

This pricing supplement together with the prospectus to which it relates, as amended or supplemented, and each document deemed to be incorporated by reference into the prospectus, as amended or supplemented, constitutes a public offering of these securities only in the jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority in Canada has expressed an opinion about these securities and it is an offence to claim otherwise.

These securities have not been and will not be registered under the *United States Securities Act of 1933*, as amended and may not be offered, sold or delivered within the United States of America or to U.S. persons.

PRICING SUPPLEMENT NO. 5 DATED FEBRUARY 19, 2002  
(TO SHORT FORM SHELF PROSPECTUS AND PROSPECTUS SUPPLEMENT,  
DATED JUNE 11, 2001 AND JUNE 12, 2001, RESPECTIVELY)



**Bell Canada**  
**\$ 400,000,000**  
**MTN Debentures (UNSECURED)**

**TERMS OF ISSUE**

<b>Designation:</b>	7.30% Debentures, Series M-14, Due 2032	<b>Redemption:</b>	See "Redemption" on page 2
<b>Principal Amount:</b>	Cdn \$ 400,000,000	<b>Interest Rate:</b>	7.30% per annum
<b>Date of Issue:</b>	February 22, 2002	<b>Interest Payment Dates:</b>	February 23 and August 23
<b>Maturity Date:</b>	February 23, 2032	<b>Initial Interest Payment Date:</b>	August 23, 2002
<b>Price to the Public:</b>	99.722%	<b>Form of Issuance:</b>	Global debenture, in book-entry only form, registered in the name of CDS & Co.
<b>Agents' Commission:</b>	0.50%	<b>ISIN Number:</b>	CA 07813Z AP 95
<b>Net Proceeds to Bell Canada:</b>	\$ 396,888,000		

**AGENTS**

<b>TD Securities Inc.</b>	<b>BMO Nesbitt Burns Inc.</b>	<b>Casgrain &amp; Company Limited</b>	<b>CIBC World Markets Inc.</b>	<b>HSBC Securities (Canada) Inc.</b>
<b>Merrill Lynch Canada Inc.</b>	<b>National Bank Financial Inc.</b>	<b>RBC Dominion Securities Inc.</b>	<b>Scotia Capital Inc.</b>	

## REDEMPTION

Bell Canada shall be entitled, at its option, to redeem the 7.30% Debentures, Series M-14, Due 2032 (the "Series M-14 Debentures") in whole at any time or in part from time to time, by giving prior notice of not less than 30 days and not more than 60 days to the holders thereof, at the greater of the "Canada Yield Price" (as defined herein) and par, together in each case with accrued and unpaid interest to but excluding the date fixed for redemption. "Canada Yield Price" shall mean a price equal to the price of the Series M-14 Debentures calculated on the business day preceding the day on which the redemption is authorized by Bell Canada to provide a yield from the date fixed for redemption to the maturity date of the Series M-14 Debentures to be redeemed equal to the "Government of Canada Yield" plus 0.375%. "Government of Canada Yield" shall mean the yield from the date fixed for redemption to the maturity date of the Series M-14 Debentures to be redeemed, assuming semi-annual compounding, which an issue of non-callable Government of Canada bonds would carry on the remaining term to the maturity date of the Series M-14 Debentures to be redeemed. The "Government of Canada Yield" in the case of redemption of the Series M-14 Debentures will be the average of the yields provided by two registered Canadian investment dealers selected by CIBC Mellon Trust Company, as trustee under the trust indenture between Bell Canada and CIBC Mellon Trust Company dated as of November 28, 1997, as amended, and approved by Bell Canada. In case of partial redemption, the Series M-14 Debentures shall be redeemed on a *pro rata* basis.

## FINANCIAL RESULTS

Total operating revenues, total operating expenses and net earnings applicable to common shares of Bell Canada, based on unaudited results, for the three months and twelve months ended December 31, 2001, along with comparative figures for the corresponding periods of 2000, are summarized below:

	Millions of dollars			
	For the three months ended December 31		For the twelve months ended December 31	
	<u>2001 (unaudited)</u>	<u>2000 (unaudited)</u>	<u>2001 (unaudited)</u>	<u>2000 (audited)</u>
Total operating revenues	3,798	3,471	14,265	13,230
Total operating expenses	3,470*	2,566	11,305	9,684
Net earnings applicable to common shares	(96)	321	1,415	1,314

*\* During the fourth quarter of 2001, Bell Canada recorded a pre-tax charge of \$625 million (\$399 million after tax) representing restructuring and other charges of \$260 million and \$365 million, respectively. The restructuring charge is related to employee severance, including enhanced pension benefits and other directly related employee costs, for approximately 2,000 employees, which resulted primarily from a decision to streamline certain management, clerical, line and other support functions. The restructuring program is expected to be substantially completed in 2002. As at December 31, 2001, the remaining unpaid balance of this restructuring provision relating to employee severance and other directly related employee costs was \$98 million. Other charges consisted primarily of the write-off of Bell Mobility Inc.'s ("Bell Mobility") wireless capital assets relating mainly to its analog and paging networks and PCS base stations.*

The CICA recently issued new Handbook Section 3062, Goodwill and Other Intangible Assets. This section mandates, as one of its requirements, that goodwill and intangible assets with an indefinite life be assessed for impairment on an annual basis, including a transitional impairment test whereby any resulting impairment will be charged to opening retained earnings. Bell Canada is currently evaluating the impact of the adoption of the new standards and has not yet completed the assessment of the quantitative impact on its financial statements. BCE Inc. (Bell Canada's ultimate parent company) is also currently evaluating the impact of the adoption of the new standards, and while it has not yet completed the assessment of the quantitative impact on its financial statements, it has

indicated that it is likely that the transitional impairment test will result in a significant impairment charge. In conjunction with BCE Inc.'s evaluation, Bell Canada will review the carrying value of its goodwill and its investment in Teleglobe Inc.

