

annual consolidated financials

Consolidated					
Income statement (millions)	2005	2004	2003	2002	2001
Operating revenues	\$ 8,142.7	\$ 7,581.2	\$ 7,146.0	\$ 7,006.7	\$ 7,080.5
Operations expense	4,793.5	4,438.0	4,301.9	4,488.1	4,550.9
Restructuring and workforce reduction costs	53.9	52.6	28.3	569.9	198.4
EBITDA ¹	3,295.3	3,090.6	2,815.8	1,948.7	2,331.2
Depreciation and amortization	1,623.7	1,643.1	1,652.8	1,570.3	1,494.2
Operating income from continuing operations	1,671.6	1,447.5	1,163.0	378.4	837.0
Other expense (income), net	18.4	8.7	23.3	42.7	(17.0)
Financing costs	623.1	613.3	639.3	615.3	636.8
Refinancing charge from debt restructuring	–	–	–	–	96.5
Income (loss) from continuing operations before income taxes, non-controlling interest and goodwill amortization	1,030.1	825.5	500.4	(279.6)	120.7
Income taxes (recovery)	322.0	255.1	172.7	(46.9)	88.1
Non-controlling interest	7.8	4.6	3.3	3.1	3.6
Goodwill amortization	–	–	–	–	174.8
Income (loss) from continuing operations	700.3	565.8	324.4	(235.8)	(145.8)
Income from discontinued operations	–	–	–	–	592.3
Net income (loss)	700.3	565.8	324.4	(235.8)	446.5
Preference and preferred share dividends	–	1.8	3.5	3.5	3.5
Common share and non-voting share income (loss)	\$ 700.3	\$ 564.0	\$ 320.9	\$ (239.3)	\$ 443.0

Share information ²	2005	2004	2003	2002	2001
Basic weighted average shares outstanding (millions)	357.1	355.3	349.3	317.9	294.2
Year-end shares outstanding (millions)	350.1	358.5	351.8	345.7	302.2
Basic earnings per share	\$ 1.96	\$ 1.58	\$ 0.92	\$ (0.75)	\$ 1.51
Dividends declared per share	0.875	0.65	0.60	0.60	1.20

Balance sheet (millions)	2005	2004	2003	2002	2001
Capital assets, at cost	\$ 27,455.7	\$ 26,631.9	\$ 25,778.2	\$ 25,037.3	\$ 23,888.4
Accumulated depreciation and amortization	16,514.2	15,410.9	14,214.6	13,062.8	11,128.6
Total assets	16,222.3	17,838.0	17,477.5	18,219.8	19,265.6
Total capitalization ³	12,690.0	13,516.4	14,102.4	14,713.7	15,677.5
Net debt ⁴	5,794.4	6,477.7	7,570.5	8,409.1	8,823.4
Long-term debt	4,639.9	6,332.2	6,609.8	8,336.6	8,792.2
Total shareholders' equity	6,870.0	7,025.6	6,521.2	6,293.4	6,846.1

1 Operating revenues less Operations expense less Restructuring and workforce reduction costs.

2 Common shares and non-voting shares.

3 Net debt plus Non-controlling interest and Shareholders' equity.

4 Long-term debt plus current maturities of Long-term debt and cheques outstanding less Cash and temporary investments plus cross currency foreign exchange hedge liability (less cross currency foreign exchange hedge asset) related to U.S. dollar notes.

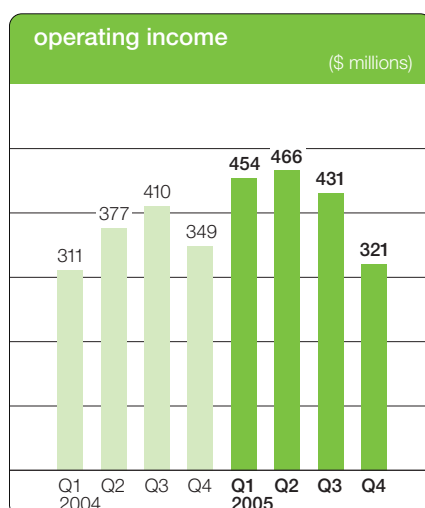
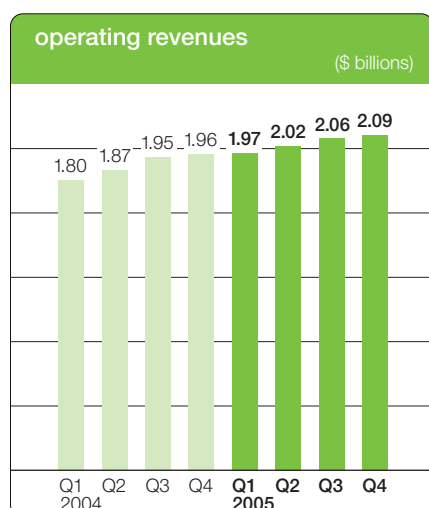
Note: Certain comparative financial information has been reclassified to conform with the 2005 presentation. The five-year financial history presented reflects the significant acquisitions of Clearnet in October 2000 and QuébecTel in June 2000.

