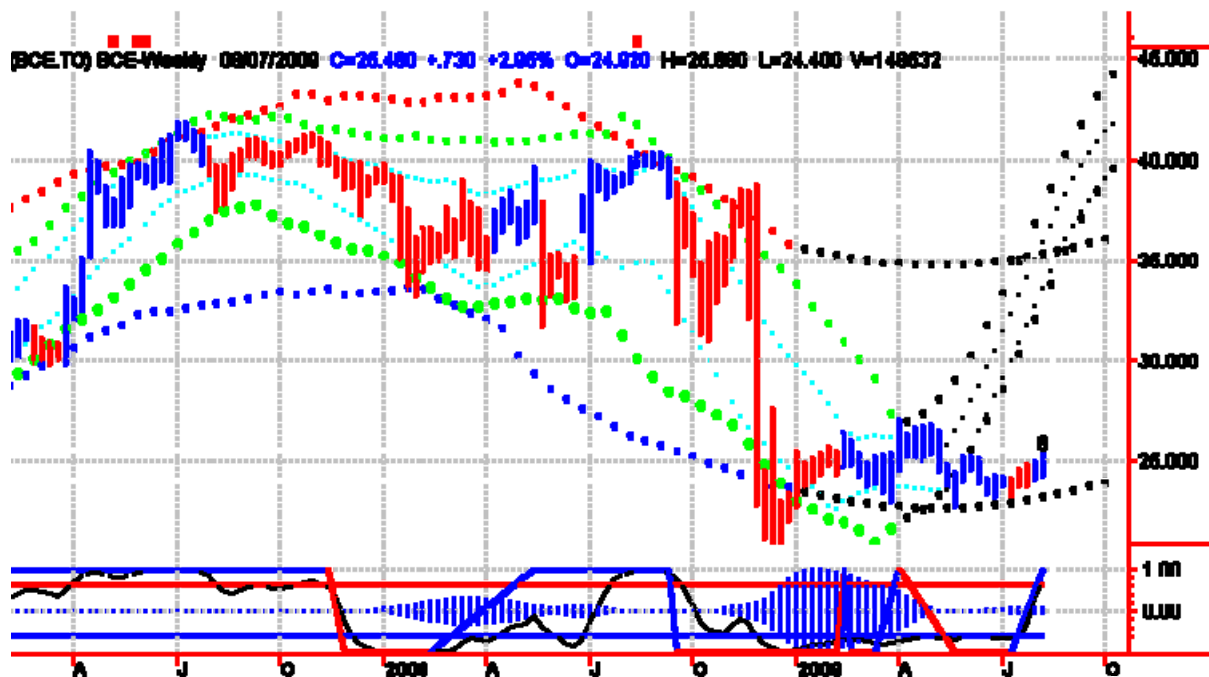
## SUMMARY

1. Short-term projection: \$27.00. Bullish indications are intact provided the stock does not close below \$24.75.
2. Long-term projection: \$29.00-\$31.00. Higher prices are probable provided the Pros (i.e., the institutional investors) become interested in the stock once again and increase their holdings. Bullish indications are intact provided the stock does not close below \$24.00.
3. Long-term and short-term investors should become concerned if the stock closes below \$23.44 on either a daily or weekly basis. Below this point, it is likely that the stock would retest its 2009 lows of around \$21.00.

