ALIANT INC.

NOTICE OF MEETING
AND
MANAGEMENT INFORMATION CIRCULAR
FOR AN
ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
TO CONSIDER
A PLAN OF ARRANGEMENT
TO CREATE
BELL ALIANT REGIONAL COMMUNICATIONS INCOME FUND

April 14, 2006

THIS BOOKLET CONTAINS IMPORTANT INFORMATION FOR SHAREHOLDERS
Map showing the geographic region to be serviced by the operating entities of Bell Aliant Regional Communications Income Fund
Dear Shareholders:

You are invited to attend the annual and special meeting (the “Meeting”) of the holders of common shares (“Aliant Common Shares”) and preference shares, series 2 (“Aliant Preferred Shares”) of Aliant Inc. (“Aliant”) to be held at the Fairmont Newfoundland, Fort William Ballroom, 115 Cavendish Square, St. John’s, Newfoundland and Labrador, on May 17, 2006 at 2:00 p.m. (local time). At the Meeting, shareholders will be asked to consider and vote upon a proposed reorganization of Aliant pursuant to a plan of arrangement (the “Arrangement”) under the Canada Business Corporations Act (the “CBCA”) and holders of Aliant Common Shares will be asked to consider the other matters outlined in the accompanying notice of the Meeting.

I am very excited to share with you important information about this proposal to partner with Bell Canada to form one of the largest regional telecommunications service providers in North America, serving customers in six provinces and headquartered in Atlantic Canada. With your approval of this transaction, we will generate increased value for our shareholders and, together with Bell Canada, compete more effectively in this rapidly changing industry.

Success in our industry is greatly influenced by scale. The proposed Arrangement will combine our wireline telecommunications operation in Atlantic Canada, information technology operation and other operations with Bell Canada’s wireline telecommunications operation in its regional territories in Ontario and Québec and its indirect 63.4% interest in NorthernTel, Limited Partnership and Télébec, Limited Partnership. Under the Arrangement, holders of Aliant Common Shares will exchange each of their Aliant Common Shares for one unit of a new income trust.

The new income trust will indirectly own an interest in these combined telecommunications operations, which will be twice the size of the current Aliant and occupy a key position as a leading provider of wireline communications, including broadband, information technology and the latest in value-added products and services.

At the same time, we recognize that we lack scale in our wireless telecommunications operation to further advance the service provided to our customers. For that reason it is proposed that, as part of the Arrangement, Aliant’s wireless telecommunications operation and its interest in the retail outlets of DownEast Ltd. will be transferred to Bell Canada.

Your Board of Directors has concluded that the Arrangement is good for Aliant and Aliant shareholders, and is recommending that you approve it for a number of reasons including:

Shareholder Value Creation: This transaction will create one of the largest regional telecommunications service providers in North America. These high quality wireline assets are well suited for an income trust structure, as they have historically provided stable and predictable cash flows. Trust units tend to trade at a premium to common shares. Another benefit of income trusts is that they typically provide relatively high regular cash distributions. Initially, the new income trust is expected to pay monthly distributions of approximately $0.23 per unit (approximately $2.74 per year).

Headquarters in Atlantic Canada: For over one hundred years we’ve been serving customers in geographically dispersed regions and connecting them to the world through state-of-the-art technology. Choosing Atlantic Canada for the headquarters for the new income trust is a strong testament to the skill and professionalism of our employees.

Customer Focus: By combining our respective financial strengths with the skill and dedication of our people across six provinces, we will be able to provide the finest telecommunications services to customers in Atlantic Canada and the regional markets of Ontario and Québec. We are confident that customers will receive the same or better service as a result of this transaction.
Economies of Scale: Success in the telecommunications business is greatly influenced by scale. The combined operations will be twice the size of Aliant by scale and scope. By pooling our resources, we expect to leverage our respective strengths, find ways to operate more efficiently and with less cost, offer rewarding jobs to employees and compete more effectively.

I can assure you that both management and Aliant’s Board of Directors have analyzed the merits of this transaction very carefully over the past number of months. A special committee of independent members of the Board of Directors considered all aspects of the proposed transaction without the involvement of any BCE Inc. nominees. The Independent Committee also engaged Scotia Capital Inc. and TD Securities Inc. to consider the fairness of the transaction, from a financial point of view, to shareholders of Aliant other than BCE Inc. and its affiliates. Scotia Capital and TD Securities have each concluded that the transaction is fair, from a financial point of view, to such shareholders. In addition, the Independent Committee retained TD Securities to provide a formal valuation of the non-cash assets being transferred. The Independent Committee recommended the Arrangement to the Board of Directors, and the Board of Directors now recommends it to you, our shareholders. The Board of Directors has unanimously (excluding the BCE Inc. nominees, who abstained) determined that the Arrangement is in the best interests of Aliant and its shareholders, and recommends that shareholders vote in favour of it on May 17th.

This transaction is subject to a number of approvals, in addition to approval from you, our shareholders. The other approvals include approval of the Supreme Court of Nova Scotia and certain regulatory approvals. In the case of approval by shareholders, the resolution approving the transaction must be approved by not less than (i) 66⅔% of the votes cast at the Meeting by holders of Aliant Common Shares and Aliant Preferred Shares, voting together, and (ii) a simple majority of the votes cast by Common Shareholders, other than BCE Inc. and its related parties, directors and officers of BCE Inc. and Bell Canada and directors and officers of Aliant and its subsidiaries, in person or by proxy, at the Meeting.

Enclosed with this letter you will find a significant amount of information regarding the proposed Arrangement and the new income trust. The accompanying management information circular provides a detailed description of the Arrangement. Please give this material your careful consideration. If you require assistance, consult your financial, tax or other professional advisors. And of course you may always contact Aliant Investor Relations or our proxy solicitation agent Georgeson Shareholder Communications Canada Inc. for further information:

Aliant Investor Relations —
Fax: (877) 498-2464
Email: investor.relations@aliant.ca

Georgeson Shareholder —
Toll free in Canada and the United States: 1-866-746-7670

If you are unable to attend the Meeting in person, please complete and deliver the enclosed form of proxy so that your shares can be voted at the Meeting. Instructions on how to complete the proxy can be found in the accompanying management information circular.

On behalf of the Board of Directors, management and the employees of Aliant, I would like to thank you for your continued support of Aliant. We look forward to seeing you at the Meeting.

Yours very truly,

[Signature]

Jay Forbes
President and Chief Executive Officer
ALIANT INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

To be held on May 17, 2006

NOTICE IS GIVEN that an annual and special meeting (the “Meeting”) of the holders (“Common Shareholders”) of common shares (the “Aliant Common Shares”) of Aliant Inc. (“Aliant”), and a special meeting of the holders (“Preferred Shareholders”) of preference shares, series 2 (the “Aliant Preferred Shares”) of Aliant (solely for the purposes of considering the Arrangement Resolution (as defined below)), will be held at the Fairmont Newfoundland, Fort William Ballroom, 115 Cavendish Square, St. John’s, Newfoundland and Labrador, on May 17, 2006 at 2:00 p.m. (NDT) for the following purposes:

(1) to receive the consolidated financial statements for the year ended December 31, 2005, and the auditors’ report on the financial statements;

(2) to elect directors for a term expiring on the earlier of the closing date of the Arrangement (as defined below) and the next annual meeting of Common Shareholders;

(3) to appoint auditors of Aliant to hold office until the end of the next annual meeting of Common Shareholders (or their earlier resignation or removal by shareholders in accordance with applicable law) and to authorize the directors to fix their remuneration;

(4) to consider, pursuant to an order (the “Interim Order”) of the Supreme Court of Nova Scotia dated April 13, 2006, and, if deemed advisable, to pass, with or without variation, a special resolution (the “Arrangement Resolution”), the full text of which is set forth in Appendix “A” to the accompanying Information Circular, approving a plan of arrangement (the “Arrangement”) under Section 192 of the Canada Business Corporations Act (the “CBCA”) involving Aliant, BCE Inc., Bell Canada and Aliant shareholders, providing for, among other things, the combination of Aliant’s wireline telecommunications operation in Atlantic Canada, information technology operation and other operations with Bell Canada’s wireline telecommunications operation in certain regional territories in Ontario and Québec and its indirect 63.4% interest in NorthernTel, Limited Partnership and Télecerc, Limited Partnership (the “Bell Nordiq Partnerships”) in a new income trust (the “Fund”), as more particularly described in the accompanying Information Circular; and

(5) to transact such further or other business as may properly come before the Meeting or any adjournment(s) or postponement(s) thereof.

Preferred Shareholders shall only be entitled to vote on item (4) above, in respect of the Arrangement, and will do so together with the Common Shareholders.

Additional details concerning the matters to be put before the Meeting are set forth in the accompanying Information Circular, which shareholders are encouraged to read in its entirety. Only shareholders of record at the close of business on March 29, 2006 will be entitled to vote at the Meeting, or any adjournment(s) or postponement(s) thereof.

Under the Interim Order and Section 190 of the CBCA (as modified by the Interim Order), registered Common Shareholders have the right to dissent from the Arrangement Resolution and, if the Arrangement becomes effective, to be paid the fair value of their Aliant Common Shares in accordance with the Interim Order and Section 190 of the CBCA (as modified by the Interim Order). This right of dissent is described in the accompanying Information Circular. Failure to comply strictly with the dissent procedures set out in the accompanying Information Circular may result in the loss or unavailability of the right of dissent. Beneficial owners of Aliant Common Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that ONLY A REGISTERED OWNER OF ALIANT COMMON SHARES IS ENTITLED TO EXERCISE RIGHTS OF DISSENT.

If you are a registered shareholder or a non-registered shareholder and received these materials through CIBC Mellon Trust Company and are unable to attend the Meeting in person, please complete, sign, date and return the enclosed form of proxy to CIBC Mellon Trust Company, P.O. Box 12005, Stn. B RM B, Toronto,
Ontario, M7Y 2K5 or by facsimile to 1 (866) 781-3111 (toll free) or (416) 368-2502, Attention: Proxy Department. In order to be valid for use at the Meeting, proxies must be received not less than 48 hours (excluding Saturdays, Sundays and statutory or civic holidays in Toronto, Canada) prior to the Meeting or any adjournment thereof. In the case of the Meeting scheduled for May 17, 2006, this deadline is 12:30 p.m. (EDT) (2:00 p.m. NDT) on Monday, May 15, 2006.

If you are a non-registered shareholder and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or such other intermediary. **If you are a non-registered shareholder and do not complete and return the materials in accordance with such instructions, you may lose the right to vote at the Meeting, either in person or by proxy.**

Further information with respect to voting by proxy is included in the accompanying Information Circular.

**BY ORDER OF THE BOARD OF DIRECTORS**

[Signature]

Frederick P. Crooks, Q.C.
Senior Vice-President, General Counsel
and Corporate Secretary

Halifax, Nova Scotia
April 14, 2006
QUESTIONS AND ANSWERS ABOUT THE ARRANGEMENT

The following questions and answers are intended to assist Aliant shareholders to understand the proposed Arrangement that is described in the accompanying Information Circular and that you are being asked to approve at the Meeting. These questions and answers do not describe everything that you should consider before voting on these matters at the Meeting. You should read the Information Circular and the appendices to the Information Circular in their entirety. For the meaning of certain capitalized terms used below, see the “Glossary” section of the Information Circular.

What is the proposed Arrangement?

The proposed Arrangement involves the exchange of certain business operations between Bell Canada and Aliant, and the conversion of Aliant to an income trust.

Specifically, the Arrangement will result in:

(a) the combination of Aliant’s wireline telecommunications operation in Atlantic Canada, information technology operation and other operations with Bell Canada’s wireline telecommunications operation in certain regional territories in Ontario and Québec and its indirect 63.4% interest in the Bell Nordiq Partnerships, which carry on telecommunications operations in certain additional territories in northern Ontario and Québec;

(b) the transfer to Bell Canada of Aliant’s wireless operation and shares of DownEast Ltd., as well as $1.256 billion in cash;

(c) the conversion of Aliant from a corporate structure to a new income trust, which will own an indirect interest in the combined telecommunications operations and in the Bell Nordiq Partnerships and which is expected to make monthly distributions of a substantial portion of its available cash to Unitholders;

(d) the exchange by Common Shareholders (other than BCE and Bell Canada) of their Aliant Common Shares for Units of the new income trust; and

(e) BCE and Bell Canada collectively owning 73.5% of the new income trust (on a fully diluted basis).

For more information, see the description in the Information Circular beginning on page 15.

I hold Aliant Common Shares. If the Arrangement is completed, what will I receive for my Aliant Common Shares?

Holders of Aliant Common Shares (other than BCE and its affiliates) will exchange each Aliant Common Share that they hold for one Unit of the Fund. Each Unit gives the holder an undivided beneficial interest in the Fund and in distributions made by the Fund. The Fund will indirectly hold an interest in the Bell Nordiq Partnerships and in the partnerships and corporations that will own and operate the Combined Business.

If you are a registered Common Shareholder holding 25 or fewer Aliant Common Shares, you must make an election if you wish to receive Units. If you do not make the required election, Units that would otherwise be delivered to you will be aggregated with those of other Common Shareholders who will not receive Units and sold in the market, and you will receive a cheque in payment of a pro rata share of the net cash proceeds of such sales (net of any applicable withholding taxes). For more information, see page 34 of the Information Circular.

In addition, there are restrictions on the distribution of Units to persons resident in the United States. If you are a Common Shareholder resident in the United States, you must make an election and demonstrate that you meet the qualifications to hold Units in order to receive Units. If you do not demonstrate that you are so qualified or do not make the required election, Units that would otherwise be delivered to you will be aggregated with those of other Common Shareholders who will not receive Units and sold in the market, and you will receive a cheque in payment of a pro rata share of the net cash proceeds of such sales (net of any applicable withholding taxes). For more information, see page 35 of the Information Circular.

BCE and its affiliates will receive a combination of Units and exchangeable limited partnership units in return for the assets contributed by them, including their Aliant Common Shares. The exchangeable limited partnership units to be held by BCE and its affiliates are intended to be economically equivalent to Units of the
Fund, will be accompanied by voting rights of the Fund, will entitle BCE and its affiliates to receive per-unit distributions in an amount equal to the distributions paid on Units, and will be exchangeable at the option of the holder for Units.

**How will the distributions by the Fund be paid?**

It is expected that the Fund will make monthly cash distributions to holders of Units, which distributions are initially expected to be approximately $0.23 per month (approximately $2.74 per year) per Unit, and will target a payout ratio of approximately 90% of its distributable cash flow.

For more information, see page 92 of the Information Circular.

**What is an Income Trust?**

An income trust holds income-producing assets and is designed to provide a tax-efficient means to make cash distributions to unitholders. They are sometimes called ‘income funds’ or ‘income trusts’ and the two terms are used interchangeably.

**Will the Fund’s Units be traded on a stock exchange?**

It is a condition of completion of the Arrangement that the Units of the Fund are approved for listing and trading on the Toronto Stock Exchange. Units of income trusts have a trading symbol with a ‘suffix’ of ‘.UN’.

**How much of the Fund will BCE and its affiliates own?**

Upon closing of the Arrangement transaction, BCE and its affiliates will own 73.5% of the Fund (on a fully-diluted basis) and the other holders of Aliant Common Shares will own 26.5%. BCE has announced its current intention, following completion of the Arrangement, to distribute Units by way of a return of capital to holders of its common shares. This distribution is currently expected to reduce the fully-diluted ownership position of BCE and its affiliates to approximately 45%. However, this distribution is not a condition to completing the Arrangement and it may not occur.

**I hold Aliant Preferred Shares. If the Arrangement is completed, what will I receive?**

Aliant intends to redeem the Aliant Preferred Shares in accordance with their terms on June 30, 2006. If the Arrangement is completed before June 30, 2006, holders of Aliant Preferred Shares will receive preferred shares of the post-Arrangement Aliant that have the same terms as the Aliant Preferred Shares. Upon the redemption of Aliant Preferred Shares (or preferred shares of the post-Arrangement Aliant, as applicable), you will be entitled to receive the cash redemption price provided for in the terms of the Aliant Preferred Shares, plus any accrued and unpaid dividends to the redemption date.

**What approvals are needed for the Arrangement to proceed?**

The Arrangement will require a number of approvals, the most important of which is approval from Aliant shareholders at the Meeting. The Arrangement Resolution must be approved by not less than 66⅔% of the votes cast by holders of Aliant Common Shares and Aliant Preferred Shares, voting together. In addition, the Arrangement Resolution must be approved by a simple majority of the votes cast by all “Minority Shareholders” represented at the Meeting. The term “Minority Shareholders” excludes holders of Aliant Preferred Shares, BCE and its related parties (including Bell Canada), as well as certain holders of Aliant Common Shares such as directors and senior officers of Aliant and its subsidiaries.

Additional conditions include: favourable advance income tax rulings from the Canada Revenue Agency, approvals by the Canadian Radio-television and Telecommunications Commission, an advance ruling certificate or alternative clearance from the Competition Bureau, applicable securities commission and other regulatory and stock exchange approvals, and necessary court approvals. Although we are working to satisfy all conditions to the completion of the Arrangement, we cannot assure you that all such conditions will be satisfied.

For more information, see pages 28 and 29 of the Information Circular.
What is the expected timeline to complete the Arrangement?

We expect to complete the Arrangement when all of the conditions to the completion of the Arrangement are satisfied or waived. Currently, the parties expect the Arrangement to close in the third quarter of 2006. The Meeting is scheduled for May 17, 2006. If shareholder approval is obtained, Aliant intends to apply for the Final Order of the Supreme Court of Nova Scotia approving the Arrangement promptly following the Meeting.

For more information, see page 33 of the Information Circular.

How will I know when the transaction has received all approvals and will be implemented?

Aliant intends to issue a press release describing the timing of implementation of the Arrangement when all the necessary approvals have been received and conditions have been satisfied or waived. This press release will describe when the Units of the Fund will be issued to holders of Aliant Common Shares.

What are the benefits of the transaction for the Aliant shareholders?

Success in the telecommunications business is greatly influenced by scale. That is why we are proposing to combine our wireline telecommunications operation in Atlantic Canada, information technology operation and other operations with Bell Canada’s regional wireline telecommunications operation in Ontario and Québec, and Bell Canada’s majority interest in the Bell Nordiq Partnerships to create one of North America’s largest regional telecommunications service providers. The combined business operations will be twice the size of Aliant by scale and scope, with diversified geographic markets, market profile and customer base.

The Fund is expected to generate stable and predictable cash distributions for Unitholders with an expected payout ratio of approximately 90% of cash available for distribution. In general, a business undertaking operations through an income trust structure tends to trade at a higher price than it would in a corporate structure, as income trusts are generally able to pay higher regular cash distributions to Unitholders.

Going forward, it is expected that the Fund will look for ways to increase its cash distributions by achieving revenue growth through improved penetration of Internet and value added services, realizing cost synergies and lowering cost structures through economies of scale, as well as reviewing future acquisition opportunities.

What are the corporate governance policies for the Fund?

Upon completion of the Arrangement, the boards of the Fund or the operating entities in which the Fund will have an interest are expected to establish governance practices, including committee charters, that are generally commensurate with Aliant’s and BCE’s current governance practices. Consistent with other business trusts that have been established, BCE will have the right to appoint a majority of the directors of the operating entities of the Fund and will have the right to nominate a majority of the nominees for election as Trustees of the Fund as long as it, directly or indirectly, owns 30% or more of the Units (on a fully-diluted basis) and certain commercial agreements are in place. BCE will also have certain veto rights over fundamental transactions and activities as long as it, directly or indirectly, owns 20% or more of the Units (on a fully-diluted basis). The BCE nominees are not required to be independent.

For more information, see page 98 of the Information Circular.

Will the Fund have investment grade credit ratings?

Yes, we expect that one of the Fund’s operating entities, Wireline LP, will maintain investment grade ratings. Dominion Bond Rating Service has indicated a preliminary rating for Wireline LP of “BBB (high)” on long-term debt and “R-1(low)” on short-term debt. We have received preliminary indications from Standard & Poor’s that Wireline LP will carry a rating of “BBB/Stable” on its debt.

For more information, see page 76 of the Information Circular.
Will the Fund have a stability rating?

We have received preliminary indications from Dominion Bond Rating Service that the Fund will have a stability rating of STA-2 (High) and from Standard & Poor’s that the Fund will have a stability rating of SR-2/Negative (Very Aggressive).

For more information, see page 77 of the Information Circular.

What income tax issues should I consider?

The information that follows is not exhaustive of all possible Canadian federal income tax considerations applicable to the Arrangement and an investment in Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on the Unitholder’s particular circumstances. This information is only applicable to individual Canadian residents who hold Aliant Common Shares. The reader should also refer to the section titled “Certain Canadian Federal Income Tax Considerations” in the Information Circular.

The transactions contemplated by the Arrangement will result in a disposition of your Aliant Common Shares for tax purposes, and immediate acquisition of Units, at a value equal to fair market value on the date of the transaction. If your Aliant Common Shares are held outside of an RRSP, RRIF or DPSP, this may result in a taxable capital gain to report for 2006.

Future distributions by the Fund may generally consist of interest income, dividend income and/or return of capital components, and all or substantially all of such distributions are expected to be taxable to individual Canadian resident Unitholders. If the Units of the Fund are held within an RRSP, RRIF or DPSP, cash distributions received from the Fund will not be taxable when received by such plans.

How do I vote my shares?

Registered Shareholders

Aliant is holding the Meeting on May 17, 2006 in St. John’s, Newfoundland and Labrador. Persons who were registered as holders of Aliant Common Shares as of the close of business on March 29, 2006 are entitled to attend and vote at the Meeting with respect to all matters. Persons who were registered as holders of Aliant Preferred Shares as of the close of business on March 29, 2006 are entitled to attend at the Meeting and vote, together with holders of Aliant Common Shares, on the special resolution to approve the Arrangement.

If you are unable to attend the Meeting in person, please complete and deliver the applicable Form of Proxy enclosed with the Information Circular to CIBC Mellon Trust Company by mail, facsimile or Internet. Instructions on how to vote using this Form of Proxy are found beginning on page 149 of the Information Circular.

Non-Registered Beneficial Shareholders

If your Aliant Common Shares or Aliant Preferred Shares are held on your behalf, or for your account, by a broker, securities dealer, bank, trust company or similar entity, you may not be able to vote unless you carefully follow the instructions provided by your Intermediary.

For more information, see page 149 of the Information Circular.

If I have share certificates evidencing Aliant Common Shares (or share certificates of Aliant’s predecessor companies), should I deliver them now?

No. It is not currently expected that the Arrangement will be implemented immediately following the required shareholder approval and Court approval, due to the need for additional conditions to be satisfied or waived. Until the Arrangement is implemented, you will still be an Aliant shareholder.

The implementation of the Arrangement will automatically result in the exchange of your Aliant Common Shares for Units. Following completion of the Arrangement, you will no longer be an Aliant shareholder, and
any share certificate you may have will instead represent only your entitlement to Units and/or cash proceeds derived from the sale of Units under the terms of the Arrangement.

If you are a registered shareholder, following completion of the Arrangement, you must present your share certificate representing your Aliant Common Shares (or share certificates of Aliant’s predecessor companies) to Aliant, or as otherwise directed by Aliant, in order to receive a certificate representing the number of Units to which you are entitled. We intend to send a transmittal letter to former Aliant shareholders following the completion of the Arrangement explaining how to do this.

If you are a non-registered shareholder, we expect that the Units to be received by you will be credited to your account with your broker, trust company or other Intermediary. However, you should contact your Intermediary if you have any questions regarding this process.

For more information, see page 33 of the Information Circular.

Where can I get further information?

Shareholders who have additional questions about the Arrangement, including the procedures for voting, should contact Aliant Investor Relations or our proxy solicitation agent Georgeson Shareholder Communications Canada Inc.:

Aliant Investor Relations —
Fax: 1 (877) 498-2464
Email: investor.relations@aliant.ca
Address: Aliant Inc.
Investor Relations
One Brunswick Square, P.O. Box 5030
Saint John, New Brunswick, E2L 4L4

Georgeson Shareholder —
Toll-free in Canada and the United States: 1-866-746-7670

Shareholders who have questions about deciding how to vote should contact their professional advisors.
# MANAGEMENT INFORMATION CIRCULAR

## TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>QUESTIONS AND ANSWERS ABOUT THE ARRANGEMENT</td>
<td>v</td>
</tr>
<tr>
<td>INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>FORWARD-LOOKING STATEMENTS</td>
<td>1</td>
</tr>
<tr>
<td>DESCRIPTION OF NON-GAAP MEASURES</td>
<td>1</td>
</tr>
<tr>
<td>INFORMATION FOR UNITED STATES SHAREHOLDERS</td>
<td>2</td>
</tr>
<tr>
<td>DOCUMENTS INCORPORATED BY REFERENCE</td>
<td>3</td>
</tr>
<tr>
<td>SUMMARY</td>
<td>4</td>
</tr>
<tr>
<td>The Meeting</td>
<td>4</td>
</tr>
<tr>
<td>The Arrangement</td>
<td>4</td>
</tr>
<tr>
<td>Background to and Reasons for the Arrangement</td>
<td>4</td>
</tr>
<tr>
<td>Fairness Opinion</td>
<td>5</td>
</tr>
<tr>
<td>Valuation</td>
<td>5</td>
</tr>
<tr>
<td>Recommendation of the Board of Directors</td>
<td>5</td>
</tr>
<tr>
<td>The Business of the Fund</td>
<td>6</td>
</tr>
<tr>
<td>Selected Pro Forma Combined Financial Information</td>
<td>9</td>
</tr>
<tr>
<td>Summary of Distributable Cash</td>
<td>10</td>
</tr>
<tr>
<td>Key Conditions Precedent to the Arrangement</td>
<td>11</td>
</tr>
<tr>
<td>Governance</td>
<td>12</td>
</tr>
<tr>
<td>Dissent Rights</td>
<td>12</td>
</tr>
<tr>
<td>Certain Canadian Federal Income Tax Considerations</td>
<td>12</td>
</tr>
<tr>
<td>Other Tax Considerations</td>
<td>13</td>
</tr>
<tr>
<td>Risk Factors</td>
<td>13</td>
</tr>
<tr>
<td>Structure Following the Closing of the Arrangement</td>
<td>14</td>
</tr>
<tr>
<td>THE ARRANGEMENT</td>
<td>15</td>
</tr>
<tr>
<td>The Meeting</td>
<td>15</td>
</tr>
<tr>
<td>Overview of the Arrangement</td>
<td>15</td>
</tr>
<tr>
<td>Background to and Reasons for the Arrangement</td>
<td>16</td>
</tr>
<tr>
<td>Fairness Opinion</td>
<td>19</td>
</tr>
<tr>
<td>Valuation</td>
<td>19</td>
</tr>
<tr>
<td>Recommendation of the Board of Directors</td>
<td>21</td>
</tr>
<tr>
<td>Pre-Arrangement Steps</td>
<td>22</td>
</tr>
<tr>
<td>Arrangement Steps</td>
<td>22</td>
</tr>
<tr>
<td>Post-Arrangement Steps</td>
<td>25</td>
</tr>
<tr>
<td>Effect of the Arrangement</td>
<td>25</td>
</tr>
<tr>
<td>Structure Following the Closing of the Arrangement</td>
<td>27</td>
</tr>
<tr>
<td>Conditions Precedent to the Arrangement</td>
<td>28</td>
</tr>
<tr>
<td>Arrangement Agreement</td>
<td>29</td>
</tr>
<tr>
<td>Effective Date and Closing Date of the Arrangement</td>
<td>30</td>
</tr>
<tr>
<td>Procedure for the Arrangement</td>
<td>31</td>
</tr>
<tr>
<td>Becoming Effective</td>
<td>31</td>
</tr>
<tr>
<td>Anticipated Timing</td>
<td>33</td>
</tr>
<tr>
<td>Procedure for Exchange of Common Shares</td>
<td>33</td>
</tr>
<tr>
<td>Treatment of Share-Based Plans in Connection with the Arrangement</td>
<td>33</td>
</tr>
<tr>
<td>Treatment of Small Lot Common Shareholders</td>
<td>34</td>
</tr>
<tr>
<td>Treatment of Common Shareholders in the United States</td>
<td>35</td>
</tr>
<tr>
<td>Dissent Rights</td>
<td>36</td>
</tr>
<tr>
<td>Expenses of the Arrangement</td>
<td>38</td>
</tr>
<tr>
<td>Stock Exchange Listing</td>
<td>38</td>
</tr>
<tr>
<td>Securities Law Matters</td>
<td>38</td>
</tr>
<tr>
<td>Interest of Experts</td>
<td>39</td>
</tr>
<tr>
<td>FORWARD-LOOKING INFORMATION</td>
<td>39</td>
</tr>
<tr>
<td>REGULATORY ENVIRONMENT</td>
<td>41</td>
</tr>
<tr>
<td>Telecommunications Act</td>
<td>41</td>
</tr>
<tr>
<td>Broadcasting Act</td>
<td>42</td>
</tr>
<tr>
<td>Price Cap Regime</td>
<td>42</td>
</tr>
<tr>
<td>Subsidy Regime</td>
<td>43</td>
</tr>
<tr>
<td>Competitive Environment</td>
<td>44</td>
</tr>
<tr>
<td>Forbearance from Price Regulation</td>
<td>44</td>
</tr>
<tr>
<td>THE BUSINESS OF THE FUND</td>
<td>45</td>
</tr>
<tr>
<td>The Combined Business</td>
<td>45</td>
</tr>
<tr>
<td>Business Reasons for the Arrangement</td>
<td>46</td>
</tr>
<tr>
<td>Operating and Competitive Environment</td>
<td>47</td>
</tr>
<tr>
<td>Profile of the Combined Business</td>
<td>48</td>
</tr>
<tr>
<td>Competitive Environment</td>
<td>49</td>
</tr>
<tr>
<td>Relationship with Bell Canada</td>
<td>50</td>
</tr>
<tr>
<td>Competitive Strengths</td>
<td>50</td>
</tr>
<tr>
<td>Key Strategies</td>
<td>52</td>
</tr>
<tr>
<td>A liant Operation</td>
<td>55</td>
</tr>
<tr>
<td>Bell Canada Regional Wireline Operation</td>
<td>62</td>
</tr>
<tr>
<td>Bell Nordiq Group Inc.</td>
<td>69</td>
</tr>
<tr>
<td>Commercial Agreements with Bell Canada</td>
<td>71</td>
</tr>
<tr>
<td>FINANCING ARRANGEMENT</td>
<td>74</td>
</tr>
<tr>
<td>Funding Requirements</td>
<td>74</td>
</tr>
<tr>
<td>Existing Aliant Public Debt</td>
<td>75</td>
</tr>
<tr>
<td>Aliant Preferred Shares</td>
<td>75</td>
</tr>
<tr>
<td>New Credit Facilities</td>
<td>75</td>
</tr>
<tr>
<td>Topic</td>
<td>Page</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>Refinancing Considerations</td>
<td>76</td>
</tr>
<tr>
<td>RATINGS</td>
<td>76</td>
</tr>
<tr>
<td>Investment Grade Ratings</td>
<td>76</td>
</tr>
<tr>
<td>Stability Rating</td>
<td>77</td>
</tr>
<tr>
<td>INFORMATION REGARDING ASSETS TO BE TRANSFERRED BY ALIANT UNDER THE ARRANGEMENT</td>
<td>77</td>
</tr>
<tr>
<td>SELECTED PRO FORMA COMBINED FINANCIAL INFORMATION</td>
<td>79</td>
</tr>
<tr>
<td>DISCUSSION OF PRO FORMA AND ESTIMATED HISTORICAL ADJUSTED FINANCIAL RESULTS</td>
<td>80</td>
</tr>
<tr>
<td>Basis of Presentation</td>
<td>80</td>
</tr>
<tr>
<td>The Combined Business and Bell Noridiq Group Inc.</td>
<td>80</td>
</tr>
<tr>
<td>Aliant Operation</td>
<td>83</td>
</tr>
<tr>
<td>Bell Canada Regional Wireline Operation</td>
<td>86</td>
</tr>
<tr>
<td>Bell Nordiq Group Inc.</td>
<td>89</td>
</tr>
<tr>
<td>RECONCILIATION OF HISTORICAL RESULTS TO EBITDA AND ADJUSTED EBITDA</td>
<td>91</td>
</tr>
<tr>
<td>SUMMARY OF DISTRIBUTABLE CASH</td>
<td>92</td>
</tr>
<tr>
<td>RECONCILIATION OF HISTORICAL OPERATING INCOME TO PRO FORMA AND NON-GAAP FINANCIAL MEASURES</td>
<td>94</td>
</tr>
<tr>
<td>TRUSTEES, DIRECTORS AND MANAGEMENT</td>
<td>98</td>
</tr>
<tr>
<td>Board of Directors and Management of GP and Wireline GP</td>
<td>98</td>
</tr>
<tr>
<td>Trustees of the Fund</td>
<td>101</td>
</tr>
<tr>
<td>Securityholders’ Agreement</td>
<td>101</td>
</tr>
<tr>
<td>Termination of, Establishment of or Amendments to the Terms of Executive Compensation Programs Upon Completion of the Arrangement</td>
<td>103</td>
</tr>
<tr>
<td>DESCRIPTION OF THE FUND</td>
<td>107</td>
</tr>
<tr>
<td>Activities of the Fund</td>
<td>107</td>
</tr>
<tr>
<td>Units and Special Voting Units</td>
<td>108</td>
</tr>
<tr>
<td>Issuance of Units</td>
<td>109</td>
</tr>
<tr>
<td>Distributions</td>
<td>109</td>
</tr>
<tr>
<td>Redemption Right</td>
<td>111</td>
</tr>
<tr>
<td>Repurchase of Units</td>
<td>112</td>
</tr>
<tr>
<td>Meetings of Voting Unitholders</td>
<td>112</td>
</tr>
<tr>
<td>Trustees</td>
<td>113</td>
</tr>
<tr>
<td>Liability of Trustees</td>
<td>114</td>
</tr>
<tr>
<td>Amendments to the Fund Declaration of Trust</td>
<td>115</td>
</tr>
<tr>
<td>Term of the Fund</td>
<td>115</td>
</tr>
<tr>
<td>Take-Over Bids</td>
<td>116</td>
</tr>
<tr>
<td>Limitation on Non-Resident Ownership</td>
<td>116</td>
</tr>
<tr>
<td>Conflicts of Interest</td>
<td>117</td>
</tr>
<tr>
<td>Information and Reports</td>
<td>117</td>
</tr>
<tr>
<td>Administration and Reports</td>
<td>118</td>
</tr>
<tr>
<td>Rights of Unitholders</td>
<td>118</td>
</tr>
<tr>
<td>Auditors</td>
<td>119</td>
</tr>
<tr>
<td>Financial Year End</td>
<td>119</td>
</tr>
<tr>
<td>DESCRIPTION OF THE TRUST</td>
<td>119</td>
</tr>
<tr>
<td>General</td>
<td>119</td>
</tr>
<tr>
<td>Trustees</td>
<td>120</td>
</tr>
<tr>
<td>Restrictions on Powers of the Trust Trustees</td>
<td>120</td>
</tr>
<tr>
<td>Redemption Right</td>
<td>120</td>
</tr>
<tr>
<td>Distributions</td>
<td>121</td>
</tr>
<tr>
<td>Trust Notes</td>
<td>122</td>
</tr>
<tr>
<td>Meetings of Holders of Trust Units</td>
<td>123</td>
</tr>
<tr>
<td>Financial Year End</td>
<td>123</td>
</tr>
<tr>
<td>DESCRIPTION OF HOLDINGS LP</td>
<td>123</td>
</tr>
<tr>
<td>General</td>
<td>123</td>
</tr>
<tr>
<td>Capitalization</td>
<td>123</td>
</tr>
<tr>
<td>Distributions</td>
<td>124</td>
</tr>
<tr>
<td>Holdings Class 1 Exchangeable LP Units</td>
<td>124</td>
</tr>
<tr>
<td>Voting Rights</td>
<td>124</td>
</tr>
<tr>
<td>Allocation of Net Income and Losses</td>
<td>124</td>
</tr>
<tr>
<td>Financial Year End</td>
<td>124</td>
</tr>
<tr>
<td>Limited Liability</td>
<td>124</td>
</tr>
<tr>
<td>Reimbursement of the GP</td>
<td>125</td>
</tr>
<tr>
<td>Transfer of Partnership Units and GP Shares</td>
<td>125</td>
</tr>
<tr>
<td>Amendment</td>
<td>125</td>
</tr>
<tr>
<td>Meetings</td>
<td>126</td>
</tr>
<tr>
<td>Investor Liquidity and Exchange Agreement</td>
<td>126</td>
</tr>
<tr>
<td>DESCRIPTION OF GP</td>
<td>128</td>
</tr>
<tr>
<td>General</td>
<td>128</td>
</tr>
<tr>
<td>Functions and Powers of GP</td>
<td>128</td>
</tr>
<tr>
<td>Withdrawal or Removal of GP</td>
<td>128</td>
</tr>
<tr>
<td>Directors</td>
<td>128</td>
</tr>
<tr>
<td>DESCRIPTION OF WIRELINE LP</td>
<td>128</td>
</tr>
<tr>
<td>General</td>
<td>128</td>
</tr>
<tr>
<td>Capitalization</td>
<td>129</td>
</tr>
<tr>
<td>Distributions</td>
<td>129</td>
</tr>
<tr>
<td>Wireline Exchangeable LP Units</td>
<td>129</td>
</tr>
<tr>
<td>Voting Rights</td>
<td>129</td>
</tr>
<tr>
<td>Allocation of Net Income and Losses</td>
<td>129</td>
</tr>
<tr>
<td>Financial Year End</td>
<td>129</td>
</tr>
<tr>
<td>Limited Liability</td>
<td>129</td>
</tr>
<tr>
<td>Reimbursement of the General Partner</td>
<td>130</td>
</tr>
<tr>
<td>Transfer of Partnership Units</td>
<td>130</td>
</tr>
<tr>
<td>Amendment</td>
<td>130</td>
</tr>
<tr>
<td>Meetings</td>
<td>131</td>
</tr>
<tr>
<td>Section</td>
<td>Page</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>Investor Liquidity and Exchange Agreement</td>
<td>131</td>
</tr>
<tr>
<td>DESCRIPTION OF WIRELINE GP</td>
<td>131</td>
</tr>
<tr>
<td>General</td>
<td>131</td>
</tr>
<tr>
<td>Functions and Powers of Wireline GP</td>
<td>131</td>
</tr>
<tr>
<td>Withdrawal or Removal of Wireline GP</td>
<td>131</td>
</tr>
<tr>
<td>Directors</td>
<td>132</td>
</tr>
<tr>
<td>DESCRIPTION OF BNG</td>
<td>132</td>
</tr>
<tr>
<td>RISK FACTORS</td>
<td>132</td>
</tr>
<tr>
<td>Risks Related to the Business</td>
<td>132</td>
</tr>
<tr>
<td>Risks Relating to the Units</td>
<td>138</td>
</tr>
<tr>
<td>Tax Related Risks</td>
<td>141</td>
</tr>
<tr>
<td>CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS</td>
<td>142</td>
</tr>
<tr>
<td>November 23, 2005 Notice of Ways and Means Motion</td>
<td>143</td>
</tr>
<tr>
<td>The Arrangement</td>
<td>143</td>
</tr>
<tr>
<td>Status of the Fund</td>
<td>144</td>
</tr>
<tr>
<td>Taxation of the Fund</td>
<td>145</td>
</tr>
<tr>
<td>Taxation of the Trust</td>
<td>145</td>
</tr>
<tr>
<td>Taxation of Holdings LP</td>
<td>146</td>
</tr>
<tr>
<td>Taxation of BNG and Wireline GP</td>
<td>146</td>
</tr>
<tr>
<td>Taxation of Wireline LP</td>
<td>146</td>
</tr>
<tr>
<td>Taxation of Unitholders</td>
<td>147</td>
</tr>
<tr>
<td>Income Tax Considerations for Non-Resident Shareholders</td>
<td>148</td>
</tr>
<tr>
<td>GENERAL PROXY MATTERS</td>
<td>149</td>
</tr>
<tr>
<td>Solicitation of Proxies</td>
<td>149</td>
</tr>
<tr>
<td>Appointment of Proxyholders</td>
<td>149</td>
</tr>
<tr>
<td>Revocation of Proxies</td>
<td>149</td>
</tr>
<tr>
<td>Non-Registered Common Shareholders and Preferred Shareholders</td>
<td>149</td>
</tr>
<tr>
<td>Exercise of Discretion by Proxyholders</td>
<td>150</td>
</tr>
<tr>
<td>Signing of Proxy</td>
<td>150</td>
</tr>
<tr>
<td>Voting of Shares — General</td>
<td>150</td>
</tr>
<tr>
<td>Voting of Shares — Advice to Beneficial Holders of Shares</td>
<td>150</td>
</tr>
<tr>
<td>Principal Holders</td>
<td>151</td>
</tr>
<tr>
<td>Interests of Certain Persons in the Arrangement</td>
<td>151</td>
</tr>
<tr>
<td>ALIANT ANNUAL MEETING MATTERS</td>
<td>152</td>
</tr>
<tr>
<td>Financial Statements</td>
<td>152</td>
</tr>
<tr>
<td>Nominees for Election as Directors</td>
<td>152</td>
</tr>
<tr>
<td>Appointment and Compensation of Auditors</td>
<td>157</td>
</tr>
<tr>
<td>Other Business</td>
<td>157</td>
</tr>
<tr>
<td>REPORT ON EXECUTIVE COMPENSATION</td>
<td>157</td>
</tr>
<tr>
<td>Executive Compensation Components</td>
<td>157</td>
</tr>
<tr>
<td>Annual Base Salary</td>
<td>159</td>
</tr>
<tr>
<td>Compensation at Risk</td>
<td>159</td>
</tr>
<tr>
<td>Chief Executive Officer Compensation</td>
<td>161</td>
</tr>
<tr>
<td>Individual Performance Multipliers</td>
<td>162</td>
</tr>
<tr>
<td>SHARE PERFORMANCE</td>
<td>162</td>
</tr>
<tr>
<td>PERFORMANCE GRAPH</td>
<td>162</td>
</tr>
<tr>
<td>COMPENSATION OF OFFICERS</td>
<td>163</td>
</tr>
<tr>
<td>Indebtedness of Directors and Senior Officers</td>
<td>164</td>
</tr>
<tr>
<td>Termination of Employment, Change in Responsibilities and Employment Contracts</td>
<td>164</td>
</tr>
<tr>
<td>Long-Term Incentive Compensation — Awards in Most Recently Completed Financial Year</td>
<td>164</td>
</tr>
<tr>
<td>Securities authorized for issuance under equity compensation plans</td>
<td>166</td>
</tr>
<tr>
<td>Retirement Plans</td>
<td>166</td>
</tr>
<tr>
<td>STATEMENT OF CORPORATE GOVERNANCE PRACTICES</td>
<td>169</td>
</tr>
<tr>
<td>Introduction</td>
<td>169</td>
</tr>
<tr>
<td>Corporate Governance Disclosure</td>
<td>170</td>
</tr>
<tr>
<td>COMPENSATION OF DIRECTORS</td>
<td>179</td>
</tr>
<tr>
<td>SHARE OWNERSHIP REQUIREMENTS</td>
<td>180</td>
</tr>
<tr>
<td>DIRECTORS’ AND OFFICERS’ LIABILITY INSURANCE</td>
<td>180</td>
</tr>
<tr>
<td>INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS</td>
<td>180</td>
</tr>
<tr>
<td>2006 SHAREHOLDER PROPOSALS</td>
<td>180</td>
</tr>
<tr>
<td>ADDITIONAL INFORMATION</td>
<td>181</td>
</tr>
<tr>
<td>GLOSSARY</td>
<td>182</td>
</tr>
<tr>
<td>AUDITORS’ CONSENTS</td>
<td>191</td>
</tr>
<tr>
<td>APPROVAL OF DIRECTORS AND CERTIFICATE</td>
<td>192</td>
</tr>
<tr>
<td>APPENDIX “A” ARRANGEMENT RESOLUTION</td>
<td>A-1</td>
</tr>
<tr>
<td>APPENDIX “B” SECTION 190 OF THE CANADA BUSINESS CORPORATIONS ACT</td>
<td>B-1</td>
</tr>
<tr>
<td>APPENDIX “C” PLAN OF ARRANGEMENT</td>
<td>C-1</td>
</tr>
<tr>
<td>APPENDIX “D” FINANCIAL STATEMENTS</td>
<td>D-1</td>
</tr>
<tr>
<td>APPENDIX “E” FAIRNESS OPINION OF SCOTIA CAPITAL INC.</td>
<td>E-1</td>
</tr>
<tr>
<td>APPENDIX “F” VALUATION AND FAIRNESS OPINION OF TD SECURITIES INC.</td>
<td>F-1</td>
</tr>
<tr>
<td>APPENDIX “G” ORIGINATING NOTICE</td>
<td>G-1</td>
</tr>
<tr>
<td>APPENDIX “H” INTERIM ORDER</td>
<td>H-1</td>
</tr>
<tr>
<td>APPENDIX “I” ALIANT CORPORATE GOVERNANCE MATTERS</td>
<td>I-1</td>
</tr>
</tbody>
</table>
INTRODUCTION