quarterly consolidated financials

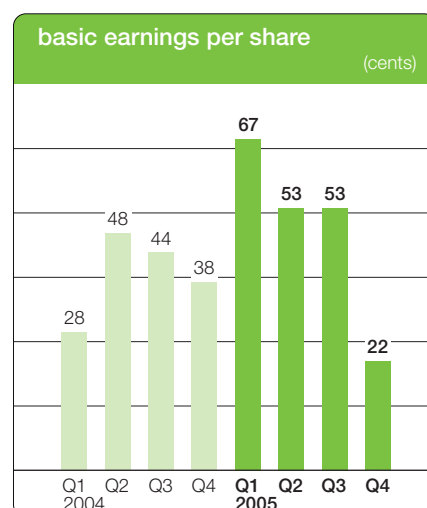
Consolidated								
Income statement (millions)	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q4 2004	Q3 2004	Q2 2004	Q1 2004
Operating revenues	\$ 2,086.7	\$ 2,062.8	\$ 2,018.5	\$ 1,974.7	\$ 1,964.9	\$ 1,946.9	\$ 1,865.6	\$ 1,803.8
Operations expense	1,316.8	1,221.5	1,146.1	1,109.1	1,178.5	1,112.8	1,080.1	1,066.6
Restructuring and workforce reduction costs	35.5	1.6	7.4	9.4	19.8	16.2	0.7	15.9
EBITDA ¹	734.4	839.7	865.0	856.2	766.6	817.9	784.8	721.3
Depreciation and amortization	413.2	409.2	399.1	402.2	417.5	407.6	407.6	410.4
Operating income	321.2	430.5	465.9	454.0	349.1	410.3	377.2	310.9
Other expense (income), net	9.3	7.1	0.5	1.5	8.7	(3.2)	2.0	1.2
Financing costs	171.7	144.8	168.2	138.4	152.8	158.6	156.9	145.0
Income before income taxes and non-controlling interest	140.2	278.6	297.2	314.1	187.6	254.9	218.3	164.7
Income taxes	58.8	86.9	106.0	70.3	50.4	97.2	44.9	62.6
Non-controlling interest	2.9	1.6	1.7	1.6	1.6	1.1	1.1	0.8
Net income	78.5	190.1	189.5	242.2	135.6	156.6	172.3	101.3
Preference and preferred share dividends	-	-	-	-	-	0.1	0.8	0.9
Common share and non-voting share income	\$ 78.5	\$ 190.1	\$ 189.5	\$ 242.2	\$ 135.6	\$ 156.5	\$ 171.5	\$ 100.4

Share information ²	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q4 2004	Q3 2004	Q2 2004	Q1 2004
Basic weighted average shares outstanding (millions)	353.4	356.8	358.1	360.2	358.0	355.7	354.3	353.1
Period-end shares outstanding (millions)	350.1	354.4	357.4	358.4	358.5	356.3	354.7	353.7
Basic earnings per share	\$ 0.22	\$ 0.53	\$ 0.53	\$ 0.67	\$ 0.38	\$ 0.44	\$ 0.48	\$ 0.28
Dividends declared per share	0.275	0.20	0.20	0.20	0.20	0.15	0.15	0.15

Note: Certain comparative financial information has been reclassified to conform with the 2005 presentation.



Decline in the third and fourth quarters of 2005 was primarily due to increased temporary expenses resulting from the labour disruption that ended in November.