## B. LONG-TERM VIEW

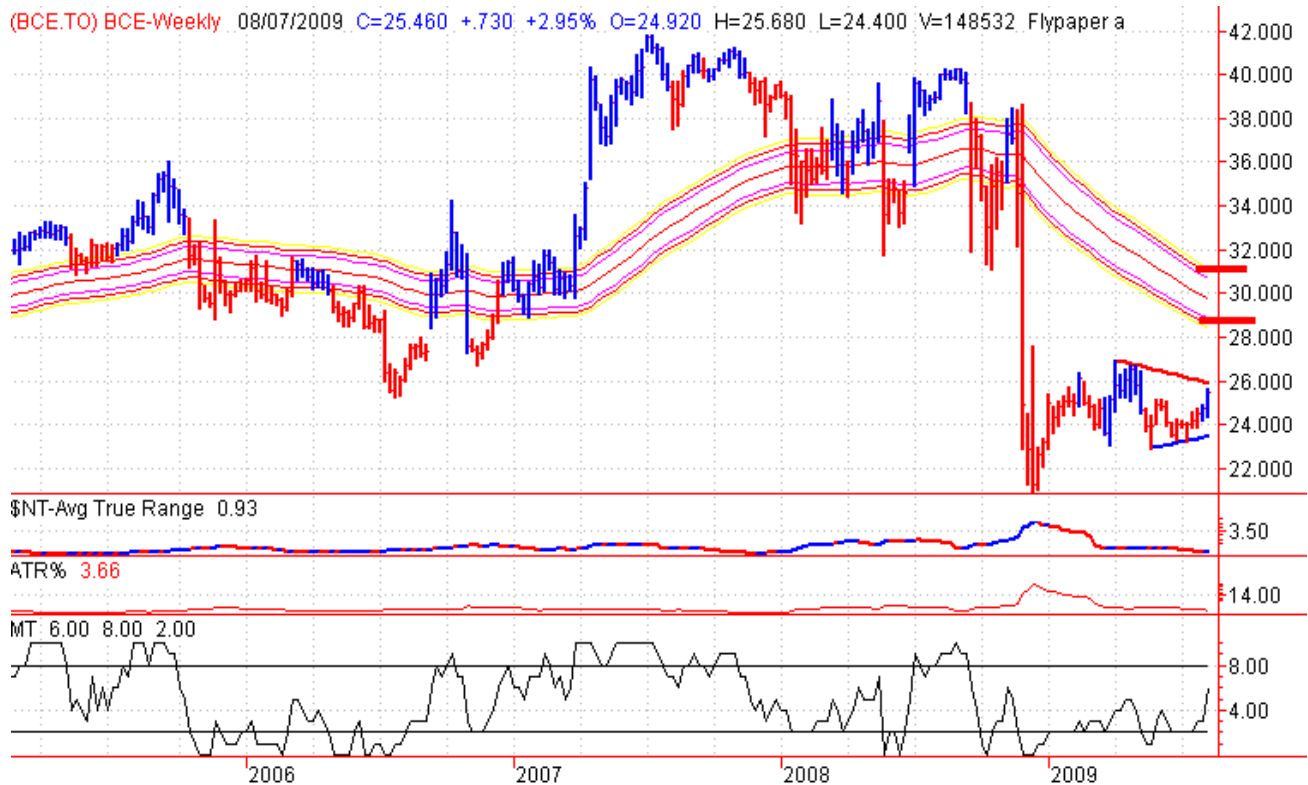
### 1. Recent Narrow Trading Range

As shown on the weekly-close chart below, BCE's stock has been limping along the bottom of its channel in a fairly narrow trading range. The Market Thermometer shows a luke-warm "6", but indicators are pointing upwards.



## 2. 2009 Upside Potential

Since the stock has remained mired within its narrow trading limits, rather than the possibility of tracking towards the \$40 range as indicated in the chart above, we believe the stock's upside potential for the balance of 2009 is limited to the \$29-\$31 bracket. This expectation is reinforced by the trend in the Weekly Fly Paper Channel, shown in the chart below.



A move up to the \$29-\$31 range would only take place if the stock can break out of its current range on a weekly closing basis. This range is marked on the above chart by a downtrend line at \$26, and an uptrend line at \$23.50.

Further, the \$31 objective is supported if the stock can fill in the "gap". When Ontario Teachers' Pension Plan et al were unable to consummate their take-over of BCE late last year, the stock "gapped down". After closing around \$38, the unfavourable overnight news resulted in the next-day opening of around \$24, i.e., the "open gap".