This Information Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of Aliant for use at the Meeting and any adjournment(s) or postponement(s) thereof. No Person has been authorized to give any information or to make any representation in connection with the Arrangement or any other matters to be considered at the Meeting other than those contained in this Information Circular and, if given or made, any such information or representation must not be relied upon as having been authorized. Management has retained Georgeson Shareholder Communications Canada Inc. to solicit proxies personally or by mail, telephone, facsimile or e-mail from individual shareholders, brokerage houses, custodians, fiduciaries and nominees for a fee of up to $95,000 plus expenses. All costs associated with the solicitation of proxies by and on behalf of Management will be borne by Aliant.

All summaries of, and references to, the Arrangement in this Information Circular are qualified in their entirety by reference to the complete text of the Plan of Arrangement, a copy of which is attached as Appendix “C” to this Information Circular. Readers are urged to read the full text of the Plan of Arrangement carefully.

Certain capitalized terms used in this Information Circular have the meanings set forth in the “Glossary”. Information contained in this Information Circular is given as of April 14, 2006 unless otherwise stated to the contrary. Unless otherwise indicated, references herein to “$” or to “dollars” are to Canadian Dollars.

Readers should note that the Fund will not initially own 100% of, or control, the business operations that are described in this Information Circular. In connection with their interest in the Fund, BCE and its affiliates will have certain rights with respect to, among other matters, the appointment of directors and Trustees, as well as approval rights over certain matters. See “The Arrangement — Overview of the Arrangement” and “— Effect of the Arrangement”, “Trustees, Directors and Management — Securityholders’ Agreement” and “Risk Factors — Risks Related to the Business — BCE will have Governance Rights following the Completion of the Arrangement”. Certain information in this Information Circular is presented for the combined business operations that are described herein as a whole, or for the Fund on a fully diluted basis. Readers are reminded that the Fund will initially own, indirectly, only a portion of the combined business operations as described herein, and references herein to the Fund’s business, or the business of the Fund, should be understood to refer to the Fund’s indirect interest in the Combined Business and the Bell Nordiq Partnerships. Readers should carefully review the information presented in this Information Circular in light of the foregoing.

FORWARD-LOOKING STATEMENTS

This Information Circular contains “forward-looking information” concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent Management’s beliefs regarding future events, many of which, by their nature, are inherently uncertain and beyond Management’s control. These statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including those described in this Information Circular. Many of these risks and uncertainties can affect actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking information. See “Forward-looking Information”.

DESCRIPTION OF NON-GAAP MEASURES

This Information Circular contains reference to certain financial measures that do not have any standardized meaning prescribed by GAAP. Therefore, the method of calculating such financial measures used in this Information Circular may differ from the methods used by other issuers and, accordingly, may not be comparable to similarly titled measures used by other issuers. Investors are cautioned that these measures should not be construed as an alternative to operating income, net earnings or cash flow from operating, investing, and financing activities determined in accordance with GAAP as indicators of the performance of the Fund, Holdings LP, Wireline LP, Aliant, the Bell Canada Regional Wireline Operation or BNG.

These non-GAAP financial measures are identified and defined below:

“Adjusted EBITDA” means EBITDA adjusted to exclude EBITDA of any non-controlling interests and net of the cash required to fund the current service cost of pension and other post-employment benefits calculated in accordance with GAAP for the period.
“Adjusted operating expenses” means operating expenses adjusted to exclude depreciation, amortization and impairment loss on long-lived assets and certain one-time and restructuring costs and the cost of pension and other post-employment benefits calculated in accordance with GAAP for the period.

“Capital intensity ratio” means capital investments divided by total operating revenues for the relevant period.

“Distributable Cash” means cash available to be distributed and is as calculated under “Summary of Distributable Cash”.

“EBITDA” means earnings before interest, taxes, depreciation, amortization and impairment loss on long-lived assets, certain one-time and restructuring costs and the cost of pension and other post-employment benefits calculated in accordance with GAAP for the period.

“EBITDA Margin” means EBITDA divided by total operating revenues for the relevant period.

As it is anticipated that the Fund will distribute a substantial portion of its cash on an ongoing basis (after providing for certain amounts described elsewhere in this Information Circular), Management believes that, in addition to operating income and net earnings or loss, EBITDA, Adjusted EBITDA and the other non-GAAP measures described above are useful supplemental measures in evaluating the performance of the Fund and Holdings LP and to provide holders of Aliant Common Shares with information about expected cash available for distribution. Capital intensity gives information about capital required to generate operating revenues. EBITDA, Distributable Cash and similar measures are generally used by Canadian income trusts as supplemental measures of financial performance.

For a reconciliation of operating income to EBITDA and Adjusted EBITDA, based on the historical financial statements of Aliant, BNG and the Bell Canada Regional Wireline Operation and the pro forma combined financial statements of the combined operations of Holdings LP contained or incorporated by reference in this Information Circular, see “Reconciliation of Historical Results to EBITDA and Adjusted EBITDA” and “Reconciliation of Historical Operating Income to Pro Forma and Non-GAAP Financial Measures”. For a reconciliation of operating expenses to Adjusted operating expenses and the calculation of Capital intensity ratio see “Discussion of Pro Forma and Estimated Historical Adjusted Financial Results”.

INFORMATION FOR UNITED STATES SHAREHOLDERS

THE UNITS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITY IN ANY STATE OF THE UNITED STATES, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY SUCH AUTHORITY PASSED ON THE ADEQUACY OR ACCURACY OF THIS INFORMATION CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

Units will only be distributed to Common Shareholders resident in the United States who are Qualified U.S. Shareholders. All Units which would have otherwise been distributed to Common Shareholders who are Non-Qualified U.S. Shareholders will be sold in the market and such holders will be entitled to receive a pro rata portion of the net cash proceeds of such sales (less any applicable withholding taxes). See “The Arrangement — Treatment of Common Shareholders in the United States”.

Any Units issued to Qualified U.S. Shareholders under the Arrangement will be subject to resale restrictions imposed in accordance with the provisions of the United States Investment Company Act of 1940 and the regulations issued thereunder (the “Investment Company Act”) and may only be resold in the United States to the Fund or to a purchaser who is a Qualified Purchaser. Any Qualified U.S. Shareholder should obtain the advice of legal counsel with respect to the application of these restrictions and the Investment Company Act to the offer or sale of such Units by such person.

The Units to be issued pursuant to the Arrangement have not been registered under the United States Securities Act of 1933, as amended (the “1933 Act”), and are being distributed to Qualified U.S. Shareholders in reliance on the exemption from registration set forth in Section 3(a)(10) thereof. The solicitation of proxies for the Meeting is not subject to the requirements of Section 14(a) of the United States Securities Exchange Act of 1934, as amended (the “1934 Act”). The Units will not be listed for trading on any United States stock exchange or quotation system. Accordingly, the Arrangement is subject to Canadian corporate and securities laws, and this Information Circular has been prepared solely in accordance with disclosure requirements applicable in Canada.
Shareholders in the United States should be aware that such requirements are different from, and not comparable in all respects to, those of the United States applicable to registration statements under the 1933 Act and proxy statements under the 1934 Act. The unaudited pro forma financial statements of the Fund, the unaudited pro forma combined financial statements of the combined operations of Holdings LP, the balance sheet of the Fund and the historical financial statements of Aliant, BNG and the Bell Canada Regional Wireline Operation included or incorporated by reference in this Information Circular have been prepared in accordance with GAAP and (in the case of audited financial statements) are subject to Canadian generally accepted auditing standards and are thus not comparable in all respects to financial statements prepared in accordance with United States generally accepted accounting principles.

See “The Arrangement — Securities Law Matters” for additional information, including transfer restrictions under U.S. securities laws.

Tax considerations applicable to Common Shareholders who are resident in jurisdictions other than Canada have not been included in this Information Circular. Common Shareholders who are resident in jurisdictions other than Canada are advised to consult their tax advisors to determine the particular tax consequences to them of the Arrangement and the holding of Units.

The enforcement by investors of civil liabilities under the United States securities laws may be affected adversely by the fact that the members of the Fund Group are organized or settled, as the case may be, under the laws of Canada or Provinces of Canada; that their officers and directors or trustees, as the case may be, may be residents of countries other than the United States; that the experts named in this Information Circular are residents of countries other than the United States; and that most, if not substantially all, of the assets of the Fund Group and such Persons are currently located outside the United States.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Information Circular from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated by reference in this Information Circular may be obtained from the SEDAR website at www.sedar.com or on request without charge from Aliant at P.O. Box 5030, Saint John, New Brunswick, E2L 4L4 (Attention: Investor Relations) or by e-mail to investor.relations@aliant.ca. The following documents are specifically incorporated by reference into, and form an integral part of, this Information Circular:

**Aliant**

- the annual information form of Aliant dated March 29, 2006;
- the audited consolidated financial statements of Aliant for the years ended December 31, 2005 and 2004, filed on SEDAR on April 13, 2006, together with management’s discussion and analysis thereof;
- the audited consolidated financial statements of Aliant for the years ended December 31, 2004 and 2003, together with management’s discussion and analysis thereof; and
- the material change report of Aliant dated March 16, 2006 with respect to the proposed Arrangement.

**Bell Nordiq Group Inc.**

- the annual information form of BNG dated March 14, 2006; and
- the audited consolidated financial statements of BNG for the year ended December 31, 2005, together with management’s discussion and analysis thereof.

Any statement contained in a document incorporated by reference in this Information Circular is deemed to be modified or superseded, for purposes of this Information Circular, to the extent that a statement contained in this Information Circular or in another document incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Information Circular.
SUMMARY

The following is a summary of certain information contained elsewhere in this Information Circular. It is not, and is not intended to be, complete in itself. This is a summary only and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Information Circular and incorporated by reference. Shareholders are urged to review carefully this Information Circular, including the Appendices, and the documents incorporated by reference in their entirety. Certain capitalized terms used in this Information Circular have the meanings set forth in the “Glossary”.

The Meeting

Aliant has called the Meeting as an annual and special meeting pursuant to the Interim Order to consider and, if deemed advisable, to approve the Arrangement Resolution and the other matters for the consideration of Common Shareholders set forth in the accompanying Notice of Meeting. The Meeting will be held at the Fairmont Newfoundland, Fort William Ballroom, 115 Cavendish Square, St. John’s, Newfoundland and Labrador, on May 17, 2006 at 2:00 p.m. (NDT).

The Arrangement

The purpose of the Arrangement is to combine Aliant’s wireline telecommunications operation in Atlantic Canada, information technology operation and other operations with Bell Canada’s wireline telecommunications operation in certain of its regional territories in Ontario and Québec (together the “Combined Business”) and Bell Canada’s 63.4% indirect interest in the Bell Nordiq Partnerships, in a new income trust which will own an indirect interest in the Combined Business and the Bell Nordiq Partnerships. As part of the Arrangement, Aliant’s Wireless Assets and its interest in DownEast Ltd. as well as $1.256 billion in cash will be transferred to Bell Canada and each outstanding Aliant Common Share (other than a number of Aliant Common Shares held by BCE and its affiliates and elected by BCE) will be exchanged for one Unit of the Fund. For more details, see “The Arrangement — Arrangement Steps”.

In the case of Non-Electing Small Lot Common Shareholders and certain U.S. holders, Units will be sold in the market and they will be entitled to receive a pro rata portion of the net cash proceeds of such sales (less applicable withholding taxes). See “The Arrangement — Treatment of Small Lot Common Shareholders” and “The Arrangement — Treatment of Common Shareholders in the United States”.

As of March 29, 2006, BCE and its affiliates were the beneficial owners of, in the aggregate, approximately 53.1% of the outstanding Aliant Common Shares (on an undiluted basis). Immediately following completion of the Arrangement, BCE and its affiliates will own 73.5% of the Units on a fully-diluted basis. BCE has announced its current intention to distribute Units to holders of common shares of BCE as a return of capital which is currently expected to reduce the ownership of BCE and its affiliates to approximately 45% (on a fully-diluted basis). However, such distribution by BCE is not a condition to completion of the Arrangement and may not occur.

Background to and Reasons for the Arrangement

During December 2005, BCE approached Aliant’s Board of Directors to propose a transaction which would involve (i) a combination of Aliant’s wireline telecommunications operation in Atlantic Canada, information technology operation and other operations with Bell Canada’s wireline telecommunications operation in its regional territories in Ontario and Québec into an income trust, and (ii) a transfer by Aliant to Bell Canada of Aliant’s wireless telecommunications operation and retail outlets. As this proposed transaction is with a related party, the Board of Directors appointed an Independent Committee which met several times during December 2005 and January 2006 to consider the proposal.

In late January, following negotiations, the parties had not reached agreement and Mr. Sabia advised the Chair of the Independent Committee that BCE was terminating its discussions with Aliant concerning the proposed transaction. In the second week of February 2006, the parties re-engaged to consider the proposed transaction further, at which time BCE invited Aliant to consider the inclusion of Bell Canada’s indirect interest in the Bell Nordiq Partnerships in the proposed combination. In March 2006, after receiving various reports
from senior management and its financial and legal advisors, the Independent Committee recommended that the Board of Directors approve the Arrangement. The Board of Directors resolved to approve the Arrangement and on March 6, 2006, Aliant, BCE and Bell Canada entered into the Arrangement Agreement.

Aliant’s Board of Directors is recommending that shareholders approve the Arrangement for a number of reasons which are described under “The Arrangement — Background to and Reasons for the Arrangement”. The principal reasons are:

- the Arrangement creates one of the largest North American regional telecommunications service providers;
- the Aliant Operation and the Bell Canada Regional Wireline Operation are both in small to medium sized cities and geographically dispersed rural areas and will be well suited to be managed by a dedicated management team focused on regional customer needs;
- the additional operational scale and more stable nature of the organization will position it for future growth and are well suited to an income trust structure; and
- the lack of scale of Aliant’s wireless operation is an obstacle to further advancements in service and further growth.

Fairness Opinion

The Independent Committee retained Scotia Capital to provide an opinion as to the fairness, from a financial point of view, of the Arrangement to Common Shareholders (other than BCE and its affiliates). The Fairness Opinion states that, in Scotia Capital’s opinion, as of March 2, 2006, the Arrangement is fair, from a financial point of view, to Common Shareholders (other than BCE and its affiliates). The Fairness Opinion is subject to the assumptions and limitations contained therein and should be read in its entirety. See Appendix “E” to this Information Circular for the Fairness Opinion.

Valuation

The Independent Committee engaged TD Securities to provide a fairness opinion and an independent valuation of the non-cash assets being transferred to and from Aliant, BCE and their respective affiliates as a part of the Arrangement. The Independent Committee determined that TD Securities is qualified to provide the independent valuation and is independent for the purposes of the Related Party Rules. TD Securities provided its Valuation dated February 27, 2006. The Valuation states that, in the opinion of TD Securities, as of February 27, 2006, the Arrangement is fair, from a financial point of view, to Common Shareholders (other than BCE and its affiliates). The Valuation sets out the basis for the determination of the ranges of the fair market values of each of the Bell Canada Regional Wireline Operation, the Fund, BNG and the Aliant Wireless Assets. Based upon and subject to the assumptions, limitations, analysis and other matters set forth in the Valuation, TD Securities concluded that the Bell Canada Regional Wireline Operation had an enterprise value of from $5,962.8 million to $6,656.8 million; that BNG had an equity value of from $921.5 million to $1,075.1 million; and that the Fund had an equity value (including BNG) of from $8,104.8 million to $9,305.5 million. TD Securities concluded that the fair market value of Aliant’s Wireless Assets on an enterprise value basis is from $2,259.0 million to $2,705.8 million. TD Securities also concluded that the assets to be contributed by BCE had a value of from $6,884.4 million to $7,731.9 million and that the consideration to be paid to BCE had a value of from $7,031.5 million to $7,999.3 million. The Independent Committee has relied upon the Valuation in determining to recommend to the Board of Directors that it approve the Arrangement. The Valuation in its entirety is contained in Appendix “F” to this Information Circular.

Recommendation of the Board of Directors

The Board of Directors, based on its own investigations, after receiving legal and financial advice and the recommendation of the Independent Committee and consideration of the Fairness Opinion and the Valuation and for the reasons set out under “The Arrangement — Background to and Reasons for the Arrangement”, has unanimously (other than the BCE nominees, who abstained) determined that the Arrangement is in the best interests of Aliant and the holders of Aliant shares, and recommends that Common Shareholders and Preferred Shareholders vote in favour of the Arrangement.
The Business of the Fund

The Combined Business will be one of the largest regional telecommunications service providers in North America. The Combined Business will consist of Bell Canada’s wireline telecommunications operation in certain of its regional territories in Ontario and Québec, Aliant’s existing wireline telecommunications operation in Atlantic Canada, Aliant’s information technology operation and Aliant’s other operations. In addition to the Combined Business, the transaction will include Bell Canada’s 63.4% indirect interest in the Bell Nordiq Partnerships. Bell Nordiq Income Fund will continue to trade and operate independently, with no change for its customers or to operations within its territory.

It is anticipated that the Combined Business, with the addition of the Bell Nordiq Partnerships, will have approximately 3.4 million local access lines and over 422,000 high-speed Internet subscribers in Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador and approximately 10,500 employees. The Fund will have its headquarters in Atlantic Canada and will be controlled by BCE through its interest in the Fund and various governance rights. See “The Arrangement — Structure Following the Closing of the Arrangement” and “Trustees, Directors and Management — Securityholders’ Agreement”.

The table below sets out certain key operational and footprint statistics regarding the Combined Business, together with the Bell Nordiq Partnerships for the year ended December 31, 2005:

<table>
<thead>
<tr>
<th>Combined Business and the Bell Nordiq Partnerships Selected Metrics — Year ended December 31, 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Local Access Lines</strong> ........................................ 3.36 million</td>
</tr>
<tr>
<td>Residential .................................................. 2.17 million</td>
</tr>
<tr>
<td>Business ..................................................... 1.19 million</td>
</tr>
<tr>
<td><strong>Internet Subscribers</strong> .................................... 685,000</td>
</tr>
<tr>
<td>Dial-up Internet Subscribers ............................... 263,000</td>
</tr>
<tr>
<td>High-speed Internet Subscribers ......................... 422,000</td>
</tr>
<tr>
<td><strong>Wireless Subscribers</strong> ..................................... 69,000 (served by the Bell Nordiq Partnerships)</td>
</tr>
<tr>
<td>Employees .................................................... approximately 10,500</td>
</tr>
<tr>
<td>Provinces ..................................................... Newfoundland and Labrador, New Brunswick, Nova Scotia, Prince Edward Island, Ontario and Québec</td>
</tr>
<tr>
<td><strong>Total Population</strong> ........................................ 5.3 million</td>
</tr>
<tr>
<td><strong>Land Area Covered</strong> ....................................... 1.5 million km²</td>
</tr>
<tr>
<td><strong>Line Density</strong> ............................................. 2.2 lines per km²</td>
</tr>
<tr>
<td><strong>High-speed Internet Footprint</strong> ......................... 70% coverage</td>
</tr>
</tbody>
</table>
The following map shows the geographical region that will be serviced by the Combined Business, together with the Bell Nordiq Partnerships.

**Overview**

The Combined Business and the Bell Nordiq Partnerships provide local and access services, long-distance, Internet, data services, IPTV, product and service bundles, wholesale services and other related services to approximately 2.2 million residential and 160,000 business customers. The Combined Business also provides information technology services through xwave.

**Geography and Customers**

The territory served by the Combined Business and the Bell Nordiq Partnerships is broadly contiguous, covering over 1.5 million km² and spanning six provinces (Newfoundland and Labrador, New Brunswick, Nova Scotia, Prince Edward Island, Ontario and Québec), with a population of approximately 5.3 million. The Combined Business includes all territory in Atlantic Canada, all or parts of the 418, 450 and 819 area codes in Québec and all or parts of the 519, 613, 705 and 807 area codes in Ontario. The Bell Nordiq Partnerships service all or parts of the 418, 450 and 819 area codes in Québec and parts of the 705 area code in Ontario.
The territory covered by the Combined Business and the Bell Nordiq Partnerships is comprised predominantly of small to medium sized cities and a vast geographic dispersion of low population rural areas, resulting in line density of only 2.2 lines per km². The population in this territory has grown modestly since 2001 by a compound annual growth rate of approximately 0.4%. The largest 20 cities and towns served by the Combined Business and the Bell Nordiq Partnerships are as follows:

<table>
<thead>
<tr>
<th>City</th>
<th>Population (thousands)</th>
<th>City</th>
<th>Population (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Halifax, NS</td>
<td>359</td>
<td>Cornwall, ON</td>
<td>60</td>
</tr>
<tr>
<td>St. John’s, NL</td>
<td>172</td>
<td>Chicoutimi, QC</td>
<td>58</td>
</tr>
<tr>
<td>Sudbury, ON</td>
<td>161</td>
<td>Jonquière, QC</td>
<td>54</td>
</tr>
<tr>
<td>Chatham, ON</td>
<td>109</td>
<td>Brockville, ON</td>
<td>47</td>
</tr>
<tr>
<td>Sydney, NS</td>
<td>106</td>
<td>Fredericton, NB</td>
<td>47</td>
</tr>
<tr>
<td>Sault Ste. Marie, ON</td>
<td>74</td>
<td>Victoriaville, QC</td>
<td>43</td>
</tr>
<tr>
<td>Sarnia, ON</td>
<td>74</td>
<td>Owen Sound, ON</td>
<td>33</td>
</tr>
<tr>
<td>Saint John, NB</td>
<td>70</td>
<td>Charlottetown, PE</td>
<td>32</td>
</tr>
<tr>
<td>North Bay, ON</td>
<td>66</td>
<td>Alma, QC</td>
<td>30</td>
</tr>
<tr>
<td>Moncton, NB</td>
<td>61</td>
<td>Orangeville, ON</td>
<td>29</td>
</tr>
</tbody>
</table>

**Competitive Strengths**

The Combined Business has considerable competitive strengths, including the following:

- significant scale of operations;
- strong customer franchise;
- financial strength and flexibility;
- full service/solution provider;
- state of the art network; and
- ongoing relationship with Bell Canada.

**Strategy**

The Combined Business is expected to leverage its competitive strengths with a focus on the following three key strategies to enhance Unitholder value creation:

- enhance customer experience and drive revenue growth;
- actively manage distributable cash flow; and
- pursue further consolidation opportunities.
**Selected Pro Forma Combined Financial Information**

The following selected *pro forma* combined financial information has been derived from and should be read in conjunction with the unaudited *pro forma* combined financial statements of the combined operations of Holdings LP, the entity which will hold, directly and indirectly, the Combined Business and BNG, and the notes thereto included in Appendix “D” to this Information Circular:

*(in millions of dollars, except percentages and ratios)*

<table>
<thead>
<tr>
<th>Year Ended December 31</th>
<th>2005(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Local and access</strong></td>
<td>$1,491</td>
</tr>
<tr>
<td><strong>Long distance</strong></td>
<td>531</td>
</tr>
<tr>
<td><strong>Internet and data</strong></td>
<td>597</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>671</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td>$3,290</td>
</tr>
<tr>
<td><strong>EBITDA(2)(3)</strong></td>
<td>$1,486</td>
</tr>
<tr>
<td><strong>EBITDA Margin(2)(3)</strong></td>
<td>45.2%</td>
</tr>
<tr>
<td><strong>Capital Expenditures(2)</strong></td>
<td>521</td>
</tr>
<tr>
<td><strong>Capital intensity ratio(4)</strong></td>
<td>15.8%</td>
</tr>
</tbody>
</table>

**Selected Pro Forma Balance Sheet information:**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total assets</strong></td>
<td>$12,381</td>
</tr>
<tr>
<td><strong>Total long term debt(2)</strong></td>
<td>2,735</td>
</tr>
<tr>
<td><strong>Combined capital</strong></td>
<td>8,850</td>
</tr>
<tr>
<td><strong>Total Debt to EBITDA(2)(3)</strong></td>
<td>1.8x</td>
</tr>
</tbody>
</table>

Notes:

1. Information for the year ended December 31, 2005 is derived from the *pro forma* combined financial statements of the combined operations of Holdings LP for the year ended December 31, 2005.

2. Includes 100% of the consolidated operating revenues, EBITDA, capital expenditures and total debt, respectively of the Bell Nordiq Partnerships. BNG has a 63.4% interest in the Bell Nordiq Partnerships.

3. See “Description of Non-GAAP Measures” and “Reconciliation of Historical Results to EBITDA and Adjusted EBITDA”. EBITDA and EBITDA Margin are not recognized measures under GAAP and do not have standardized meanings prescribed by GAAP. Therefore, EBITDA and EBITDA Margin may not be comparable to similar measures presented by other issuers.

4. Capital intensity ratio is capital investment divided by total operating revenues for the relevant period. See “Description of Non-GAAP Measures”. Capital intensity ratio is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other issuers.
Summary of Distributable Cash

The following analysis has been prepared by Management on the basis of information in this Information Circular and Management’s estimate of the amount of expenses and expenditures which will be incurred by the Fund, the Combined Business and BNG following the Effective Date. This analysis is not a forecast or a projection of future results. The actual results of operations for any period will likely vary from the amounts set forth in the following analysis, and such variation may be material. See “Risk Factors” for a discussion of the risks that could cause actual results to vary.

Management believes that, upon completion of the Arrangement, the Fund, the Combined Business and BNG will incur certain costs that will differ from those contained in the historical financial statements of Aliant, BNG and the Bell Canada Regional Wireline Operation and the pro forma consolidated financial statements of the Fund and the pro forma combined financial statements of the combined operations of Holdings LP which are incorporated herein by reference or included at Appendix “D” to this Information Circular, as applicable. Although Management does not have firm commitments for all of these expenses and costs and, accordingly, the complete financial effects of all of those costs and expenses are not objectively determinable, Management believes that the following represents a reasonable estimate of what Distributable Cash of the combined operations of Holdings LP would have been for the year ended December 31, 2005 had the Fund been in existence during such time, had items not affecting ongoing operations been excluded from the financial results for such period and had the other adjustments to EBITDA from ongoing operations described below been made.

(unaudited and in millions of dollars, except per Unit amounts)

<table>
<thead>
<tr>
<th>Description</th>
<th>Year Ended December 31, 2005(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA(2)</td>
<td>$1,486</td>
</tr>
<tr>
<td>Cash funding of current service cost for pensions and other post employment benefits(3)</td>
<td>(55)</td>
</tr>
<tr>
<td>One-time items(4)</td>
<td>11</td>
</tr>
<tr>
<td>Non-controlling interest in EBITDA(5)</td>
<td>(70)</td>
</tr>
<tr>
<td>Adjusted EBITDA(2)</td>
<td>$1,372</td>
</tr>
</tbody>
</table>

Management believes that in order to arrive at estimated Distributable Cash, the following adjustments to Adjusted EBITDA should be made:

- Other income(6) 2
- Interest expense(7) (179)
- Normalized cash taxes(8) (7)
- Capital expenditures(9) (503)

Estimated Distributable Cash $685
Estimated cash to be distributed (90%) $617
Estimated cash to be distributed per Unit(11) $2.74

Notes:

(1) Information for the year ended December 31, 2005 is derived from the pro forma combined financial statements of the combined operations of Holdings LP for the year ended December 31, 2005.

(2) See “Description of Non-GAAP Measures” and “Reconciliation of Historical Results to EBITDA and Adjusted EBITDA”. EBITDA and Adjusted EBITDA are not recognized measures under GAAP and do not have standardized meanings prescribed by GAAP. Therefore, EBITDA and Adjusted EBITDA may not be comparable to similar measures presented by other issuers.

(3) The cash funding requirement related to current service costs of pension and other post-employment benefits for the period. The portion of cash funding required for pension and other post-employment benefit costs that exceeds current service cost will be funded through cash reserves and/or borrowing. See “Financing Arrangements” and Note 7 below.

(4) Net one-time costs impacting the Bell Canada Regional Wireline Operation in 2005 included costs related to a labour disruption.
The non-controlling interest in the EBITDA of the Bell Nordiq Partnerships and the Aliant Operation is not available to the Fund in order to determine Distributable Cash and therefore is removed in the Adjusted EBITDA calculation.

Represents the pro forma amount of interest and other income of Holdings LP.

Represents the estimated interest expense for Wireline LP from the New Credit Facilities, assuming total drawn debt of $2.6 billion. Also adds notional interest on an undrawn reserve of approximately $460 million for funding pension plan deficit payments and capital taxes in excess of normalized amounts. All of Wireline LP’s drawn and undrawn notional debt is assumed to carry an estimated interest rate of 5.5%. See “Financing Arrangements”. In addition, interest expense includes the total carrying charges for Wireline LP on an estimated $180 million in securitized accounts receivable at a lower assumed carrying cost of 3.8%. Interest expense also includes Holdings LP’s proportionate share of interest expense for the Bell Nordiq Partnerships.

The cash taxes to be deducted in calculating Distributable Cash are capital taxes that are estimated to be incurred by Wireline GP, BNG and GP, normalized to reflect anticipated reductions in provincial and federal capital tax rates. Capital taxes incurred in excess of normalized levels will be funded through cash reserves and/or borrowing and therefore are not charged against Distributable Cash. See “Financing Arrangements” for a discussion of these financing arrangements.

Represents Management’s estimate of annual capital expenditures, based on average historical capital expenditures. See “The Business of the Fund”. Excludes the non-controlling interest proportionate share of capital expenditures made by the Bell Nordiq Partnerships and the Aliant Operation.

It is expected that approximately 10% of cash available for distribution will be reserved.

Based on an estimated 225 million Units outstanding on a fully diluted basis upon completion of the Arrangement, this estimate being based on the number of Aliant Common Shares outstanding as of March 29, 2006 and the anticipated effects of the Arrangement. The actual number of Units outstanding on a fully diluted basis will depend on the number of Aliant Common Shares that are issued before the Effective Date under Aliant’s Dividend Re-investment Plan, Employees’ Stock Savings Plan and the Aliant Stock Option Plan, as well as the number of Aliant Common Shares, if any, that are purchased for cancellation prior to the Effective Date, and the impact that these additional Aliant Common Shares and repurchases, if any, will have on the number of Units, Wireline Exchangeable LP Units or Holdings Class 1 Exchangeable LP Units that Bell Canada and BCE will receive as part of the Arrangement. See the sections “The Arrangement — Treatment of Share-Based Plans in Connection with the Arrangement”, “— Arrangement Steps” and “— Effect of the Arrangement”.

Key Conditions Precedent to the Arrangement

The completion of the Arrangement is subject to a number of conditions, which must be satisfied (or otherwise waived by each of the applicable parties) on or before the Effective Date. These conditions include:

(a) The Arrangement Resolution must have been approved by not less than (i) 66 2⁄3% of the votes cast by Common Shareholders and Preferred Shareholders, voting together, in person or by proxy at the Meeting, and (ii) a simple majority of the votes cast by Minority Shareholders voting in person or by proxy at the Meeting.

(b) The Arrangement must be approved by the Court pursuant to the Final Order in a form satisfactory to each of BCE and Aliant, acting reasonably, which order shall not have been set aside or modified in a manner unacceptable to them, acting reasonably, on appeal or otherwise.

(c) Favourable rulings with respect to certain tax matters relating to Aliant, BCE, Bell Canada and Wireline LP shall have been issued by the CRA in form and substance satisfactory to Aliant and/or BCE, each acting reasonably.