### **RECENT DEVELOPMENTS**

On November 2, 2000, the Federal Court of Canada allowed Bell Canada's application for judicial review of the Canadian Human Rights Tribunal's (the "Tribunal") determination that it could proceed with an inquiry into the 1994 pay equity complaints filed by members of the Communications, Energy and Paperworkers Union of Canada and the Canadian Telephone Employees' Association. The Federal Court found that the Tribunal lacked institutional independence and prohibited further proceedings in the matter. Hearings before the Tribunal into the merits of the case were suspended. The Canadian Human Rights Commission appealed this decision and on May 24, 2001, the Federal Court of Appeal allowed the appeal. On August 20, 2001, Bell Canada filed for leave to appeal the Federal Court of Appeal decision to the Supreme Court of Canada. Hearings before the Tribunal resumed in September 2001. On December 13, 2001, the Supreme Court of Canada granted Bell Canada's application for leave to appeal. Bell Canada intends to seek a stay of the proceedings before the Tribunal pending the appeal to the Supreme Court of Canada which is expected to be heard towards the end of 2002.

Bell Distribution Inc. ("BDI"), a wholly-owned subsidiary of Bell Canada, is involved in the distribution and sale of Bell Canada, Bell Mobility, ExpressVu and Sympatico wireless and wireline communications products and services through its BellWorld/Bell Mobility outlets owned by franchisees, independent dealers or BDI itself. On October 16, 2001, 15 of BDI's Quebec franchisees filed a court proceeding against BDI before the Quebec Superior Court claiming damages of \$25,135,000, the nullity of specific clauses of their franchise agreement as well as injunctive relief. On December 19, 2001, 44 of BDI's Quebec independent dealers filed a court proceeding against BDI before the Quebec Superior Court claiming damages of \$55,000,000, the nullity of specific clauses of their independent dealer agreement as well as injunctive relief. BDI's Quebec franchisees and independent dealers allege that BDI is in breach of the franchise agreement and independent dealer agreement, respectively, in a number of respects including with respect to the direct and indirect competition created or allowed by BDI, the products supplying structure and the compensation structure. They also allege unfair competition by Bell Canada and its business units. BDI intends to vigorously defend itself against these claims.

Bell Canada instituted an action for trade-mark infringement seeking a permanent injunction and damages against Qwest Communications International Inc. ("Qwest", the successor of US West), Unical Enterprises, Inc. ("Unical") and Sonigem Products Inc. ("Sonigem") (collectively, the "Defendants") on February 11, 2000, in the Federal Court of Canada. The action alleges that the Defendants' sales in Canada of telephones and answering machines bearing, among others, the mark "Northwestern Bell" and the logo "Bell-in-a-circle design" infringe Bell Canada's exclusive rights to BELL trade-marks in Canada. In their Statements of Defense and Counterclaims, the Defendants allege that Bell Canada's trade-marks are invalid and not distinctive of Bell Canada's products and services and are seeking damages in the aggregate amount of \$135 million and punitive damages of \$500,000 from Bell Canada for allegedly interfering with their businesses. On June 16, 2000, the Federal Court of Canada permitted Sonigem to institute a third party claim against Qwest and Unical alleging that they had warranted Sonigem's use of the "Northwestern Bell" trade-mark in Canada by virtue of a Distribution Agreement and the statutory warranty of lawful use provided for in the Trade-Mark Act. Qwest and Unical have both filed a Defense to this third party claim. On February 4, 2002, a Licence and Settlement Agreement was entered into between Bell Canada and Qwest pursuant to which they settled Bell Canada's action against Qwest and Qwest's counterclaim against Bell Canada. Pursuant to this settlement, each party will pay its own costs of the action and counterclaim. Bell Canada's action against the two other Defendants (Unical and Sonigem) and their respective counterclaims in the amount of \$35 million remain pending before the Federal Court of Canada. Bell Canada intends to pursue its original action against Unical and Sonigem and vigorously defend itself against their counterclaims.

### **DOCUMENTS INCORPORATED BY REFERENCE**

The following documents, which are not specifically listed in the Short Form Shelf Prospectus of Bell Canada dated June 11, 2001 (the "Prospectus"), and which have been filed by Bell Canada with the various securities regulatory authorities in Canada, are specifically incorporated by reference in and form an integral part of the Prospectus:

- (a) Unaudited interim consolidated financial statements of Bell Canada for the periods ended June 30, 2001 and September 30,

2001, respectively; and

- (b) Management's Discussion and Analysis of 2001 Second and Third Quarter Results dated August 14, 2001 and November 1, 2001, respectively.