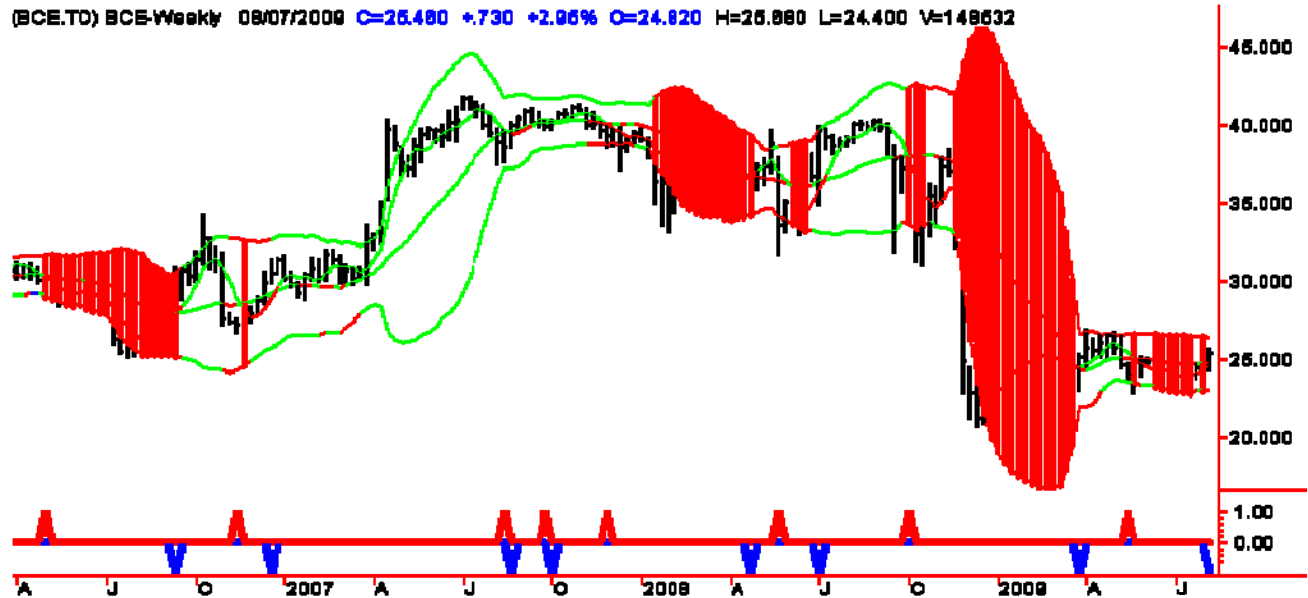
Typically, the bottom of an open gap acts as resistance to a stock's upwards progress. As can be seen in the chart above, BCE tried twice to break through that resistance line, which is at approximately \$26.75, and is now making a third attempt.

If it is unable to overcome this resistance level, we would expect the stock to retreat and retest its 2009 lows of around \$21.

If the stock continues to advance and breaks free of the bottom-of-the-gap resistance area, the upward projection is to the top of the gap, to about \$31 or, at least, into the Fly Paper Channel.

