

Bell Canada buys Canadian assets of 360networks

- Bell to retain 360networks' business and network in the West
- Eastern Canadian customer base and assets to be sold to Call-Net

VANCOUVER, May 26 --

Bell Canada today announced the purchase of the Canadian assets of Vancouver-based 360networks Corporation for Cdn \$275 million. The purchase includes the assets of 360networks' subsidiary, GT Group Telecom Services Corporation, and certain related U.S. interconnect assets. Bell will retain 360networks' business, facilities and customer base in Western Canada, and will sell significant portions of the retail customer operations and certain network assets in Eastern Canada to Call-Net Enterprises Inc.

This transaction will give Bell an extensive fibre network that includes leading-edge local facilities in Vancouver, Victoria, Calgary, Edmonton and other cities in Western Canada. The company will also gain access to almost 200 office buildings in Western Canada.

"This transaction is financially attractive and represents a meaningful step in our strategy to accelerate the growth of our business in the West," said Michael Sabia, Chief Executive Officer of Bell Canada. "The acquisition doubles both our network footprint and our access to customers in Western Canada. This move further demonstrates our sustaining commitment to expanding our presence in the West and solidifies our position as Canada's national communications company."

"This transaction is a clear indication of our determination to further deliver on our long-term promise of serving British Columbian and Albertan customers under Canada's leading brand," said Stephen Wetmore, Group President, National Markets. "The state-of-the-art facilities that we are acquiring will add to Bell's existing network in Western Canada and will be easily integrated with our existing national IP network. It will also serve as an important platform from which Bell will develop and deliver new services to Western Canadians. By rapidly and cost-effectively expanding our Western Canadian technical, sales and marketing capabilities, we are offering a solid and competitive alternative for business customers' communications needs."

"We are very pleased with the accomplishments at Group Telecom over the last year," said Greg Maffei, Chairman and Chief Executive Officer of 360networks. "Our strong network and people allowed us to grow profitability and faster than the market which made us an attractive partner for Bell and Call-Net. We are disappointed to be exiting Canada, but this transaction will ensure continued excellent service for our customers and is financially compelling."

Sale of Operations and Retail Customers in Eastern Canada to Call-Net

Bell has entered into a letter of intent to sell a significant portion of 360networks' operations in Ontario, Quebec and Atlantic Canada to Call-Net. Upon the closing of the transaction with 360networks, Bell will transfer most of the acquired 360networks' Eastern Canadian retail customer base to Call-Net and provide support services for a two-year period.

"The sale of assets and customers to Call-Net will allow them to expand their services and allow us to divest duplicated network capabilities over time," said Mr. Sabia.

"We are very pleased to be acquiring 360networks' business in Eastern Canada," said Bill Linton, President and Chief Executive Officer of Call-Net Enterprises. "On closing, this transaction will greatly expand our business customer base. It will also allow us to more rapidly and cost-effectively expand our local, fibre and IP networks in Eastern Canada, further reducing our reliance on leased facilities."

Financial Impact and Other Considerations

The acquisition of 360networks' business in Western Canada is expected to:

- add revenues and EBITDA to Bell's western operations
- reduce Bell's capital requirements in Western Canada, and
- produce significant operating synergies and tax benefits.

The 360networks' business being purchased will have approximately

Cdn \$1.5 billion of unused tax losses. Bell expects to fully utilize these losses by the end of 2005.

The acquisition will have no material impact on BCE's 2004 financial targets made public on December 17, 2003.

Beginning in 2005, the transaction is expected to be neutral to marginally accretive on an earnings per share basis at Bell's parent company, BCE Inc.

The acquired business will operate as a division of Bell Canada under the 360networks and Group Telecom brands.

Until the deal closes, 360networks' management structure and operating procedures will continue. Customers should continue to work with their points of contact within 360networks and Group Telecom for all inquiries pertaining to product, service, billing and technical matters.

Bell anticipates these transactions will close by September 2004. Closing is subject to customary terms and conditions, including the approval of the Competition Bureau. In addition, the Call-Net transaction is subject to negotiation of definitive agreements and certain other conditions.

About Bell Canada

Bell Canada, Canada's national leader in communications, provides connectivity to residential and business customers through wired and wireless voice and data communications, local and long distance phone services, high speed and wireless Internet access, IP-broadband services, e-business solutions and satellite television services. Bell Canada is wholly owned by BCE Inc. For more information please visit www.bell.ca.

360networks

360networks provide telecommunications services in North America to over 10,000 carrier and commercial customers. We offer a comprehensive range of services from traditional local and long distance voice products to innovative products such as optical transport, wavelengths, Internet transport, Gigabit Ethernet, and optical virtual private networks (OVPNs). Our broadband fibre-optic network is one of the largest and most advanced on the continent, spanning 44,000 route miles (70,000 kilometers), and reaching 60 major cities, including 17 metro fibre networks in nine Canadian provinces and a unique footprint in the rural Western United States. For more information about 360networks and Group Telecom, please visit www.360.net.