The 2005 fourth quarter decline was mainly due to increased temporary labour disruption expenses, higher restructuring costs and higher financing costs resulting from an early bond redemption.

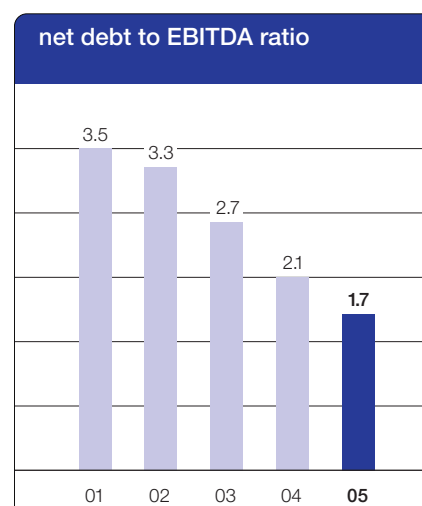
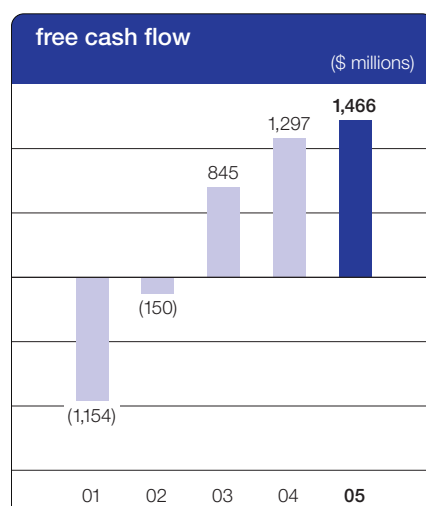
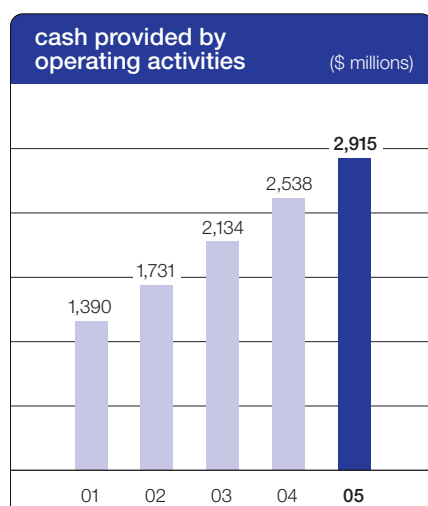
annual operating statistics

Consolidated	2005	2004	2003	2002	2001
Cash flow statement information					
Cash provided by operating activities (millions)	\$ 2,914.6	\$ 2,538.1	\$ 2,133.8	\$ 1,730.8	\$ 1,390.2
Cash used by investing activities (millions)	(1,355.2)	(1,299.5)	(1,197.8)	(1,691.1)	(1,821.3)
Cash provided (used) by financing activities (millions)	(2,447.3)	(348.3)	(920.8)	(65.8)	348.0
Performance indicators					
Net income (loss) (millions)	\$ 700.3	\$ 565.8	\$ 324.4	\$ (235.8)	\$ 446.5
Dividend payout ¹	56%	51%	65%	n.m.	79%
Return on common equity ²	9.9%	8.4%	5.1%	(3.8%)	6.9%
Return on assets ³	18.0%	14.2%	12.2%	9.5%	7.2%
EBITDA interest coverage ratio ⁴	5.4	5.1	4.4	3.6	4.0
Free cash flow (millions) ⁵	\$ 1,465.5	\$ 1,297.3	\$ 844.9	\$ (149.7)	\$(1,154.0)
Net debt to EBITDA ratio ⁶	1.7	2.1	2.7	3.3	3.5
Net debt to total capitalization	45.7%	47.9%	53.7%	57.2%	56.3%
Capital expenditures (millions)	\$ 1,319.0	\$ 1,319.0	\$ 1,252.7	\$ 1,697.9	\$ 2,605.3
Capex intensity ⁷	16.2%	17.4%	17.5%	24.2%	36.8%
Other					
Total employees, continuing operations	29,819	25,798	24,719	25,752	30,701
Full-time equivalent (FTE) employees ⁸	n.m.	24,754	23,817	24,829	–
EBITDA per average FTE employee (000s) ^{8a}	n.m.	\$ 128.9	\$ 117.8	\$ 89.9	–
Total salaries and benefits (millions)	\$ 1,921.4	\$ 1,938.2	\$ 1,883.2	\$ 1,995.7	\$ 1,954.4