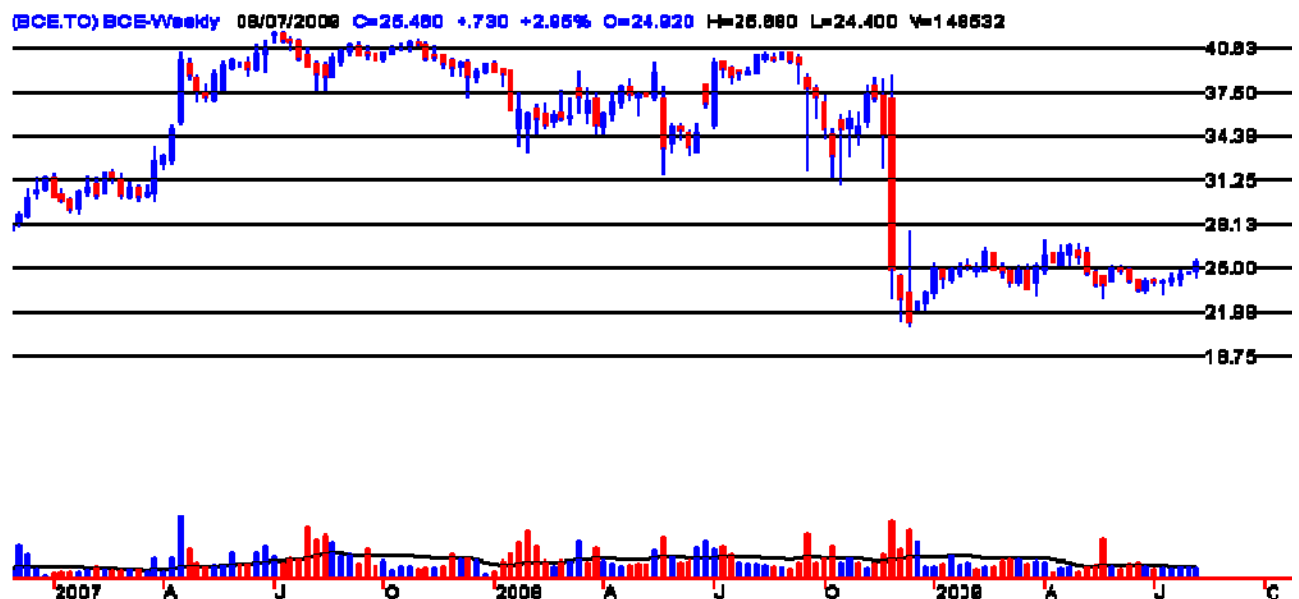
### 3. Long-Term Bullish Indicator

The next chart reinforces BCE's long-term bullish nature as the stock has emerged from the latest negative red area and turned positive with last week's close. This bullish signal would be confirmed if the stock makes a higher close at the end of this week (August 14<sup>th</sup>).



### 4. Intermediate Price Targets

If the stock breaks out above the current range, then the first mathematical weekly price target would be \$28.13, with the second target coming within the range forecast on the weekly Fly Paper Channel, or \$31.25.