(d) All material consents, orders, rulings or approvals of governmental entities, including the CRTC, the Competition Bureau, stock exchanges and securities regulatory authorities, shall have been obtained on terms and conditions satisfactory to BCE and Aliant, each acting reasonably.

Aliant and BCE are working to satisfy the conditions to completion of the Arrangement and obtain required regulatory approvals. At this time, it is not expected that all required approvals will be obtained or conditions satisfied by the time of the Meeting. Aliant anticipates that such approvals will be obtained or conditions satisfied during the third quarter of 2006. Once all conditions precedent to the Arrangement are satisfied or waived, it is currently anticipated that the Closing Date will occur on the second Business Day after the Effective Date. It is not possible, however, to state with certainty when the Effective Date or Closing Date
will occur and there can be no assurance that required approvals will be obtained, or conditions satisfied, by the third quarter of 2006 or at all.

The Arrangement Resolution provides that, notwithstanding that it may have been passed (and the Arrangement adopted) by the holders of Aliant shares or that the Arrangement may have been approved by the Court, the directors of Aliant are authorized, subject to the terms of the Plan of Arrangement and the Arrangement Agreement, and without further notice to or approval of the holders of Aliant shares, (i) to amend the Arrangement Agreement and/or the Plan of Arrangement to the extent permitted thereby, and (ii) not to proceed with the Arrangement and related transactions. See “The Arrangement — Conditions Precedent to the Arrangement” and “— Procedure for the Arrangement Becoming Effective”.

Governance

On Closing, the Fund, the Trust, GP, Holdings LP, Wireline GP, Wireline LP, BCE and Bell Canada will enter into the Securityholders’ Agreement which will provide for, among other things, the size and composition of the boards of directors of the operating entities of the Combined Business, the number of and nominees for election as Trustees of the Fund, and certain other governance matters.

Under the Securityholders’ Agreement, BCE will have the right to appoint a majority of the directors of the operating entities of the Combined Business and will have the right to nominate a majority of the nominees for election as Trustees of the Fund for so long as BCE, directly or indirectly, holds not less than 30% of the Units on a fully-diluted basis and the Major Commercial Agreements are in place. Otherwise, BCE will be entitled to appoint its proportionate share of directors of the operating entities of the Combined Business and to nominate a proportionate share of the nominees for election as Trustees of the Fund (rounded up to the next whole number) based on its fully-diluted direct and indirect ownership of Units. Also, if the Major Commercial Agreements are in place, irrespective of its ownership interest in the Fund (on a fully-diluted basis) BCE will be entitled to appoint two directors of the board of the operating entities of the Combined Business. The BCE nominees will not need to be independent.

The Securityholders’ Agreement will provide that, for so long as BCE holds, directly or indirectly, not less than 20% of the Units on a fully-diluted basis, BCE will have certain approval rights over fundamental transactions and activities of the Fund and its operating entities, including Wireline LP. See “Trustees, Directors and Management — Securityholders’ Agreement”.

Dissent Rights

Registered Common Shareholders who properly exercise their Dissent Rights will be entitled to be paid the fair value of their Aliant Common Shares. Only registered Common Shareholders may dissent. The Dissent Procedure requires that a registered Common Shareholder who wishes to exercise his, her or its Dissent Right must provide to Aliant a Dissent Notice at or prior to 5:00 p.m. (ADT) on the second last Business Day prior to the Meeting. It is important that registered Common Shareholders strictly comply with this requirement as it is different from the statutory dissent provisions of the CBCA that would permit a Dissent Notice to be provided at or before the Meeting. It is a condition of the Arrangement that Dissent Rights have not been exercised in respect of more than 5% of the outstanding Aliant Common Shares. See “The Arrangement — Conditions Precedent to the Arrangement” and “— Dissent Rights”.

Certain Canadian Federal Income Tax Considerations

The Arrangement will generally result in a Common Shareholder resident in Canada realizing a capital gain (or a capital loss) equal to the amount by which the fair market value of the Units received on completion of the Arrangement exceeds (or is less than) the aggregate of such Common Shareholder’s adjusted cost base of the Aliant Common Shares and any reasonable costs of disposition.

A Unitholder who is resident in Canada will generally be required to include in such Unitholder’s income the proportionate share of income of the Fund for each year, to the extent the income is paid or becomes payable to such Unitholder in the year. Any amount paid to a Unitholder in excess of such Unitholder’s share of
income of the Fund (subject to certain exceptions) will not be included in income but will reduce the Unitholder’s adjusted cost base of the Units for purposes of computing any capital gain or capital loss from a subsequent disposition thereof.

This Information Circular contains a general summary of the principal Canadian federal income tax considerations relevant to residents of Canada and which relate to the Arrangement, and the above comments are qualified in their entirety by reference to such summary. See “Certain Canadian Federal Income Tax Considerations”. Such summary is not exhaustive of all possible tax considerations applicable to the transactions described herein. The income and other tax consequences will vary depending on the shareholder's or Unitholder’s particular circumstances, including the province or provinces in which the shareholder or Unitholder resides or carries on business. Accordingly, such summary is of a general nature only and is not intended to be legal or tax advice to any shareholder or Unitholder. Shareholders or Unitholders should consult their own tax advisors for advice with respect to the tax consequences of these transactions based on their particular circumstances.

Other Tax Considerations

This Information Circular does not address any tax considerations of the Arrangement other than Canadian federal income tax considerations applicable to residents of Canada. Shareholders who are resident in jurisdictions other than Canada should consult their own tax advisors with respect to the tax implications of the Arrangement and with respect to the tax implications of owning Units after the Arrangement. All shareholders should consult their own tax advisors regarding federal, provincial, territorial or other tax considerations of the Arrangement or of holding Units having regard to their circumstances.

Risk Factors

An investment in Units is subject to a number of risks that should be considered by the Aliant shareholders. Distributions of available cash are not guaranteed and will be based indirectly upon the performance of the Combined Business and the Bell Nordiq Partnerships, which are susceptible to a number of risks. The risks related to the Combined Business and the Bell Nordiq Partnerships include: general economic conditions; pension plan deficits and changing discount rates and market returns on pension plan investments; reliance on systems; changing technology; the need for software and systems upgrades; the changing competitive environment; changing regulatory conditions or requirements; legal contingencies and changes in laws; capital management risks; labour relations and reliance on key personnel; expenditures, capital and demand for services; reliance upon the relationship with Bell Canada; and BCE’s discretion with respect to the exercise of its governance rights. The risks relating to the Units include: dependence on Holdings LP, Wireline LP and the Bell Nordiq Partnerships; leverage and restrictive covenants; unpredictability and volatility of unit price; nature of Units; cash distributions are not guaranteed and will fluctuate with the performance of the business; structural subordination of the Units; capital investment; restrictions on potential growth; limitation on non-resident ownership; redemption right; dilution; possible future sales of Units; distribution of Trust Units and Trust Notes on termination of the Fund; and the absence of a prior public market for the Units. See “Risk Factors”. For risks related to the Bell Nordiq Partnerships, also see the annual information form of BNG incorporated by reference in this Information Circular.

The return on an investment in Units is not comparable to the return on an investment in a fixed-income security. The recovery of an investor’s investment is at risk and the anticipated return on such investment is based upon many performance assumptions. Although it is currently expected that the Fund will make monthly cash distributions to Unitholders, these cash distributions may be reduced or suspended. The actual amount distributed will depend upon various factors, including the operating and financial performance of Holdings LP, the Bell Nordiq Partnerships and Wireline LP, obligations under credit facilities, working capital requirements and future capital requirements. In addition, the market value of the Units may decline if the Fund is unable to meet its cash distribution targets in the future, and that decline may be material.
Structure Following the Closing of the Arrangement

The following diagram illustrates the organizational structure of the Fund and related entities immediately following implementation of the Arrangement and the transactions contemplated in connection therewith, on the assumption that BCE does not elect to exchange any Aliant Common Shares for Units under the Arrangement:

Note:
(1) Wireline GP is the successor corporation to Aliant and Aliant Telecom.
THE ARRANGEMENT

The Meeting

Aliant has called the Meeting of the holders of Aliant shares as an annual and special meeting pursuant to the Interim Order to consider and, if deemed advisable, to approve the Arrangement Resolution and the other matters for the consideration of Common Shareholders set forth in the accompanying Notice of Meeting. The Meeting will be held at the Fairmont Newfoundland, Fort William Ballroom, 115 Cavendish Square, St. John’s, Newfoundland and Labrador, on Wednesday, May 17, 2006 at 2:00 p.m. (NDT).

Overview of the Arrangement

The purpose of the Arrangement is to combine Aliant’s wireline telecommunications operation in Atlantic Canada, information technology operation and other operations with Bell Canada’s wireline telecommunications operation in certain of its regional territories in Ontario and Québec and Bell Canada’s 63.4% indirect interest in the Bell Nordiq Partnerships, in a new income trust which will own an indirect interest in the Combined Business and the Bell Nordiq Partnerships. As part of the Arrangement, Aliant’s Wireless Assets and its interest in DownEast Ltd. as well as $1.256 billion in cash will be transferred to Bell Canada and each outstanding Aliant Common Share (other than a number of Aliant Common Shares held by BCE and its affiliates and elected by BCE) will be exchanged for one Unit of the Fund.

The terms of the Arrangement are set forth in detail under the heading “— Arrangement Steps” below. Under the terms of the Arrangement,

(a) each Aliant Common Share (other than a number of Aliant Common Shares held by BCE and its affiliates and elected by BCE) will be exchanged for one Unit of the Fund;

(b) Bell Canada will contribute the Bell Canada Regional Wireline Operation to Wireline LP, and BCE will contribute its Aliant Common Shares and its 63.4% indirect interest in the Bell Nordiq Partnerships to Holdings LP; and

(c) in exchange for the assets and operations contributed by them, including their Aliant Common Shares, BCE and Bell Canada will receive:

(i) the Wireless Assets and all of the common shares of DownEast Ltd., and a combination of Units, Holdings Class 1 Exchangeable LP Units (together with GP Shares), Wireline Exchangeable LP Units and Special Voting Units, and

(ii) a demand promissory note to be issued by Wireline LP to Bell Canada in the amount of $1.256 billion (the “Demand Promissory Note”), which will be repaid by Wireline LP in connection with the Closing. Aliant understands that BCE intends to use this cash to reduce its consolidated debt by an equivalent amount.

In the case of Non-Electing Small Lot Common Shareholders and certain U.S. Common Shareholders, Units will be sold in the market and they will be entitled to receive a pro rata portion of the net cash proceeds of such sales (less applicable withholding taxes). See “— Treatment of Small Lot Common Shareholders” and “— Treatment of Common Shareholders in the United States”.

As of March 29, 2006, BCE and its affiliates were the beneficial owners of, in the aggregate, approximately 53.1% of the outstanding Aliant Common Shares (on an undiluted basis). Immediately following completion of the Arrangement, it is anticipated that BCE and its affiliates will, through their ownership of Units, Holdings Class 1 Exchangeable LP Units and Wireline Exchangeable LP Units, own 73.5% of the Units on a fully-diluted basis (assuming the exchange of all Holdings Class 1 Exchangeable LP Units and Wireline Exchangeable LP Units for Units). BCE has announced its current intention to distribute Units to holders of common shares of BCE as a return of capital which is currently expected to reduce the ownership of BCE and its affiliates to approximately 45% of the outstanding Units (on a fully-diluted basis). However, such distribution by BCE is not a condition to completion of the Arrangement and may not occur.
The Holdings Class 1 Exchangeable LP Units and Wireline Exchangeable LP Units are exchangeable, at the option of the holder (together with the associated GP Shares, as applicable) for Units on a one-for-one basis. See “Description of Holdings LP — Investor Liquidity and Exchange Agreement”.

In connection with their interest in the Fund, BCE and its affiliates will have certain rights with respect to, among other matters, the appointment of directors of GP and Wireline GP and the nomination of Trustees of the Fund, as well as approval rights over certain matters. See “Trustees, Directors and Management — Securityholders’ Agreement”.

Background to and Reasons for the Arrangement

Background to the Arrangement

The Arrangement has been proposed following negotiations between Aliant and BCE and their respective legal and financial advisors. The following is a summary of the meetings and deliberations that resulted in the execution of the Arrangement Agreement.

In early December, 2005, Michael J. Sabia, the President and Chief Executive Officer of BCE, met with Charles White, the Chairman of the Board of Directors of Aliant, to discuss a possible transaction which would involve (i) a combination of Bell Canada’s wireline telecommunications operation in its regional territories in Ontario and Québec with Aliant’s wireline telecommunications and related operations into an income trust; and (ii) a transfer by Aliant to Bell Canada of Aliant’s wireless telecommunications operation and retail outlets.

Following this meeting, Mr. White convened a meeting of the Board of Directors to discuss this proposal and determine whether to pursue further discussions with BCE regarding a potential transaction. The Board of Directors meeting was held in the first week of December, 2005. Mr. Sabia was invited to attend a portion of the meeting in order to discuss the proposed transaction and answer any questions. At this meeting the Board of Directors determined that, in light of the fact that the proposal would constitute a related party transaction with Aliant’s controlling shareholder, it would be appropriate to appoint an Independent Committee of the Board of Directors to consider the proposal and make a recommendation to the Board of Directors. The Independent Committee was appointed at that meeting comprised of five directors, each of whom is independent of BCE and none of whom is a member of Management. The members of the Independent Committee are Ted Reevey (Chair), Miller Ayre, Charles Caty, Robert Dexter and Catherine Tait.

The Independent Committee engaged Scotia Capital as its financial advisor and it retained TD Securities to provide it with a formal independent valuation of the non-cash assets being transferred as part of the Arrangement (the “Valuation”) and a fairness opinion. It retained Blake, Cassels & Graydon LLP as its legal counsel.

The Independent Committee met a total of nine times in December 2005 and January 2006. Charles White attended each meeting of the Independent Committee at the invitation of the Chair. At these meetings the members of the Independent Committee received reports from Aliant’s senior management team and its legal and financial advisors concerning the results of due diligence reviews and negotiations with BCE and its advisors. During this time, the Chair of the Independent Committee also had regular meetings by telephone with Mr. Sabia to discuss the progress of the transaction and any major issues. As a result of these ongoing discussions and negotiations, it was decided that Aliant’s xwave operations, which BCE had initially suggested be transferred to Bell Canada, would not be transferred.

In late January, following negotiations, the parties had not reached agreement and Mr. Sabia advised the Chair of the Independent Committee that BCE was terminating its discussions with Aliant concerning the proposed transaction. Aliant immediately terminated all consideration of the proposed transaction including consideration of its conversion to an income trust. On February 1, 2006, BCE announced that it intended to transfer the operation and ownership of its regional wireline operation in Ontario and Québec into a newly-formed income trust.

During the second week of February, the parties re-engaged to consider the proposed transaction further. At that time BCE invited Aliant to also consider the inclusion in the proposed combination of its interest in BNG, which has a 63.4% interest in the Bell Nordiq Partnerships. Aliant’s senior management and Aliant’s
advisors spent a considerable amount of time examining the inclusion of these assets in the proposed transaction.

The Independent Committee met a further five times in late February and early March to receive the reports of Management and its financial and legal advisors regarding negotiations and the results of their review and analysis of the assets involved in the proposed transaction.

Representatives of Scotia Capital attended all but one meeting of the Independent Committee. Scotia Capital provided the Independent Committee with financial information and analysis which included financial models designed to assist the Independent Committee in understanding the impact of the transaction on the value of Aliant and the operations, anticipated financial results and financing requirements of the Fund. This analysis permitted the Independent Committee to assess the attractiveness of the Arrangement.

The Independent Committee met with TD Securities on four occasions to discuss the valuation of the non-cash assets being transferred from and to BCE and its affiliates as a part of the Arrangement. TD Securities was asked to provide a formal valuation of the non-cash assets being transferred under the Arrangement as required under the Related Party Rules and also to provide its opinion as to the fairness, from a financial point of view, of the Arrangement to the Common Shareholders other than BCE and its affiliates.

Senior management of Aliant, with the assistance of legal and financial advisors, completed a comprehensive review of the assets and operations involved in the proposed transaction and negotiated the terms of the Arrangement Agreement and the commercial arrangements between the Combined Business and Bell Canada that would shape the operations of the Combined Business.

On March 2, 2006, the Independent Committee received a report from Aliant senior management, Scotia Capital and Aliant’s legal advisors on the status of negotiations with BCE. On that date the Independent Committee also received the opinion of Scotia Capital that the Arrangement is fair, from a financial point of view, to the Common Shareholders other than BCE and its affiliates and on February 27, 2006, the Independent Committee received the opinion of TD Securities that the Arrangement was fair from a financial point of view to Common Shareholders other than BCE and its affiliates and the Valuation as to the ranges of fair market value of the non-cash assets being transferred and consideration paid as part of the Arrangement. Based on these reports and opinions and the recommendation of the Aliant senior management team that the terms of the commercial arrangements were appropriate for Aliant and should be approved, the Independent Committee determined unanimously that it would recommend that the Board of Directors approve the Arrangement and the transactions contemplated thereby and further that the Board of Directors recommend to the shareholders of Aliant that they approve the Arrangement.

The Board of Directors received the report and the recommendation of the Independent Committee and discussed the recommendation and the report of the Independent Committee and the financial and legal advice received. Following this discussion, the Board of Directors resolved to approve the Arrangement and to recommend that the shareholders of Aliant approve the Arrangement, conditional upon final negotiation of an arrangement agreement on acceptable terms. Five members of the Board of Directors are directors and/or officers of BCE or its affiliates and accordingly declared a conflict of interest and did not vote on the approval of the Arrangement or the recommendation to the shareholders.

Negotiations continued on the definitive documentation and final terms were agreed to on March 6, 2006.

**Reasons for Recommending the Arrangement**

Aliant and its Board of Directors are recommending that its shareholders approve the Arrangement for a number of reasons, all of which were considered by the Board of Directors, the Independent Committee and the Aliant senior management team. The principal reasons are the following:

**Strategic Rationale**

1. **Creates One of the Largest North American Regional Telecommunications Service Providers**

The combination of the Aliant Operation with the Bell Canada Regional Wireline Operation will create a much larger and more stable organization serving customers in six provinces. The Combined Business and BNG
will be double the size of Aliant today and will be the third largest incumbent local exchange carrier in Canada and one of the largest regional telecommunications service providers in North America. The greater scale will improve operational efficiency and financial flexibility. With its low cost of capital and scaleable operations, following the completion of the Arrangement, it is anticipated that the Combined Business will be in a favourable position to become a leading consolidator of North American regional telecommunications companies.

Combining Bell Canada’s indirect interest in the Bell Nordiq Partnerships with the other assets of the Combined Business is strategically important and valuable to the Combined Business. It creates greater scale and improves the stability of the Fund as it increases the base of low density markets. It also creates a broadly contiguous footprint connecting Aliant in Atlantic Canada with the Bell Canada Regional Territory, enabling potentially greater efficiencies in the future.

2. Combines Similar Operations and Markets

Both the Aliant Operation and the Bell Canada Regional Wireline Operation are comprised principally of small to medium sized cities and geographically dispersed rural areas which are subject to lower cable television penetration capable of offering telephony service. The Bell Canada Regional Wireline Operation is also ideally suited to be managed by a dedicated management team focused on regional customer needs. This is a model that both Aliant and the Bell Nordiq Partnerships have demonstrated to be effective. The Combined Business will remain focused on the needs of regional customers, yet have the scale and geographic reach to enable operational efficiency and to provide customers with access to the latest high-quality networks, products and services.

3. New Structure Provides Growth Opportunities

The Arrangement will create one of the largest regional telecommunications service providers in North America. It is anticipated that the additional operational scale will enhance the stability and strength of cash flows which are well suited to an income trust structure. Management believes that conversion to an income trust will result in a higher valuation for the Combined Business in comparison to the current corporate structure of Aliant as the market places a premium on the valuation of income trusts. It is anticipated that this will position the Fund well for future growth opportunities, including additional low density wireline communications acquisitions or other acquisitions that support its strategy and are accretive to cash flows.

4. Aliant’s Wireless Operation Requires Scale

While Aliant’s wireless operation has enjoyed considerable success, the Atlantic Canadian market is becoming more competitive as national competitors expand their Atlantic Canada operations and exert increasing pressure on the market. Aliant has recognized the lack of scale in its wireless operation as an obstacle to further advancing the service provided to its customers and therefore to future growth. Important commercial agreements between Bell Canada and the Combined Business will facilitate the continued seamless access by Wireline LP customers to wireless products for inclusion in the quadruple play (wireline, wireless, video and broadband services) offering to customers. Customers of Aliant’s wireless operation will further benefit from greater and earlier access to new technologies like EVDO and new wireless data applications.

Shareholders’ Interests

5. Creates Significant Shareholder Value

The Arrangement will create one of the largest regional telecommunications service providers in North America. Common Shareholders who receive Units of the Fund in exchange for their Aliant Common Shares will thereby participate in this much larger enterprise. The market currently places a premium on the valuation of income trusts compared to similar businesses operated in a corporate capital structure. There are two principal reasons for this: (i) the taxation of income earned in the trust structure generally eliminates or reduces an element of “double taxation” that is still evident in the Canadian corporate and personal income tax systems; and (ii) the relatively high cash distributions that are able to be paid to Unitholders are highly valued by those individual and institutional investors seeking to generate income from their investments.
6. Financial Analysis and Advice Supports Transaction

The Independent Committee has received fairness opinions from Scotia Capital and TD Securities with respect to the Arrangement. Each of Scotia Capital and TD Securities is of the opinion that the Arrangement is fair, from a financial point of view, to the Common Shareholders other than BCE and its affiliates.

The Independent Committee has also received the Valuation from TD Securities. The Valuation sets out the ranges of the fair market values of each of the non-cash assets being transferred as part of the Arrangement.

7. Aliant Minority Approval

The Arrangement must be approved by a majority of the Minority Shareholders, which provides the Minority Shareholders with the ability to determine whether Aliant will participate in the Arrangement.

8. Court Approval

The Arrangement must be approved by the Court. In determining whether to approve the Arrangement, the Court is expected to consider the substantive and procedural fairness of the transaction to Aliant and its shareholders.

9. Shareholders will Continue to Have the Benefit of Similar Rights and Protections Following Exchange of Common Shares for Units

If the Arrangement is completed, Aliant Common Shares will be exchanged for Units of the Fund. The Fund Declaration of Trust will confer on Unitholders many of the same protections, rights and remedies an investor would have as a holder of common shares issued by a corporation governed by the CBCA. Provisions comparable to many of the provisions of the CBCA respecting the governance and management of Aliant will be incorporated in the Fund Declaration of Trust.

10. Common Shareholders are Granted Dissent Rights

Pursuant to the Interim Order, registered Common Shareholders who are opposed to the Arrangement are entitled to dissent and be paid by Aliant the fair value of the holder’s Aliant Common Shares if the Arrangement is completed and the Dissenting Shareholder takes each of the specific steps required under the Interim Order in order to exercise such Dissent Rights.

Fairness Opinion

The Independent Committee retained Scotia Capital to provide an opinion as to the fairness, from a financial point of view, of the Arrangement to the Common Shareholders (other than BCE and its affiliates). The Fairness Opinion states that, in the opinion of Scotia Capital, as of March 2, 2006, the Arrangement is fair, from a financial point of view, to the Common Shareholders (other than BCE and its affiliates). The Fairness Opinion is subject to the assumptions and limitations contained therein and should be read in its entirety. See Appendix “E” to this Information Circular for the Fairness Opinion.

Valuation

Appointment of TD Securities

By letter agreement dated January 11, 2006 (the “Engagement Letter”) the Independent Committee retained TD Securities to prepare and deliver to the Independent Committee the Valuation in accordance with the requirements of the Related Party Rules. TD Securities’ engagement provides for the payment of $2.5 million for its services, reimbursement for reasonable out-of-pocket expenses and customary indemnification. No part of TD Securities’ fee under the Engagement Letter is contingent upon the conclusions reached in the Valuation, or upon the success of the Arrangement.

TD Securities is a leading Canadian investment dealer whose businesses include corporate finance, mergers and acquisitions, equity and fixed income sales and trading, and investment research. TD Securities acts as a trader and dealer, both as principal and agent, in major financial markets and, as such may have had and may in
the future have positions in the securities of Aliant, Aliant Telecom, BCE, Bell Canada, Bell Nordiq Income Fund and BNG, and from time to time, may have executed or may execute transactions for such companies and clients from whom TD Securities received or may receive compensation. TD Securities, as an investment dealer, conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including with respect to Aliant, Aliant Telecom, BCE, Bell Canada, Bell Nordiq Income Fund and BNG and the Arrangement.

Neither TD Securities nor any of its affiliated entities is an associated or affiliated entity or issuer insider (as those terms are defined in the Related Party Rules) of Aliant, Aliant Telecom, BCE, Bell Canada, Bell Nordiq Income Fund or BNG, or any of their respective associates or affiliates. TD Securities is of the view that it is “independent” of all interested parties in the Arrangement within the meaning of the Related Party Rules.

There are no understandings, agreements or commitments between TD Securities and any of Aliant, Aliant Telecom, BCE, Bell Canada, Bell Nordiq Income Fund and BNG or any of their respective associates or affiliates with respect to future financial advisory or investment banking business. TD Securities or its controlling shareholder, a Canadian chartered bank, may, in the future ordinary course of business, extend loans or may provide other financial services to Aliant, Aliant Telecom, BCE, Bell Canada, Bell Nordiq Income Fund or BNG or any of their respective associates or affiliates.

TD Securities reviewed its qualifications with the Independent Committee and based on this presentation the Independent Committee determined that TD Securities is qualified to provide an independent Valuation and is independent for the purposes of the Related Party Rules.

In connection with the preparation of the Valuation, TD Securities reviewed information provided by Aliant and BCE, undertook various procedures, met with senior management of Aliant, BCE and BNG and with representatives of the Independent Committee and conducted investigative exercises as more specifically described in the Valuation (a copy of which is attached as Appendix “F” to this Information Circular).

TD Securities relied upon and assumed the completeness and accuracy of all financial and other information, data, advice, opinions and representations obtained by TD Securities from public sources or provided to it by Aliant, BCE, Bell Canada, Bell Nordiq Income Fund or BNG or their respective officers, associates, affiliates, consultants, advisors and representatives (the “Information”). The Valuation is conditional upon the completeness and accuracy of the Information. In addition, subject to the exercise of professional judgment, TD Securities has not attempted to verify independently the completeness or accuracy of any such Information. For purposes of rendering the Valuation, TD Securities has assumed that the forecasts, projections and budgets of Aliant, the Bell Canada Regional Wireline Operation and BNG provided to TD Securities and used in its analyses have been reasonably prepared using the assumptions identified therein and on bases reflecting the best currently available estimates and judgments of management of those companies as to the matters covered thereby. TD Securities has also assumed the conditions required to implement the Arrangement will be met.

The following is a summary only of the Valuation. This summary is qualified in its entirety by the Valuation, which is attached as Appendix “F” to this Information Circular. The independent valuation is included in the Valuation of TD Securities dated February 27, 2006, which was provided verbally to the Independent Committee on that date, and was subsequently delivered to the Independent Committee. The Valuation sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the Valuation. TD Securities has prepared and provided its opinion solely for the use of the Independent Committee in evaluating the Arrangement. TD Securities has based its Valuation on a variety of factors. TD Securities believes that its analyses must be considered as a whole. Selecting portions of its analyses or the factors considered by TD Securities, without considering all factors and analyses together, could create a misleading view of the process underlying the Valuation. The preparation of a valuation is a complex process and is not necessarily susceptible to partial analysis or summary description. The Valuation has been prepared in accordance with the “Disclosure Standards for Formal Valuations and Fairness Opinions” of the Investment Dealers Association of Canada.
Valuation Methodologies

For purposes of the Valuation and its Fairness Opinion, TD Securities defined “fair market value” as the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay a prudent and informed seller, each acting at arm’s length with the other and under no compulsion to act. In preparing the Valuation and its Fairness Opinion, TD Securities considered which valuation methodologies would be most appropriately applied to the valuation of each of the non-cash assets which were being transferred as a part of the Arrangement.

In determining the fair market value of each of the Aliant Operation, the Bell Canada Regional Wireline Operation, the Fund and BNG, TD Securities relied primarily on the income trust trading analysis approach and also considered the discounted cash flow (“DCF”) analysis approach to valuation. In arriving at its opinion as to the fair market value of each of the non-cash assets involved in the Arrangement, TD Securities placed greater emphasis on the income trust trading analysis than the DCF analysis because in its view investors value income trusts primarily on the basis of yield.

In determining the fair market value of Aliant’s Wireless Assets, TD Securities relied primarily upon the DCF analysis and the precedent transaction analysis approaches. In arriving at its opinion as to the fair market value of Aliant’s Wireless Assets, TD Securities gave equal weighting to each methodology.

Valuation Conclusion

Based upon and subject to the assumptions, limitations, analyses and other matters set forth in the Valuation, TD Securities concluded that the Bell Canada Regional Wireline Operation had an enterprise value of from $5,962.8 million to $6,656.8 million; that BNG had an equity value of from $921.5 million to $1,075.1 million; and that the Fund had an equity value (including BNG) of from $8,104.8 million to $9,305.5 million.

TD Securities concluded that the fair market value of Aliant’s Wireless Assets on an enterprise basis is from $2,259.0 million to $2,705.8 million.

TD Securities also concluded that the assets to be contributed by BCE had a value of from $6,884.4 million to $7,731.9 million and that the consideration paid to BCE had a value of from $7,031.5 million to $7,999.3 million.

Fairness Opinion

TD Securities also states that in its opinion, as of February 27, 2006, the Arrangement is fair, from a financial point of view, to the Common Shareholders (other than BCE and its affiliates).

Recommendation of the Board of Directors

The Board of Directors, based on its own investigations, after receiving legal and financial advice and the report and recommendation of the Independent Committee and consideration of the Fairness Opinion and the Valuation and for the reasons set out under “— Background to and Reasons for the Arrangement”, has unanimously (other than the BCE nominees, who abstained) determined that the Arrangement is in the best interests of Aliant and the holders of Aliant shares, and recommends that Common Shareholders and Preferred Shareholders vote in favour of the Arrangement.

Each member of the Board of Directors (and each executive officer of Aliant and its Subsidiaries) intends to vote all Aliant Common Shares and Aliant Preferred Shares held by him or her, whether held directly or indirectly, in favour of the Arrangement Resolution. The directors and executive officers of Aliant, who were employed with Aliant as of December 31, 2005, as a group beneficially owned, directly or indirectly, or exercised control or direction over, approximately 83,740 Aliant Common Shares and 6,000 Aliant Preferred Shares as at March 29, 2006, representing less than 1% of the votes attached to each of the outstanding Aliant Common Shares and Aliant Preferred Shares. In addition, BCE and its affiliates have agreed to vote any Aliant Common Shares held by them in favour of the Arrangement at the Meeting. As at March 29, 2006, BCE and its affiliates
were the beneficial owners of, in the aggregate, approximately 53.1% of the Aliant Common Shares (on an undiluted basis).

Pre-Arrangement Steps

Aliant expects that the following transactions will occur prior to the Effective Date in connection with preparing for the Arrangement and establishing certain entities that will participate in the Arrangement:

(a) the Fund will create the Trust by contributing a nominal sum in return for Trust Units;
(b) the Trust will incorporate GP as a corporation under the CBCA;
(c) the Trust and GP will form Holdings LP as a limited partnership under the laws of the Province of Québec with GP holding a nominal general partnership interest and the Trust holding Holdings Class 2 LP Units;
(d) Holdings LP will incorporate AcquisitionCo as a corporation under the CBCA;
(e) Aliant will incorporate Wireline Subco as a corporation under the CBCA;
(f) Aliant Telecom will borrow funds from certain Canadian chartered banks on a short-term basis;
(g) Aliant Telecom will redeem its outstanding Island Telecom Series T 10.60% bonds due 2009 in the principal amount of $3.5 million, Island Telecom Series U 11.15% bonds due 2010 in the principal amount of $6.5 million, Island Telecom Series V 9.77% bonds due 2018 in the principal amount of $5.0 million, Island Telecom Series W 8.76% bonds due 2019 in the principal amount of $5.0 million, NewTel Communications Series T 10.75% bonds due 2014 in the principal amount of $75.0 million, Maritime Tel & Tel Series 2 8.30% bonds due 2019 in the principal amount of $50.0 million, Maritime Tel & Tel Series 3 9.70% bonds due 2019 in the principal amount of $50.0 million and Maritime Tel & Tel Series 4 9.05% bonds due 2025 in the principal amount of $60.0 million;
(h) as described under “Financing Arrangements”, Aliant Telecom will solicit the consent of the holders of the NewTel Communications Inc. Series V 11.40% bonds due 2010 in the principal amount of $40.0 million to redeem such bonds prior to their stated maturity date on or before the Effective Date;
(i) Aliant Telecom will terminate certain existing derivative contracts;
(j) as described under “— Treatment of Share-Based Plans in Connection with the Arrangement — Aliant Stock Option Plan”, Aliant will accelerate the vesting of outstanding Options and permit Option holders to, in lieu of exercising the Options, require Aliant to pay the holder, in respect of each Aliant Common Share under option, the amount by which the Common Share Trading Price exceeds the exercise price per Aliant Common Share under such Option; and
(k) as described under “Financing Arrangements”, Aliant intends to give notice of redemption of the Aliant Preferred Shares in accordance with their terms on May 16, 2006, and to redeem the Aliant Preferred Shares on June 30, 2006 in accordance with their terms. This redemption may occur before or after the Effective Date.

In addition, BCE has agreed to cause the repayment of certain indebtedness owing to and from BNG and Bell Canada, and to initiate and fund the redemption of BNG’s existing preferred shares, series 8 in accordance with their terms prior to implementation of the Arrangement. These actions are a condition to the Arrangement. In addition, BCE has indicated its intention to cause some or all of its holding of Aliant Common Shares and BNG shares, currently held indirectly through Bell Canada, to be transferred to BCE prior to implementation of the Arrangement.

Arrangement Steps

If the necessary approvals of Aliant shareholders (including Minority Shareholder approval) and the Court are obtained, and all other conditions precedent to the Arrangement are satisfied or waived, commencing on the Effective Date, each of the events set out below shall occur and shall be deemed to occur in the following order
and on the days and at the times specified without any further act or formality required on the part of any Person, except as expressly provided herein:

(a) The Aliant Common Shares held by Dissenting Shareholders who have exercised Dissent Rights which remain valid immediately before the Effective Time shall be deemed to have been transferred to Aliant and cancelled and shall cease to be outstanding at the Effective Time, and such Dissenting Shareholders will cease to have any rights as Common Shareholders of Aliant other than the right to be paid fair value for their Aliant Common Shares by Aliant.

(b) Aliant and its wholly-owned subsidiaries Aliant AdvanceCom Inc., Aliant Telecom Inc., MT&T Holdings Inc., 4213882 Canada Inc., MT&T Mobility Inc., NewTel Communications (2001) Inc. (or its successor), NewTel Mobility (2001) Inc. (or its successor), Aliant Horizons Inc., Xwave Solutions Inc., 515713 NB Inc. (or its successor), 3808921 Canada Inc. and Newfoundland Telephone (1996) Limited (or its successor) (hereinafter referred to in this paragraph (b) as “predecessor corporations”) shall be amalgamated to form Aliant Amalco with the effect that,

(i) all of the property of the predecessor corporations held immediately before the amalgamation (except any amounts receivable from any predecessor corporation or shares of any predecessor corporation) shall become the property of Aliant Amalco;

(ii) all of the liabilities of the predecessor corporations immediately before the amalgamation (except amounts payable to any predecessor corporation) shall become liabilities of Aliant Amalco;

(iii) all of the shares of the predecessor corporations held by Aliant or another of the predecessor corporations immediately before the amalgamation shall be cancelled;

(iv) the issued share capital of Aliant Amalco shall consist of the same number of Aliant Common Shares and, if the Effective Date occurs before June 30, 2006, Aliant Preferred Shares having the same rights, privileges, restrictions and conditions as the pre-amalgamation Aliant Common Shares and Aliant Preferred Shares, respectively;

(v) the directors of Aliant Amalco shall be the same persons who are directors of Aliant; and

(vi) the by-laws of Aliant Amalco, until repealed, amended or altered, shall be the by-laws of Aliant.

(c) At 4:00 p.m. (EDT) on the Effective Date, Wireline LP shall be formed, having Aliant Amalco as its general partner and Bell Canada as its initial limited partner, and upon the formation of Wireline LP, Bell Canada shall contribute certain of the tangible assets of the Bell Canada Regional Wireline Operation to Wireline LP in exchange for Wireline Exchangeable LP Units in accordance with the terms of the Arrangement Agreement.

(d) At 4:00 p.m. (EDT) on the Business Day following the contribution described in paragraph (c) above, Aliant Amalco shall contribute all of its assets (other than certain excluded assets specified in the Arrangement Agreement) to Wireline LP in exchange for:

(i) the assumption by Wireline LP of all of Aliant Amalco’s liabilities (other than certain excluded liabilities specified in the Arrangement Agreement), and

(ii) Class A limited partnership units of Wireline LP,

in accordance with the terms of the Arrangement Agreement.

(e) Aliant Amalco will transfer a nominal limited partnership interest in Wireline LP to Wireline Subco.

(f) At 4:00 p.m. (EDT) on the Business Day following the contribution described in paragraph (d) above, or such earlier or later date as BCE and Aliant may, having regard to tax matters, agree, each acting reasonably (the “Closing Date”), Bell Canada shall exchange the remaining assets of the Bell Canada Regional Wireline Operation with Wireline LP for the Wireless Assets and the Purchased Retail Assets, and shall assume certain liabilities associated with the Wireless Assets and Wireline LP shall:

(i) issue the Demand Promissory Note to Bell Canada,
(ii) assume the Assumed Wireline Liabilities, and

(iii) issue Wireline Exchangeable LP Units to Bell Canada,

all in accordance with the terms of the Arrangement Agreement. All transactions described below at paragraphs (g) to (q) following the transaction set forth in this paragraph (f) shall occur on the Closing Date in the order set forth below beginning at 5:01 p.m. (Toronto time) on the Closing Date.

(g) All outstanding Options shall be terminated (without payment) and cease to have any further force or effect.

