

For Immediate Release

## **INDEPENDENT RETAILERS LAUNCH \$135 MILLION LAWSUIT AGAINST BELL**

*Refusal to allow transfer to income trust cited as "major lost opportunity" for owners, customers, Bell shareholders*

**MONTREAL, QC, March 28, 2006** – A group of independent franchise owners, who represent a significant number of operators of Bell retail stores in Quebec and Ontario, launched a massive lawsuit against the communications giant in Quebec today. The suit claims damages for at least \$135 million over Bell's refusal to let the owners transfer their stores to an income trust, effectively blocking the owners from deciding what they can do with their own stores.

The suit was launched by members of the Independent Communications Dealer Association of Canada (ICDAC), representing a total of 79 Bell World, Espace Bell, Bell Mobility and Bell Mobilité stores in Ontario and Quebec. There are approximately 288 stores in the two provinces, of which nearly 75% are owned by independent operators.

"After more than a year of negotiations and due diligence, and assuring us that they were supportive, Bell shocked us all in mid-January by deciding not to proceed with this unique growth and investment opportunity," said Scott Phelan, President of ICDAC. "But they are also refusing to allow us to proceed on our own, handcuffing us, and this is totally contrary to our rights, and to fair business practices."

At a Montreal news conference this afternoon, Mr. Phelan outlined the sequence of events behind the now-aborted negotiations. Three parties were involved: Bell Distribution Inc. ("BDI" -- the retail division of Bell Canada); a majority of members of ICDAC; and Wireless Distribution Income Fund ("WDIF"), a group of capital investors with extensive income trust and wireless distribution experience, who brought the proposal forward to the two sides in late 2004 – early 2005.

BDI's initial reaction was to turn down the proposal, but the company changed its decision in April 2005, once they recognized the proposal's merits following

*Independent Communications Dealer Association of Canada Inc.  
L'Association canadienne des dépositaires indépendants en communications inc.*

discussions with ICDAC and WDIF. There followed several months of study and preparation for transferring all stores in Quebec and Ontario – including Bell’s corporately-owned stores – into the trust. With formal agreement only days away, in September, the federal government announced a freeze on new income trusts.

When the government freeze was lifted in November 2005, ICDAC and WDIF expected an immediate confirmation from BDI. But it didn’t happen. And then, after two more months of delays by Bell, BDI informed the two other parties in January that it was pulling out of the deal, and also refusing to allow the independents to go ahead unilaterally.

“Bell has lost a major opportunity that would have benefited every stakeholder involved – including current and future consumers of Bell products and services both in Quebec and Ontario,” said Mr. Phelan. “In a recent letter to shareholders, Bell Canada CEO Michael Sabia stated that the company’s strategy going forward will be to ‘unlock value for shareholders and to focus Bell on its core business of telecommunications’. Well, back here in the world of Bell retail, we’re completely locked up, and we seem to be out of that focus. We’re back to square one. In fact, it’s worse than square one.”

Phelan said the income trust would have provided greater investment capital to improve management and operating systems, and therefore better customer service. In addition, it would have meant more efficient and more cost-effective marketing, better job security and training for retail employees and above all, better value for those with a financial stake in the new entity. The latter group includes not only the independent dealers “who have invested their lives and their livelihoods in making Bell’s retail operations a success”, but also Bell shareholders who expect company management to maximize their return on investment.

The \$135 million damages being sought by the ICDAC members is a calculation of the losses sustained by the dealers, as a result of Bell’s refusal to allow the stores to be transferred to the income trust.

“We are angry about the time Bell has wasted and the money we have lost on this,” said Phelan. “We are appalled at the lack of vision and the unfairness of their decision.

“We are confident of our position, and we are determined to win this lawsuit.”

# ICDAC

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## **About the ICDAC**

Since 2000, the Independent Communications Dealer Association of Canada (ICDAC) is the voice of the entrepreneurs who resell and retail, under contract and license, wireline and wireless products and services. ICDAC members operate under the names of Bell World, Espace Bell, Bell Mobility or Bell Mobilité, and represent approximately 71% of the dealers (non-franchise and non-corporate) in Quebec and approximately 30% of those in Ontario. Incorporated in 2004, the ICDAC currently represents 92 locations, close to 1,500 employees and approximately \$145 million in annual revenues.

**Visit the ICDAC website at: [www.icdac.ca](http://www.icdac.ca)**

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