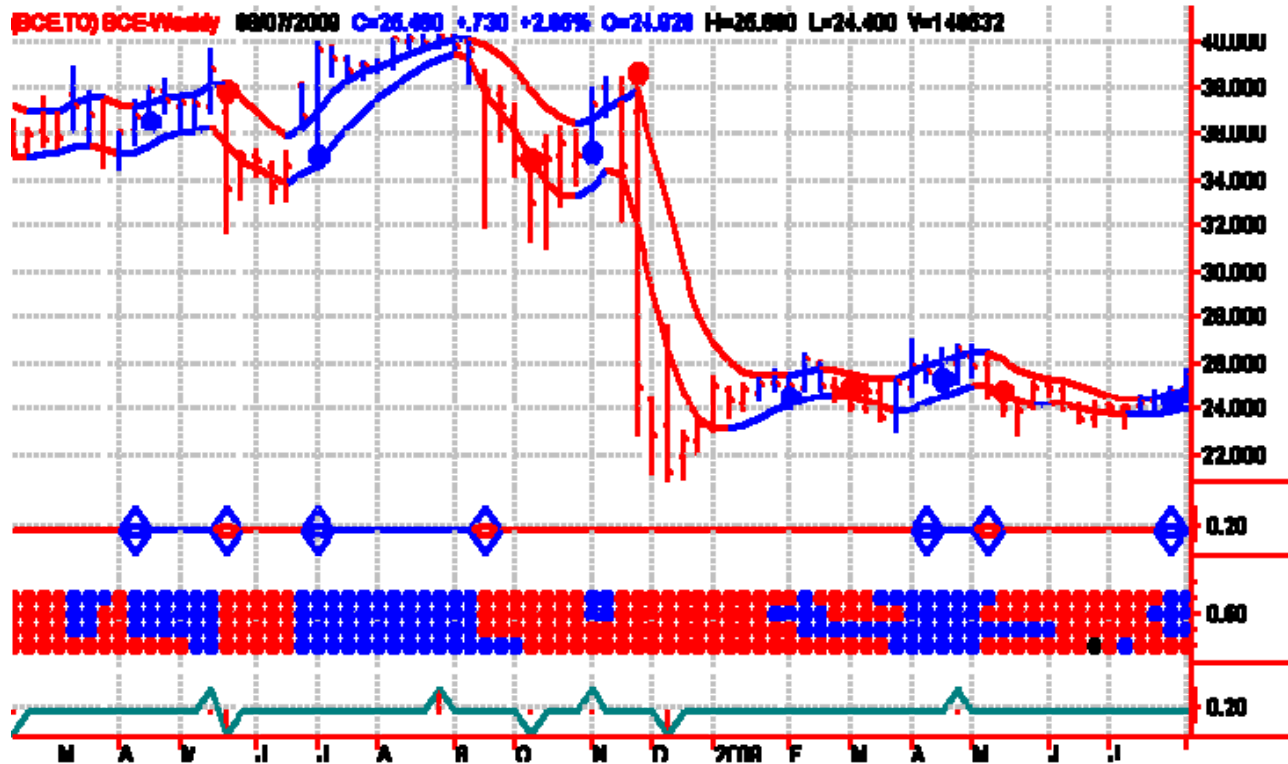


## 5. Pros Versus Public

A major reason that this stock has not been able to break out of its current trading range is the fact that the Pros, since the end of April 2009, have essentially stayed on the sidelines, not selling, but also not buying. Except for one trading day in May, trading volume has been below normal. The average daily trading volume over the past 50 trading days is 3,348,000 compared to the 200-day average of 4,975,000. While this neutral stance by the Pros does not hurt the Public investors, it has not helped them either, particularly as most of the other sectors of the market have moved substantially higher.



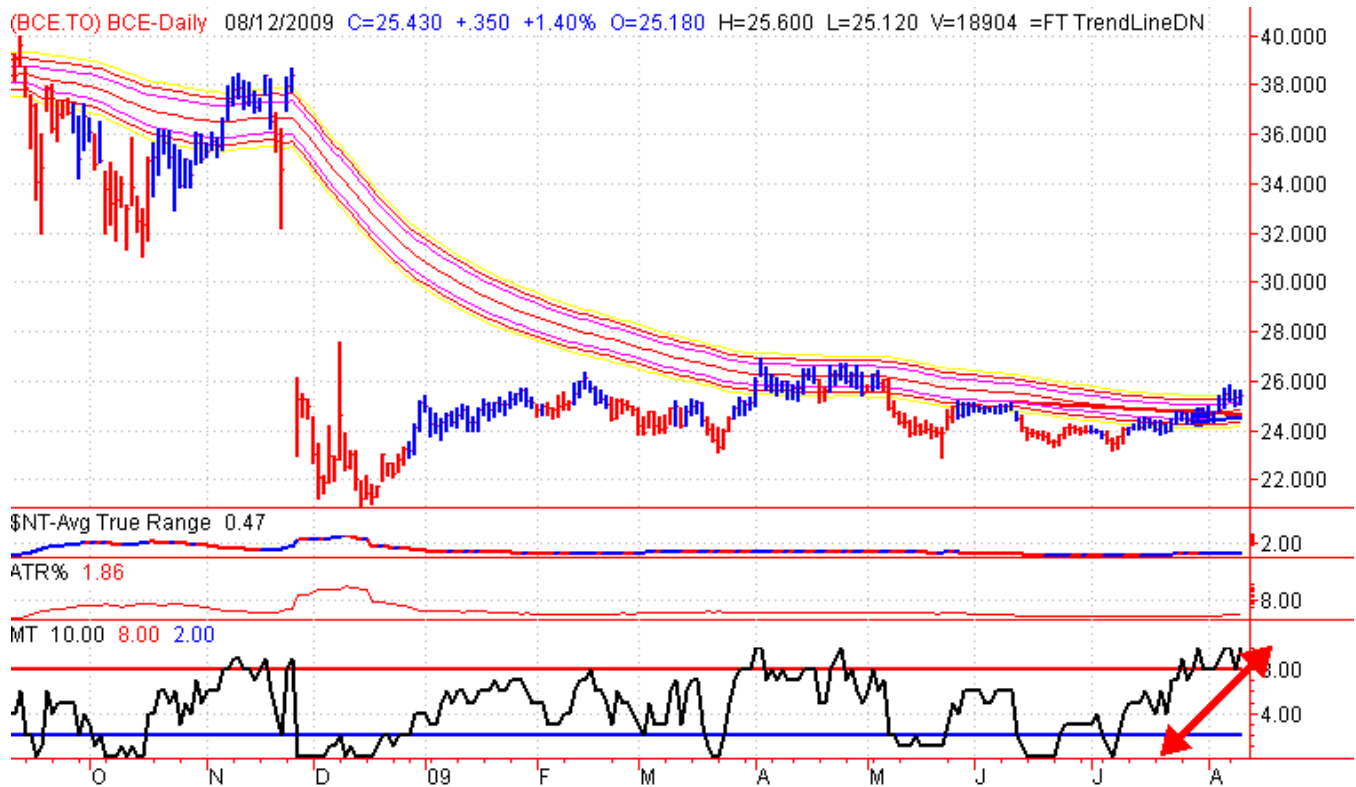
Long-term investors who currently hold the stock should not become concerned unless there is a weekly close below \$24, which would signify the end of the current uptrend for this stock.