(h) The Fund shall purchase each issued and outstanding Aliant Common Share (other than a number of Aliant Common Shares then held, directly or indirectly, by BCE and elected by BCE, pursuant to the terms of the Arrangement Agreement, to be exchanged pursuant to paragraph (j), below), free of any claims, in return for one newly-issued Unit for each Aliant Common Share, provided that, in the case of Non-Electing Small Lot Common Shareholders and U.S. Common Shareholders who have not elected to receive Units and completed a Qualified Purchaser Certification, such Units will be sold in the market as described under “— Treatment of Small Lot Common Shareholders” and “— Treatment of Common Shareholders in the United States”, respectively.

(i) Simultaneously with the transfers described in paragraphs (j) and (k) below, the Fund shall transfer the Aliant Common Shares acquired by it in paragraph (h), above to the Trust in consideration for Trust Units and Trust Notes.

(j) Simultaneously with the transfers described in paragraph (i), above and paragraph (k), below, each remaining Aliant Common Share then held by BCE, directly or indirectly, shall be contributed to Holdings LP (free of any claims) in exchange for Holdings Class 1 Exchangeable LP Units and GP Shares on a one-for-one basis.

(k) Simultaneously with the transfers described in paragraphs (i) and (j) above, BCE shall contribute or cause to be contributed all of the common shares of BNG to Holdings LP (free of any claims) in exchange for a number of Holdings Class 1 Exchangeable LP Units and GP Shares determined in accordance with the terms of the Arrangement Agreement.

(l) The Fund shall issue to BCE and Bell Canada a number of Special Voting Units equal to the number of Holdings Class 1 Exchangeable LP Units and Wireline Exchangeable LP Units, respectively, held by them.

(m) The Exchange Rights shall be granted to BCE and Bell Canada.

(n) The Trust shall contribute the Aliant Common Shares held by it to Holdings LP in return for Holdings Class 2 LP Units and GP Shares.

(o) Holdings LP shall transfer the Aliant Common Shares held by it to AcquisitionCo in return for AcquisitionCo Notes, series 1 preference shares of AcquisitionCo and common shares of AcquisitionCo.

(p) Aliant Amalco and AcquisitionCo (hereinafter referred to in this paragraph (p) as “predecessor corporations”) shall be amalgamated to form Wireline GP with the effect that:

(i) all of the property of the predecessor corporations held immediately before the amalgamation (except any amounts receivable from any predecessor corporation or shares of any predecessor corporation) shall become the property of Wireline GP,

(ii) all of the liabilities of the predecessor corporations immediately before the amalgamation (except amounts payable to any predecessor corporation) shall become liabilities of Wireline GP,

(iii) all of the Aliant Common Shares held by AcquisitionCo immediately before the amalgamation shall be cancelled,

(iv) the issued share capital of Wireline GP shall consist of the same number of common shares and series 1 preference shares having the same rights, privileges, restrictions and conditions as the
pre-amalgamation common shares and series 1 preference shares of AcquisitionCo, and, if the Effective Date occurs before June 30, 2006, a number of preference shares of a second series, to be designated as “series 2 preference shares”, that is the same as the number of Aliant Preferred Shares that were outstanding prior to the amalgamation having the same rights, privileges, restrictions and conditions as such Aliant Preferred Shares,

(v) the directors of Wireline GP shall be the same persons who are directors of Aliant Amalco, and

(vi) the by-laws of Wireline GP, until repealed, amended or altered, shall be the by-laws of Aliant Amalco.

(q) Holdings LP shall transfer the series 1 preference shares of Wireline GP held by it to BNG in return for common shares of BNG and subordinated notes of BNG having a principal amount not more than the redemption price of such series 1 preference shares and an interest rate and other terms mutually agreed by BCE and Wireline GP, each acting reasonably.

(r) Any redemption notice delivered by Aliant to a holder of Aliant Preferred Shares prior to the Effective Date shall continue to remain valid and binding as against Wireline GP and holders of series 2 preference shares of Wireline GP.

Post-Arrangement Steps

Following completion of the Arrangement, it is intended that the following transactions will occur, among others:

(a) on the Closing Date, Wireline LP will borrow funds under the New Credit Facilities and repay the Demand Promissory Note that was issued to Bell Canada as described in paragraph (f) under the heading “— Arrangement Steps”, above;

(b) if the Closing Date occurs prior to June 30, 2006, Wireline GP, the successor to Aliant, will redeem the series 2 preference shares of Wireline GP (formerly the Aliant Preferred Shares) in accordance with their terms on June 30, 2006;

(c) if the Closing Date occurs prior to July 1, 2006, BNG will redeem the preferred shares, series 8, of BNG in accordance with their terms and as contemplated by the Arrangement Agreement on July 1, 2006; and

(d) BCE will transfer its GP Shares and an 8.25% interest in Holdings LP to Bell Canada.

Effect of the Arrangement

Immediately after giving effect to the Arrangement and related transactions,

(a) Units representing 26.5% of the Units on a fully-diluted basis will have been issued in exchange for outstanding Aliant Common Shares (other than Aliant Common Shares held by BCE and its affiliates);

(b) BCE and its affiliates will, through their ownership of Units, Holdings Class 1 Exchangeable LP Units and Wireline Exchangeable LP Units, own 73.5% of the Units on a fully-diluted basis (assuming the exchange of all Holdings Class 1 Exchangeable LP Units and Wireline Exchangeable LP Units);

(c) the Fund will own all of the issued and outstanding Trust Units and Trust Notes;

(d) the Trust will own Holdings Class 2 LP Units, and GP Shares, expected to represent approximately 39.1% of the outstanding limited partnership units of Holdings LP and GP Shares, respectively (assuming that BCE does not elect to exchange any Aliant Common Shares for Units under the Arrangement);

(e) BCE and/or its affiliates will own Holdings Class 1 Exchangeable LP Units, and GP Shares, expected to represent approximately 60.9% in the aggregate of the outstanding limited partnership units of Holdings LP and GP Shares, respectively (assuming that BCE does not elect to exchange any Aliant Common Shares for Units under the Arrangement);
(f) Holdings LP will own all of the outstanding common shares of Wireline GP and BNG, and BNG will own all of the outstanding series 1 preference shares of Wireline GP;

(g) Wireline GP will be the general partner of Wireline LP and, together with Wireline Subco, will own Class A limited partnership units of Wireline LP expected to represent approximately 63.7% of the outstanding limited partnership units of Wireline LP;

(h) Bell Canada will own Wireline Exchangeable LP Units expected to represent approximately 36.3% of the outstanding limited partnership units of Wireline LP;

(i) Wireline LP will operate the Aliant Operation and the Bell Canada Regional Wireline Operation;

(j) BNG will continue to act as general partner of the Bell Nordiq Partnerships and hold a 63.4% limited partnership interest in such partnerships; and

(k) Aliant’s wireless operation and shares of DownEast Ltd. will be owned by Bell Canada.

It is expected that the Fund will make monthly cash distributions to Unitholders. The Fund’s distributions will be indirectly derived from the operations and activities of Wireline LP and the Bell Nordiq Partnerships. See “Description of the Fund — Distributions”.

BCE has announced its current intention to distribute Units to holders of common shares of BCE as a return of capital which is currently expected to reduce the ownership of BCE and its affiliates to approximately 45% (on a fully-diluted basis). However, such distribution by BCE is not a condition to completion of the Arrangement and may not occur.
Structure Following the Closing of the Arrangement

The following diagram illustrates the organizational structure of the Fund and related entities immediately following implementation of the Arrangement and the transactions contemplated in connection therewith, on the assumption that BCE does not elect to exchange any Aliant Common Shares for Units under the Arrangement:

Note:
(1) Wireline GP is the successor corporation to Aliant and Aliant Telecom.
Conditions Precedent to the Arrangement

The completion of the Arrangement is subject to a number of conditions, which must be satisfied (or otherwise waived by each of the applicable parties) on or before the Effective Date. These conditions include:

(a) The Arrangement Resolution must have been approved by not less than (i) $66\frac{2}{3}\%$ of the votes cast by Common Shareholders and Preferred Shareholders, voting together, in person or by proxy at the Meeting, and (ii) a simple majority of the votes cast by Minority Shareholders voting in person or by proxy at the Meeting.

(b) The Arrangement must be approved by the Court pursuant to the Final Order in a form satisfactory to each of BCE and Aliant, acting reasonably, which order shall not have been set aside or modified in a manner unacceptable to them, acting reasonably, on appeal or otherwise.

(c) There will not be in force any judgment, injunction, order or decree and there shall not have been passed any law which prevents, restrains or enjoins the consummation of the transactions contemplated by the Arrangement Agreement.

(d) Favourable rulings with respect to certain tax matters relating to Aliant, BCE, Bell Canada and Wireline LP, shall have been issued by the CRA in form and substance satisfactory to Aliant and/or BCE, each acting reasonably.

(e) The Arrangement Agreement shall not have been terminated.

(f) There will not have been any change or proposed change in the income tax laws of Canada or the interpretation or administration thereof, or in the telecommunications regulatory laws of Canada or the interpretation or administration thereof which would, as a result of the completion of the transactions contemplated by the Arrangement Agreement, in the reasonable opinion of BCE or Aliant, result in a material adverse effect on, among others, Aliant, BCE, Bell Canada or the Fund or be materially adverse to their securityholders and which result cannot be effectively dealt with by the parties using reasonable efforts to do so as contemplated by the Arrangement Agreement.

(g) There shall not be pending any suit, action or proceeding (i) seeking to prohibit or restrict the consummation of the Arrangement or seeking damages in connection therewith, (ii) seeking to prohibit or materially limit the ownership or operation by, among others, BCE, Bell Canada, Wireline LP or the Fund of assets or operations to be acquired under the Arrangement Agreement, or to compel any disposition of such assets or operations, or (iii) which would otherwise be reasonably likely to have a material adverse effect on, among others, Aliant, BCE, Bell Canada or the Fund.

(h) All material consents, orders, rulings or approvals of governmental entities, including the CRTC, the Competition Bureau, stock exchanges and securities regulatory authorities, shall have been obtained on terms and conditions satisfactory to BCE and Aliant, each acting reasonably.

(i) Telephone directory arrangements acceptable to BCE and Aliant, each acting reasonably, shall have been settled and entered into on behalf of Wireline LP.

(j) The Units to be issued pursuant to the Arrangement shall have been conditionally approved for listing by the TSX, subject only to the filing of customary required documents following the Effective Date.

(k) Aliant and BCE shall be satisfied, each acting reasonably, that the New Credit Facilities shall be in place and available to be drawn upon to fund repayment of the Demand Promissory Note referred to in paragraph (f) under “— Arrangement Steps”.

(l) Dissent Rights will not have been exercised in respect of more than 5% of the outstanding Aliant Common Shares.
(m) Certain third party consents shall have been obtained on terms and conditions satisfactory to BCE and Bell Canada, acting reasonably.

Arrangement Agreement

The Arrangement is being effected pursuant to the Arrangement Agreement and the Plan of Arrangement. The full text of the Plan of Arrangement is attached as Appendix “C” to this Information Circular.

The following is a summary only of the material terms of the Arrangement Agreement and is subject to, and qualified in its entirety by, the full text of the Arrangement Agreement. A redacted copy of the Arrangement Agreement has been filed by Aliant with the Canadian securities regulatory authorities on SEDAR and can be accessed at the SEDAR website at www.sedar.com. While the most significant terms of the Arrangement Agreement have been summarized in this Information Circular, readers are referred to the Arrangement Agreement filed on SEDAR for further details.

The Arrangement Agreement was entered into among Aliant, BCE and Bell Canada on March 6, 2006. It contains the agreements between the parties concerning the terms and conditions on which the assets and business operations and liabilities will be contributed, transferred and assumed. See “The Business of the Fund” and “Information Regarding Assets to be Transferred by Aliant under the Arrangement”. The Arrangement Agreement outlines the steps to be taken by the respective parties to prepare for and implement the Arrangement, contains certain covenants, representations and warranties of and from each of the parties thereto, and contains various closing conditions which must be satisfied or waived in order for the Arrangement to be completed.

The Arrangement Agreement also includes the agreement among the parties concerning various ancillary agreements to be entered into in connection with the implementation of the Arrangement. These include the commercial agreements described under “The Business of the Fund — Commercial Agreements with Bell Canada”, certain agreements relating to the formation of the Fund, the Trust, Holdings LP and Wireline LP, and the Securityholders’ Agreement and the Investor Liquidity and Exchange Agreement.

Representations and Warranties

Aliant, BCE and Bell Canada have made certain representations and warranties to each other in the Arrangement Agreement. These representations and warranties relate generally to the existence and status of the parties, the parties’ various public disclosures and to various matters relating to Aliant’s business operations (in the case of Aliant), and to the Bell Canada Regional Wireline Operation and BNG and the Bell Nordiq Partnerships (in the case of BCE and Bell Canada). In certain cases, these representations and warranties are qualified by knowledge or by reference to materiality.

Covenants

The Arrangement Agreement contains covenants relating to, among other things, the completion of the Arrangement, the satisfaction of conditions to the Arrangement, certain pre-Arrangement activities by the parties and the conduct of business during the period prior to the Closing Date.

Closing Conditions

The Arrangement is subject to a number of conditions, including those described under the heading “— Conditions Precedent to the Arrangement”.

29
Termination and Amendment

The Arrangement Agreement may be terminated at any time prior to the Effective Date as follows:

(a) if any condition in favour of BCE is not satisfied at or before the Effective Date to the satisfaction of BCE, then BCE may terminate the Arrangement Agreement, unless BCE’s actions or failure to act has been a principal cause of or resulted in the transactions contemplated in the Arrangement Agreement not being consummated and such actions or failure to act constitutes a material breach of the Arrangement Agreement;

(b) if any condition in favour of Aliant is not satisfied at or before the Effective Date to the satisfaction of Aliant, then Aliant may terminate the Arrangement Agreement, unless Aliant’s actions or failure to act has been a principal cause of or resulted in the transactions contemplated in the Arrangement Agreement not being consummated and such actions or failure to act constitutes a material breach of the Arrangement Agreement;

(c) unless otherwise mutually agreed by the parties, the Arrangement Agreement shall be automatically terminated if, following the Meeting, the Arrangement Resolution has been voted on and not approved by the Aliant shareholders; or

(d) by the mutual agreement of Aliant and BCE.

In addition, if the Effective Date does not occur on or prior to December 27, 2006, then, unless otherwise agreed by the parties, the Arrangement Agreement shall terminate.

The Arrangement Agreement provides that it and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Meeting and the granting of the Final Order, be amended by mutual written agreement of the parties, and any such amendment may, subject to applicable laws and the Interim Order, without limitation:

(a) change the time for performance of any of the obligations or acts of the parties;

(b) waive any inaccuracies or modify any representation or warranty contained in the Arrangement Agreement or in any document delivered pursuant thereto;

(c) waive compliance with or modify any of the covenants contained in the Arrangement Agreement and waive or modify performance of any of the obligations of the parties; and/or

(d) waive compliance with or modify any conditions precedent contained in the Arrangement Agreement.

Aliant, BCE and Bell Canada have agreed to co-operate and use their commercially reasonable efforts to effect the Arrangement in a manner that minimizes (or eliminates) the taxes payable by the various parties as a result of the Arrangement and the Arrangement Agreement. The parties may amend the Arrangement Agreement or the Plan of Arrangement to include, without limitation, changes required for various tax, regulatory, accounting or other reasons or events, including a restructuring of the Fund or any entities in the Fund Group or adjustments in the manner in which BCE and Bell Canada hold their direct or indirect interests in the Fund.

Effective Date and Closing Date of the Arrangement

Following receipt of the required approvals by holders of Aliant Common Shares and Aliant Preferred Shares, receipt of the Final Order, and satisfaction or waiver of the conditions precedent set forth in the Arrangement Agreement, Aliant currently intends to send the Articles of Arrangement to the Director pursuant to Section 192(6) of the CBCA (the date on which the Articles of Arrangement are sent, the “Effective Date”).

The Arrangement will become effective when the Director issues the Certificate. Under the terms of the Plan of Arrangement, it is expected that the Arrangement will be implemented over a series of Business Days. It is currently anticipated that the Closing Date (which is the date on which Units will be issued by the Fund in return for Aliant Common Shares) will be the second Business Day following the Effective Date.
Procedure for the Arrangement Becoming Effective

The Arrangement is proposed to be carried out pursuant to Section 192 of the CBCA. The following steps must be taken for the Arrangement to become effective:

(a) the Arrangement Resolution must be approved by not less than $66\frac{2}{3}\%$ of the votes cast by the Common Shareholders and Preferred Shareholders, voting together, as well as by a majority of the votes cast by the Minority Shareholders, in each case voting in person or by proxy at the Meeting;

(b) the Arrangement must be approved by the Court by the grant of the Final Order;

(c) the conditions precedent to the Arrangement set out in the Arrangement Agreement, including receipt of applicable regulatory approvals, must be satisfied or waived by the appropriate parties; and

(d) the Articles of Arrangement and related documents, in the form prescribed by the CBCA, together with a copy of the Final Order and the Plan of Arrangement, must be sent to the Director in accordance with the CBCA and the Final Order, and the Certificate must be issued by the Director.

Shareholder Approval

The Arrangement is a “related party transaction” for Aliant within the meaning of Ontario Securities Commission Rule 61-501 — Insider Bids, Issuer Bids, Business Combinations and Related Party Transactions and Regulation Q-27 respecting Protection of Minority Securityholders in the Course of Certain Transactions (Québec) (collectively, the “Related Party Rules”). In the case of the Arrangement, the Related Party Rules require that Aliant obtain the approval of its “minority shareholders” (as determined by the Related Party Rules) for the Arrangement. To the knowledge of Aliant, votes attached to a total of 67,738,856 Aliant Common Shares will be excluded in determining whether minority approval for the Arrangement has been obtained for the purposes of the Related Party Rules. As at March 29, 2006, Aliant had 127,311,043 Aliant Common Shares outstanding.

The Interim Order provides that the Arrangement Resolution is required to be approved by not less than (i) $66\frac{2}{3}\%$ of the votes cast by the holders of Aliant Common Shares and Aliant Preferred Shares, voting together, present in person or represented by proxy at the Meeting and (ii) a simple majority of the votes cast by Minority Shareholders voting in person or by proxy at the Meeting.

The Arrangement Resolution provides that, notwithstanding that it may have been passed (and the Arrangement adopted) by the Aliant shareholders or that the Arrangement may have been approved by the Court, the directors of Aliant are authorized, subject to the terms of the Plan of Arrangement and the Arrangement Agreement, and without further notice to or approval of the Aliant shareholders, (i) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted thereby, and (ii) not to proceed with the Arrangement and related transactions. See Appendix “A” to this Information Circular for the full text of the Arrangement Resolution.

Court Approval

An arrangement under the CBCA requires court approval. Subject to the terms of the Arrangement Agreement, and if the Arrangement Resolution is approved by holders of Aliant Common Shares and Aliant Preferred Shares at the Meeting in the manner required by the Interim Order, which is attached as Appendix “H” to this Information Circular, Aliant currently intends to apply promptly to the Court for the Final Order approving the Arrangement. The Originating Notice with respect to the application for the Final Order is reproduced at Appendix “G” to this Information Circular.

The application for the Final Order approving the Arrangement is expected to be made on Thursday, May 18, 2006, at 2:00 p.m. (ADT), or as soon thereafter as counsel may be heard, at The Law Courts, 1815 Upper Water Street, Halifax, Nova Scotia. At the hearing, any shareholder and any other interested party who wishes to participate or to be represented or to present evidence or argument may do so in accordance with the provisions of the Interim Order, provided that such a party must serve upon Aliant a notice of appearance,
together with any affidavit or other materials which such party intends to present to the Court, not later than two
clear days before the hearing, all in accordance with Nova Scotia Rules of Civil Procedure, and shall file such
materials with the Court in accordance with the applicable rules of civil procedure. Service of such notice shall
be effected by service upon the solicitors for Aliant: Cox Hanson O’Reilly Matheson, 1100-1959 Upper Water
Street, Halifax, Nova Scotia, B3J 3E5, Attention: Daniel M. Campbell, Q.C.; Telephone: (902) 491-4105; Facsimile: (902) 421-3150; or, Blake, Cassels & Graydon LLP, 199 Bay Street, Suite 2800, Commerce Court
West, Toronto, Ontario, M5L 1A9, Attention: Jeffrey Galway or Bradley Berg; Telephone: (416) 863-2400;
Facsimile: (416) 863-2653.

The Units to be distributed or transferred pursuant to the Arrangement have not been registered under the
1933 Act in reliance upon the exemption from registration set forth in section 3(a)(10) of the 1933 Act. The
Court will be advised at the hearing of the application for the Final Order that, if the terms and conditions of the
Arrangement are approved by the Court, Units issued pursuant to the Arrangement will not require registration
under the 1933 Act.

The Court has broad discretion under the CBCA when making orders with respect to the Arrangement and
the Court is expected to consider, among other things, the fairness and reasonableness of the Arrangement,
from both a substantive and procedural point of view. The Court may approve the Arrangement either as
proposed or as amended in any manner the Court may direct, subject to compliance with such terms and
conditions, if any, as the Court thinks fit.

Depending upon the nature of any required amendments, any of Aliant, BCE or Bell Canada may
determine not to proceed with the Arrangement.

Regulatory Approvals and Conditions Precedent

Completion of the Arrangement is subject to the parties obtaining various required regulatory approvals,
including:

(a) an advance ruling certificate or alternative clearance under the *Competition Act* (Canada);
(b) the issuance of certain orders of the CRTC under the *Telecommunications Act* relating to tariffs,
interconnection agreements and other matters;
(c) compliance by Bell Canada with the *Bell Canada Act* (Canada);
(d) approvals of change of ownership and issuance of broadcasting licenses to the partners of Wireline LP
under the *Broadcasting Act*; and
(e) authorizations of the Minister of Industry (Canada) with respect to transfers of spectrum licenses
proposed to occur as part of the Arrangement.

In addition, completion of the Arrangement is conditional upon the satisfaction or waiver of the other
closing conditions set forth in the Arrangement Agreement, including the receipt of favourable advance income
tax rulings from the CRA.

Aliant and BCE are working to satisfy the conditions to completion of the Arrangement and obtain
required regulatory approvals. At this time, it is not expected that all required approvals will be obtained or
conditions satisfied by the time of the Meeting. Aliant anticipates that such approvals will be obtained or
conditions satisfied during the third quarter of 2006, although there can be no assurance that required approvals
will be obtained, or conditions satisfied, within such expected time frame or at all.

Articles of Arrangement

Following receipt of the required approvals by holders of Aliant Common Shares and Aliant Preferred
Shares, receipt of the Final Order and satisfaction or waiver of the conditions precedent set forth in the
Arrangement Agreement, Aliant intends to send Articles of Arrangement to the Director pursuant to
Section 192(6) of the CBCA. Upon issuance of a Certificate by the Director, the Arrangement will be implemented.

**Anticipated Timing**

If the Meeting is held as scheduled on May 17, 2006 and the required approvals of Aliant shareholders are obtained, Aliant currently intends to apply promptly to the Court for the Final Order approving the Arrangement. However, it is currently expected that certain required regulatory approvals will not be received, and certain conditions precedent will not be satisfied, until the third quarter of 2006. Assuming the obtaining of necessary approvals and satisfaction or waiver of applicable conditions precedent, Aliant expects the Effective Date will occur during the third quarter of 2006. The Closing Date is currently anticipated to be the second Business Day after the Effective Date. It is not possible, however, to state with certainty when the Effective Date or the Closing Date will occur and there can be no assurance that required approvals will be obtained, or conditions satisfied, within such time or at all. The Effective Date and Closing Date could be delayed for a number of reasons, including an objection before the Court at the hearing of the application for the Final Order or a delay in receiving any requested regulatory approval or requested advance income tax rulings.

The Arrangement will become effective on the date shown in the Certificate issued by the Director.

**Procedure for Exchange of Common Shares**

The Arrangement, upon implementation, will automatically result in the exchange of Aliant Common Shares for Units. Following completion of the Arrangement, Common Shareholders will no longer be Aliant shareholders, and any share certificate held will instead represent an entitlement to Units (or, in certain cases, a share of net cash proceeds from sales of Units) under the terms of the Arrangement. After completion of the Arrangement, it is expected that a transmittal letter will be sent to Aliant shareholders requesting the return of certificates representing Aliant Common Shares (or share certificates of Aliant’s predecessor companies) in return for a certificate representing the applicable number of Units to which such shareholder is entitled.

Registered shareholders must, following implementation of the Arrangement, present the share certificate representing such shareholder’s Aliant Common Shares to Aliant or as otherwise directed in order to receive a certificate representing the number of Units to which such shareholder is entitled.

For non-registered shareholders, it is expected that the Units to be received will be credited to an account with such shareholder’s broker, trust company or other Intermediary. However, non-registered shareholders should contact their Intermediary if they have any questions regarding this process.

**Treatment of Share-Based Plans in Connection with the Arrangement**

**Aliant Stock Option Plan**

As of March 29, 2006, there were Options outstanding to acquire 2,714,392 Aliant Common Shares under the Aliant Stock Option Plan and (assuming exercise of all such outstanding Options) 3,941,822 Aliant Common Shares remained available for issuance under the Aliant Stock Option Plan. Options that are currently vested and exercisable may be exercised in accordance with their terms. In accordance with the terms of the Aliant Stock Option Plan, holders of Options will be permitted to exercise their Options on an accelerated vesting basis, effective at 12:01 a.m. (ADT) on the Effective Date. In addition, the terms of the Aliant Stock Option Plan will also be amended to permit such Option holders, in lieu of exercising the Options, to require Aliant to pay to the holder, in respect of each Aliant Common Share under option, the amount by which the Common Share Trading Price exceeds the exercise price per Aliant Common Share under such Option, such amendment of the Aliant Stock Option Plan to be effective at 12:01 a.m. (ADT) on the Effective Date.

In accordance with the Arrangement Agreement, the Aliant Stock Option Plan will be terminated as of the Effective Time.
**Employees’ Stock Savings Plan**

Under the Arrangement Agreement, Aliant and BCE have agreed that Aliant’s Employees’ Stock Savings Plan will operate in the normal fashion until June 30, 2006. Persons who hold Aliant Common Shares through the Employees’ Stock Savings Plan will, as shareholders, have the opportunity to vote on the Arrangement Resolution and the other matters to be considered at the Meeting. If the Arrangement is completed, persons who hold Aliant Common Shares through the Employees’ Stock Savings Plan will receive Units or cash, as applicable, in connection with the Arrangement.

Under the Employees’ Stock Savings Plan, employees may enrol and make contributions to the plan through payroll deductions and by reinvestment of dividends on Aliant Common Shares issued under the Employees’ Stock Savings Plan. In respect of payroll deductions, the participant’s employer will make a contribution of $1 for every $3 contributed by the employee for the first 1% to 6% of an employee’s earnings contributed, plus a contribution of $1 for every $8 contributed by the employee for contributions in excess of 6% up to a maximum of 10% of an employee’s earnings. A majority of the Aliant Common Shares issued from treasury may not be issued to insiders (as defined in the Securities Act (Ontario)). In addition, the number of Aliant Common Shares which may be issued from treasury, together with all Aliant Common Shares which may be issued under all other share based compensation arrangements, to insiders in a one year period may not exceed 10% of the outstanding Aliant Common Shares. The price of such shares to employees will be the arithmetic average of the closing price of Aliant Common Shares on the TSX on the last five trading days preceding the date of distribution. Aliant may amend the terms of the Employees’ Stock Savings Plan but no amendment may have a retroactive effect that would prejudice the interests of any participants under such Plan.

In accordance with its terms, the Employees’ Stock Savings Plan will become a Unit purchase plan upon the completion of the Arrangement. It is currently anticipated that, subject to receipt of all necessary regulatory approvals, including possible exemptive relief from the Canadian securities regulatory authorities, the Fund will continue such Unit purchase plan (the “Employees’ Unit Purchase Plan”) following completion of the Arrangement. See “Trustees, Directors and Management — Termination of, Establishment of or Amendments to the Terms of Executive Compensation Programs Upon Completion of the Arrangement.”

**Dividend Re-investment Plan**

Aliant’s current Dividend Re-investment Plan will operate in the normal fashion prior to completion of the Arrangement. Subject to receipt of all necessary regulatory approvals, Aliant currently expects that the Fund will implement a substantially similar distribution re-investment plan following the Effective Date. Persons who hold Aliant Common Shares through the Dividend Re-investment Plan will receive Units or cash, as applicable, in connection with the Arrangement. These Units will remain available for the reinvestment of distributions in the anticipated new re-investment plan following the Closing Date. Cash, as applicable, will be paid by cheque to the holder.

**Treatment of Small Lot Common Shareholders**

A Small Lot Common Shareholder is a registered holder of Aliant Common Shares holding 25 or fewer Aliant Common Shares as of the close of business in Halifax, Nova Scotia on the third Business Day preceding the Effective Date, who continues to hold such Aliant Common Shares as a registered holder through the Closing Date. **If you are a Small Lot Common Shareholder, you must make an election, as described below, in order to receive Units under the Arrangement.**

A Small Lot Common Shareholder who wishes to receive Units as part of the Arrangement must so elect by completing and delivering the Small Lot Common Shareholder Retention of Interest Form which accompanies this Information Circular. The form should be returned to CIBC Mellon Trust Company; (a) by mail to CIBC Mellon Trust Company, P.O. Box 1036, Adelaide Street Postal Station, Toronto, Ontario, M5C 2K4 (Attention: Special Projects), (b) by hand or courier to CIBC Mellon Trust Company, 199 Bay Street, Commerce Court West, Securities Level, Toronto, Ontario, M5L 1G9 (Attention: Courier window/Special Projects), or (c) by facsimile at (416) 643-3148, so that it is received no later than 5:00 p.m. (ADT) on the Business Day preceding the Effective Date. Additional copies of the Small Lot Common Shareholder Retention of Interest Form may be obtained from CIBC Mellon Trust Company. Each Small Lot Common Shareholder who...
completes a Small Lot Common Shareholder Retention of Interest Form and elects to receive Units shall receive Units as part of the Arrangement as described in this Information Circular.

Small Lot Common Shareholders who do not elect to receive Units ("Non-Electing Small Lot Common Shareholders") as part of the Arrangement by validly completing and returning a Small Lot Common Shareholder Retention of Interest Form will not receive Units. Instead, Units that would otherwise be distributable to Non-Electing Small Lot Common Shareholders will be sold in the Canadian market through a registered investment dealer, and each Non-Electing Small Lot Common Shareholder will be entitled, upon delivery of certificates representing such Non-Electing Small Lot Common Shareholder’s Aliant Common Shares to or as directed by Aliant, to receive a cash payment in lieu of Units representing such Small Lot Common Shareholder’s pro rata share of the net sale proceeds from such Units and those sold as described under “— Treatment of Common Shareholders in the United States”, below (less any applicable withholding taxes).

All Units that are to be sold as described above will be sold as soon as practicable after the completion of the Arrangement. Any such sale of Units shall be effected through a registered investment dealer on the stock exchange on which such Units are then listed or by private sale. As soon as reasonably possible after the sale of all such Units, a cheque will be forwarded to each such Non-Electing Small Lot Common Shareholder in an amount equal to that Small Lot Common Shareholder’s pro rata share of the net proceeds (net of any applicable withholding taxes) received as a result of all such sales.

The investment dealer effecting the sale of any Units will, except as provided above, exercise its sole judgment as to the timing and manner of sale and will not be obligated to seek or obtain a minimum price for such Units. None of such investment dealer, CIBC Mellon Trust Company, Aliant or the Fund will be liable for any loss arising out of any sale of such Units relating to the manner or timing of such sales, the date or dates of such sales or the price at which Units are sold, or otherwise. The sale price of the Units sold will fluctuate with the market price of the Units and no assurances can be given that any particular price will be received upon such sale.

Treatment of Common Shareholders in the United States

U.S. Regulatory Matters

The Units to be distributed or transferred pursuant to the Arrangement have not been registered under the 1933 Act in reliance upon the exemption from registration set forth in section 3(a)(10) of the 1933 Act. See “— Securities Law Matters — United States Securities Laws”.

Units will only be distributed to Qualified U.S. Shareholders. See “— Qualified U.S. Shareholders” below. All Non-Qualified U.S. Shareholders will receive a cash payment in lieu of receiving Units, as described in “— Non-Qualified U.S. Shareholders” below.

Any Units issued to Qualified U.S. Shareholders under the Arrangement will be subject to resale restrictions imposed in accordance with the provisions of the Investment Company Act and may only be resold to the Fund or to a purchaser who is a Qualified Purchaser. Any Qualified U.S. Shareholder should obtain the advice of his, her or its legal counsel with respect to the application of these restrictions and the Investment Company Act to the offer or sale of such Units by such person.

Qualified U.S. Shareholders

A U.S. Common Shareholder who otherwise satisfies the requirements for treatment as a Qualified U.S. Shareholder will only be treated as such for purposes of the Arrangement once such U.S. Common Shareholder submits (and does not withdraw) a properly completed and executed Qualified Purchaser Certification, confirming such U.S. Common Shareholder’s status as a Qualified U.S. Shareholder and electing to receive Units. The Certification form should be returned to CIBC Mellon Trust Company: (a) by mail to CIBC Mellon Trust Company, P.O. Box 1036, Adelaide Street Postal Station, Toronto, Ontario, M5C 2K4 (Attention: Special Projects), (b) by hand or courier to CIBC Mellon Trust Company, 199 Bay Street, Commerce Court West, Securities Level, Toronto, Ontario, M5L 1G9 (Attention: Courier window/Special Projects), or (c) by facsimile at (416) 643-3148, so that it is received no later than 5:00 p.m. (ADT) on the Business Day
preceding the Effective Date. Additional copies of the Qualified Purchaser Certification may be obtained from CIBC Mellon Trust Company. Each Qualified U.S. Shareholder who completes a Qualified Purchaser Certification and elects to receive Units shall receive Units as part of the Arrangement as described in this Information Circular.

Non-Qualified U.S. Shareholders

Under applicable U.S. securities laws, the Fund cannot distribute Units to U.S. Common Shareholders who are not Qualified U.S. Shareholders. Consequently, Units that would otherwise be distributable to Non-Qualified U.S. Shareholders will be sold in the Canadian market through a registered investment dealer, and each such Non-Qualified U.S. Shareholder will be entitled, upon delivery of certificates representing such Non-Qualified U.S. Shareholder’s Aliant Common Shares to or as directed by Aliant, to receive a cash payment in lieu of Units representing such Non-Qualified U.S. Shareholder’s pro rata share of the net sale proceeds from such Units and those sold as described under “— Treatment of Small Lot Common Shareholders”, above (less any applicable withholding taxes).

All Units that are to be sold as described above will be sold as soon as practicable after the completion of the Arrangement. Any such sale of Units shall be effected through a registered investment dealer on the stock exchange on which such Units are then listed or by private sale. As soon as reasonably possible after the sale of all such Units, a cheque will be forwarded to each such Non-Qualified U.S. Shareholder in an amount equal to that Non-Qualified U.S. Shareholder’s pro rata share of the net proceeds (net of any applicable withholding taxes) received as a result of all such sales.

The investment dealer effecting the sale of any Units will, except as provided above, exercise its sole judgment as to the timing and manner of sale and will not be obligated to seek or obtain a minimum price for such Units. None of such investment dealer, CIBC Mellon Trust Company, Aliant or the Fund will be liable for any loss arising out of any sale of such Units relating to the manner or timing of such sales, the date or dates of such sales or the price at which Units are sold, or otherwise. The sale price of the Units sold will fluctuate with the market price of the Units and no assurances can be given that any particular price will be received upon such sale.

Possible “Passive Foreign Investment Company” Status

It is possible that the Fund may be a passive foreign investment company (“PFIC”) under U.S. federal income tax laws, which may have adverse tax consequences for U.S. Unitholders. The application of PFIC rules is complex, and this Information Circular does not describe U.S. tax considerations that may be applicable to a Unitholder, including the consequences or potential consequences of the Fund having PFIC status. U.S. Common Shareholders should obtain the advice of their own legal counsel or financial advisors in this regard.

Dissent Rights

The following is a summary of Section 190 of the CBCA and the requirements of the Interim Order relating to the rights of Dissenting Shareholders. These provisions are technical and complex. Any registered holder of Aliant Common Shares who wishes to exercise his, her or its Dissent Rights should consult a legal advisor. Failure to provide Aliant with a Dissent Notice at or prior to 5:00 p.m. (ADT) on the second last Business Day prior to the Meeting and to strictly comply with the requirements of Section 190 of the CBCA and the Interim Order may prejudice a shareholder’s ability to exercise Dissent Rights.

The full text of the Interim Order and Section 190 of the CBCA are attached as Appendices “H” and “B”, respectively, to this Information Circular. The Court hearing the application for the Final Order has the discretion to alter the Dissent Rights as described herein, based on the evidence presented at such hearing.

Pursuant to the Interim Order, a registered Common Shareholder is entitled to dissent and be paid by Aliant the fair value of the holder’s Aliant Common Shares provided that the Arrangement Resolution is passed, the Arrangement becomes effective and such Common Shareholder provides Aliant with a Dissent Notice at or prior to 5:00 p.m. (ADT) on the second last Business Day prior to the Meeting, or any adjournment thereof. It is
important that Common Shareholders strictly comply with this requirement, which is different from the statutory
dissent provisions of the CBCA which would permit a Dissent Notice to be provided at or prior to the Meeting.
In addition, the Common Shareholder must strictly comply with the requirements of Section 190 of the CBCA
and the Interim Order. Pursuant to the Interim Order, Dissenting Shareholders will be entitled to be paid the
fair value of their Aliant Common Shares by Aliant. In order for a registered Common Shareholder to dissent, a
Dissent Notice must be delivered to Aliant at 6 South Maritime Centre, 1505 Barrington Street, P.O. Box 880,
Halifax, Nova Scotia, B3J 2W3, Attention: Corporate Secretary, at or prior to 5:00 p.m. (ADT) on the second
last Business Day prior to the Meeting. A vote against the Arrangement Resolution, an abstention, or the
execution of a proxy to vote against the Arrangement Resolution does not constitute a Dissent Notice. It should be
noted that while delivery of a Dissent Notice does not preclude a Common Shareholder from voting at the
Meeting, any Common Shareholder who votes for the Arrangement Resolution at the Meeting will thereafter be
precluded from exercising any Dissent Rights under the CBCA or the Interim Order.

