

## Reset our cost structure

# Every dollar counts

*Each dollar of expenses we save goes right to the bottom line, almost on a dollar-for-dollar basis.*

### More cost savings, more flexibility

It is challenging to substantially grow our revenue in the face of increasing competition and changing technology. So, in addition to strategies to protect and increase revenue, we're always looking for opportunities to save money.

Each dollar of expenses we save helps the bottom line. Last year, for example, we reduced our operating and capital expenses by \$150 million, which resulted in a \$57 million increase in distributable cash, despite lower revenues.

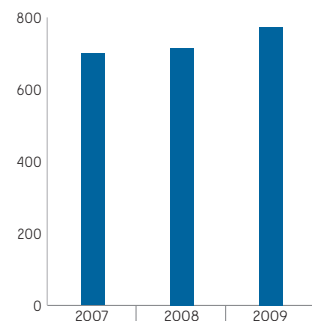
The savings we achieved in 2009 were largely the result of the organizational restructuring we undertook at the beginning of the year. Although saying goodbye to 500 colleagues was a very difficult and emotional decision, it was necessary to generate the free cash flow needed to reinvest in infrastructure projects and retain our customers. The restructuring not only helped us reduce costs, it also allowed us to be more flexible and nimble in the way we serve customers. We also achieved savings in 2009 by improving our procurement practices, consolidating real estate space, and by employing overall cost constraints.

### Improving our efficiency

In spite of the savings we have worked hard to achieve, we have further to go. To generate the funds needed to reinvest in projects, like our *FibreOP* program, we must find new ways to operate that will lower our costs.

In 2010, we plan to continue to deliver savings. The consolidation of our contact centres in Atlantic Canada from 16 locations to five, which we announced last fall, will contribute to this end. We will also find savings in operational efficiencies through further real estate consolidation, implementing rigorous sourcing and purchasing practices, and improved employee performance management.

**Distributable cash**  
(millions of dollars)



*In 2009, distributable cash increased 8 per cent to \$773 million, mainly the result of conscientious cost management.*