## B. Short-Term View

### 1. Recent Narrow Trading Range

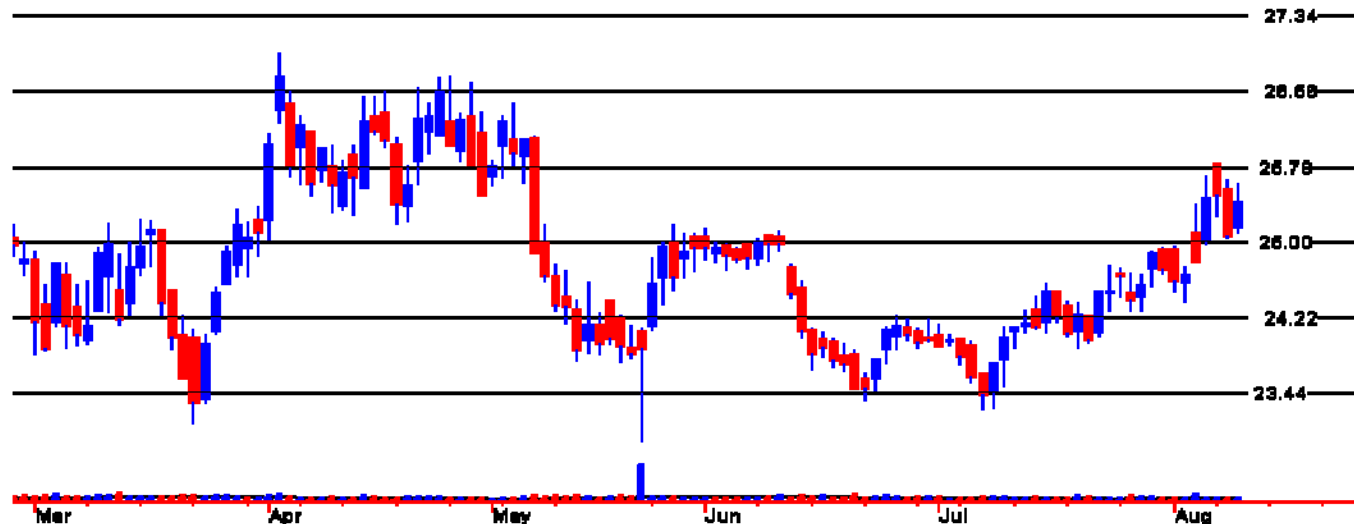
Turning to the daily charts for short-term indicators, the Daily Fly Paper Channel chart shown below shows that the stock has been “treading water” for quite some time, and is still stuck in the upper edge of the channel. During the most recent up-move, the Market Thermometer Indicator moved from 0 to 10, or from extremely over-sold to extremely over-bought and, yet, BCE has been unable to break away from this range.