n.m. – not meaningful

- 1 Last quarterly dividend declared per share, in the respective reporting period, annualized, divided by the sum of Basic earnings per share reported in the most recent four quarters.
- 2 Common share and non-voting share income over the average quarterly common equity for the 12-month period. Quarterly ratios are calculated on a 12-month trailing basis.
- 3 Cash provided by operating activities divided by total assets. Quarterly ratios are based on a 12-month trailing cash flow provided by operating activities.
- 4 EBITDA excluding Restructuring and workforce reduction costs, divided by Financing costs before gains on redemption and repayment of debt, calculated on a 12-month trailing basis.
- 5 EBITDA, adding Restructuring and workforce reduction costs, cash interest received and excess of share compensation expense over share compensation payments, less cash interest paid, cash taxes, capital expenditures, and cash restructuring payments.
- 6 Net debt at the end of the period divided by 12-month trailing EBITDA (excluding restructuring).
- 7 Capital expenditures divided by Operating revenues.
- 8 The measure of full-time equivalent employees is not reported for the third quarter, fourth quarter and annual 2005, as it does not factor in effective overtime hours on staff equivalents because of the labour disruption.
- 9 EBITDA excluding Restructuring and workforce reduction costs, divided by average FTE employees. Quarterly ratios are annualized.

Note: Certain comparative financial information has been reclassified to conform with the 2005 presentation.



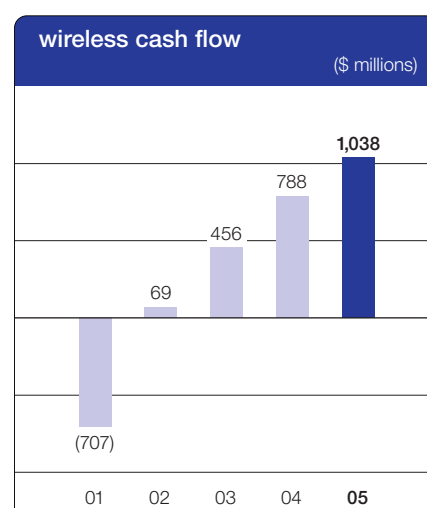
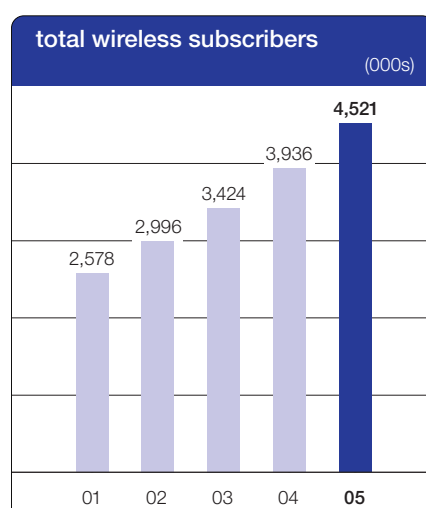
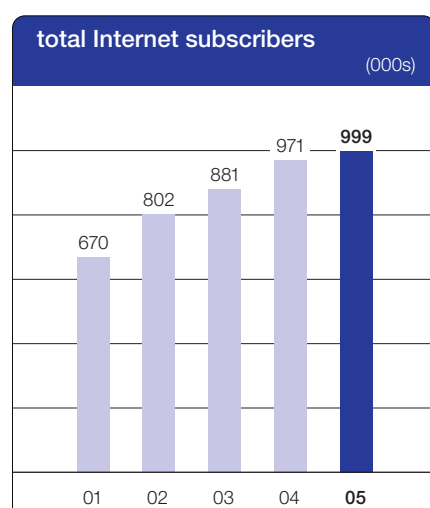
quarterly operating statistics