A Common Shareholder may dissent only with respect to all (and not part) of the Aliant Common Shares
held by such holder, or on behalf of any one beneficial owner, and registered in such holder’s name. The Dissent
Notice must be executed by or for the holder of record, fully and correctly, as such holder’s name appears on the
holder’s share certificates. If the Aliant Common Shares are owned of record in a fiduciary capacity, such as by a
trustee, guardian or custodian, the Dissent Notice should be given in that capacity. If the Aliant Common Shares
are owned of record by more than one Person, as in a joint tenancy or tenancy in common, the Dissent Notice
should be given or delivered by or for all owners of record. An authorized agent, including one or more joint
owners, may execute the Dissent Notice for a holder of record; however, such agent must expressly identify the
record owner or owners, and expressly disclose in such Dissent Notice that the agent is acting as agent for the
record owner or owners.

Anyone who is a beneficial owner of Aliant Common Shares registered in the name of a broker, custodian,
nominee or other Intermediary and who wishes to dissent should be aware that only registered shareholders are
entitled to exercise Dissent Rights. A registered holder who holds Aliant Common Shares as nominee for more
than one beneficial owner, some of whom wish to exercise Dissent Rights, must exercise such Dissent Rights on
behalf of such holders. In such case, the Dissent Notice should specify the number of Aliant Common Shares
covered by it.

Within 10 days after the approval of the Arrangement Resolution by Aliant shareholders, Aliant is required
to send notice to each Dissenting Shareholder who properly delivered a Dissent Notice, has otherwise complied
with the requirements of Section 190 of the CBCA and the Interim Order and has not withdrawn the Dissent
Notice that the Arrangement Resolution has been approved. A Dissenting Shareholder must, within 20 days
after receiving such notification or, if such notification is not received, within 20 days after learning that the
Arrangement Resolution has been approved, send to Aliant a written notice (the “Demand for Payment”)
containing the Dissenting Shareholder’s name and address, the number of Aliant Common Shares in respect of
which that Dissenting Shareholder dissents, and a demand for payment of the fair value of such Aliant Common
Shares. Within 30 days after sending the Demand for Payment, a Dissenting Shareholder must send the
certificates representing the Aliant Common Shares in respect of which such Dissenting Shareholder dissents to
Aliant or the Transfer Agent. Aliant or the Transfer Agent will endorse on such certificates a notice that the
holder thereof is a Dissenting Shareholder under Section 190 of the CBCA and the Interim Order and will
forthwith return such certificates to the Dissenting Shareholder. A Dissenting Shareholder who fails to send
such certificates within the aforementioned time limits has no right to make any further claim under Section 190
of the CBCA or the Interim Order.

After sending a Demand for Payment, a Dissenting Shareholder ceases to have any rights as a holder of
Aliant Common Shares other than the right to be paid the fair value of such Aliant Common Shares as
determined in accordance with Section 190 of the CBCA, unless: (i) the Dissenting Shareholder withdraws the
Demand for Payment before Aliant makes a written offer to pay (the “Offer to Pay”); (ii) Aliant fails to make a
timely Offer to Pay and the Dissenting Shareholder withdraws the Demand for Payment; (iii) the Board of
Directors revokes the Arrangement Resolution; (iv) the Arrangement Agreement is terminated; or (v) the
application for the Final Order is refused by the Court and all appeal rights have been exhausted, in all of which
cases the Dissenting Shareholder’s rights as a shareholder will be reinstated.
Not later than seven days after the later of the Effective Date and the date on which Aliant receives a Demand for Payment, Aliant will send to each Dissenting Shareholder who has sent a Demand for Payment, an Offer to Pay relating to the Aliant Common Shares covered by the Demand for Payment. The amount offered in such Offer to Pay will be an amount determined by the Board of Directors to be the fair value of such Aliant Common Shares. In addition, the Offer to Pay will be accompanied by a statement showing how such fair value was determined. Every Offer to Pay for Aliant Common Shares shall be on the same terms. The amount shown in any Offer to Pay which is accepted by a Dissenting Shareholder will be paid by Aliant within 10 days of such acceptance, but an Offer to Pay will lapse if Aliant has not received an acceptance from the Dissenting Shareholder within 30 days after the Offer to Pay has been made.

If an Offer to Pay is not made by Aliant or if a Dissenting Shareholder fails to accept an Offer to Pay, Aliant may, within 50 days after the Effective Date or within such further period as the Court may allow, apply to the Court to fix the fair value of the Aliant Common Shares held by the Dissenting Shareholder. If Aliant fails to apply to the Court, the Dissenting Shareholder may apply to the Court within a period of 20 further days or within such further period as the Court may allow. No Dissenting Shareholder will be required to post security for costs in any such court application.

On making an application to the Court, Aliant must give each Dissenting Shareholder who has sent a Demand for Payment and has not accepted an Offer to Pay notice of the date, place and consequences of the application and of his, her or its right to appear and be heard either in person or through counsel. All Dissenting Shareholders whose Aliant Common Shares have not been purchased by Aliant will be joined as parties to any such application and will be bound by the decision rendered by the Court. The Court may determine whether any other Person is a Dissenting Shareholder who should be joined as a party to such application.

The Court shall fix the fair value of the Aliant Common Shares held by all Dissenting Shareholders and may, in its discretion, allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder from the Effective Date until the date of payment.

**Expenses of the Arrangement**

The estimated costs to be incurred by Aliant relating to the Arrangement, including, without limitation, financing fees, financial advisory, accounting and legal fees, initial rating agency fees, preparation and printing of this Information Circular and proxy solicitation are expected to be approximately $65 million.

**Stock Exchange Listing**

It is a condition of the Arrangement that the Units to be issued or reserved for issuance in connection with the Arrangement be conditionally approved for listing on the TSX. Listing will be subject to the Fund fulfilling all of the requirements of the TSX.

**Securities Law Matters**

**Canadian Securities Laws**

The Units to be issued or transferred pursuant to the Arrangement will be issued or transferred in reliance on exemptions from the prospectus and registration requirements of applicable Canadian securities laws. The Units will generally be “freely tradeable” (other than as a result of any “control block” restrictions which may arise by virtue of the ownership thereof) under applicable Canadian securities laws.

Where necessary following completion of the Arrangement it is expected that applications will also be made to the Canadian securities regulatory authorities for Wireline GP (the successor corporation to Aliant and Aliant Telecom) to cease being a “reporting issuer” under applicable securities legislation.

**United States Securities Laws**

The Units to be distributed or transferred pursuant to the Arrangement have not been registered under the 1933 Act in reliance upon the exemption from registration set forth in section 3(a)(10) of the 1933 Act. Units issued to a former Common Shareholder who is not an “affiliate” of Aliant immediately before the
Arrangement, and is not an “affiliate” of the Fund immediately after the Arrangement, may be resold without restriction under the 1933 Act. Former Common Shareholders who are affiliates of Aliant prior to the Arrangement, or affiliates of the Fund after the Arrangement may not re-sell their Units without an exemption from registration under the 1933 Act. For the purposes of the 1933 Act, an “affiliate” of Aliant or the Fund is a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, Aliant or the Fund, as the case may be.

Common Shareholders are urged to consult with their legal advisors concerning resale restrictions in their particular circumstances arising under applicable securities laws.

Interest of Experts

Certain legal matters relating to the Arrangement are to be passed upon on behalf of Aliant and the Fund by Blake, Cassels & Graydon LLP and Cox Hanson O’Reilly Matheson (regarding Canadian laws). Scotia Capital has provided the Fairness Opinion in connection with the Arrangement and TD Securities has provided the Valuation in connection with the Arrangement. Ernst & Young LLP and Deloitte & Touche LLP have provided reports on financial statements included or incorporated by reference in this Information Circular.

As at March 29, 2006, the partners of Blake, Cassels & Graydon LLP and Cox Hanson O’Reilly Matheson and, to the best knowledge of Aliant, the designated professionals (as defined in Form 51-102F2 to National Instrument 51-102—Continuous Disclosure Obligations) of Scotia Capital and TD Securities, beneficially owned, directly or indirectly, less than 1% of each of the issued and outstanding Aliant Common Shares and Aliant Preferred Shares.

Ernst & Young LLP is independent of Aliant under applicable rules of professional conduct. Deloitte & Touche LLP is independent of Aliant, BCE and Bell Canada under applicable rules of professional conduct.

FORWARD-LOOKING INFORMATION

This Information Circular contains forward-looking information concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent Management’s beliefs regarding future events, many of which, by their nature are inherently uncertain and beyond Management’s control. Forward-looking information may include words such as anticipate, believe, could, expect, goal, guidance, intend, may, objective, plan, outlook, seek, strive, target and will. These statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including those described herein.

When considering forward-looking information in this Information Circular it is important to know that:

- Forward-looking information describes Management’s expectations and assumptions on the day that the applicable statement is made. For the forward-looking information set out in this Information Circular, unless indicated otherwise, the expectations are stated as of April 14, 2006.
- Forward-looking information is subject to important assumptions which may prove to be inaccurate. In making forward-looking statements, assumptions have been made related to the future objectives, plans, strategies, financial condition and results of operations of the Combined Business and the Bell Nordiq Partnerships, which is not a business that operates on a combined basis today. Forward-looking information is based on Management’s current expectations, estimates and assumptions about the markets the Combined Business and the Bell Nordiq Partnerships operate in, the Canadian economic environment, and the ability of the Combined Business and the Bell Nordiq Partnerships to attract and retain customers, to manage network assets and operating costs and for the Combined Business to successfully integrate operations over time. These assumptions are described below.
- Forward-looking information is also subject to risks and uncertainties which are difficult to predict. Many factors could cause actual results or events to differ materially from the results or events predicted. Some of the factors which could cause results or events to differ materially from current expectations include, but are not limited to: general economic conditions; stock market volatility; market or business conditions; the changing competitive environment; changing regulatory conditions or requirements;
changing technology; changing discount rates and market returns on pension plan investments; the ability
to achieve strategies and plans; success in implementing productivity initiatives; Management’s success in
integrating the now separate components of the Combined Business and unforeseen changes in
relationships with important stakeholders. Some of these factors are largely beyond the control of
Management. For greater detail regarding these risk factors please refer to the “Risk Factors” section of
this Information Circular.

• The actual results of the Combined Business and the Bell Nordiq Partnerships could differ materially
from what Management expects or predicts if known or unknown risks affect the Combined Business and
the Bell Nordiq Partnerships, or should any factor affect the Combined Business and the Bell Nordiq
Partnerships in an unexpected manner, or if Management’s estimates or assumptions underlying the
forward-looking information turn out to be inaccurate. Many of these risks and uncertainties can affect
actual results and could cause actual results to differ materially from those expressed or implied in any
forward-looking statement. As a result, Management cannot guarantee that any results or events
described in forward-looking information will materialize and, accordingly, readers are cautioned not to
place undue reliance on the forward-looking information.

• Forward-looking information does not take into account the effect that transactions or non-recurring or
other special items announced or occurring after the information is given may have. Certain forward-
looking information included in this Information Circular anticipates or assumes completion of the
Arrangement. Such information does not reflect the impact of dispositions, sales of assets, monetization,
mergers, acquisitions, other business combinations or transactions, asset write-downs or other changes
that may be announced or occur after forward-looking information is given. The financial impact of such
transactions and non-recurring and other special items can be complex and necessarily depends on the
facts particular to each of them. Accordingly, the expected impact cannot be meaningfully described in
the abstract or presented in the same manner as known risks affecting the Combined Business and the
Bell Nordiq Partnerships.

All of the forward-looking information contained in this Information Circular is qualified by these
cautions, and there can be no assurance that the results or developments anticipated by
Management will be realized or, even if substantially realized, that they will have the expected consequences for
the Combined Business or the Bell Nordiq Partnerships. Readers should not place undue reliance on any
forward-looking information.

Assumptions Made in the Preparation of Forward-Looking Information

As discussed above, in making forward-looking statements about the business of the Fund, assumptions
have been made related to the future objectives, plans, strategies, financial condition and results of operations of
the Combined Business, which is not a business that operates on a combined basis today, and the Bell Nordiq
Partnerships. Implicit in this description are a number of assumptions that have been applied or made by Aliant
in preparing forward-looking information and in describing the risks that affect the Aliant Operation. Furthermore, the assumptions applied in the preparation of this Information Circular reflect the Combined Business that is anticipated to result when the Arrangement is completed, and the Bell Nordiq Partnerships. Accordingly, it is expected that actual results for Aliant will differ materially from expectations as set forth in this
Information Circular if the Arrangement is not completed.

Management’s financial assumptions anticipate being able to grow earnings and distributable cash by
growing operating revenues modestly and through productivity improvements to address operating and capital
costs. Management’s operating revenue expectations reflect various assumptions about competition in the
markets in which the Combined Business and the Bell Nordiq Partnerships operate. It has been assumed that
the Combined Business and the Bell Nordiq Partnerships’ market share of the consumer voice
telecommunications market will continue to modestly decrease in 2006 due to the entrance of new competitors,
particularly cable companies, and broad industry trends such as wireless and VoIP substitution.
Across all of the markets of the Combined Business and the Bell Nordiq Partnerships, operating revenue growth is anticipated from a combination of expanding coverage and penetration of high-speed Internet services, moderating operating revenue declines from traditional local and long-distance services, growing adoption of value-added calling features and growth in operating revenue from business customers through greater penetration of ICT solutions. Operating expenses and capital spending for the Combined Business is anticipated to benefit from productivity initiatives already planned, including the Galileo initiatives of Bell Canada. It is also assumed that the Commercial Agreements with Bell Canada will be implemented and that the transition plan for the Combined Business will be executed in a timely fashion.

Cash requirements for the Combined Business include total defined benefit (“DB”) pension plan contributions for 2006 of an estimated $136 million to $150 million, including an estimated $120 million to $130 million for Aliant’s plans, $9 million to $12 million related to the plans for the Bell Canada Regional Wireline Operation, and $7 million to $8 million for the plans of the Bell Nordiq Partnerships. Pension funding for the pension plans of the Bell Nordiq Partnerships will be made out of the operating cash flow of those businesses. For the Combined Business in Wireline LP, it is intended that only the portion of the pension plan funding that represents current service cost for the plans will need to be funded out of operating cash flows. It is estimated this current service cost portion of pension funding for the Combined Business will be in the range of $54 million to $57 million for 2006. The remainder, approximately $75 million to $85 million, represents contributions estimated to be required to reduce the DB pension plan deficits and will be funded through cash reserves and borrowing. See “Financing Arrangements”. These estimates include an anticipated impact of lower interest rates that were in effect at the end of 2005 and new actuarial valuation rules that were enacted in the last year, however, they are subject to revision based on new defined benefits plan valuations to be completed later in 2006.

REGULATORY ENVIRONMENT

This section describes the regulatory environment in which Aliant Telecom, Bell Canada and the Bell Nordiq Partnerships are currently operating, and in which Wireline LP and the Bell Nordiq Partnerships (the “Fund Operating Entities”) are expected to operate in the future.

Telecommunications Act

The telecommunications services offered and provided by the Fund Operating Entities are and will be regulated by the CRTC pursuant to the Telecommunications Act. Under the Telecommunications Act, telecommunications carriers must seek regulatory approval for all proposed tariffs for telecommunications services, unless the services are exempt or have been deregulated (i.e., “forborne” from regulation by the CRTC). Even when deregulated, services may be subject to conditions, including that they not be offered in an unduly discriminatory manner. The Telecommunications Act also provides the CRTC with the ability to approve interconnection and other agreements between carriers. As well, the Telecommunications Act (as augmented by the Canadian Telecommunications Common Carrier Ownership and Control Regulations) establishes the following ownership requirements for entities (including the Fund Operating Entities of the Fund) in order to be eligible to operate as telecommunications common carriers:

(a) they must be a Canadian or provincially incorporated corporation;

(b) at least 80% of the members of their board of directors must be Canadian citizens, ordinarily resident in Canada;

(c) at least 80% of their voting shares must be owned by Canadian citizens;

(d) they must not be controlled in fact by non-Canadians; and

(e) in the event a corporation owns at least 66⅔% of their shares (a holding company) then at least 66⅔% of the holding company’s shares must be owned by Canadian citizens and the holding company must not be owned and controlled by non-Canadians.
Broadcasting Act

The broadcasting distribution services offered and provided by the Fund Operating Entities will be regulated by the CRTC pursuant to the Broadcasting Act and related regulations, including the Broadcasting Distribution Regulations. Broadcasting undertakings require a CRTC licence in order to operate. The Broadcasting Distribution Regulations also require CRTC approval of certain transactions that would result in a change in effective control of the undertaking or that would result in a shareholder acquiring an interest in the undertaking beyond specified levels of interest set out in the Regulations. A Governor-in-Council Direction to the CRTC (Ineligibility of Non-Canadians), prohibits the CRTC from issuing, sending or renewing a licence with respect to an applicant who is non-Canadian. The ownership structure for qualified Canadian corporations is similar to the ownership requirements for telecommunications carriers, outlined above, with the additional requirements that the chief executive officer or equivalent of the broadcasting undertaking must be a Canadian, and that the parent corporation or its directors are prohibited from exercising control or influence over any programming decisions of the licensee corporation where the parent corporation does not meet the ownership requirements of the licensee corporation.

Price Cap Regime

Since 1998, the wireline operations of Aliant Telecom and Bell Canada which are to be contributed to Wireline LP have been regulated under a price cap regime (CRTC Telecom Decision 97-9). The wireline operations of Télécopie LP have been regulated under a similar price cap regime (CRTC Telecom Decision 2002-43 and CRTC Telecom Decision 95-70), with a price cap term expiring July 31, 2007. The wireline operations of NorthernTel LP, which is characterized as a small incumbent local exchange carrier (“SILEC”) are subject to a simplified price cap regime (CRTC Telecom Decision 2001-756 and CRTC Telecom Decision 96-14). The price cap regime for SILECs has been extended for a further four years by CRTC Telecom Decision 2006-14. In June 2002, the price cap regime for Aliant Telecom and Bell Canada was renewed for a period of four years (the “Second Price Cap Period”) (CRTC Telecom Decision 2002-34). In December 2005, the Second Price Cap Period was extended, without change, for a further period of one year (CRTC Telecom Decision 2005-69), to May 31, 2007. Under the price cap regime that applies to Aliant Telecom, Bell Canada and Télécopie LP, rates have been governed by a formula that takes into account inflation, a productivity offset pre-determined by the CRTC (currently 3.5% per annum) and an exogenous factor to integrate into the formula (with CRTC approval) the effect of events beyond the control of the regulated company, such as special taxes and investments decreed by the CRTC.

For the Second Price Cap Period, the CRTC established a policy under which, rather than reducing residential rates in non-high cost serving areas according to the price cap formula, an amount equivalent to the reduction must be credited to a deferral account.

On February 16, 2006, the CRTC issued CRTC Telecom Decision 2006-9, in which it estimated the deferral account amounts of Aliant Telecom, Bell Canada, Télécopie LP and NorthernTel LP, on an accumulated balance and future annualized commitment basis, at May 31, 2006. Bell Canada’s estimated accumulated balance at May 31, 2006 is $480.5 million with an estimated future annualized commitment of $81.5 million. Aliant Telecom’s estimated accumulated balance at May 31, 2006, is $21.8 million with an estimated future annualized commitment of $2.2 million. Under the simplified price cap regime applicable to SILECs, NorthernTel LP does not have a deferral account. The CRTC determined that the deferral account of Télécopie LP was negative. The CRTC noted that the incumbent local exchange carriers’ (“ILEC”) deferral account balances cannot be finalized at this time due to certain outstanding proceedings that may have an impact on these balances. The CRTC directed each ILEC to file, by May 15, 2006, its updated deferral account schedule, reflecting in part, the impact of any subsequent CRTC decisions that impact the ILEC deferral account balances.

In CRTC Telecom Decision 2006-9, the CRTC made the following order to clear the accumulated balances in the deferral accounts:

- the CRTC first directed each ILEC to allocate a minimum of 5.0% of the accumulated balance in its deferral account to improve access to telecommunications services for persons with disabilities; and
as to the remaining 95% of the funds in the deferral account, the CRTC addressed both broadband service investments and subscriber rebates. The CRTC concluded that each ILEC could use funds in its deferral accounts for initiatives to expand broadband services to rural and remote communities. Those ILECs who choose to invest in broadband are required to file a proposal with the CRTC by June 30, 2006 for approval to draw down qualified expenditures from their deferral accounts. If an ILEC chooses not to invest in broadband expansion, or invests in such expansion but has money left over in its deferral account, the remaining funds will be rebated to the ILEC’s residential local subscribers in non-high cost serving areas.

This decision also indicates that the future annual deferral account obligations of ILECs are to be eliminated by reducing monthly prices for primary exchange service and optional local services for residential customers in non-high cost serving areas. Bell Canada, Aliant Telecom and certain other ILECs have been directed to file their rate proposals along with their updated deferral account balances by May 15, 2006. These rate changes are to become effective on June 1, 2006. CRTC Telecom Decision 2006-9 also notes that the extension of the Second Price Cap Period to May 31, 2007 will result in an additional annual deferral account obligation.

The deferral account obligation will change as amounts are added to the account or the CRTC approves initiatives that serve to reduce the deferral account obligation and any amounts remaining in the deferral accounts will bear interest at the ILEC’s short-term cost of debt each year until disposition.

On March 17, 2006, Bell Canada filed an application for leave to appeal this decision to the Federal Court of Appeal to the extent that it requires Bell Canada to give rebates in respect of rates that the CRTC had made final in 2003. A broader application for leave to appeal was also filed on behalf of a consumer group.

The price-cap regulatory regime also incorporates procedures for enforcing standards of service quality, including rules requiring customer rebates if standards are not met over a pre-determined period (CRTC Telecom Decisions 2005-17 and 2005-20). Bell Canada and Aliant Telecom have each filed applications for exclusion of certain periods of non-compliance from their reports for the periods ended December 31, 2004 and December 31, 2005. If these applications are not granted customer rebates may be required.

Subsidy Regime

In January 2001, the CRTC established a subsidy regime to compensate for a certain portion of costs incurred in serving high-cost serving areas (CRTC Telecom Decision 2000-745). Under this regime, a revenue percentage charge is levied on all telecommunications service providers with annual Canadian telecommunications services revenues of more than $10 million. This levy has applied to Aliant and Bell Canada, and it is anticipated that it will be levied on the Fund Operating Entities. This charge is determined by the CRTC through a calculation that takes into account the shortfall incurred in serving high-cost service areas across Canada. The funds are collected and distributed by a central fund administrator. The level of the subsidy received by eligible companies is based on the shortfall between revenues collected in high-cost serving areas and the cost of providing service in those areas. The level of subsidy received in respect of the Bell Canada Regional Wireline Operation is updated annually and, pursuant to CRTC Telecom Decision 2002-34, takes into account:

• the annual costs of the Service Improvement Program (“SIP”), for high-cost serving areas;
• an adjustment of inflation minus the annual productivity offset of 3.5% of the annual costs (excluding SIP costs); and
• current rate levels.

The level of the revenue percentage charge and the level of subsidy to be received in the following year are set out annually by the CRTC in a decision issued before the end of the calendar year (for example, for 2006, this information was set out in CRTC Telecom Decision 2005-68).
Competitive Environment

In a series of decisions beginning in the late 1970s and ending in March 2006, the CRTC has opened up competition in all product and services segments in which the Fund Operating Entities will operate, including local and access, long distance service, Internet, terminal equipment and data services.

The CRTC mandates ILECs, such as Aliant Telecom, Bell Canada and Télécopie LP to lease to competitors those facilities considered to be “essential”, meaning facilities for which there are no alternative sources of supply or facilities that competitors cannot economically or technically duplicate (CRTC Telecom Decision 97-8). Based on this definition, an unbundled local loop is considered to be an essential (or near-essential, depending on the rate band) facility. Therefore, under the local competition regime, competitors can connect their network equipment to the facilities, and in particular, to unbundled local loops. Competitors can also provide local services by reselling the tariffed services of the ILEC. Competitors such as, for example, broadcast distribution undertakings registered as Competitive Local Exchange Carriers (“CLECs”), can also provide local services using their own local and access facilities.

With regard to long distance competition, ILECs must provide equal access to interexchange carriers so that customers can select the long distance provider of their choice.

With the introduction of Voice over Internet Protocol (“VoIP”) technology, VoIP service providers can provide voice communications services to customers who use a telephone equipped with an adaptor that connects to a high-speed Internet service, which the customer can obtain from any high-speed Internet provider. The CRTC recently set out the details of the regulatory regime applicable to the provision of VoIP services, including Internet-based VoIP services (sometimes referred to access-independent or “over the top” VoIP services) and VoIP services that ride on a carrier’s managed network (sometimes referred to as access-dependent VoIP services) (CRTC Telecom Decision 2005-28). Aliant Telecom, Bell Canada and certain other ILECs have filed an appeal of CRTC Telecom Decision 2005-28 to the Governor-in-Council.

The CRTC has also imposed a number of marketing restrictions on Aliant Telecom, Bell Canada and Télécopie LP and the other ILECs as safeguards for competitors. These include the requirement to obtain CRTC approval of tariffs for any service bundles including tariffed services, imputation test requirements for tariffed services and bundles including tariffed services (CRTC Telecom Decisions 94-19 and 2005-27), restrictions on promotions (CRTC Telecom Decision 2005-25) and restrictions on winbacks (CRTC Telecom Decisions 2004-4, 2005-28 and 2005-8-1).

Forbearance from Price Regulation

Forbearance refers to, amongst other things, the removal by the CRTC of the requirement to file tariffs for approval. Under a series of CRTC decisions and orders, Wireline LP and Télécopie LP are forborne or will be forborne from the requirement to file tariffs for certain services, including terminal equipment, long distance services, Internet services and certain interexchange private line and data services. However, the CRTC has not yet forborne from regulating the ILECs’ local and access services, interexchange private line services on routes where there is no competitive provider, or competitor services (including, as termed by the CRTC, essential services, near-essential services, services in the nature of essential services and interconnection services). In CRTC Telecom Decision 2006-15, issued on April 6, 2006, the CRTC established a framework upon which it will grant forbearance for local services.

A proceeding concerning the forbearance framework for high-speed intra-exchange digital services (CRTC Public Notice 2005-8) is expected to lead to a decision in the second half of 2006.
THE BUSINESS OF THE FUND

The Combined Business

The Arrangement will create one of the largest regional telecommunications service providers in North America. The combined business (the “Combined Business”) in which the Fund will have an interest will consist of:

- Bell Canada’s wireline telecommunications operation (the “Bell Canada Regional Wireline Operation”) in its regional territories in Ontario and Québec (the “Bell Canada Regional Territory”);
- Aliant’s existing wireline telecommunications operation in Atlantic Canada (the “Aliant Wireline Operation”);
- Aliant’s Information Technology business, carried out through its xwave brand (“xwave”); and
- Aliant’s other businesses, except for Aliant’s wireless operation and DownEast Ltd. (the “Other Aliant Businesses”, and together with the Aliant Wireline Operation and xwave, the “Aliant Operation”).

In addition to the Combined Business, Holdings LP will acquire, through BNG, Bell Canada’s 63.4% indirect interest in the Bell Nordiq Partnerships. Bell Nordiq Income Fund, which currently holds the balance of the indirect interest in the Bell Nordiq Partnerships, will continue to trade and operate independently following completion of the Arrangement, with no change for its customers or to operations within its territory.

It is anticipated that the Combined Business, with the addition of the Bell Nordiq Partnerships will have approximately 3.4 million local access lines and over 422,000 high-speed Internet subscribers in Newfoundland and Labrador, New Brunswick, Nova Scotia, Prince Edward Island, Ontario and Québec and approximately 10,500 employees. The Fund will have its headquarters in Atlantic Canada and will be controlled by BCE through its interest in the Fund and various governance rights. See “The Arrangement — Structure Following Completion of the Arrangement” and “Trustees, Directors and Management — Securityholders’ Agreement”.

The table below sets out certain key operational and footprint statistics regarding the Combined Business, together with the Bell Nordiq Partnerships, for the year ended December 31, 2005:

| Combined Business and the Bell Nordiq Partnerships Selected Metrics — Year ended December 31, 2005 |
|-------------------------------------------------|----------------------------------|
| Local Access Lines                              | 3.36 million                     |
| Residential                                      | 2.17 million                     |
| Business                                         | 1.19 million                     |
| Internet Subscribers                             | 685,000                          |
| Dial-up Internet Subscribers                     | 263,000                          |
| High-speed Internet Subscribers                  | 422,000                          |
| Wireless Subscribers                             | 69,000 (served by the Bell Nordiq Partnerships) |
| Employees                                        | approximately 10,500             |
| Provinces                                        | Newfoundland and Labrador, New Brunswick, Nova Scotia, Prince Edward Island, Ontario and Québec |
| Total Population                                 | 5.3 million                      |
| Land Area Covered                                | 1.5 million km²                  |
| Line Density                                     | 2.2 lines per km²                |
| High-speed Internet Footprint                    | 70% coverage                     |
The following map shows the geographical region that will be serviced by the Combined Business, together with the Bell Nordiq Partnerships.

Business Reasons for the Arrangement

There are four principal business reasons for the Arrangement:

*Creates One of the Largest North American Regional Telecommunications Service Providers*

The combination of the Aliant Operation with the Bell Canada Regional Wireline Operation will create a much larger and more stable organization serving customers in six provinces. The Combined Business will be double the size of Aliant today and will be the third largest incumbent local exchange carrier in Canada and one of the largest regional telecommunications service providers in North America. The greater scale will improve operational efficiency and financial flexibility. With its low cost of capital and scaleable operations, following the completion of the Arrangement, it is anticipated that the Combined Business will be in a favourable position to become a leading consolidator of North American regional telecommunications companies.

Combining Bell Canada’s indirect interest in the Bell Nordiq Partnerships with the other assets of the Combined Business is strategically important and valuable to the Combined Business. It creates greater scale and improves the stability of the Fund as it increases the base of low density markets. It also creates a broadly contiguous footprint connecting Aliant in Atlantic Canada with the Bell Canada Regional Territory, enabling potentially greater efficiencies in the future.

*Combines Similar Operations and Markets*

Both the Aliant Operation and the Bell Canada Regional Wireline Operation are comprised principally of small to medium sized cities and geographically dispersed rural areas which are subject to lower cable television penetration capable of offering telephony service. The Bell Canada Regional Wireline Operation is also ideally suited to be managed by a dedicated management team focused on regional customer needs. This is a model
that both Aliant and the Bell Nordiq Partnerships have demonstrated to be effective. The Combined Business will remain focused on the needs of regional customers, yet have the scale and geographic reach to enable operational efficiency and to provide customers with access to the latest high-quality networks, products and services.

**New Structure Provides Growth Opportunities**

The Arrangement will create one of the largest regional telecommunications service providers in North America. It is anticipated that the additional operational scale will enhance the stability and strength of cash flows which are well suited to an income trust structure. Management believes that conversion to an income trust will result in a higher valuation for the Combined Business in comparison to the current corporate structure of Aliant as the market places a premium on the valuation of income trusts. It is anticipated that this will position the Fund well for future growth opportunities, including additional low density wireline communications acquisitions or other acquisitions that support its strategy and are accretive to cash flows.

**Aliant’s Wireless Operation Requires Scale**

While Aliant’s wireless operation has enjoyed considerable success, the Atlantic Canadian market is becoming more competitive as national competitors expand their Atlantic Canada operations and exert increasing pressure on the market. Aliant has recognized the lack of scale in its wireless operation as an obstacle to further advancing the service provided to its customers and therefore to future growth. Important commercial agreements between Bell Canada and the Combined Business will facilitate the continued seamless access by Wireline LP customers to wireless products for inclusion in the quadruple play (wireline, wireless, video and broadband services) offering to customers. Customers of Aliant’s wireless operation will further benefit from greater and earlier access to new technologies like EVDO, and new wireless data applications.

**Operating and Competitive Environment**

The communications industry in Canada and the United States is being influenced constantly by technological change, increased competition, evolving customer needs, and government regulations. The pace and scope of these environmental changes is measurably different across different markets. On average, the Canadian and U.S. telecommunications industry has experienced a higher proliferation of competing telephony service providers in urban markets with higher population and business density than in rural, low density markets.

There are three categories of service providers in the North American wireline telecommunications industry: (i) incumbent local exchange carriers or ILECs; (ii) rural local exchange carriers ("RLECs"), which are ILECs operating in a low density footprint; and (iii) competitive local exchange carriers or CLECs, which are competitive service providers that predominately focus on urban markets and cable television companies that have entered into the telecommunications market.

An RLEC, like the Combined Business, is a fully integrated telecommunications carrier offering local voice, long distance, data, Internet, and high-speed Internet services. Some RLECs also provide cable or satellite television services but most do not have wireless networks nor do they provide wireless services. Typical RLEC characteristics, which are also similar to the characteristics of the Combined Business, include: (i) population density that is often two to five times lower than that of ILECs due to the more rural service area mix; (ii) a customer mix which is more heavily weighted toward residential customers and a lower weighting toward medium and enterprise businesses; (iii) less intense competitive pressures than those found in urban markets; (iv) lower local line loss experience (up to 20% lower than ILECs); and (v) a market that is less sensitive to economic change.

RLECs generate strong cash flows which is the expectation of Management for the Combined Business. On average, RLECs generate greater free cash flow as a percentage of revenue than do ILECs which has contributed to higher RLEC yields and valuations. On an enterprise value basis, Management expects that the Combined Business will become the second largest regional telecommunications company in North America, behind Valor Communications Group Inc., larger than Citizens Communications Company and CenturyTel, Inc., and materially larger than all other RLECs.
Profile of the Combined Business

Overview

The Combined Business and the Bell Nordiq Partnerships provide local and access services, long-distance, Internet, data services, IPTV, product and service bundles, wholesale services and other related services to approximately 2.2 million residential and 160,000 business customers. The Combined Business also provides information technology services through xwave.

Geography and Customers

The territory served by the Combined Business and the Bell Nordiq Partnerships is broadly contiguous, covering over 1.5 million km² and spanning six provinces (Newfoundland and Labrador, New Brunswick, Nova Scotia, Prince Edward Island, Ontario and Québec), with a population of approximately 5.3 million. The Combined Business includes all territory in Atlantic Canada, all or parts of the 418, 450 and 819 area codes in Québec and all or parts of the 519, 613, 705 and 807 area codes in Ontario. The Bell Nordiq Partnerships service all or parts of the 418, 450 and 819 area codes in Québec and parts of the 705 area code in Ontario.

The territory covered by the Combined Business and the Bell Nordiq Partnerships is comprised predominantly of small to medium sized cities and low population rural areas, resulting in line density of only 2.2 lines per km². The population in this territory has grown modestly since 2001 by a compound annual growth rate (“CAGR”) of approximately 0.4%. The largest 20 cities and towns served by the Combined Business are as follows:

<table>
<thead>
<tr>
<th>City</th>
<th>Population (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Halifax, NS</td>
<td>359</td>
</tr>
<tr>
<td>St. John’s, NL</td>
<td>172</td>
</tr>
<tr>
<td>Sudbury, ON</td>
<td>161</td>
</tr>
<tr>
<td>Chatham, ON</td>
<td>109</td>
</tr>
<tr>
<td>Sydney, NS</td>
<td>106</td>
</tr>
<tr>
<td>Sault Ste. Marie, ON</td>
<td>74</td>
</tr>
<tr>
<td>Sarnia, ON</td>
<td>74</td>
</tr>
<tr>
<td>Saint John, NB</td>
<td>70</td>
</tr>
<tr>
<td>North Bay, ON</td>
<td>66</td>
</tr>
<tr>
<td>Moncton, NB</td>
<td>61</td>
</tr>
<tr>
<td>Cornwall, ON</td>
<td>60</td>
</tr>
<tr>
<td>Chicoutimi, QC</td>
<td>58</td>
</tr>
<tr>
<td>Jonquière, QC</td>
<td>54</td>
</tr>
<tr>
<td>Brockville, ON</td>
<td>47</td>
</tr>
<tr>
<td>Fredericton, NB</td>
<td>47</td>
</tr>
<tr>
<td>Victoriaville, QC</td>
<td>43</td>
</tr>
<tr>
<td>Owen Sound, ON</td>
<td>33</td>
</tr>
<tr>
<td>Charlottetown, PE</td>
<td>32</td>
</tr>
<tr>
<td>Alma, QC</td>
<td>30</td>
</tr>
<tr>
<td>Orangeville, ON</td>
<td>29</td>
</tr>
</tbody>
</table>

Network Asset Summary

The Combined Business has built a state of the art network, in part through approximately $1.4 billion of aggregate capital investment over the past three years. Key elements of the asset base are provided in the table below:

<table>
<thead>
<tr>
<th></th>
<th>Aliant Operation</th>
<th>Bell Canada Regional Wireline Operation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiber cable</td>
<td>18,655 km</td>
<td>26,982 km</td>
</tr>
<tr>
<td>Fiber strands</td>
<td>895,000 km</td>
<td>184,305 km</td>
</tr>
<tr>
<td>DMS-100/200</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>DMS-200</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>DMS-100</td>
<td>16</td>
<td>26</td>
</tr>
<tr>
<td>DMS-10</td>
<td>14</td>
<td>59</td>
</tr>
<tr>
<td>CS2K</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Remotes</td>
<td>1,487</td>
<td>594</td>
</tr>
<tr>
<td>xDSL (High-speed Internet)</td>
<td>Lucent and Alcatel</td>
<td>Lucent and Alcatel</td>
</tr>
<tr>
<td>Optical Ethernet (OE)</td>
<td>Nortel PP and BPS 2000</td>
<td>Nortel PP and BPS 2000</td>
</tr>
<tr>
<td>High-speed Internet footprint (% of homes passed)</td>
<td>81%</td>
<td>60%</td>
</tr>
</tbody>
</table>
Customers and Product Segmentation

The following charts illustrate pro forma operating revenue, broken down by product line, and the total numbers of local and access lines, broken down by customer segment, of the Combined Business plus the Bell Nordiq Partnerships for the year ended December 31, 2005.