## 2. Short-Term Price Targets

BCE recently ran into resistance at the \$25.78 price target. A breakout above this target should see a move up to \$26.56, and then \$27.34. A breakdown below \$25.00 should take the stock down to \$24.22, and then possibly down to \$23.44 where it recently bottomed thrice.

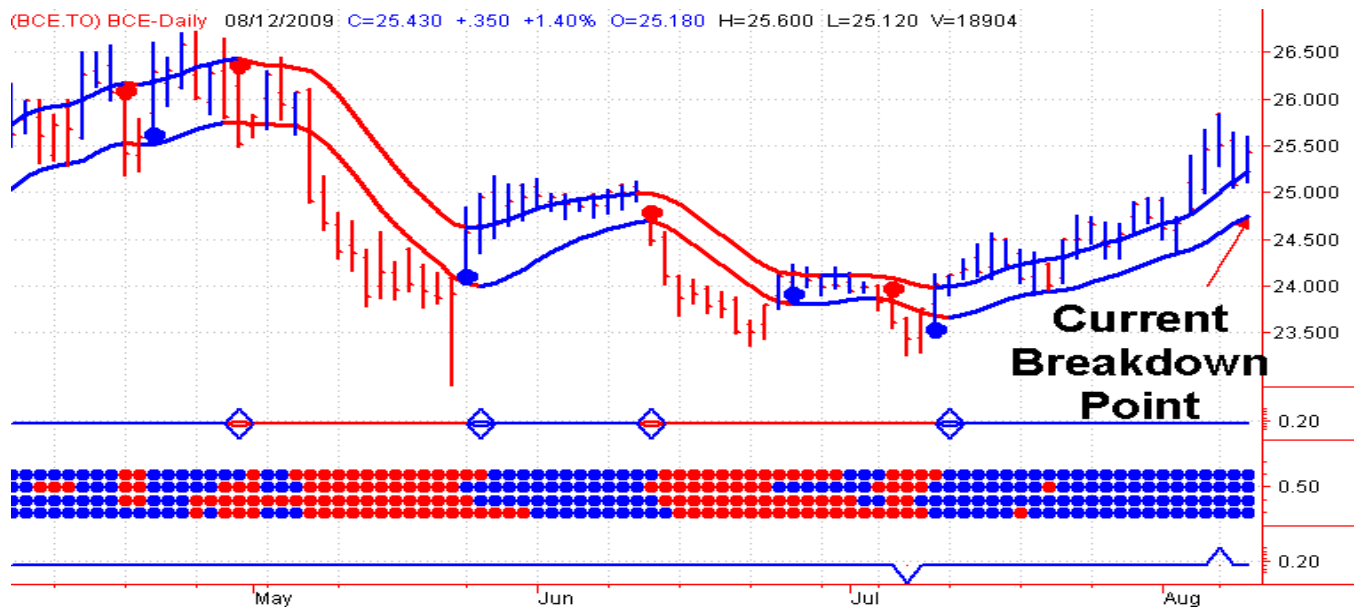
(BCE.TO) BCE-Daily 08/12/2008 C=25.430 +.350 +1.40% O=25.180 H=25.600 L=25.120 V=18904