Consolidated	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q4 2004	Q3 2004	Q2 2004	Q1 2004
Cash flow statement information								
Cash provided by operating activities (millions)	\$ 805.0	\$ 693.5	\$ 687.7	\$ 728.4	\$ 613.8	\$ 847.2	\$ 489.0	\$ 588.1
Cash used by investing activities (millions)	(375.7)	(263.3)	(410.0)	(306.2)	(342.8)	(316.5)	(341.6)	(298.6)
Cash provided (used) by financing activities (millions)	(1,742.8)	(249.2)	(383.9)	(71.4)	3.3	(266.2)	(63.2)	(22.2)
Performance indicators								
Net income (millions)	\$ 78.5	\$ 190.1	\$ 189.5	\$ 242.2	\$ 135.6	\$ 156.6	\$ 172.3	\$ 101.3
Dividend payout ¹	56%	38%	40%	41%	51%	45%	50%	64%
Return on common equity ²	9.9%	10.8%	10.4%	10.3%	8.4%	7.2%	6.7%	5.2%
Return on assets ³	18.0%	15.1%	16.0%	14.8%	14.2%	13.2%	13.3%	13.2%
EBITDA interest coverage ratio ⁴	5.4	5.6	5.4	5.4	5.1	4.9	4.9	4.7
Free cash flow (millions) ⁵	\$ 109.8	\$ 581.3	\$ 207.8	\$ 566.6	\$ 121.9	\$ 502.6	\$ 229.5	\$ 443.3
Net debt to EBITDA ratio ⁶	1.7	1.8	1.8	1.9	2.1	2.2	2.4	2.5
Net debt to total capitalization	45.7%	45.4%	46.0%	46.2%	47.9%	49.7%	51.9%	52.7%
Capital expenditures (millions)	\$ 374.1	\$ 263.0	\$ 408.7	\$ 273.2	\$ 343.4	\$ 319.8	\$ 346.1	\$ 309.7
Capex intensity ⁷	17.9%	12.7%	20.2%	13.8%	17.5%	16.4%	18.6%	17.2%
Other								
Total employees, continuing operations	29,819	20,743	28,706	28,456	25,798	25,464	25,406	24,885
Full-time equivalent (FTE) employees ⁸	n.m.	n.m.	27,789	27,411	24,754	24,538	24,521	23,892
EBITDA per average FTE employee, annualized (000s) ^{8,9}	n.m.	n.m.	\$ 126.4	\$ 135.0	\$ 127.4	\$ 135.4	\$ 129.5	\$ 123.1
Total salaries and benefits (millions)	\$ 461.8	\$ 465.7	\$ 501.6	\$ 492.3	\$ 502.6	\$ 490.3	\$ 478.8	\$ 466.5

Note: Certain comparative financial information has been reclassified to conform with the 2005 presentation.