![Combined Business and BNG 2005 Pro Forma Operating Revenue by Product Line](chart1.png)

- Long Distance: 16%
- Internet and Data: 18%
- IS/IT: 8%
- Other: 13%
- Local and Access: 45%

![Combined Business and BNG 2005 Total Local Access Lines by Customer Segment](chart2.png)

- Residential: 68%
- Business: 32%

With approximately 2.2 million residential customers and 160,000 business customers and as the leading provider of both residential local and high-speed Internet, Management believes that the Combined Business and the Bell Nordiq Partnerships have built very strong customer franchises. These franchises can be leveraged to grow operating revenue through the introduction of new products and services, thus enabling the Combined Business to compete effectively against new competition.

Competitive Environment

Management believes that competitive intensity in the footprint of the Combined Business is lower than in large urban areas of Canada due to the relatively high cost of serving these low density areas. As the incumbent operator in its territory, the Combined Business has experienced local line erosion of less than 1% annually between 2003 and 2005.

Since 1999, the Aliant Wireline Operation has faced cable telephony competition in portions of its territory, most notably larger urban areas such as Halifax, Nova Scotia and Charlottetown, Prince Edward Island — much earlier than cable telephony competition experienced in other regions of Canada. Initially, as competition was introduced into new markets, Aliant experienced immediate local line losses as customers with a propensity to switch service providers moved early with a slowing of local line losses occurring over time as the market competitiveness has matured and stabilized. In competitive markets, Aliant has experienced an improvement in the rate of monthly local line losses by between 40% and 60% after one to two years of competitive service introduction as footprints become more competitively mature. As a result, Management believes local line erosion has largely stabilized in mature competitive areas, in part due to strategies developed and implemented for dealing with the increased competitive presence, most notably Aliant’s approach to bundling of services into more attractive combinations. In 2006, Management expects it will likely face new cable telephony competition in urban areas of Newfoundland and Labrador and New Brunswick; however, the population of the four major urban areas in these provinces represents less than 15% of Aliant’s existing residential customer base. Management expects that these markets will also stabilize in a relatively short time as the competitive market matures following initial launch of cable telephony services. The remainder of Atlantic Canada consists primarily of small urban and rural communities which are subject to lower cable penetration capable of offering telephone service. Overall, Management believes the Aliant Wireline Operation to have a relatively stable local line profile.

Management believes that approximately 35% of the residential network access service (“NAS”) in the Bell Canada Regional Wireline Operation currently face or are expected to face competition from a facilities based
telephony offering (cable VoIP). This estimate is based on the current cable footprint in the territory and announced telephony roll-out plans of incumbent cable operators.

The non-urban regions serviced by the Combined Business are expected to experience less intense competition than that anticipated in the major urban centers in North America.

**Relationship with Bell Canada**

The Combined Business will be a significant core asset for BCE, with its business closely aligned with that of Bell Canada for the long term.

Bell Canada currently performs National Service management functions (such as calling card and toll free 1-800 services) on behalf of other telecommunications companies including Aliant, and currently provides technology development, network planning and provisioning and Multi-Protocol Label Switch (“MPLS”) core network management for Aliant as part of a long standing network outsourcing agreement.

Following completion of the Arrangement, Bell Canada will also provide a number of outsourced services to the Bell Canada Regional Wireline Operation of the Combined Business, including contact center management, billing services, information systems and technology development and support, network operations and new product and services development. Pricing for these outsourced services has been established for the next four years, with costs declining over this time period reflective of anticipated savings from Bell Canada’s productivity initiative, Galileo. These outsourcing agreements with Bell Canada represent approximately 65% of the Bell Canada Regional Wireline Operation’s current cost base.

Management believes that these outsourcing agreements will be advantageous to the Combined Business because they provide:

- Stability through the long-term nature of the agreements (typically 10 years or more).
- Productivity improvements of 3% to 4% per annum over the first four years of the agreements which allows the Combined Business to capitalize on Bell Canada’s cost reduction efforts.
- Scalability for fluctuations in underlying business volume through unit cost pricing.
- Access to Bell Canada’s new product development and innovation efforts, resulting in lower cost and accelerated speed-to-market.

In addition to the outsourcing agreements, the Combined Business and Bell Canada will enter into a Commercial Relationship Management Agreement that provides the Combined Business with the use of Bell Canada’s trademarks, including the Sympatico™ brand name, the bundling and distribution of Bell Canada’s Bell Mobility™ and ExpressVu™ products, and the distribution of the Combined Business’ products through Bell World™ stores located in the Bell Canada Regional Territory and DownEast Mobility™ stores located in Atlantic Canada. These arrangements will permit the Combined Business to continue to use the Bell Canada brand in the Bell Canada Regional Territory while the Aliant Mobility brand will continue to be used in Atlantic Canada for a minimum of 18 months. See “— Commercial Agreements with Bell Canada” for more details about these agreements. See also “Risk Factors — Risks Related to the Business — Relationship with Bell Canada; Allocation of Business Opportunities” and “— BCE will have Governance Rights following the Completion of the Arrangement” for a discussion of certain risks relating to the relationship with BCE and Bell Canada.

**Competitive Strengths**

The Combined Business has competitive strengths, which include the following:

**Significant Scale of Operations**

Following the completion of the Arrangement, the Combined Business, with the addition of the Bell Nordiq Partnerships, will be the third largest ILEC in Canada, with annual *pro forma* combined operating revenues of approximately $3.3 billion in 2005, giving it a significant scale advantage relative to other carriers in regional markets. The larger scale provides for increased cost efficiency due to the significant fixed cost structure of the
telecommunications industry, and further diversifies the customer base which Management anticipates will enhance the stability of cash flows.

**Strong Customer Franchise**

As the incumbent operator, with approximately 2.2 million residential customers and 160,000 business customers, and leading provider of both residential local and high-speed Internet, the Combined Business and the Bell Nordiq Partnerships have built very strong customer franchises.

Bell Canada has been Canada’s national leader in telecommunications since 1880, and has developed a significant brand portfolio through its 125 years of existence. The ability of the Combined Business to use the Bell Canada brands in the Bell Canada Regional Territory will provide it with a significant advantage over competitors given the leading position of these products, as well as the spillover effect from Bell Canada’s national advertising campaigns. In Atlantic Canada, the Aliant brand is one of the most recognized and respected brands and will continue to be the key market facing brand utilized by the Combined Business in Atlantic Canada.

Management believes that this strong customer franchise can be leveraged to grow operating revenue through the introduction of new products and services, thus enabling the Combined Business to compete effectively against new competition.

**Financial Strength and Flexibility**

On Closing, it is expected that the Fund, through its operating businesses, will have approximately $2.7 billion of total debt outstanding (see “Financing Arrangements”) which would be equal to approximately 2.0 times Adjusted EBITDA for the year ended December 31, 2005 (or 1.8 times EBITDA on the basis of total debt to combined EBITDA including debt and EBITDA of the Bell Nordiq Partnerships). Management believes this amount of debt is appropriate and can be fully serviced by the operations of the Combined Business and Holdings LP’s interest in the Bell Nordiq Partnerships. Management expects that Wireline LP will obtain investment grade credit ratings following the completion of the Arrangement and has received preliminary indications from Dominion Bond Rating Service and Standard & Poor’s that Wireline LP will have ratings of “BBB (high)” and “BBB/Stable”, respectively, on Closing. Management has also received preliminary indications from Dominion Bond Rating Service and Standard & Poor’s that the Fund will have stability ratings of “STA-2 (High)” and “SR-2/Negative (Very Aggressive)”, respectively, on Closing. See “Ratings”.

In addition to maintaining an appropriate capital structure, it is currently expected that the Combined Business will retain approximately 10% of cash available for distribution, which is expected to provide a recurring source of additional capital which could be used to pursue growth initiatives, reduce debt, or increase distributions to Unitholders, among other options.

Management believes that these factors, combined with the lower cost of capital as a result of the conversion to an income trust structure, will provide the Fund with the financial flexibility required to pursue future accretive acquisition opportunities.

**Full Service Solution Provider**

The Combined Business will provide its residential customers with access to a full suite of information, communications and entertainment products and services. In addition to a full wireline product suite, the Combined Business will offer wireless solutions and satellite broadcast services through agency resale arrangements with Bell Canada provided individually or in combination with other products as part of a bundle. This in combination with single bill capability, self service options and bundled solutions will make it convenient, easy and affordable for customers.

In addition, the skills and experience resident in the information technology (“IT”) and communications operations of the Combined Business will be leveraged for the business segment to: (i) provide business customers with a full suite of ICT solutions to fulfil the customer’s end-to-end ICT needs; (ii) lead customers in their transition to next generation Internet protocol (“IP”) and ICT services; and (iii) provide a single point of contact by leveraging integrated and aligned sales, marketing and customer service channels.
State of the Art Network

The Aliant Operation and the Bell Canada Regional Wireline Operation have undertaken approximately $1.4 billion in aggregate capital investment over the past three years (pro forma combined book value of capital investment of Holdings LP as at December 31, 2005 was $3.8 billion) to ensure the Combined Business will be able to support current and next generation services such as IP based services, high-speed access and multimedia services. The bulk of the planned investment in this area has been made and it is anticipated that this level of capital spending will not be required into the future to support these services. The existing network meets or exceeds the industry standards for service integrity and reliability with flexible and cost efficient operations and management.

The high-speed Internet footprint for the Combined Business covers 70% of homes in the territory, with 81% coverage in Atlantic Canada and 60% in the Bell Canada Regional Territory.

Ongoing Relationship with Bell Canada

The unique ongoing relationship that the Combined Business will have with Bell Canada has several key benefits. The Combined Business will be able to leverage Bell Canada’s platforms and scale of operations to improve operational performance and cost competitiveness and ensures that the Combined Business will have continued strong back-end support in the Bell Canada Regional Territory. In addition, this relationship will enable the Combined Business to accelerate time-to-market for new products. The ongoing relationship with Bell Canada will also facilitate a seamless transition for customers following the implementation of the Arrangement.

Key Strategies

The Combined Business intends to leverage its competitive strengths to grow distributable cash flows and enhance Unitholder value through the following three strategies:

1. Enhance customer experience and drive revenue growth;
2. Actively manage distributable cash flow; and
3. Pursue further consolidation opportunities.

1. Enhance Customer Experience and Drive Revenue Growth

Customer Experience

The dedicated management team of the Combined Business in the Bell Canada Regional Territory will bring an increased focus on serving its regional customers, and will continue to be a key focus in the Aliant Operation. The resulting organization will focus on the needs of regional customers, yet will have the scale and geographic reach to enable operational efficiency while providing customers with access to the latest high-quality networks, products and services, including value added services ("VAS"), multimedia, broadband and Internet services. The Combined Business will also benefit from the extension of Aliant’s existing ICT strategy, and xwave’s expertise to serve over 85,000 business customers in Ontario and Québec, providing them with leading edge business solutions.

The Combined Business will provide best-in-class service to support customers through:

- a highly trained and skilled workforce;
- focusing on first call resolution;
- delivering enhanced self service (e-service) tools and automating service activation to reduce manual processes;
- providing differentiated service to customers based on value;
- improving service reliability and trouble rates through investment in service improvement programs;
- commitment to consistent service experiences across all channels; and
• providing convenient, easy and affordable service for customers to do business with the Combined Business, offering single bill and bundled solutions.

The Combined Business is committed to making the transition of its component operations into the income trust structure of the Fund seamless for customers by providing the same service, same bill and same brands.

Operating Revenue Growth

The Combined Business intends to drive operating revenue growth through increasing the penetration of high-speed Internet and VAS, leveraging xwave’s capabilities in Ontario and Québec, continuing the emphasis on bundling strategy and introducing new products and services.

Increase high-speed Internet and VAS penetration

The total high-speed Internet customer growth for the Combined Business was approximately 29% CAGR between 2003 and 2005, however Management believes that significant opportunities exist to support accelerated growth by closing the penetration gap that exists between the Combined Business and the national average and by continued expansion of the footprint.

The residential high-speed Internet penetration of NAS for the territory of the Combined Business is below the national average of approximately 50% with the Aliant Operation at approximately 36% and the Bell Canada Regional Wireline Operation at approximately 30%. Increasing the penetration of high-speed Internet services will be supported by an increased focus on regional needs, Value Package™ bundling that features Internet and other services such as Aliant’s existing PC purchase program (a bundle comprised of PC hardware and Internet access).

Continued expansion of the high-speed Internet footprint will be another strategy pursued to achieve operating revenue growth. The Combined Business has a high-speed footprint that passes approximately 70% of homes: approximately 81% in the Aliant Wireline Territory and approximately 60% in the Bell Canada Regional Territory. The national average in Canada is 89%. Planned high-speed Internet expansion will increase the number of homes passed by high-speed Internet. The CRTC also concluded in its recent deferral account ruling that ILECs could use funds in their deferral accounts for initiatives to expand broadband services to rural and remote communities. This presents a further opportunity to increase the number of homes passed by high-speed Internet access. The CRTC is expected to approve draw downs from the Bell Canada deferral account for initiatives to expand broadband services in the Bell Canada Regional Territory.

Management believes that VAS are under-penetrated in the Bell Canada Regional Territory with 30% less operating revenue earned per NAS as compared to Bell Canada. VAS revenue (including voice features like call display, call answer and call forward) can be increased through bundle strategies that include VAS “feature bundles” with other wireline products and by enhancing customer service to make VAS services easier to buy and use. The success of the Aliant Operation’s bundles strategy including VAS will be leveraged in the Bell Canada Regional Territory.

Leverage xwave capabilities in Ontario and Québec

Management believes that the business market in the Bell Canada Regional Territory represents an opportunity for growth through the integration of IT services with the traditional local, long distance and Internet service offerings. This strategy is currently being pursued in Atlantic Canada through joint efforts of xwave and the Aliant Wireline Operation to provide ICT solutions for the SMB and enterprise markets. Management believes that xwave’s existing offices in Ontario can be leveraged to pursue similar ICT strategies in the Bell Canada Regional Territory.

Certain industries such as healthcare, education, government and public safety currently served by xwave are also relevant to the Bell Canada Regional Wireline Operation and offer opportunities for improved growth. Management believes that the Combined Business can leverage existing telecommunications customer relationships of the Bell Canada Regional Wireline Operation to cross-sell information technology services and solutions provided by xwave including systems integration, consulting, infrastructure services and support, outsourcing, software engineering, applications development and product fulfillment services.
**Continued Emphasis on Bundling Strategy**

Management believes that success in the market of the Combined Business is dependent upon providing attractive, full service bundles to residential and SMB customers. The Aliant Wireline Operation has been effective in growing the penetration of multi-service telecommunications bundles known as “Value Packages™”, in Atlantic Canada. Value Packages™ have been effective in defending the wireline customer base by reducing customer churn and providing customers with access to additional services or higher service tiers through simple, easy to acquire value priced service packages. This strategy will continue for the Combined Business and will incorporate Bell Mobility™ and Bell ExpressVu™ products.

Management believes that this bundling strategy is also relevant to the SMB segment of the Combined Business market. The Aliant Operation is currently bringing new vertical-based business solutions to market in Atlantic Canada by offering new service bundles for business (Business 123™), and building on success with residential Value Packages™. Given the similarity in markets, Management anticipates similar results can be realized by leveraging these service bundles in the Bell Canada Regional Territory.

**Introduction of New Products and Services**

The relationship of the Combined Business with Bell Canada will provide the Combined Business with on-going access to product and service development activities at Bell Canada, which will accelerate time-to-market for new products and services and improve operational performance and cost competitiveness.

In addition, Management anticipates that the Combined Business will be able to deploy market specific products and services to its territory, including products and services that are pre-existing in each region to the entire territory, such as the PC Purchase Program in the Aliant Operation tailored for residential and SMB customers; VoIP services developed for the Bell Canada Regional Territory; and various enhanced IP and ICT services existing in each regional territory.

2. **Actively Manage Distributable Cash Flow**

In addition to the growth initiatives above, the Combined Business intends to grow distributable cash flow through cost management and capital investment rationalization. The Combined Business intends to actively manage its direct expenses, while benefiting from the annual declines in unit costs of the outsourced services of 3% to 4% per annum over the first four years of the Bell Canada outsourcing agreements.

Management also anticipates that it will be able to realize cost synergies as a result of this transaction, which may be achieved through:

- Assuming responsibility for certain functions by the Combined Business that are being provided by Bell Canada for the Bell Canada Regional Wireline Operation segment of the Combined Business, such as certain corporate functions.
- Additional potential outsourcing of select functions from the Aliant Operation to Bell Canada. Services to be outsourced would be similar to those outsourced to Bell Canada from the Bell Canada Regional Wireline Operation. This additional oursourcing will serve to provide symmetry in the operation of the Combined Business and streamline costs.
- Bell Canada and the Combined Business may also jointly look to third parties for additional outsourcing arrangements.

In addition to cost management, the Combined Business will seek opportunities to rationalize capital investment. For example, as discussed previously, the operations have collectively undertaken approximately $1.4 billion in aggregate capital investment over the past three years to enable the Combined Business to support current and next generation services, such as IP based services, high-speed access and multi-media services. The bulk of the investment in this area has been made and it is not anticipated that this level of capital spending will be required into the future to provide such services. Management also believes that the greater scale resulting from the combination of the operations provides for better efficiencies of future capital spending in certain areas, such as systems development, due to the significant fixed cost structure inherent in the telecom industry. Management believes that this should result in a gradual decline in overall capital intensity over time.
3. **Pursue Further Consolidation Opportunities**

Following the completion of the Arrangement, the Combined Business will be one of the largest ILECs in Canada, with *pro forma* operating revenue of approximately $3.3 billion for the year ended December 31, 2005. Management believes that the large revenue and fixed asset base of the Combined Business will give it significant scale of operations, in addition to that provided by the outsourcing arrangement with Bell Canada, and make it a strong platform for future acquisitions of other regional and rural lines.

**Aliant Operation**

**Overview**

The Aliant Operation is comprised of all of Aliant’s existing operations except for Aliant’s wireless operation and its retail operations carried on by its wholly owned subsidiary DownEast Ltd. The Aliant Operation is comprised of three key business lines: (i) the Aliant Wireline Operation; (ii) xwave or “Information Technology”; and, (iii) the Other Aliant Businesses.

The Aliant Wireline Operation consists of the wireline voice and data communications operations which provides a full suite of telecommunications services to approximately 860,000 residential and 75,000 business customers in the provinces of Newfoundland and Labrador, New Brunswick, Nova Scotia and Prince Edward Island. The Aliant Wireline Operation provides local and access services to approximately 1.46 million local lines or NAS, and Internet access services to approximately 343,000 customers. The Aliant Wireline Operation provides long distance, data, and enhanced services over its state-of-the-art telecommunications infrastructure.

The table below outlines certain key metrics for the Aliant Operation, including a breakdown of the local access lines by customer segment, as well as Aliant’s wireless subscribers.

<table>
<thead>
<tr>
<th>Aliant Operation Key Metrics</th>
<th>As at December 31, 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Local Access Lines</strong></td>
<td></td>
</tr>
<tr>
<td>Residential</td>
<td>1,460,000</td>
</tr>
<tr>
<td>Business</td>
<td>864,000</td>
</tr>
<tr>
<td>Dial-up Internet Subscribers</td>
<td>596,000</td>
</tr>
<tr>
<td>High-speed Internet Subscribers</td>
<td>131,000</td>
</tr>
<tr>
<td>Wireless Subscribers&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>212,000</td>
</tr>
<tr>
<td>Wireless Subscribers&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>715,000</td>
</tr>
</tbody>
</table>

Note:

<sup>(1)</sup> Following the Arrangement, these will be customers of Bell Canada. This number represents the number of active units in Atlantic Canada.

The information technology line of business is carried out through xwave. Xwave has operations in Atlantic Canada, Ottawa, Toronto, Augusta, Maine, Washington DC, and Ireland, providing information services/information technology (“IS/IT”) consulting, integration and product fulfillment services. In the Enterprise Segment, xwave is focused on a number of industries, including government, healthcare, defense and aerospace, corrections, telecommunications, public safety and contact centers. Xwave also plays a key role in the SMB market by leveraging its expertise in the managed services and fulfillment areas to deliver ICT solutions in partnership with the Aliant Wireline Operation to primarily medium sized businesses. In response to convergence trends of telecommunications and information technology, Aliant merged elements of its wireline and IT operations together to provide improved service to business customers and integrated ICT solutions through a single point of contact, common sales, marketing and customer service channels.

Other Aliant Businesses include Aliant’s wholly owned subsidiaries: Innovatia Inc., which provides eLearning, teleweb technical support and documentation services; SalesBridge Canada Corp., 51% of which is owned by Aliant and which provides tele-sales services; and Aliant Actimedia, 87% owned by Aliant which provides telephone directory services. For the purposes of financial disclosure these other businesses have been included with the Aliant Wireline Operation.
The following discussion outlines key highlights of the Aliant Operation. Additional details regarding Aliant can be found in the annual information form of Aliant dated March 29, 2006 and other documents which are incorporated into this Information Circular by reference.

The Aliant Operation generated gross *pro forma* operating revenue of approximately $1,723 million, *pro forma* EBITDA of approximately $674 million and *pro forma* operating income of approximately $233 million for the year ended December 31, 2005. See the *pro forma* combined financial statements of the combined operations of Holdings LP at Appendix “D” to this Information Circular.

The largest portion of *pro forma* operating revenue for the Aliant Operation for the year ended December 31, 2005 was generated by the Aliant Wireline Operation which contributed $1.5 billion, or 85% of total 2005 *pro forma* operating revenues. Information technology is a growing segment of the Aliant Operation and generated $251 million in *pro forma* operating revenue representing 15% of total *pro forma* operating revenues earned in 2005.

*Pro forma* operating revenue for the year ended December 31, 2005 from residential customers was approximately $767 million, representing approximately 45% of total *pro forma* operating revenue. SMB *pro forma* operating revenue was approximately $350 million, representing approximately 20% of total *pro forma* operating revenue. Enterprise business customers made up the remainder of the total *pro forma* operating revenue with approximately $606 million, representing approximately 35% of total *pro forma* operating revenue.

The following charts outline the approximate percentage breakdown of the 2005 *pro forma* operating revenue for the Aliant Operation by product line and customer segment.

**Customer Groups**

The Aliant Operation focuses on three customer segments: residential, small and medium businesses and enterprise businesses.

**Residential**

Residential customers accounted for approximately 864,000 or 60% of the access lines in the Aliant Wireline Operation and approximately 45% of the total *pro forma* operating revenue generated by the Aliant Operation for the year ended December 31, 2005. The residential segment is composed of individuals and families or other households that purchase telecommunications services for their personal use. The Aliant Wireline Operation is the incumbent telecommunications services provider in the region providing local telephone and long distance services, and dial-up and high-speed Internet services. Management believes that revenues from the residential segment are likely to remain stable in the near term, with any potential declines in voice service being offset by increased penetration and share of high-speed Internet service, VAS, and multi-service bundles.
Enterprise Business

The enterprise business segment accounted for approximately 35% of the total pro forma operating revenue of the Aliant Operation for the year ended December 31, 2005, and services the largest business customers in Atlantic Canada. Enterprise customers include private and public sector companies and organizations spending in excess of $300,000 annually with the Aliant Operation for telecommunications and information technology services. The Aliant Operation provides tailored ICT solutions to this segment by combining the joint capabilities of the Aliant Wireline Operation and xwave through an integrated sales and delivery team. Management believes that the enterprise segment will offer stable growth potential for the Aliant Operation, assisted by cross-selling opportunities between its telecommunications and Information Technology services businesses, and through continued success with integrated ICT solutions delivery.

The Carrier Services Group (“CSG”) is also part of the enterprise business segment of the Aliant Operation. This group services customers consisting of competitors and telecommunication services resellers and rebillers who need to access the Aliant Wireline Operation’s network to complete the delivery of voice, Internet and data traffic. The Aliant Operation sells access to its network at wholesale rates approved by the CRTC, and is a party to interconnection and settlement agreements similar to those entered into by other ILECs.

Through its xwave brand and Innovatia Inc., the Aliant Operation also delivers solutions to enterprise customers outside Atlantic Canada. Key industries of focus of the enterprise business include telecommunications, defence and aerospace, public safety and corrections, healthcare, and contact centres.

Small and Medium Business

SMB represented approximately 20% of total pro forma operating revenues of the Aliant Operation for the year ended December 31, 2005. This customer segment is made up of approximately 75,000 business customers ranging from Small Office/Home Office businesses with one to five employees to medium sized business with up to 200 employees. The needs of this segment are diverse but offer growth potential, particularly in the medium sized business segment, arising from opportunities to increase penetration of Internet services and from providing integrated ICT solutions and bundles.

Management believes that the SMB market in Atlantic Canada represents an opportunity for growth through the integration of IT services with local, long distance and Internet service offerings to enable the Combined Business to become the leading ICT provider to the mid-sized market. The Aliant Operation is developing new ICT offerings such as Managed Business Desktop (end-to-end desktop life cycle management providing hardware, software, desktop support, security, back-up, hosting, and network management service), VoIP for SMB and a PC Purchase Program tailored for small businesses. The Aliant Operation is bringing new vertical-based business solutions to market, building on success with Value Packages™ in the residential segment to offer new business bundles (Business 123™) enabled by the success of the broadband expansion program which reaches 85% of businesses in Atlantic Canada. The key industries currently being pursued include government, healthcare, real estate, insurance, automotive, financial services, and legal. The Aliant Operation is also focused on improving customer service for the SMB segment by delivering integrated solutions with simplified billing and customer defined service and support options (i.e., self-serve).

Products and Services

The Aliant Operation provides a wide range of telecommunications and IT related products and services to customers in Atlantic Canada and other domestic and international markets. The segmented pro forma
operating revenues for the Aliant Operation for the year ended December 31, 2005 are outlined in the table below by key product category.

<table>
<thead>
<tr>
<th>Pro Forma Operating Revenues — Year ended December 31, 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pro forma Operating Revenue</td>
</tr>
<tr>
<td>-----------------------------</td>
</tr>
<tr>
<td>Aliant Wireline Operation</td>
</tr>
<tr>
<td>Local and Access (1)</td>
</tr>
<tr>
<td>Long Distance</td>
</tr>
<tr>
<td>Internet and Data</td>
</tr>
<tr>
<td>Other (2)</td>
</tr>
<tr>
<td>Total Aliant Wireline Operation</td>
</tr>
<tr>
<td>Information Technology</td>
</tr>
<tr>
<td>Total Pro Forma Operating Revenue</td>
</tr>
</tbody>
</table>

Notes:
1. Includes calling features and subsidies.
2. Includes operating revenue from Atlantic Mobility Products Inc., Aliant ActiMedia, telecommunications product sales, pole rental fees, late payment fees and support services for Bell Mobility.

Local Access Services

Local and access services revenue is earned from providing the following services:

- network access service, which includes monthly access charges for provision of local telephone service;
- enhanced service features, which includes VAS, such as call answer, call display and call forwarding;
- data access, which includes local data access services such as frame relay, asynchronous transfer mode and interoffice digital access;
- contribution payments, which are subsidies from the telecommunications industry-financed National Contribution Fund for the provision of residential local service in high cost areas;
- competitor payments, which are fees paid by competitors that access the local network; and
- other revenues from telephone set rentals, payphone usage and service charges.

The Aliant Wireline Operation is the leading provider of traditional wireline services in Atlantic Canada. Local and access service revenues accounted for approximately $617 million of the total 2005 pro forma operating revenue of the Aliant Operation. Since 1999, the Aliant Wireline Operation has faced cable telephony competition in portions of its territory, most notably larger urban areas such as Halifax, Nova Scotia and Charlottetown, Prince Edward Island — much earlier than cable telephony competition was experienced in other regions of Canada. Initially, as competition was introduced into new markets, Aliant experienced immediate local line losses as customers with a propensity to switch service providers moved early with a slowing of local line losses occurring over time as the market competitiveness has matured and stabilized. In competitive markets, Aliant has experienced an improvement in the rate of monthly local line losses by between 40% and 60% after one to two years of competitive service introduction as footprints become more competitively mature. As a result, Management believes local line erosion has largely stabilized in mature competitive areas, in part due to strategies developed and implemented for dealing with the increased competitive presence, most notably Aliant’s approach to bundling of services into more attractive combinations. In 2006, Management expects it will likely face new cable telephony competition in urban areas of Newfoundland and Labrador and New Brunswick; however, the population of the four major urban areas in these provinces represents less than 15% of Aliant’s existing residential customer base. Management expects that these markets will also stabilize in a relatively short time as the competitive market matures following initial launch of cable telephony services. The remainder of Atlantic Canada consists primarily of small urban and rural communities which are subject to a lower rate of
cable penetration capable of offering telephony service. Overall, Management believes the Aliant Wireline Operation to have a relatively stable local line profile.

**Long distance**

Long distance revenue is earned through providing the following services:

- toll service, which are long distance voice services, including toll-free service;
- data network service, which are long distance data transmission circuits; and
- long distance terminating, which are the rates paid by certain telecommunications carriers for long distance calls terminating with customers.

The Aliant Wireline Operation is the leading long distance ("LD") service provider in Atlantic Canada. Long distance revenues accounted for approximately $237 million of total pro forma operating revenues for the Aliant Operation for the year ended December 31, 2005. The LD service segment is in decline as a result of lower per-minute pricing and a decline in long distance minute volume due to substitution from alternate technologies such as wireless and Internet services.

**Internet and Data Services**

Internet revenue is earned through high-speed (regular and ultra) service, dial-up service and enhanced services and applications such as TV on my PC™, security services, music download service, the PC purchase program and dial-up accelerator.

The Aliant Wireline Operation is the leading retail Internet provider in Atlantic Canada. In 2005 Internet and data services generated revenue for approximately $325 million for the Aliant Wireline Operation. The high-speed customer base grew approximately 41% in 2005 due to successful marketing campaigns, expansion of the high-speed footprint in Atlantic Canada, and the launch of an innovative bundled PC purchase program. Management believes that strong Internet subscriber growth will continue given that Internet penetration in Atlantic Canada (approximately 52% for residential customers) is lower than the national level (approximately 60%).

The high-speed Internet footprint for the Aliant Wireline Operation passes approximately 81% of homes and 85% of businesses in Atlantic Canada. Management believes that the Internet services segment will continue to provide growth for the Aliant Wireline Operation from: (i) continued marketing of Value Package™ bundles and customer contracts that integrate Internet offers with other wireline products; (ii) further expansion of the high-speed Internet footprint in Atlantic Canada; (iii) continued focus on customer retention and customer loyalty to reduce churn; and (iv) further success with the new PC purchase program, which bundles Internet access services with a packaged computer hardware bundle from Dell. Management believes revenue growth will also continue with the adoption of new Internet customers and dial-up customer’s migration to higher priced high-speed access.

The Aliant Wireline Operation also offers tailored Internet connectivity, IP services to its business subscribers including IP Virtual Private Networks (”VPN”) and Optical Ethernet services. Legacy data services are also provided and include frame relay, Datapac, ATM (Asynchronous Transfer Mode) and digital inter-exchange transport, and Megaroute. Complementary to these offerings, the Aliant Wireline Operation provides technology support services, including: networking solutions, network security, maintenance plans, on-site personnel, installation and configuration of workstations and servers, customized training, web-site development and e-commerce services.

The Aliant Wireline Operation also provides local provisioning of national data transmission services for business customers of other carriers in addition to its own consisting of legacy data services, IP services and connectivity.

**Bundles**

The Aliant Wireline Operation has been successful in growing the penetration of multi-service telecommunications bundles known as Value Packages™ in Atlantic Canada. The use of Value Packages™ has been successful in reducing customer churn and providing customers with additional services or higher service tiers through simple, easy to acquire value priced service packages. Management believes that continued success
in the Atlantic Canada residential market is dependent upon providing attractive full service value packages to residential and SMB customers.

Other Telecommunications Services

Other telecommunications revenues are primarily earned from newer services such as network management, e-commerce and IPTV.

For example, in 2005, the Aliant Wireline Operation developed and launched an IPTV solution for the residential market which allows it to provide digital television service to the residential market. The service has been deployed in portions of the Halifax market with additional expansion to continue in key Atlantic Canadian markets.

Information Technology

The Aliant Operation generates IT services and fulfilment revenue through its xwave brand, which generated pro forma operating revenue of approximately $251 million in fiscal year 2005. IT services revenue, which contributed $137 million of pro forma operating revenue in 2005, is earned through systems integration services, software engineering, application development and maintenance, infrastructure managed services and other IT consulting services. Fulfillment revenue, which contributed $114 million of operating revenue in 2005, is generated through the sale of computer hardware and peripherals and packaged software through strategic partner relationships to enterprise and SMB customers.

Xwave is one of the largest IT service providers in Canada, with a broad service capability as demonstrated by recent contract awards including the delivery of Mission-Training Systems to the Maritime Helicopter Program, a long-term contract with GE Healthcare to deliver a healthcare IT software service to Ontario physicians, and delivery of an airborne mission system to Airbus Deutschland.

By leveraging xwave’s expertise, knowledge and abilities, the Aliant Operation has strengthened its position in the market and is able to offer integrated ICT solutions to enterprise and SMB customers that span their complete communications and IT requirements. This maximizes the core communications assets of the Aliant Wireline Operation while leveraging IT solutions of xwave, and balancing the transition to next generation IP and ICT services.

Other Aliant Businesses

Innovatia is a recognized leading provider of outsourced knowledge services, principally focused on the telecommunications and information technology sectors. Its product portfolio ranges from e-Learning (blending both web-based and traditional learning techniques to provide custom e-Learning solutions), to technical documentation and teleweb technical support (end-to-end documentation services on behalf of original equipment manufacturers), and TeleWeb sales (a sales channel that integrates tele-based sales resources with web technology to perform early-stage account work and lead qualification).

SalesBridge is a joint venture between Innovatia and MarketBridge Corporation, a leading professional services firm. SalesBridge focuses on outsourcing sales professionals in a managed, outsourced service environment. In addition they develop and manage custom built e-sales forces called TeleWeb sales.

Aliant ActiMedia is a telephone directory advertising business in which Aliant holds an 87.1% partnership interest with the balance being held by Yellow Pages Group.

Physical Assets

The Aliant Operation includes all of the assets of Aliant that support the major lines of business and key product areas operated by the Aliant Operation. These assets include all wireline telecommunications assets (including network elements, copper and fibre cable infrastructure, real estate and buildings, and business systems related software and hardware), all information technology assets, and all assets associated with the Other Aliant Businesses.

The Aliant Wireline Operation’s network includes voice switching infrastructure, CCS7 signalling, fibre rings, transport systems, broadband ADSL equipment and other network elements that meet the industry
standards for service integrity, redundancy and reliability, with flexible and cost-efficient operations and management.

The Atlantic Canada territory wide voice switching component of this network includes a total of 19 core voice switches (Nortel DMS 100 and 200’s), approximately 1,500 remote voice switches, and two core VoIP switching gateways. Long distance inter-exchange facilities interconnect the voice network in Atlantic Canada to Bell Canada and other carriers for the transit of voice traffic in Canada and internationally. The network in Atlantic Canada utilizes over 895,000 kilometres of fibre strands for core transport network rings and for optical connections to business customers and other network elements. The Aliant Wireline Operation’s network assets in Atlantic Canada also include an extensive ADSL footprint covering approximately 81% of homes in Atlantic Canada, a broadband and IP MPLS network capable of providing national reach and enabling next generation IP based telephony services.

This network meets industry standards for service integrity, redundancy, reliability, flexibility, cost-efficient operations and management, and Management believes that this network can support the next generation of services. The Aliant Wireline Operation’s network is designed to evolve for the future with capabilities to deliver broadband data, high-speed access and multimedia services. It is capable of integrating the deployment of existing and new service building block capabilities such as VPN and Optical Ethernet platforms.

**Capital Investments**

Approximately $820 million of capital investments have been made by the Aliant Operation over the three-year period from 2003 to 2005 to upgrade the telecommunications network and information technology services in the Aliant Operation. These capital investments were made for core telecommunications network and buildings and real estate ($290 million), business systems and process improvement related investments ($160 million), residential customer service related investments including broadband, Internet and television services and terminals ($190 million), business customer service related investment including enterprise and SMB data and Internet services, IS/IT and xwave investments ($105 million), customer service operations related investments including station connections, vehicles, tools, and outside plant improvement ($70 million), and corporate related investments including regulatory, subsidiaries, and other ($5 million). Management believes that the current network has sufficient capacity to support existing and currently anticipated traffic levels arising from the delivery of integrated services to customers.

**Employees**

The Aliant Operation is supported by a workforce of approximately 8,400 employees. Xwave employs approximately 1,300 people with the remaining 7,100 employees dedicated to the Aliant Wireline Operation and other businesses.

Approximately 45% of the Aliant Operation workforce was unionized as of December 31, 2005. All unionized employees are represented by the CEP Atlantic Communications Council (the “CEPACC”). The CEPACC contract was negotiated in September 2004 following a five month work stoppage. The new contract will remain in effect through December 31, 2007.
Bell Canada Regional Wireline Operation

Overview

The Bell Canada Regional Wireline Operation is the leading local wireline service provider in the Bell Canada Regional Territory, which includes all or parts of the 418, 450 and 819 area codes in Québec and all or parts of the 519, 613, 705 and 807 area codes in Ontario, and has a population of approximately 2.5 million people. The Bell Canada Regional Wireline Operation provides local and access services to approximately 1.6 million local access lines; approximately 1.2 million residential and 0.4 million business. The geographic area covered by the Bell Canada Regional Wireline Operation is displayed in the following map.
The following table summarizes key information regarding the access lines in the Bell Canada Regional Territory:

<table>
<thead>
<tr>
<th>Regions</th>
<th>Approximate Area Codes(1)</th>
<th>NAS(2)</th>
<th>Population(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Québec</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chicoutimi/Jonquière/Rivière-du-Loup/Alma</td>
<td>418</td>
<td>260,000</td>
<td>439,000</td>
</tr>
<tr>
<td>St-Gabriel-de-Brandon/Huntingdon/Knowlton/Bedford</td>
<td>450</td>
<td>81,000</td>
<td>116,000</td>
</tr>
<tr>
<td>Victoriaville/Maniwaki/Lac-Mégantic</td>
<td>819</td>
<td>110,000</td>
<td>158,000</td>
</tr>
<tr>
<td>Ontario</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sarnia/Chatham/Owen Sound/Orangeville</td>
<td>519</td>
<td>387,000</td>
<td>663,000</td>
</tr>
<tr>
<td>Cornwall/Brockville/Pembroke</td>
<td>613</td>
<td>285,000</td>
<td>463,000</td>
</tr>
<tr>
<td>Sault Ste-Marie/Sudbury/North Bay/Huntsville</td>
<td>705</td>
<td>462,000</td>
<td>609,000</td>
</tr>
<tr>
<td>NorthWestern Ontario</td>
<td>807</td>
<td>69,000</td>
<td>92,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1,654,000</td>
<td>2,540,000</td>
</tr>
</tbody>
</table>

Notes:
(1) The Bell Canada Regional Wireline Operation’s regional and rural lines only cover portions of the corresponding area codes.
(2) As of December 31, 2005.
(3) Estimated based on Statistics Canada 2001 Census. Certain areas covered by the Bell Canada Regional Territory were not covered by the Census.