## 3. Bullish Support Level

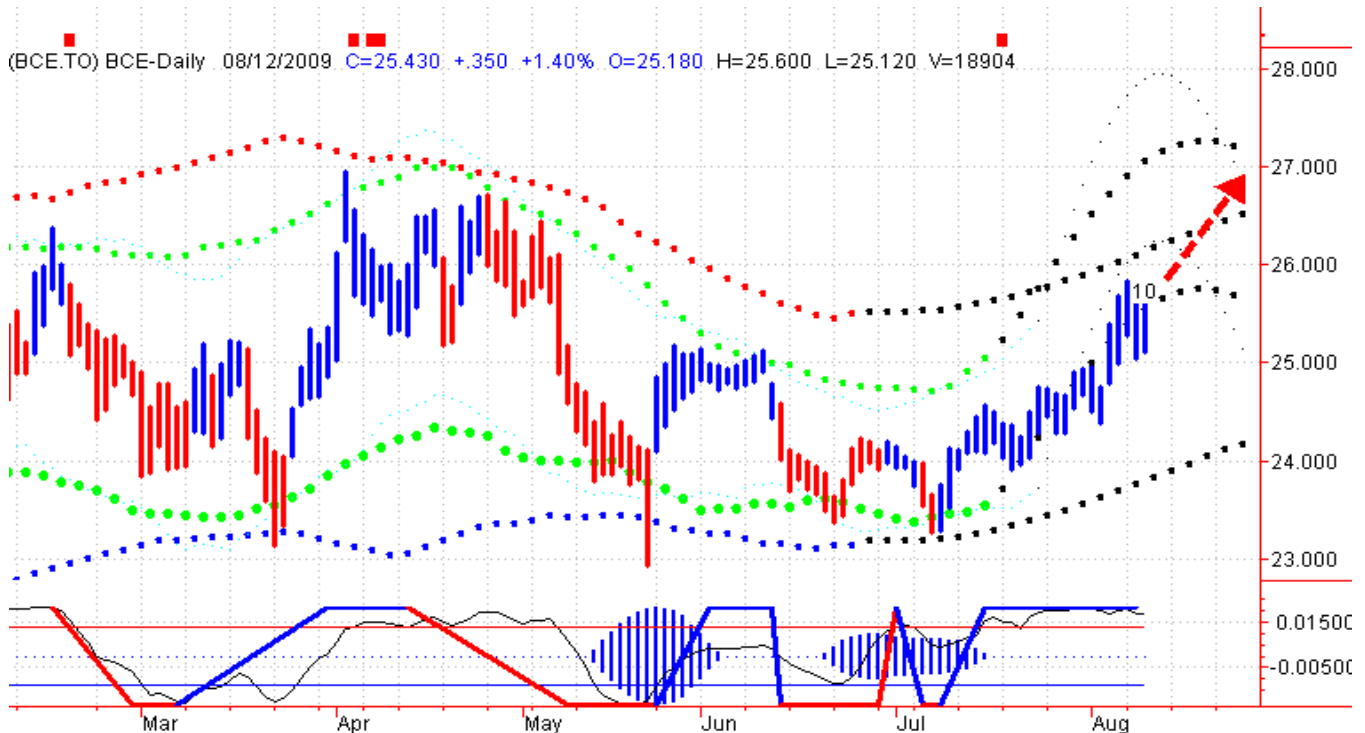
Short-term traders can remain bullish on BCE as long as there is not a daily close below \$24.75. It is important to note that this break-down point is moving higher and will continue to trail BCE's price.

(BCE.TO) BCE-Daily 08/12/2009 C=25.430 +.350 +1.40% O=25.180 H=25.600 L=25.120 V=18904



#### 4. Short-Term Potential

Notwithstanding our long-term price objective of \$29-\$31, in the short term, as shown on the chart below, the upside potential is \$27. Although the Daily Market Thermometer indicates that the stock is currently over-bought, being a “10” out of 10, there are no signs of red on this daily-close chart.



#### C. CONCLUSIONS

1. For long-term investors, the upside potential for BCE in 2009 is to the \$29-\$31 range. A weekly close below \$24 would negate this current forecast. Although higher prices could be forecast at the present time, we are not overly confident of reaching these targets because the Pros are not currently “in control” of this stock on a long-term basis.
2. Short-term investors, or traders, can remain bullish on the stock as long as it does not close below \$24.75. Our current short-term projection for BCE is \$27.
3. Long-term and short-term investors should become concerned if the stock closes below \$23.44 on either a daily or weekly basis. Below this point, it is likely that the stock would retest its 2009 lows. Beyond that, subsequent share price direction might depend upon the actions of the Pros at that time.



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