annual segmented statistics

	2005	2004	2003	2002	2001
Wireline segment					
Operating revenues (millions)	\$ 4,937.6	\$ 4,865.9	\$ 4,880.9	\$ 5,084.6	\$ 5,359.5
Operations expense (millions)	3,031.4	2,864.9	2,852.2	3,100.8	3,185.7
Restructuring and workforce reduction costs (millions)	53.9	52.6	28.3	563.4	135.4
EBITDA (millions)	\$ 1,852.3	\$ 1,948.4	\$ 2,000.4	\$ 1,420.4	\$ 2,038.4
Capital expenditures (millions)	\$ 914.2	\$ 964.3	\$ 892.8	\$ 1,238.2	\$ 1,605.8
Cash flow (millions) ¹	938.1	984.1	1,107.6	182.2	432.6
Network access lines in service (000s)	4,691	4,808	4,870	4,911	4,967
Net additions (losses) dial-up Internet subscribers (000s) ²	(45.5)	(38.2)	(71.9)	(63.4)	41.8
Dial-up Internet subscribers (000s) ²	236.1	281.6	319.8	391.7	455.1
Net additions high-speed Internet subscribers (000s) ²	73.4	128.1	151.6	195.2	131.2
High-speed Internet subscribers (000s) ²	763.1	689.7	561.6	410.0	214.8
Total employees, continuing operations	22,888	19,500	19,029	20,332	25,545
Full-time equivalent (FTE) employees ³	n.m.	18,839	18,430	19,668	–
EBITDA per average FTE employee (000s) ^{3,4}	n.m.	\$ 106.3	\$ 106.6	\$ 86.6	\$ –
Wireless segment					
Operating revenues (millions)	\$ 3,319.0	\$ 2,833.4	\$ 2,375.3	\$ 2,034.9	\$ 1,825.9
Operations expense (millions)	1,876.0	1,691.2	1,559.9	1,500.1	1,470.1
Restructuring and workforce reduction costs (millions)	–	–	–	6.5	63.0
EBITDA (millions)	\$ 1,443.0	\$ 1,142.2	\$ 815.4	\$ 528.3	\$ 292.8
EBITDA ⁵ excluding cost of acquisition (COA) (millions)	\$ 1,937.3	\$ 1,578.0	\$ 1,240.0	\$ 944.0	\$ 782.4
Capital expenditures (millions)	404.8	354.7	359.9	459.7	999.5
Cash flow (millions) ¹	1,038.2	787.5	455.5	68.6	(706.7)
Net additions wireless subscribers (000s) ⁶	584.3	512.4	431.1	417.8	417.5
Gross additions wireless subscribers (000s)	1,279.0	1,120.7	987.2	1,016.9	984.6
Wireless subscribers (000s) ⁸	4,520.7	3,936.4	3,424.0	2,995.5	2,577.7
Penetration rate ⁷	14.5%	12.9%	11.5%	10.9%	10.5%
Wireless market share, subscriber-based	26.9%	26.1%	25.5%	25.0%	24.1%
Average monthly revenue per subscriber unit (ARPU)	\$ 62	\$ 60	\$ 57	\$ 55	\$ 57
Average minutes per subscriber per month (MOU)	399	384	350	290	270
COA, per gross addition	\$ 386	\$ 389	\$ 430	\$ 425	\$ 446
Monthly churn rate ⁶	1.39%	1.40%	1.46%	1.80%	2.04%
Population coverage – digital (millions) ⁹	30.6	30.0	29.5	27.4	24.2
Total employees, continuing operations	6,931	6,298	5,690	5,420	5,156
Full-time equivalent (FTE) employees ³	n.m.	5,915	5,387	5,161	4,851
EBITDA per average FTE employee (000s) ^{3,4}	n.m.	\$ 205.0	\$ 159.2	\$ 104.3	\$ –