The Bell Canada Regional Wireline Operation offers a full suite of wireline access telecommunications services to residential and business customers in the Bell Canada Regional Territory. The Bell Canada Regional Wireline Operation also provides long distance, Internet and data services, and distributes Bell Mobility wireless and ExpressVu DTH satellite services. Other product offerings include modem, telephone terminals and PBX systems, leased and sold to residential and business customers, as well as legacy data and information technology services offered to business customers. Following the completion of the Arrangement, Bell Canada will retain its Bell Mobility, ExpressVu and Bell World store assets in the Bell Canada Regional Territory with the Combined Business acting as an agent for the distribution of Bell Canada wireless and satellite broadcast services.

A summary of key metrics for the Bell Canada Regional Wireline Operation are described in the following table:

<table>
<thead>
<tr>
<th>Bell Canada Regional Wireline Operation Key Metrics</th>
<th>As at December 31, 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Access Lines</td>
<td>1,654,000</td>
</tr>
<tr>
<td>Residential</td>
<td>1,237,000</td>
</tr>
<tr>
<td>Business</td>
<td>417,000</td>
</tr>
<tr>
<td>Dial up Internet Subscribers</td>
<td>107,000</td>
</tr>
<tr>
<td>High-speed Internet Subscribers</td>
<td>175,000</td>
</tr>
<tr>
<td>Wireless Subscribers(1)</td>
<td>348,000</td>
</tr>
<tr>
<td>Satellite Subscribers(2)</td>
<td>86,000</td>
</tr>
</tbody>
</table>

Notes:
(1) Following the Arrangement these will be customers of Bell Canada. This number represents the number of active units in the Bell Canada Regional Territory.
(2) ExpressVu subscribers that will be customers of Bell Canada.
On a pro forma basis, the Bell Canada Regional Wireline Operation generated pro forma operating revenue of approximately $1,208 million for the year ended December 31, 2005, pro forma EBITDA of approximately $633 million and pro forma operating income of approximately $418 million. See “Reconciliation of Historical Operating Income to Pro Forma and Non-GAAP Financial Measures”.

Pro forma operating revenue for the year ended December 31, 2005 from local and access and long distance was approximately $961 million; approximately 80% of total pro forma operating revenue for the year ended December 31, 2005. Internet and data is a high growth segment of the Bell Canada Regional Wireline Operation, and generated approximately $195 million in pro forma operating revenue; approximately 16% of total pro forma operating revenue for the year ended December 31, 2005. Management believes that Internet and data revenue growth will continue as personal computer penetration increases in the territory from a current level of approximately 59% to a level more in line with the national average (approximately 79%). Management believes that greater penetration of high-speed Internet will also contribute to acceleration in the Internet and data growth rate.

Pro forma operating revenue for the year ended December 31, 2005 from residential customers was approximately $791 million; approximately 66% of total pro forma operating revenue. Business revenue accounted for approximately 20% of pro forma total operating revenue for the year ended December 31, 2005; or approximately $237 million. CSG, settlements and other miscellaneous items made up the remainder of total pro forma operating revenue.

The following charts illustrate the approximate breakdown of the pro forma operating revenue for the year ended December 31, 2005 of the Bell Canada Regional Wireline Operation by product line and customer segment:

Customer Groups

The Bell Canada Regional Wireline Operation currently services three customer groups in the Bell Canada Regional Territory: residential, business and other.

Residential Segment

The Bell Canada Regional Wireline Operation is the incumbent telecommunication service provider in the region providing local telephone and long distance services, and dial-up and high-speed Internet services (using the Sympatico™ brand name).

Residential customers account for approximately 1.2 million NAS and approximately 66% of the pro forma operating revenue generated for the year ended December 31, 2005. Management believes that revenues from the residential segment are likely to remain stable, with potential declines in core voice revenue being offset by growth through increased penetration of high-speed Internet access and VAS.
**Business Segment**

The business segment consists of SMB and enterprise customers. The Bell Canada Regional Wireline Operation services approximately 85,000 business customers, accounting for approximately 25% of total access lines and 20% of the pro forma operating revenue generated for the year ended December 31, 2005. Approximately 50 business customers are defined to be enterprise size accounts (greater than $300,000 annual telecommunications spending) with the remaining business customers being small and medium-sized businesses.

The Bell Canada Regional Wireline Operation will have sales primeship for business customers with headquarters located in the Bell Canada Regional Territory, while Bell Canada will retain sales primeship for those customers headquartered outside the territory of the Combined Business. The Bell Canada Regional Wireline Operation will provide local and access and other telecommunications services to the Bell Canada primed customers with branch offices within the Bell Canada Regional Territory.

The Bell Canada Regional Wireline Operation provides tailored wireline and Internet services, terminal leasing and/or outright sales and other IS/IT services and product offerings, including network security, information management and data transmission. Modest growth in this subscriber base is anticipated as a result of new business creation in the Bell Canada Regional Territory.

**Other**

Other operating revenue includes CSG, settlements and other miscellaneous items. CSG customers consist of facilities based competitors and telecommunication services resellers and rebillers who need to access the Bell Canada Regional Wireline Operation’s network to complete the delivery of voice, Internet and data traffic. The Bell Canada Regional Wireline Operation sells access to its network at wholesale rates approved by the CRTC, and will be party to interconnection and settlement agreements similar to those entered into by other ILECs.

**Products and Services**

The Bell Canada Regional Wireline Operation provides customers with a broad range of telecommunications products and services, including local telephone and long distance services, and dial-up and high-speed Internet services (using the Sympatico™ brand name). Other product offerings include modem, telephone terminals and PBX systems leased and sold to customers, and data and IS/IT services offered to business customers. The pro forma operating revenues by product line of the Bell Canada Regional Wireline Operation for the year ended December 31, 2005, are shown in the table below:

<table>
<thead>
<tr>
<th>Pro Forma Operating Revenues — Year ended December 31, 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pro Forma Operating Revenue (%)</td>
</tr>
<tr>
<td>Local and Access(1)</td>
</tr>
<tr>
<td>Long Distance</td>
</tr>
<tr>
<td>Internet and Data</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td><strong>Total Pro Forma Operating Revenue</strong></td>
</tr>
</tbody>
</table>

Note:
(1) Includes calling features and subsidies.

**Local and Access Services**

The Bell Canada Regional Wireline Operation has a leadership position in residential local and access in the Bell Canada Regional Territory. The wireline operation in the Bell Canada Regional Territory benefits from high customer loyalty and relatively lower levels of penetration by cable telephony providers than in urban areas. Management believes that approximately 35% of the residential NAS in the Bell Canada Regional Wireline Operation currently face or are expected to face competition from a facilities-based telephony offering (cable
VoIP). This estimate is based on the current cable footprint in the territory and announced telephony roll-out plans of incumbent cable operators.

Total local and access service \textit{pro forma} operating revenue generated by the Bell Canada Regional Wireline Operation was approximately $712 million in 2005, primarily from (i) basic local and access services and associated service charges, (ii) calling features, (iii) maintenance plans, and (iv) subsidies. These services represented approximately 59\% of the total \textit{pro forma} operating revenue of the Bell Canada Regional Wireline Operation for the year ended December 31, 2005.

\textit{Pro forma} operating revenue from basic local and access services was approximately $542 million in 2005, representing approximately 76\% of total 2005 \textit{pro forma} local and access service revenue. These services include basic local residential and business access services in addition to advanced business services such as Centrex local switching, enhanced billing, Single Number Reach using easily redirected “virtual” numbers, and automated call processing and voice prompting services. These services are generally offered under contracts having a term of one to three years.

\textit{Pro forma} operating revenue from calling feature services for the Bell Canada Regional Wireline Operation was approximately $116 million in 2005, representing approximately 16\% of total 2005 \textit{pro forma} local and access service revenue. These services are available in substantially all of the Bell Canada Regional Territory and include features such as Call Display (name and number), Call Answer, Call Waiting, Ident-a-Call, Call Trace, Call Forwarding, Three-Way-Calling, Call Return, Speed Dial and Call Screen. They may be purchased \textit{à la carte} or in bundled offerings.

\textit{Pro forma} operating revenue from maintenance plans for the Bell Canada Regional Wireline Operation was approximately $20 million in 2005, representing approximately 3\% of total 2005 \textit{pro forma} local and access service revenue. These plans are available on a minimum 12 month subscription, covering repairs to inside wire, and telephones and accessories.

\textit{Pro forma} operating revenue from payphone usage for the Bell Canada Regional Wireline Operation was approximately $5 million in 2005, representing approximately 1\% of 2005 \textit{pro forma} local and access service revenue.

The Bell Canada Regional Wireline Operation will be entitled to receive subsidies from other full-service telecommunications providers (including Bell Canada following the Arrangement) through a national fund created by the CRTC as compensation for providing local services in high cost serving areas. Total subsidies received in 2005 were approximately $29 million representing approximately 4\%.

\textbf{Long Distance}

The Bell Canada Regional Wireline Operation has a leadership position in residential long distance service in the Bell Canada Regional Territory. Total \textit{pro forma} operating revenue from long distance services generated by the Bell Canada Regional Wireline Operation was approximately $249 million in 2005, representing approximately 21\% of the total \textit{pro forma} operating revenue generated by the Bell Canada Regional Wireline Operation for the year ended December 31, 2005.

As with other Canadian full-service telecommunications providers, the long distance rates of the Bell Canada Regional Wireline Operation have dropped substantially over the past five years due to deregulation of long distance and the increased competition that followed. Despite rate declines in the industry, the Bell Canada Regional Wireline Operation has experienced a lower rate of long distance revenue decline than other ILEC peers. Management believes that from 2003 to 2005 the overall Canadian LD market declined approximately 8.6\% per year while only declining by approximately 5.4\% per year (normalized to remove the impact of the $5 long distance plan implemented in 2005) in the Bell Canada Regional Territory. Management believes that this is due to a number of factors. Firstly, the Bell Canada Regional Wireline Operation has experienced a lower rate of NAS decline due to greater customer loyalty and relatively lower levels of competitive pressure from cable telephony providers than in more urban areas. Secondly, the Bell Canada Regional Wireline Operation is faced with a lower level of long distance reseller competition. Finally, the customers of the Bell Canada Regional Wireline Operation tend to use proportionately more intra-province long distance, the pricing of which has
remained more stable than national or U.S. calling. These combined factors have allowed the Bell Canada Regional Wireline Operation to enjoy more stable long distance cash flows.

**Internet and Data**

The Bell Canada Regional Wireline Operation provides facilities-based Internet services under the Sympatico™ brand to approximately 282,000 residential subscribers (approximately 107,000 dial-up subscribers and 175,000 high-speed Internet subscribers), generating approximately $195 million in pro forma operating revenue in 2005; 16% of total pro forma operating revenue. Residential high-speed Internet subscribers grew by more than 30% between 2004 and 2005.

The Bell Canada Regional Wireline Operation has a leadership position in this high-growth service line. Management believes that continued improvement in this high-speed leadership position is attainable by: (i) leveraging bundles to secure broadband homes with multiple connected devices; (ii) differentiation from competitors through high quality service offerings such as MSN™, MSN Premium™ and convergent interactive applications with embedded voice, video and data capability; (iii) aggressively converting dial-up base to high-speed; and (iv) expanding its digital subscriber line (‘’DSL’’) footprint, which currently covers approximately 60% of the access lines in the Bell Canada Regional Territory.

From a technological point of view, Management believes that the Bell Canada Regional Wireline Operation is well positioned to offer high-speed Internet services to its customers in a cost-efficient way. High-speed Internet services are provided using xDSL technology over the Bell Canada Regional Wireline Operation’s wireline network. Although the Bell Canada Regional Wireline Operation uses Bell Canada’s Sympatico™ branding, it will own all required specialized Internet equipment, such as servers and modems. The Bell Canada Regional Wireline Operation plans to continue to expand its high-speed footprint in the Bell Canada Regional Territory and has spent approximately $14.5 million in related capital expenditures in 2005. The Bell Canada Regional Wireline Operation has a high-speed footprint that passes approximately 60% of homes in the Bell Canada Regional Territory and approximately 70% of businesses. Planned high-speed Internet expansion will increase the number of homes passed by high-speed Internet. The CRTC also concluded in its recent deferral account ruling that ILECs could use funds in their deferral accounts for initiatives to expand broadband services to rural and remote communities. This presents a further opportunity to increase the overall number of homes passed by high-speed Internet access. The CRTC is expected to approve draw downs from the Bell Canada deferral account for initiatives to expand broadband services in the Bell Canada Regional Territory. Management believes that Internet subscriber growth will continue given that Internet penetration (approximately 49%) in the Bell Canada Regional Territory is lower than the national level (approximately 60%). Management believes that operating revenue growth will also continue with the adoption of new Internet related services customers and dial-up customers’ continued migration to higher priced high-speed access.

The Bell Canada Regional Wireline Operation also offers tailored Internet connectivity, IP services and legacy data services to its business subscribers. Complementary to these offerings it provides technology support services, including: networking solutions, network security, maintenance plans, on-site personnel, installation and configuration of workstations and servers, customized training, web-site development and e-commerce services. These data and support services generated approximately $105 million in pro forma operating revenue for the year ended December 31, 2005.

The Bell Canada Regional Wireline Operation sells and installs computer hardware and related software, and offers businesses the following additional services: networking solutions, network security, maintenance plans, on-site personnel, installation and configuration of workstations and servers, customized training, web-site development and e-commerce services. Service assurance for some of these services will be outsourced to Bell Canada or other third parties following the completion of the Arrangement.

The Bell Canada Regional Wireline Operation also provides local provisioning of national data transmission services for business customers of other carriers in addition to its own. National data transmission services include frame relay, Datapac, ATM (Asynchronous Transfer Mode) and digital inter-exchange transport, Megaroute, LAN, business Internet access, intranets and extranets, among others.
Physical Assets

The Bell Canada Regional Wireline Operation’s network in its territory will include CCS7 signalling, fibre rings and network elements that meet the industry standards for service integrity, redundancy and reliability, with flexible and cost-efficient operations and management. The transmission component of this network includes a total of approximately 8,300 regional and local ring fibres (or the equivalent of approximately 186,000 fibre strand kilometres) representing a capacity utilization of approximately 49.4%. The Bell Canada Regional Wireline Operation’s network assets in its territory will also include a territory-wide switched wireline network, long distance inter-exchange toll facilities in Thunder Bay, a radio and satellite telephony system, an extensive ADSL footprint covering approximately 60% of the Bell Canada Regional Territory and a broadband and IP MPLS network capable of providing national reach and enabling next generation IP-based telephony services.

Management believes that the existing network meets industry standards for service integrity, redundancy, reliability, flexibility, cost-efficient operations and management that can support next generation services. The Bell Canada Regional Wireline Operation network is designed to evolve for the future with capabilities to deliver broadband data, high-speed access and multimedia services. It is capable of integrating the deployment of existing and new service building block capabilities such as VPN and Optical Ethernet platforms.

Following the completion of the Arrangement, Bell Canada will retain approximately 2,700 fibres that are physically located in the Bell Canada Regional Territory, as well as associated equipment which are required for Bell Canada to support its regional and national transport capabilities. These fibres represent all national fibre, a portion of the regional fibre rings, and some spare local ring capacity. The Bell Canada Regional Wireline Operation will not acquire any Bell Mobility™ network assets or Bell Canada radio towers and related real estate and wireless equipment that are located in the Bell Canada Regional Territory.

Also, following the completion of the Arrangement and as part of its ongoing relationship with Bell Canada, the Bell Canada Regional Wireline Operation will continue to benefit from Bell Canada’s fully deployed world-class national and international network. Bell Canada will provide support for functions such as service provisioning and assurance, network planning and provisioning, and technology planning and development. The management of all data network nodes will remain the sole responsibility of Bell Canada under outsourcing arrangements.

Capital Investments

An estimated $558 million of capital investments have been made by the Bell Canada Regional Wireline Operation over the three-year period from 2003 to 2005 to upgrade the telecommunications network in its territory. These capital investments were made for core wireline ($162 million), Service Improvement Program ($71 million), DSL ($60 million), mandatory, replacement and real estate ($118 million), station/service wires ($105 million) and other investments ($42 million). Management believes that this network has sufficient capacity to support the currently anticipated traffic levels arising from the delivery of integrated services to customers.

Capital investment by the Bell Canada Regional Wireline Operation in 2005 was approximately $163 million, excluding indirect capital in support of certain corporate platforms used to support the Bell Canada Regional Wireline Operation. Management believes this to be an appropriate ongoing capital investment level.

Employees

There are currently approximately 1,000 Bell Canada employees who are dedicated to servicing the Bell Canada Regional Territory. Most of these employees are located within the territory, the majority of whom are unionized. Sales, clerical and associated employees are represented by the Canadian Telecommunications Employees’ Association (the “CTEA”) and craft and services employees are represented by the Communications, Energy and Paperworkers Union of Canada (the “CEP”). The remaining employees are management and are not unionized. Following the completion of the Arrangement, these Bell Canada employees will be employed by the Combined Business.
The CTEA collective agreement for clerical and associated employees has recently been negotiated and will remain in effect until May 31, 2009. The CTEA collective agreement for sales employees will expire on December 31, 2006. The CEP collective agreement will remain valid until November 30, 2007. There have been no work stoppages at the Bell Canada Regional Wireline Operation in the past six years and Management believes that the Bell Canada Regional Wireline Operation has good relationships with both unions.

**Bell Nordiq Group Inc.**

*Overview*

Through its subsidiaries Télécopie LP and NorthernTel LP, BNG is the leading provider of wireline and wireless communications services, Internet, data, cable and other communications services to residential and business customers across regional areas of Québec and Northern Ontario. As at December 31, 2005, BNG owned a 63.4% interest in each of Télécopie LP and NorthernTel LP.

The following information about BNG is derived from its annual information form dated March 14, 2006 and its audited financial statements for the year ended December 31, 2005 which are incorporated by reference into this Information Circular. See “‘Documents Incorporated by Reference — Bell Nordiq Group Inc.’”.

Télécopie LP operates in Québec and serves an area of approximately 750,000 km² with a population of 370,000 and over 300 municipalities. Its territory extends as far north as James Bay, south to Venise-en-Québec near the U.S. border, west to Shawville in the Outaouais and east to the Magdalen Islands. NorthernTel LP provides integrated telecommunications solutions to customers across north-eastern Ontario. Its territory, which spans 83,000 km², stretches from Calstock to Latchford and from Virginiatown to Timmins.

Télécopie LP and NorthernTel LP have developed a business model tailored to meet the needs of regional customers. This model, which is based on a strong regional presence and solid customer focus, has strengthened customer relationships. The nature of the operating environment, including vast and distant territories, low population densities and high entry costs has supported a leading market position by naturally reducing competitive pressures.

Télécopie LP and NorthernTel LP have invested heavily to build a state-of-the-art communications network that delivers superior performance and seamlessly integrates next-generation technology like 1xRTT wireless data network, IP transport (MPLS), digital cable, high-speed Internet, and xDSL technology.

BNG generated total consolidated operating revenues of approximately $359 million, EBITDA of approximately $179 million and an EBITDA margin of 49.9% for the year ended December 31, 2005. BNG has five major product lines: (i) local and access services; (ii) data, Internet and cable television services; (iii) long distance services; (iv) wireless services; and (v) IS/IT, terminal, directory and other. The relative size of each for the year ended December 31, 2005 is outlined in the following table.

<table>
<thead>
<tr>
<th>BNG Operating Revenues — Year ended December 31, 2005</th>
<th>Operating Revenue ($ millions)</th>
<th>% of Total Operating Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local and Access(^{(1)})</td>
<td>$162</td>
<td>45.1</td>
</tr>
<tr>
<td>Data, Internet and Cable</td>
<td>77</td>
<td>21.5</td>
</tr>
<tr>
<td>Long Distance</td>
<td>45</td>
<td>12.5</td>
</tr>
<tr>
<td>Wireless</td>
<td>51</td>
<td>14.2</td>
</tr>
<tr>
<td>IS/IT, terminal, directory and other</td>
<td>24</td>
<td>6.7</td>
</tr>
<tr>
<td><strong>Total Operating Revenue</strong></td>
<td><strong>$359</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Note:

(1) Includes calling features and subsidies.
Products and Services

Local and Access Services

Télébec LP and NorthernTel LP provide local telephone and access service to business and residential customers over their local access network. As of December 31, 2005, there were 251,928 local telephone lines or NAS in place. Total fiscal 2005 revenues were approximately $162 million, derived from access service and VAS. Operating revenues in this segment are also derived from value added services (such as call display, call waiting, and voice mail) and subsidies from the National Contribution Fund, created to support local service in high-cost serving areas. With the industry launch of VoIP services and wireless substitution the local telephone services market has become more competitive. During 2005, several major cable companies entered into the Canadian local telephone market. To date, there has been relatively minimal impact on Télébec LP and NorthernTel LP’s territory.

Data, Internet and Cable Services

Télébec LP and NorthernTel LP provide dial-up and high-speed Internet services to residential customers and a full range of Internet and data services to business customers. Data, Internet and cable generated approximately $77 million in operating revenues for the year ended December 31, 2005. High-speed Internet access was provided to 34,863 customers in fiscal 2005 and is primarily provided via the Bell Sympatico™ brand, using digital subscriber line (DSL) technology. Câblevision du Nord de Québec Inc. (CNQ), a subsidiary of Télébec LP, also offers Internet access services via its bi-directional broadband cable network and a range of cable services including analog and digital television, audio (radio) channels, specialty channels, and pay-per-view television.

Long Distance Services

Télébec LP and NorthernTel LP offer long distance services to both residential and business customers. Revenue is also generated from settlement payments received from other inter-exchange carriers for the originating and terminating portion of long distance calls from and to their local telecommunications customers. In fiscal year 2005 approximately $45 million in operating revenue was generated for long distance service.

Wireless Services

Télébec LP and NorthernTel LP offer a range of wireless services including cellular, paging, wireless data services, and other value added services to 68,448 residential and business customers. Post-paid subscribers represent the majority of the wireless base with 61,707 customers being in this higher value and more profitable category. Total wireless operating revenues in fiscal year 2005 were approximately $51 million.

IS/IT, Terminal, Directory and Other

For the year ended December 31, 2005, Télébec LP and NorthernTel LP generated approximately $24 million in operating revenue from IS/IT, terminal, directory and other line of business. IS/IT revenue is mainly derived from ongoing consulting services to business customers delivered through a subsidiary Télébec Informatique Inc. Télébec Informatique Inc. also sells computer hardware and related software to strategic business customers. Télébec LP and NorthernTel LP also earn terminal revenue from the rental, sale and maintenance of business terminal equipment. Directory revenue is earned from print directory advertising. Included in other revenues is also the revenues generated by Proximedia, an 86% owned subsidiary of BNG offering call center services to business customers.

Employees

As of December 31, 2005, there were 1,140 employees in BNG, Télébec LP and NorthernTel LP. Télébec LP and NorthernTel LP employ approximately 720 and 214 employees, respectively. Proximedia Interaction Centre Inc. employs an additional 195 employees. Approximately 597 employees (52%) are unionized. One of
Telébec LP’s collective agreements representing 160 technicians represented by Teamsters will expire on July 22, 2006.

Commercial Agreements with Bell Canada

Wireline LP and Bell Canada will enter into a series of agreements which are to govern the commercial relationship between the parties. The agreements will provide Wireline LP with the commercial and telecommunications services required for it to operate the wireline and Internet access operations previously operated by Bell Canada in the Bell Canada Regional Territory. In addition, the agreements permit Wireline LP to continue to receive the commercial and telecommunications services that Bell Canada was providing to Aliant in Atlantic Canada prior to the Arrangement. The commercial agreements will also provide Bell Canada with the telecommunications and support services required for Bell Canada to operate its wireless operation in the Bell Canada Regional Territory and to operate the Aliant wireless operation that Bell Canada is acquiring as part of the Arrangement. The most significant commercial agreements between Wireline LP and Bell Canada are summarized below. These summaries are not, however, intended to be complete.

Commercial Relationship Management Agreement

The Commercial Relationship Management Agreement governs the general commercial relationship between Wireline LP, the operating entity of the Combined Business, and Bell Canada with respect to non-competition, customer primeship, branding, and other matters.

Non-Competition

Subject to limited exceptions: (i) Bell Canada and its affiliates will exclusively use Wireline LP and its affiliates to satisfy all requirements of customers of Bell Canada and its affiliates for telecommunications services (other than mobile wireless and satellite broadcast services) in the Wireline Territory; and (ii) Wireline LP and its affiliates will exclusively use Bell Canada and its affiliates to satisfy all requirements of customers of Wireline LP and its affiliates for mobile wireless and satellite broadcast services in Canada, and for telecommunications services in the Bell Territory.

Wireline LP has the exclusive right to offer in the Wireline Territory all new products and services (other than mobile wireless services and satellite broadcast services) offered by Bell Canada or its affiliates in the Bell Territory provided Wireline LP contributes its pro rata share of the costs associated with introducing and providing ongoing support for such new products and services, based on the relative benefit of such new products and services to Wireline LP.

Primeship

Bell Canada and Wireline LP will each act as prime (which means being responsible for bundles, billing, accounts receivable, the customer experience and coordination of customer communications) for customers whose primary residences or headquarters are located in their respective territories.

Branding

Subject to the Bell Trademark Licence Agreement, Wireline LP and its affiliates may use any trademark of Bell Canada and its affiliates for 30 years (subject to an additional 10 year renewal at Bell Canada’s option) in connection with: (i) the supply, promotion and marketing of mobile wireless services, satellite broadcast services and national services to customers of Wireline LP and its affiliates in the Wireline Territory, (ii) the promotion and marketing of telecommunications services to customers of Wireline LP and its affiliates in the Bell Territory where Wireline LP or its affiliates acts as Bell Canada’s agent, and (iii) the supply, promotion and marketing of local telecommunications services provisioned by Wireline LP to customers of Wireline LP and its affiliates in the Bell Canada Regional Territory. With respect to (iii) above, Wireline LP must use the Bell Canada trademarks for at least 18 months following the Closing Date but after that may transition to usage of the Wireline LP trademarks. Wireline LP and its affiliates also have the right to use the Bell Canada corporate “go to market” brand in the Bell Canada Regional Territory. The right of Wireline LP and its affiliates to use the
Bell Canada trademarks and “go to market” brand may be terminated if the Major Commercial Agreements are terminated or for breach of the Bell Trademark License Agreement.

Subject to the Wireline Trademark License Agreement, Bell Canada and its affiliates may use the trademarks of Wireline LP and its affiliates for 30 years (subject to an additional 10 year renewal at Wireline LP’s option) in connection with: (i) the supply, promotion and marketing of mobile wireless services in Atlantic Canada, (ii) the promotion and marketing of local telecommunications services to customers of Bell Canada and to affiliates in the Wireline Territory where Bell Canada or its affiliates acts as Wireline LP’s agent, and (iii) the operation of retail stores in Atlantic Canada. With respect to (i) above, Bell Canada must use the Wireline LP trademarks for at least 18 months following the Closing Date but after that may transition to the usage of Bell Canada trademarks. The right of Bell Canada and its affiliates to use the Wireline LP trademarks may be terminated if the Major Commercial Agreements are terminated or for breach of the Wireline Trademark License Agreement.

Term and Termination

Unless earlier terminated in the event of a change of control Wireline LP, as defined in the Commercial Relationship Management Agreement (a “Wireline Change of Control”), the Commercial Relationship Management Agreement is to remain in effect for the term of the Telecommunication Interconnection Agreement. A Wireline Change of Control requires the acquisition by a competitor of Bell Canada of a significant interest in Wireline LP and would permit Bell Canada, and in some cases also Wireline LP, to terminate any or all of the commercial agreements between the parties.

Telecommunications Interconnection Agreement, Operations and Support Services Agreement, and Database Services Agreement

The Telecommunications Interconnection Agreement sets out the terms under which Bell Canada and Wireline LP are to interconnect their respective telecommunications systems (including the connection of remote local switches to host local switches in some areas of the Bell Canada Regional Territory) for the exchange of telecommunications traffic in connection with, among other services, the provision of national voice, data and IP services by Bell Canada. Bell Canada will provide Wireline LP with various services to support the national voice, data and IP services. Under the Operations and Support Services Agreement, the services provided by Bell Canada include inter carrier management, fraud control, trunking and routing and service assurance. Bell Canada will also provide calling card database services, toll-free routing gateway database services, toll-free/advanced intelligent network database services and local number portability database services pursuant to the Database Services Agreement.

Each of the Telecommunications Interconnection Agreement, the Operations and Support Services Agreement and the Database Services Agreement have a term of 15 years and renew automatically for successive five year periods, unless either Bell Canada or Wireline LP provides at least four years prior notice to the other party of its intention not to renew. These agreements may be earlier terminated, in the event of a Wireline Change of Control as discussed above, or for a breach that remains uncured beyond the applicable cure period.

Master Services Agreement, Network Services Agreement, Atlantic Canada Support Services Agreement and Ontario and Québec Support Services Agreement

Bell Canada and Wireline LP will provide each other with the following services pursuant to the following agreements:

The Master Services Agreement: Bell Canada will provide to Wireline LP non-network related outsourcing services in support of Wireline LP’s products and services in the Bell Canada Regional Territory, including contact centre services, field force services and real estate management services.

The Network Services Agreement: Bell Canada will provide to Wireline LP certain transitional and ongoing network management services in support of Wireline LP’s access and core networks in the Bell Canada Regional
Territory including all network operational, engineering, management and related services that Bell Canada performed prior to completion of the Arrangement in the Bell Canada Regional Territory with the exception of certain network operations and engineering which Wireline LP will assume immediately after the Closing Date.

The Atlantic Canada Support Services Agreement: Wireline LP will provide certain operations services, customer services and other services to Bell Canada in Atlantic Canada, including all services provided by Aliant in support of the Aliant wireless operation prior to completion of the Arrangement.

The Ontario and Québec Support Services Agreement: Wireline LP will provide certain services to Bell Canada in the Bell Canada Regional Territory, including ongoing maintenance of all Bell Canada real property assets, radio tower and radio equipment assets, network assets, and wireless assets.

Each of these agreements will remain in effect for 10 years and will renew automatically for successive five year periods, unless either Bell Canada or Wireline LP provides at least two years prior notice to the other party indicating its intention not to renew. Either party may also terminate any of these agreements for convenience by providing at least two years prior notice to the other party after the fifth year of the term of the agreement. These agreements also permit the recipient of services to earlier terminate the provision to it of certain services subject to appropriate notice and other provisions.

Master Information Technology Services Agreement

Under the Master Information Technology Services Agreement, Bell Canada will provide certain information system/information technology services to Wireline LP to support its business in the Bell Canada Regional Territory. These services include the information technology services that were provided in the Bell Canada Regional Territory prior to the Closing, and the provision of Bell Canada business support systems for product development, customer interface management and distributed computing services. Bell Canada will also undertake certain information system/information technology projects for Wireline LP to address consumer and business functions, including e-channel, sales and ordering and billing, and integration of corporate applications. The Master Information Technology Services Agreement will remain in effect for 10 years and will renew automatically for successive five year periods, unless either Bell Canada or Wireline LP provides at least three years prior notice to the other party that it does not intend to renew the agreement. Wireline LP may terminate the agreement for convenience by providing reasonable notice to Bell Canada while Bell Canada may terminate the agreement by providing Wireline LP at least three years prior notice of its intention to terminate after the third year of the term of the agreement. If Wireline LP terminates the agreement, it must pay reasonable termination costs directly incurred by Bell Canada as a result of the termination.

ExpressVu™ Distribution Agreement, Wireless Distribution Agreement and Wireline Distribution Agreement

Pursuant to the ExpressVu™ Distribution Agreement, Wireline LP will act as agent for Bell ExpressVu™ Limited Partnership and distribute ExpressVu™ products and services. Wireline LP will also act as agent for Bell Mobility Inc. and distribute mobile wireless products and services pursuant to the Wireless Distribution Agreement.

Under the Wireline Distribution Agreement, Bell Canada will act as agent for Wireline LP and distribute the wireline services provided by Wireline LP or its affiliates in all dealer stores and all retail stores owned or operated by Bell Canada in the Wireline LP Territory.

Deferral Account Agreement

The CRTC is expected to approve draw downs from the Bell Canada deferral account for initiatives to expand broadband services to rural and remote communities in the Bell Canada Regional Territory. Bell Canada and Wireline LP will cooperate to determine how to effectively complete any such initiatives approved by the CRTC and Wireline LP has agreed to contribute towards the associated costs to the extent it is economic and appropriate to do so.
FINANCING ARRANGEMENTS

Funding Requirements

In connection with and in preparation for implementation of the Arrangement, Aliant intends to refinance its existing indebtedness and enter into new bank financing arrangements through Wireline LP. The objective of these financing arrangements is to treat existing bondholders fairly and to maintain investment grade credit ratings for Wireline LP and an appropriate mix of fixed and floating interest rate debt. The following table sets out the expected funding requirements related to the Arrangement and the expected amount of total debt to be drawn by Wireline LP at the time of Closing.

<table>
<thead>
<tr>
<th>Funding Requirements(1)</th>
<th>($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repayment of Demand Promissory Note to Bell Canada</td>
<td>$1,256</td>
</tr>
<tr>
<td>Refinance existing public debt (including redemption premiums)(2)</td>
<td>1,054</td>
</tr>
<tr>
<td>Redeem Aliant Preferred Shares (including accrued dividends)</td>
<td>180</td>
</tr>
<tr>
<td>Taxes payable</td>
<td>55</td>
</tr>
<tr>
<td>Transition, financing and other transaction related expenses(3)</td>
<td>179</td>
</tr>
<tr>
<td><strong>Total Funding Required</strong></td>
<td><strong>$2,724</strong></td>
</tr>
<tr>
<td>Less cash available</td>
<td>(194)</td>
</tr>
<tr>
<td>New Credit Facilities (drawn at Closing)(1)</td>
<td>2,530</td>
</tr>
<tr>
<td>Existing other drawn debt</td>
<td>31</td>
</tr>
<tr>
<td><strong>Total debt of Wireline LP</strong></td>
<td><strong>$2,561</strong></td>
</tr>
<tr>
<td>Proportionate share of BNG debt</td>
<td>131</td>
</tr>
<tr>
<td><strong>Adjusted total debt</strong></td>
<td><strong>$2,692</strong></td>
</tr>
<tr>
<td>Adjusted EBITDA(4)</td>
<td>$1,372</td>
</tr>
<tr>
<td>Adjusted total debt/Adjusted EBITDA(4)</td>
<td>2.0x</td>
</tr>
</tbody>
</table>

Notes:

(1) Financing requirements are calculated at a point in time and, in this summary, were estimated using the pro forma combined financial statements of the combined operations of Holdings LP as at December 31, 2005, contained in Appendix “D” to this Information Circular. Adjustments were also made to reflect known sources and uses of cash after that date that would require financing prior to or on Closing that are not reflected in such pro forma combined financial statements.

(2) Includes $50 million of principal amount that was redeemed on March 1, 2006.

(3) Includes expenses of the Arrangement ($65 million), settlement of stock options and derivatives ($60 million) and one-time transition charges ($54 million).

(4) See “Description of Non-GAAP Measures” and “Reconciliation of Historical Results to EBITDA and Adjusted EBITDA”. EBITDA and Adjusted EBITDA are not recognized measures under GAAP and do not have standardized meanings prescribed by GAAP. Therefore, EBITDA and Adjusted EBITDA may not be comparable to similar measures presented by other issuers.
Existing Aliant Public Debt

As part of the Arrangement, Aliant will redeem certain existing public indebtedness (the “Redeemable Notes”) immediately prior to the Effective Date, by giving notice of redemption in accordance with the terms of the Redeemable Notes. The total principal amount of the Redeemable Notes is approximately $255 million. Aliant intends to redeem the Redeemable Notes, in accordance with their terms, conditional upon satisfaction or waiver of the conditions to the Arrangement (other than redemption of the Redeemable Notes).

Aliant will make an offer to acquire $40 million principal amount of NewTel Communications Inc. Series V first mortgage bonds (the “NewTel Bonds”). These are not currently redeemable, however, Aliant intends to commence a consent solicitation to acquire these bonds, conditional upon satisfaction or waiver of the conditions to the Arrangement.

Aliant also currently intends to redeem the remaining series of existing public indebtedness (the “MTN Notes”), immediately following the Closing. The total principal amount of the MTN Notes is approximately $500 million. However, the redemption of the MTN Notes is not a condition to completion of the Arrangement and may not occur or may occur at a later date. Similarly, $40 million of NBTel Series AA debentures (the “NBTel Bonds”) are callable under their terms on July 18, 2006. It is expected that notice will be given to redeem the NBTel Bonds.

Aliant will incur redemption premiums upon any early redemption of the Redeemable Notes, NewTel Bonds, the NBTel Bonds and the MTN Notes, as is customary in other redemptions of this nature. In the event that Aliant redeems all of the existing Redeemable Notes, the NewTel Bonds, the NBTel Bonds and the MTN Notes, Management expects Aliant will incur redemption premiums of approximately $169 million due to the high interest rates and longer term nature of Aliant’s existing debt. This estimate fluctuates with the changing level of interest rates and will likely be different by Closing. Management believes that the expense of the redemption premiums will be offset by the benefits related to refinancing the existing indebtedness at a lower rate of interest.

Aliant Preferred Shares

Aliant also intends to redeem the Aliant Preferred Shares at par plus accrued dividends and in accordance with their terms on June 30, 2006. If the Arrangement is completed prior to June 30, 2006, holders of Aliant Preferred Shares will receive preferred shares of Wireline GP, the post-Arrangement Aliant, that have the same terms as the Aliant Preferred Shares and will be redeemed on June 30, 2006. Upon the redemption of the Aliant Preferred Shares, holders will be entitled to receive the cash redemption price plus accrued dividends provided for in accordance with their terms.