quarterly segmented statistics

	Q4 2005	Q3 2005	Q2 2005	Q1 2005	Q4 2004	Q3 2004	Q2 2004	Q1 2004
Wireline segment								
Operating revenues (millions)	\$ 1,232.9	\$ 1,222.2	\$ 1,237.7	\$ 1,244.8	\$ 1,233.9	\$ 1,224.8	\$ 1,211.1	\$ 1,196.1
Operations expense (millions)	788.5	794.5	731.8	716.6	732.2	714.2	711.8	706.7
Restructuring and workforce reduction costs (millions)	35.5	1.6	7.4	9.4	19.8	16.2	0.7	15.9
EBITDA (millions)	\$ 408.9	\$ 426.1	\$ 498.5	\$ 518.8	\$ 481.9	\$ 494.4	\$ 498.6	\$ 473.5
Capital expenditures (millions)	\$ 230.2	\$ 176.5	\$ 293.9	\$ 213.6	\$ 220.8	\$ 216.4	\$ 267.7	\$ 259.4
Cash flow (millions) ¹	178.7	249.6	204.6	305.2	261.1	278.0	230.9	214.1
Network access lines in service (000s)	4,691	4,709	4,741	4,793	4,808	4,817	4,827	4,848
Net losses dial-up Internet subscribers (000s)	(13.7)	(10.7)	(9.9)	(11.2)	(11.1)	(8.0)	(8.4)	(10.7)
Dial-up Internet subscribers (000s)	236.1	249.8	260.5	270.4	281.6	292.7	300.7	309.1
Net additions high-speed Internet subscribers (000s)	27.0	7.1	17.1	22.2	34.8	30.6	19.1	43.6
High-speed Internet subscribers (000s)	763.1	736.1	729.0	711.9	689.7	654.9	624.3	605.2
Total employees, continuing operations	22,888	14,958	22,334	22,172	19,500	19,493	19,640	19,197
Full-time equivalent (FTE) employees ³	n.m.	n.m.	21,777	21,519	18,839	18,857	19,036	18,522
EBITDA per average FTE employee, annualized (000s) ^{3,4}	n.m.	n.m.	\$ 93.5	\$ 106.9	\$ 106.5	\$ 107.4	\$ 106.1	\$ 105.4
Wireless segment								
Operating revenues (millions)	\$ 883.1	\$ 869.9	\$ 807.7	\$ 758.3	\$ 761.9	\$ 752.0	\$ 682.2	\$ 637.3
Operations expense (millions)	557.6	456.3	441.2	420.9	477.2	428.5	396.0	389.5
EBITDA (millions)	\$ 325.5	\$ 413.6	\$ 366.5	\$ 337.4	\$ 284.7	\$ 323.5	\$ 286.2	\$ 247.8
EBITDA ⁵ excluding cost of acquisition (COA) (millions)	\$ 514.2	\$ 527.3	\$ 468.6	\$ 427.2	\$ 429.1	\$ 429.6	\$ 383.2	\$ 336.1
Capital expenditures (millions)	143.9	86.5	114.8	59.6	122.6	103.4	78.4	50.3
Cash flow (millions) ¹	181.6	327.1	251.7	277.8	162.1	220.1	207.8	197.5
Net additions wireless subscribers (000s)	235.0	138.0	131.1	80.2	186.4	136.2	113.7	76.1
Gross additions wireless subscribers (000s)	420.6	306.6	298.6	253.2	352.1	283.8	254.5	230.3
Wireless subscribers (000s)	4,520.7	4,285.7	4,147.7	4,016.6	3,936.4	3,750.0	3,613.8	3,500.1
Penetration rate ⁷	14.5%	14.0%	13.5%	13.1%	12.9%	12.4%	11.9%	11.7%
Wireless market share, subscriber-based	26.9%	26.6%	26.6%	26.5%	26.1%	26.1%	26.0%	25.6%
Average monthly revenue per subscriber unit (ARPU)	\$ 63	\$ 64	\$ 61	\$ 58	\$ 61	\$ 62	\$ 59	\$ 57
Average minutes per subscriber per month (MOU)	410	408	405	371	390	393	390	362
COA, per gross addition	\$ 449	\$ 371	\$ 342	\$ 355	\$ 410	\$ 374	\$ 381	\$ 383
Monthly churn rate	1.42%	1.33%	1.37%	1.45%	1.45%	1.34%	1.32%	1.49%
Population coverage – digital (millions) ⁸	30.6	30.2	30.2	30.2	30.0	29.7	29.7	29.5
Total employees, continuing operations	6,931	5,785	6,372	6,284	6,298	5,971	5,766	5,688
Full-time equivalent (FTE) employees ³	n.m.	n.m.	6,012	5,892	5,915	5,681	5,485	5,370
EBITDA per average FTE employee, annualized (000s) ^{3,4}	n.m.	n.m.	\$ 246.0	\$ 229.5	\$ 194.8	\$ 230.4	\$ 210.5	\$ 184.2

n.m. – not meaningful

1 EBITDA less capital expenditures.

2 As a result of a subscriber audit following a billing system conversion in the third quarter of 2002, Internet subscriber counts and net additions for the first six months of 2003 are net of reductions of approximately 13,000 dial-up subscribers and approximately 4,700 high-speed Internet subscribers.

3 The measure of full-time equivalent employees is not reported for the third quarter, fourth quarter and annual 2005, as it does not factor in effective overtime hours on staff equivalents because of the labour disruption.

4 EBITDA excluding Restructuring and workforce reduction costs, divided by average FTE employees. Quarterly ratios are annualized.

5 EBITDA excluding Restructuring and workforce reduction costs.

6 Based on an audit of the prepaid platform in the fourth quarter of 2003, a one-time adjustment was made to the prepaid subscriber base. Cumulative subscribers were reduced by approximately 7,600 in the period. Of the 7,600, net additions as recorded for 2003 reflected an adjustment of 5,000 for current year deactivations. Management believes the deactivations related to a prior period are immaterial and therefore net additions have not been restated. Furthermore, 2003 churn was calculated to reflect the 5,000 deactivations in the current year.

7 Subscribers divided by total population coverage.

8 Includes expanded coverage due to roaming/resale agreements, principally with Bell Mobility and Alliant Telecom Wireless, of approximately 7.5 million PCS POPs.