New Credit Facilities

Canadian financial institutions have provided an underwritten commitment for new credit facilities (the “New Credit Facilities”) to be available to Wireline LP at Closing. The New Credit Facilities will comprise:

(a) a 5-year revolving term facility for up to an aggregate amount of $550 million (the “Operating Loan”);
(b) a 3-year non-revolving term facility for up to an aggregate amount of $1.25 billion (the “Term Loan”);
(c) an 18-month non-revolving term facility for up to an aggregate amount of $1.25 billion (the “Bond Bridge Loan”); and
(d) a 5-year non-revolving term facility for up to an aggregate amount of $450 million (the “Pension Reserve Loan”).

The Term Loan and the Bond Bridge Loan will be used to meet the immediate funding requirements related to the Arrangement and are expected to be fully drawn at Closing.

The Operating Loan will be used in part to meet the remaining funding requirements of the transaction as well as for general corporate purposes including commercial paper backup and the issuance of letters of credit and letters of guarantee. At Closing, Management expects the Operating Loan to be substantially undrawn.
The Pension Reserve Loan will be used to fund the contributions required to eliminate the pension plan deficits of the defined benefit pension plans of the Combined Business over either the five or 15 year statutory period, as applicable to the plan. These funding requirements are currently estimated to total $438 million across all DB pension plans of the Combined Business. These estimates include the anticipated impact of lower interest rates that were in effect at the end of 2005 and new actuarial valuation rules that were enacted within the last year, however, they are subject to revision based on new plan valuations to be completed later in 2006 and may vary over time. Included in this estimated $438 million funding requirement is an initial deficit of approximately $23 million that will be assumed by Wireline LP on the proportional transfer of pension assets and liabilities from the Bell Canada pension plan to Wireline LP’s pension plan in respect of Bell Canada employees being transferred to Wireline LP as part of the Arrangement. Total deficit funding contributions for 2006 are estimated to be in the range of $75 million to $85 million. Each year, it is anticipated that this amount will be funded through a combination of cash reserves and borrowing through the Pension Reserve Loan. While the Pension Reserve Loan will be undrawn at Closing, the calculation of Distributable Cash under “Summary of Distributable Cash” includes the full amount of estimated interest expense related to the Pension Reserve Loan as if the Pension Reserve Loan was fully drawn during 2005.

The New Credit Facilities are repayable without any prepayment penalties and will, at Wireline LP’s option, bear interest at a floating rate based on the Canadian prime or U.S. base rates of a Canadian chartered bank, LIBOR or at the rate for bankers’ acceptances, as applicable to the types of draws made.

The New Credit Facilities will be subject to customary terms and conditions for borrowers and transactions of this nature including limits on incurring additional indebtedness, creation of encumbrances on property, sale, lease or other disposition of property or assets, and the payment of any non-permitted distributions without the consent of the lenders. The New Credit Facilities will also be subject to the maintenance of a maximum ratio of total debt to EBITDA and, in certain circumstances, a minimum ratio of EBITDA to interest expense.

Refinancing Considerations

The New Credit Facilities will be floating rate liabilities. It is the current intention of Management to fix the rate on most of these liabilities. Wireline LP intends to term-out and fix the New Credit Facilities primarily in the Canadian public and private debt markets as soon as is practicable following Closing, subject to prevailing market conditions. Management is currently anticipating an initial medium term note financing to follow soon after the Closing, subject to favourable market conditions. Wireline LP will also consider locking in its borrowing costs through various hedging transactions, including interest rate swaps and forwards.

RATINGS

Investment Grade Ratings

It is expected that Wireline LP will maintain investment grade ratings. Dominion Bond Rating Service (“DBRS”) has indicated a preliminary rating for Wireline LP of “BBB (high)” on long-term debt and “R-1 (low)” on short-term debt. Aliant has received preliminary indications from Standard & Poor’s that Wireline LP will carry a rating of “BBB/Stable” on its debt.

DBRS rates debt instruments by rating categories ranging from a high of “AAA” to a low of “D”. Each rating category is denoted by subcategories “high” and “low”. The absence of either a “high” or “low” designation indicates the rating is in the “middle” of the category. The rating of “BBB (high)” from DBRS is characterized as “adequate credit quality” and is the fourth highest of ten available rating categories. Protection of interest and principal is considered acceptable, but the entity is fairly susceptible to adverse changes in financial and economic conditions, or there may be other adverse conditions present which reduce the strength of the entity and its rated securities.

DBRS rates commercial paper and short term debt from a high of “R-1” to a low of “R-3”. Each rating category is denoted by subcategories “high” and “low”. The absence of either a “high” or “low” designation indicates the rating is in the “middle” of the category. Short-term debt rated “R-1 (low)” is considered to be of satisfactory credit quality. The overall strength and outlook for key liquidity, debt, and profitability ratios is not
normally as favourable as with higher rating categories, but these considerations are still respectable. Any qualifying negative factors that exist are considered manageable, and the entity is normally of sufficient size to have some influence in its industry.

A Standard & Poor’s credit rating is a current opinion of the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations, or a specific financial program (including ratings on medium-term note programs and commercial paper programs). Standard & Poor’s ratings range from a high of “A-1” to a low of “C”. An obligation rated “BBB” exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

A rating is not a recommendation to buy, sell or hold securities, and may be revised or withdrawn at any time.

Stability Rating

Aliant has received preliminary indications from DBRS that the Fund will have a stability rating of STA-2 (High) and from Standard & Poor’s that the Fund will have a stability rating of SR-2/Negative (Very Aggressive).

DBRS’ stability rating categories range from “STA-1” to “STA-7”, with “STA-1” being the highest. DBRS further separates the ratings into “high”, “middle” and “low” to indicate where within the ratings category they fall. Ratings take into account the seven main factors of (1) operating and industry characteristics, (2) asset quality, (3) financial flexibility, (4) diversification, (5) size and market position, (6) sponsorship/governance and (7) growth. In addition, consideration is given to specific structural or contractual elements that may eliminate or mitigate risks or other potentially negative factors. A rating of “STA-2 (High)” is an indication of very good stability and sustainability, and income funds with this rating typically show above-average strength in areas of consideration, and possess levels of distributable income per unit which are not likely to be significantly affected by foreseeable events.

The Standard & Poor’s Canadian income fund stability ratings scale conveys opinions about the relative stability of the cash distribution stream across various income funds. A stability rating, ranging from “SR-1” to “SR-7”, reflects Standard & Poor’s assessment of the underlying business model, its sustainability, and the variability in distributable cash flow generation in the medium to long term. Income funds rated “SR-2” have a very high level of distributable cash flow generation stability relative to other income funds in the Canadian market place. An “SR-2” rating is an indicator of very high stability.

In addition, Standard & Poor’s stability ratings include a rating of the distribution profile expressed on a seven-step scale from “very conservative” to “very aggressive”. The distribution profile assessment considers an income fund’s distribution policy in the context of its cash flow dynamics, and comments on the ability of a fund to maintain a given level of distributions, expressed on a seven-step scale, ranging from very conservative to very aggressive. The distribution profile assessment takes into account, among other factors, how aggressive or conservative the income fund’s distribution policy is relative to the variability of its distributable cash flow generation.

A rating is not a recommendation to buy, sell or hold the Units and may be revised or withdrawn at any time. Stability ratings do not take into consideration such factors as pricing or stock market risk.

INFORMATION REGARDING ASSETS TO BE TRANSFERRED
BY ALIANT UNDER THE ARRANGEMENT

Bell Canada will acquire the assets of Aliant’s wireless operations (the “Wireless Assets”) as part of the Arrangement. Revenue from Aliant’s wireless operations is earned through the provision of cellular, paging and mobile radio services over Aliant’s analog and digital wireless network. Cellular revenues consist primarily of monthly recurring charges and also include charges for airtime, long distance, roaming and enhanced service features such as text and video messaging and Web browsing.
The Wireless Assets which are being transferred to Bell Canada under the Arrangement include:

(a) Aliant’s spectrum and spectrum licenses;
(b) all towers and related machinery and equipment used exclusively or predominantly in Aliant’s wireless operation;
(c) all radio equipment and all related machinery and equipment owned by Aliant and used in Aliant’s wireless operation;
(d) all switching equipment, data routers, aggregators, SS7 network elements, network installation and testing tools and workstations owned by Aliant and used in Aliant’s wireless operation;
(e) billing and customer care information infrastructure and customer service systems, and all related assets and equipment, owned by Aliant and used primarily in Aliant’s wireless operation;
(f) all other chattels and personal property used exclusively or predominantly in Aliant’s wireless operation;
(g) all inventories maintained in connection with Aliant’s wireless operation;
(h) all prepaid expenses relating solely to Aliant’s wireless operation;
(i) the contracts for wireless services provided to Aliant’s wireless customers;
(j) the full benefit of all contracts of Aliant relating solely and exclusively to Aliant’s wireless operation or wireless assets;
(k) all authorizations of Aliant relating solely to Aliant’s wireless operation, to the extent that they are transferable;
(l) all right, title and interest in and to the intellectual property used solely in Aliant’s wireless operation, other than rights to internet protocol addresses;
(m) all claims relating solely to Aliant’s wireless operation or Wireless Assets;
(n) rights, if any, to all telephone and facsimile numbers used by Aliant solely in Aliant’s wireless operation and to the cellular telephone numbers of Aliant’s wireless customers;
(o) goodwill associated with the Aliant wireless operation; and
(p) all right, title and interest in and to the balance of the undertaking and other property and assets of every kind and description used primarily in Aliant’s wireless operation.

Under the Arrangement, Aliant will also be transferring all of its shares in DownEast Ltd. to Bell Canada. The business of DownEast Ltd. consists of 47 retail outlets located throughout Atlantic Canada.
SELECTED PRO FORMA COMBINED FINANCIAL INFORMATION

The following selected pro forma combined financial information has been derived from and should be read in conjunction with the unaudited pro forma combined financial statements of the combined operations of Holdings LP, the entity which will hold, directly and indirectly, the Combined Business and BNG, and the notes thereto included in Appendix “D” to this Information Circular:

(in millions of dollars, except percentages and ratios)

<table>
<thead>
<tr>
<th>Operating revenues$^{(2)}</th>
<th>Year Ended December 31, 2005$^{(1)}</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local and access</td>
<td>$1,491</td>
</tr>
<tr>
<td>Long distance</td>
<td>531</td>
</tr>
<tr>
<td>Internet and data</td>
<td>597</td>
</tr>
<tr>
<td>Other</td>
<td>671</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>$3,290</td>
</tr>
</tbody>
</table>

EBITDA$^{(2)(3)} .............................................. $1,486
EBITDA Margin$^{(2)(3)} ............................................. 45.2%

Capital Expenditures$^{(2)} ............................................. 521
Capital intensity ratio$^{(4)} ............................................. 15.8%

Selected Pro Forma Balance Sheet Information:

<table>
<thead>
<tr>
<th>Total assets</th>
<th>$12,381</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total long term debt$^{(2)}</td>
<td>2,735</td>
</tr>
<tr>
<td>Combined capital</td>
<td>8,850</td>
</tr>
<tr>
<td>Total Debt to EBITDA$^{(2)(3)}</td>
<td>1.8x</td>
</tr>
</tbody>
</table>

Notes:

(1) Information for the year ended December 31, 2005 is derived from the pro forma combined financial statements of the combined operations of Holdings LP for the year ended December 31, 2005.

(2) Includes 100% of the consolidated operating revenues, EBITDA, capital expenditures and total debt, respectively of the Bell Nordiq Partnerships. BNG has a 63.4% interest in the Bell Nordiq Partnerships.

(3) See “Description of Non-GAAP Measures” and “Reconciliation of Historical Results to EBITDA and Adjusted EBITDA”. EBITDA and EBITDA Margin are not recognized measures under GAAP and do not have standardized meanings prescribed by GAAP. Therefore, EBITDA and EBITDA Margin may not be comparable to similar measures presented by other issuers.

(4) Capital intensity ratio is capital investment divided by total operating revenues for the relevant period. See “Description of Non-GAAP Measures”. Capital intensity ratio is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other issuers.
DISCUSSION OF PRO FORMA AND ESTIMATED HISTORICAL ADJUSTED FINANCIAL RESULTS

Basis of Presentation

The following has been prepared as a supplement only to management’s discussion and analysis of the results of operations of Aliant, the Bell Canada Regional Wireline Operation and BNG, which are incorporated herein by reference or included in Appendix “D” to this Information Circular, as applicable. The 2005 financial information presented below is, unless otherwise noted, presented on an unaudited pro forma basis and is based on Management’s assumptions and adjustments as described in the pro forma combined financial statements of the combined operations of Holdings LP as at and for the year ended December 31, 2005 included in Appendix “D”. The 2004 and 2003 financial information presented below is, unless otherwise noted, based on Management’s assumptions and adjustments as to the effect that the Arrangement and the Commercial Agreements would have had on the applicable financial results for such periods if the Arrangement had been completed at the beginning of each such period and if the Commercial Agreements had been in place during each such period. Such assumptions and adjustments were made on the same basis as those used in the pro forma combined financial statements of the combined operations of Holdings LP as at and for the year ended December 31, 2005.

The financial information set out below is unaudited, and should be read in conjunction with the audited financial statements of Aliant, the Bell Canada Regional Wireline Operation and BNG, including the notes thereto, as well as the management’s discussion and analysis thereon, which are incorporated herein by reference or included in Appendix “D” to this Information Circular, as applicable, and the pro forma consolidated financial statements of the Fund and pro forma combined financial statements of the combined operations of Holdings LP appearing at Appendix “D”, as well as the notes thereto. The financial information presented below is not a forecast or a projection of future results. The financial information discussed below is not intended to reflect the results of operations which would have actually resulted had the transactions been completed on the applicable dates, and is not necessarily indicative of the results of operations that may be obtained in the future. For an explanation of Management’s assumptions and adjustments, see the notes detailed in the section “Reconciliation of Historical Operating Income to Pro Forma and Non-GAAP Financial Measures” below.

The Combined Business and Bell Nordiq Group Inc.

The combined summary financial information discussed below represents the combination of the Aliant Operation, the Bell Canada Regional Wireline Operation and BNG. The following summary financial information has been prepared by Management in the manner and for the purposes described above.
Combined Operations of Holdings LP  
(Combined Business and Bell Nordiq Group Inc.)  
(in millions of dollars, except NAS/Subscribers and percentages) 

<table>
<thead>
<tr>
<th>Years Ended December 31</th>
<th>2003(1)</th>
<th>2004(1)</th>
<th>2005(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(unaudited)</td>
<td>(unaudited)</td>
<td>(unaudited)</td>
</tr>
<tr>
<td>Operating revenues</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local and access</td>
<td>$1,523</td>
<td>$1,502</td>
<td>$1,491</td>
</tr>
<tr>
<td>Long distance</td>
<td>648</td>
<td>601</td>
<td>531</td>
</tr>
<tr>
<td>Internet and data</td>
<td>520</td>
<td>565</td>
<td>597</td>
</tr>
<tr>
<td>Other</td>
<td>664</td>
<td>626</td>
<td>671</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>3,355</td>
<td>3,295</td>
<td>3,290</td>
</tr>
<tr>
<td>Year over year growth</td>
<td>−1.8%</td>
<td>−0.1%</td>
<td></td>
</tr>
<tr>
<td>Adjusted operating expenses(4)</td>
<td>1,828</td>
<td>1,841</td>
<td>1,804</td>
</tr>
<tr>
<td>EBITDA(2)</td>
<td>1,527</td>
<td>1,454</td>
<td>1,486</td>
</tr>
<tr>
<td>Year over year growth</td>
<td>−4.8%</td>
<td>−2.2%</td>
<td></td>
</tr>
<tr>
<td>EBITDA Margin(2)</td>
<td>45.5%</td>
<td>44.1%</td>
<td>45.2%</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>504</td>
<td>502</td>
<td>521</td>
</tr>
<tr>
<td>Capital intensity ratio(3)</td>
<td>15.0%</td>
<td>15.2%</td>
<td>15.8%</td>
</tr>
<tr>
<td>NAS / Subscribers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business NAS</td>
<td>1,194,099</td>
<td>1,195,005</td>
<td>1,194,973</td>
</tr>
<tr>
<td>Residential NAS</td>
<td>2,213,212</td>
<td>2,195,047</td>
<td>2,170,678</td>
</tr>
<tr>
<td>Total NAS</td>
<td>3,407,311</td>
<td>3,390,052</td>
<td>3,365,651</td>
</tr>
<tr>
<td>Dial-up Internet subscribers</td>
<td>351,651</td>
<td>322,720</td>
<td>262,907</td>
</tr>
<tr>
<td>High-Speed Internet subscribers</td>
<td>233,665</td>
<td>307,086</td>
<td>421,919</td>
</tr>
</tbody>
</table>

Notes:

(1) The information provided is unaudited and based on Management’s estimates and assumptions. Information for the year ended December 31, 2005 is derived from the pro forma combined financial statements of the combined operations of Holdings LP for the year ended December 31, 2005.

(2) See “Description of Non-GAAP Measures”, “Reconciliation of Historical Results to EBITDA and Adjusted EBITDA” and “Reconciliation of Historical Operating Income to Pro Forma and Non-GAAP Financial Measures”. EBITDA and EBITDA Margin are not recognized measures under GAAP and do not have standardized meanings prescribed by GAAP. Therefore, EBITDA and EBITDA Margin may not be comparable to similar measures presented by other issuers.

(3) Capital intensity ratio is capital investment divided by total operating revenues for the relevant period. See “Description of Non-GAAP Measures”. Capital intensity ratio is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP, and therefore may not be comparable to similar measures presented by other issuers.

(4) Adjusted operating expenses for the period reflect Management’s assumptions and adjustments as described in the section “Reconciliation of Historical Operating Income to Pro Forma and Non-GAAP Financial Measures”. The calculation of Adjusted operating expenses for each year is:

<table>
<thead>
<tr>
<th>Years Ended December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Total operating expenses</td>
</tr>
<tr>
<td>Carve out of Aliant’s wireless operation and DownEast Ltd.</td>
</tr>
<tr>
<td>Pro forma adjustments and management estimates</td>
</tr>
<tr>
<td>Depreciation and amortization adjustment</td>
</tr>
<tr>
<td>Less:</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
</tr>
<tr>
<td>Pensions and other post-employment benefits</td>
</tr>
<tr>
<td>Restructuring</td>
</tr>
<tr>
<td>Adjusted operating expenses</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>(unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>($ millions)</td>
<td>($ millions)</td>
<td>($ millions)</td>
</tr>
<tr>
<td>$2,668</td>
<td>$2,906</td>
<td>$2,730</td>
<td></td>
</tr>
<tr>
<td>(224)</td>
<td>(261)</td>
<td>(300)</td>
<td></td>
</tr>
<tr>
<td>136</td>
<td>144</td>
<td>141</td>
<td></td>
</tr>
<tr>
<td>(46)</td>
<td>(40)</td>
<td>(51)</td>
<td></td>
</tr>
<tr>
<td>2,534</td>
<td>2,749</td>
<td>2,520</td>
<td></td>
</tr>
<tr>
<td>(621)</td>
<td>(613)</td>
<td>(609)</td>
<td></td>
</tr>
<tr>
<td>(68)</td>
<td>(85)</td>
<td>(111)</td>
<td></td>
</tr>
<tr>
<td>(17)</td>
<td>(210)</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>$1,828</td>
<td>$1,841</td>
<td>$1,804</td>
<td></td>
</tr>
</tbody>
</table>
Operating Revenue Trends

Total operating revenue for the 12 months ended December 31, 2005 was $3,290 million, representing a decrease of 0.1% compared to the same period in 2004. The flat operating revenue trend was primarily driven by significant growth in Internet and data revenue as well as organic growth in IT service and fulfillment revenue, offset by a decline in local and long distance revenue. It also reflected the recovery in 2005 from the five-month labour disruption in the Aliant Operation in 2004. Internet and data revenue grew by 5.7% for the 12 months ended December 31, 2005 compared to the same period in 2004. The significant growth in Internet and data revenue was a result of 37.4% growth in the number of high-speed Internet subscribers as well as an increase in the adoption of enhanced services. Offsetting this revenue increase was a 0.8% decrease in local revenue and an 11.6% decrease in long distance revenue, resulting in part from a 0.7% decrease in NAS. Other revenue showed an 11.2% increase due to a recovery in telecom product sales in the Aliant Operation, wireless and other revenue growth at BNG and growth in IT revenue. The increase in IT service and fulfillment revenue was the result of a strong economy and healthy business spending, a small acquisition made by xwave in 2004 and was offset by a reduction of approximately $18 million in operating revenues due to xwave’s business dispositions.

Total operating revenue for the 12 months ended December 31, 2004 of $3,295 million represented a decline of 1.8% compared to the same period in 2003. The decline in total operating revenue was primarily driven by a decline in local, long distance and other revenue, which was partially offset by growth in Internet and data revenue. The 1.4% decrease in local revenue and 7.2% decrease in long distance revenue was in part the result of a 0.5% decrease in NAS which was caused by increased competition, ongoing regulatory restrictions and technology substitution. Internet and data revenue grew by 8.6% for 2004 compared to the same period in 2003. The significant growth in Internet and data revenue was a result of 31.4% growth in the number of high-speed Internet subscribers as well as an increase in the adoption of enhanced services. Internet and data revenues and other revenues were the areas most significantly impacted by the labour disruption in the Aliant Operation in 2004. As a result, other revenues declined by 5.7% in 2004 compared with 2003 as telecom product sales declined significantly during the Aliant labour disruption. Also, an increase in IT service and fulfillment revenue was offset by a reduction of approximately $15 million in operating revenues due to business dispositions.

EBITDA Trends

On a combined basis, including BNG, EBITDA in 2005 grew by 2.2% compared to 2004 due to the decline in operating expenses of 2.0% combined with the aggregate decrease in operating revenue described above compared to 2004. While labour disruptions in the Aliant Operation and the Bell Canada Regional Wireline Operation added to operating expenses in 2004 and 2005, respectively, general expense growth was contained through various productivity initiatives, including workforce reduction programs. Therefore, despite the cost pressure required to support growth in the Internet and IT businesses, these cost initiatives held EBITDA margins stable at 45.2%, comparable to the 2003 level, despite a shifting revenue mix towards Internet and IT services.

EBITDA in 2004 decreased by 4.8% compared to 2003. The decrease in EBITDA was primarily the result of the decline in operating revenue described above in addition to incremental costs associated with the labour disruption at the Aliant Operation. EBITDA margins were negatively impacted by the non-recurring operating expenses related to the labour disruption.

Capital Expenditures

Capital expenditures increased by approximately 3.8% for the 12 months ended December 31, 2005 compared to the same period in 2004. The increase in capital expenditures in 2005 was primarily a result of the deferral of some projects during the labour disruption at the Aliant Operation during 2004. Capital expenditures in 2005 related primarily to improvements in the networks of both Aliant and the Bell Canada Regional Wireline Operation, including the expansion of the high-speed Internet footprint and the continued transformation of the network to support next-generation IP applications.

Capital expenditures decreased by approximately 0.4% for the 12 months ended December 31, 2004 compared to the same period in 2003. A decrease in capital expenditures at the Aliant Operation arising from
the labour disruption in 2004 was offset by the increase in capital expenditures of the Bell Canada Regional Wireline Operation as a result of the CRTC-mandated SIP program and one-time specific customer installations.

**Outlook**

As discussed above and in more detail for each component of the Combined Business and BNG below, the operating revenues and EBITDA trends for the Combined Business and BNG have reflected both significant, broad trends and one-time impacts, namely:

- migration of dial-up to high-speed and overall growth in Internet customers and revenues;
- operating cost reductions through productivity initiatives;
- a modest decline in NAS and long-distance revenues;
- stable EBITDA margins despite shifting revenue mix;
- stable capital spending patterns despite completing large SIP and high-speed Internet enhancement programs and a launch of IPTV by Aliant; and
- one-time operating revenue, EBITDA and capital spending impacts from the labour disruptions that affected the Aliant Operation and the Bell Canada Regional Wireline Operation in 2004 and 2005, respectively, asset acquisitions and dispositions in the Aliant Operation and the $5 Long Distance Bundle offered by Bell Canada in the Bell Canada Regional Territory.

In the absence of the one-time impacts described above, the trends in shifting revenue mix and cost reductions are expected to continue in the same direction and roughly similar magnitude. However, with the growing importance of Internet and data and IT revenues to the overall operating revenue mix, the effect of these trends on total operating revenue is expected to deliver modest operating revenue growth in the near term in the range of 1% to 2%. As discussed above under “The Business of the Fund”, Management believes that operating revenue growth will be driven through increasing the penetration of high-speed Internet and value added services, leveraging xwave’s capabilities in the Bell Canada Regional Territory, continued emphasis on its service bundling strategy and the introduction of new products and services. Moreover, long-distance price declines are expected to slow as these services are more and more offered on a fixed monthly charge basis through bundles.

In addition to driving increased operating revenue, it is expected that distributable cash flow will be managed through cost management and capital investment rationalization. Pension funding, which has been increasing for the Combined Business in recent years due to solvency and going concern deficits in defined benefit plans, is being addressed through the establishment of a special credit facility. See “Financing Arrangements — New Credit Facilities”. In addition to managing its direct expenses, pricing for the Commercial Agreements has been established for the next four years, with cost declines of 3% to 4% per annum over this time period reflective of anticipated savings from Bell Canada’s productivity initiative, Galileo.

Based on the above revenue trends and cost initiatives, Management expects to be able to generate growth in Distributable Cash over the near-term in the range of 2% to 3% annually.

**Aliant Operation**

The financial information presented below is, unless otherwise noted, presented on the basis described under “— Basis of Presentation”, above. The financial information set out below is unaudited, and should be read in conjunction with the audited financial statements of Aliant, including the notes thereto, as well as management’s discussion and analysis thereon, which are incorporated herein by reference, and the pro forma consolidated financial statements of the Fund and the pro forma combined financial statements of the combined operations of Holdings LP appearing at Appendix “D”, as well as the notes thereto. The financial information discussed below is not intended to reflect the results of operations which would have actually resulted had the pro forma transactions been completed on the applicable dates, and is not necessarily indicative of the results of operations that may be obtained in the future. For an explanation of Management’s assumptions and
adjustments, see the notes detailed in the section “Reconciliation of Historical Operating Income to Pro Forma and Non-GAAP Financial Measures” below.

**Aliant Operation**

*(in millions of dollars, except NAS/Subscribers and percentages)*

<table>
<thead>
<tr>
<th>Years Ended December 31</th>
<th>2003 (1)</th>
<th>2004 (1)</th>
<th>2005 (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(unaudited)</td>
<td>(unaudited)</td>
<td>(unaudited)</td>
<td></td>
</tr>
</tbody>
</table>

### Operating revenues

<table>
<thead>
<tr>
<th>Source</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local</td>
<td>$671</td>
<td>$634</td>
<td>$617</td>
</tr>
<tr>
<td>Long distance</td>
<td>300</td>
<td>265</td>
<td>237</td>
</tr>
<tr>
<td>Internet and data</td>
<td>284</td>
<td>313</td>
<td>325</td>
</tr>
<tr>
<td>Other</td>
<td>540</td>
<td>507</td>
<td>544</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td><strong>1,795</strong></td>
<td><strong>1,719</strong></td>
<td><strong>1,723</strong></td>
</tr>
</tbody>
</table>

*Year over year growth:* 
- 4.2% for 2004, 0.2% for 2005

### Adjusted operating expenses (2)

<table>
<thead>
<tr>
<th>Years Ended December 31</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in millions)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted operating expenses</td>
<td>1,067</td>
<td>1,084</td>
<td>1,049</td>
</tr>
</tbody>
</table>

### EBITDA (3)

<table>
<thead>
<tr>
<th>Years Ended December 31</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in millions)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>728</td>
<td>635</td>
<td>674</td>
</tr>
</tbody>
</table>

*Year over year growth:* 
- 12.8% for 2004, 6.1% for 2005

### EBITDA Margin (3)

<table>
<thead>
<tr>
<th>Years Ended December 31</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in percentage)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA Margin</td>
<td>40.6%</td>
<td>36.9%</td>
<td>39.1%</td>
</tr>
</tbody>
</table>

### Capital expenditures

<table>
<thead>
<tr>
<th>Source</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in millions)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital expenditures</td>
<td>267</td>
<td>247</td>
<td>306</td>
</tr>
</tbody>
</table>

### Capital intensity ratio (4)

<table>
<thead>
<tr>
<th>Years Ended December 31</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in percentage)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital intensity ratio</td>
<td>14.9%</td>
<td>14.4%</td>
<td>17.8%</td>
</tr>
</tbody>
</table>

### NAS/Subscribers

<table>
<thead>
<tr>
<th>Source</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in millions)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business NAS</td>
<td>592,428</td>
<td>593,946</td>
<td>595,680</td>
</tr>
<tr>
<td>Residential NAS</td>
<td>908,283</td>
<td>887,954</td>
<td>863,752</td>
</tr>
<tr>
<td><strong>Total NAS</strong></td>
<td><strong>1,500,711</strong></td>
<td><strong>1,481,900</strong></td>
<td><strong>1,459,432</strong></td>
</tr>
<tr>
<td>Dial-up Internet subscribers</td>
<td>183,930</td>
<td>168,137</td>
<td>130,627</td>
</tr>
<tr>
<td>High-Speed Internet subscribers</td>
<td>123,387</td>
<td>149,460</td>
<td>211,918</td>
</tr>
</tbody>
</table>

### Notes:

1. The information provided is unaudited and based on Management’s estimates and assumptions. Information for the year ended December 31, 2005 is derived from the *pro forma* combined financial statements of the combined operations of Holdings LP for the year ended December 31, 2005.

2. Adjusted operating expenses for the period reflect the carve out of Aliant’s wireless operation and DownEast Ltd. and Management’s assumptions and adjustments as described in the section “Reconciliation of Historical Operating Income to Pro Forma and Non-GAAP Financial Measures”. The calculation of Adjusted operating expenses for each year is:

<table>
<thead>
<tr>
<th>Years Ended December 31</th>
<th>2003 (in millions)</th>
<th>2004 (in millions)</th>
<th>2005 (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total operating expenses</td>
<td>$1,643</td>
<td>$1,764</td>
<td>$1,702</td>
</tr>
<tr>
<td>Carve out of Aliant's wireless operation and DownEast Ltd.</td>
<td>(224)</td>
<td>(261)</td>
<td>(300)</td>
</tr>
<tr>
<td>Pro forma adjustments and management estimates</td>
<td>67</td>
<td>75</td>
<td>89</td>
</tr>
<tr>
<td><strong>Less:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>(349)</td>
<td>(350)</td>
<td>(346)</td>
</tr>
<tr>
<td>Pensions and other post-employment benefits</td>
<td>(55)</td>
<td>(72)</td>
<td>(95)</td>
</tr>
<tr>
<td>Restructuring</td>
<td>(15)</td>
<td>(72)</td>
<td>—</td>
</tr>
<tr>
<td><strong>Adjusted operating expenses</strong></td>
<td><strong>$1,067</strong></td>
<td><strong>$1,084</strong></td>
<td><strong>$1,049</strong></td>
</tr>
</tbody>
</table>

3. See “Description of Non-GAAP Measures”, “Reconciliation of Historical Results to EBITDA and Adjusted EBITDA” and “Reconciliation of Historical Operating Income to Non-GAAP Financial Measures”. EBITDA and EBITDA Margin are not recognized.
measures under GAAP and do not have a standardized meaning prescribed by GAAP. Therefore, EBITDA and EBITDA Margin may not be comparable to similar measures presented by other issuers.

(4) Capital intensity ratio is capital investment divided by total operating revenues for the relevant period. See “Description of Non-GAAP Measures”. Capital intensity ratio is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other issuers.

Operating Revenue Trends

Total operating revenue for the year ended December 31, 2005 was $1,723 million representing a 0.2% increase over 2004. As Aliant recovered from the labour disruption of 2004, growth in Internet and data and other revenue offset declines in local and long distance revenues. The February 2005 CRTC ruling on competitor digital network (CDN) services negatively affected local revenue in 2005 by an estimated $12 million. The decline in local and long distance revenue was also a result of pricing and market share pressures in Aliant’s competitive markets. Total NAS declined by 1.5% in 2005 compared to 2004 as a result of declines in the residential customer base due to competition, the adoption of wireless and Internet technologies, and the reduction in second lines as customers migrated Internet service from dial-up to high-speed. Declines in residential and business long distance revenues also resulted from lower pricing and reduced minutes. While revenues in these areas continued to decline, the rate of decline has slowed significantly in recent quarters. Declines in local and long distance revenues were partially offset by significant growth in Internet and data revenue as well as increases in IT service and fulfillment revenue reflective of a strong economy driving healthy business spending. Internet revenue growth was driven by high-speed customer growth of 41.8% as well as increased adoption of enhanced services. High-speed subscriber growth was largely due to a strong recovery in new installations after the labour disruption in 2004, successful back to school and Christmas marketing programs, proactive management of dial-up migration, expansion of the service area, success in marketing the new small business Internet service and customer adoption of the PC purchase program. Reduction in dial-up customers reflects migration to high-speed services, encouraged through targeted promotions and general introductory offers. Other revenues, including IT services and fulfillment, showed growth of 7.3% to $544 million in 2005, despite xwave having disposed of a number of its operations in 2004. These dispositions removed approximately $18 million from operating revenue in 2005 compared to 2004. Strong telecom product sales recovering from the 2004 labour disruption, combined with organic growth and a small acquisition in xwave’s IT business and growth in directory revenues all contributed to the increase.

Total operating revenue for the year ended December 31, 2004 was $1,719 million representing a decline of 4.2% over the same period in 2003. Total operating revenue in 2004 was negatively impacted by a five-month labour disruption that ended on September 20, 2004. Management estimates that the labour disruption negatively impacted total operating revenue by approximately $40 million. The decline in total operating revenue was also driven by a decline in local and long distance revenue as a result of increased competition, ongoing regulatory restrictions and technology substitution, which included the increasing use of wireless and Internet communications. Total NAS declined by approximately 1.3% during this period. The decline in local and long distance revenue was offset, in part, by the strong growth in Internet and data revenue. This growth was driven by customer growth, changes in Aliant’s pricing structure and increased adoption of enhanced services. The number of high-speed Internet subscribers increased by 21.1% at the end of 2004 compared to 2003. Other revenues, including IT services and fulfillment, were down 6.1% from $540 million in 2003 to $507 million in 2004. This reflected a marked decline in telecom product sales during the labour disruption and xwave’s disposition of a number of its operations during 2004, which removed approximately $15 million from operating revenues in 2004 compared to 2003.

EBITDA Trends

EBITDA in 2005 increased by 6.1% compared to 2004 due to the aggregate growth in operating revenue described above and a 3.2% decline in operating expenses. The decline in operating expenses was partially due to the Early Retirement Incentive Program (“ERIP”) Aliant offered at the end of 2004 and other productivity initiatives. General expense growth was contained despite the cost pressure required to support growth in the Internet business. Since the employees that accepted the ERIP offer had up to twelve months from October 2004 to start their retirement, it is anticipated that the full cost savings from this program started to be realized late in 2005. EBITDA also improved as a result of the recovery from the 2004 labour disruption and the
avoidance of the non-recurring costs associated with that period. xwave’s asset dispositions and a small acquisition made late in 2004 had only minor impacts to EBITDA in 2005 compared to 2004.

EBITDA in 2004 decreased by 12.8% compared to 2003. The decrease in EBITDA was primarily the result of the decline in operating revenue and the incremental costs associated with the labour disruption, which were of a non-recurring nature and related to ensuring appropriate security for Aliant’s employees and assets, property repairs and increased salary costs to maintain basic customer service. Management estimates the labour disruption negatively affected EBITDA in 2004 by approximately $68 million due to lower net revenues of $26 million, net of cost of revenues of $14 million, and increased operating expenses of $42 million. xwave’s asset dispositions and a small acquisition made late in 2004 had only minor impacts to EBITDA in 2004 compared to 2003.

**Capital Expenditures**

Capital investments made in 2005 were significantly higher than 2004 spending levels as 2004 spending was hampered by the labour disruption and 2005 levels reflected an aggressive advance on Aliant’s growth and transformation strategy. Aliant continued investments to maintain its wireline network and increase investments in its Internet business. During 2005, investments were made to augment the high-speed Internet footprint, begin transformation of the network to support next-generation IP applications and launch Aliant’s IPTV service. Increased levels of investment were also directed toward transforming the cost structure, improving customer experience and sustaining existing business and reliability.

Capital expenditures decreased by approximately 7.4%, from $267 million in 2003 to $247 million in 2004. The decrease in capital expenditures was primarily related to the deferral of some projects during the labour disruption. The pace of spending resumed in the fourth quarter but was not enough to fully offset the decline incurred earlier in the year. Capital investment in 2004 focused on expanding Aliant’s high-speed Internet footprint, enabling the network to deliver IP-based services such as VoIP, and preparing to launch IPTV service in 2005.

**Bell Canada Regional Wireline Operation**

The financial information presented below is, unless otherwise noted, presented on the basis described under “— Basis of Presentation”, above. The financial information set out below is unaudited, and should be read in conjunction with the audited financial statements of the Bell Canada Regional Wireline Operation, including the notes thereto, as well as the management’s discussion and analysis thereon, appearing at Appendix “D”, and the pro forma consolidated financial statements of the Fund and pro forma combined financial statements of the combined operations of Holdings LP appearing at Appendix “D”, as well as the notes thereto. The financial information discussed below is not intended to reflect the results of operations which would have actually resulted had the pro forma transactions been completed on the applicable dates, and is not necessarily indicative of the results of operations that may be obtained in the future. For an explanation of Management’s assumptions and adjustments, see the notes detailed in the section “Reconciliation of Historical Operating Income to Pro Forma and Non-GAAP Financial Measures” below.

The Bell Canada Regional Wireline Operation is not a separate legal entity and is a carved-out component comprised of specified operations of Bell Canada. As such, financial statements have not historically been prepared for this operation. Financial statements for the Bell Canada Regional Wireline Operation have been prepared by Bell Canada’s management on a carve-out basis from the non-consolidated financial statements of Bell Canada. In connection with the preparation of financial information provided below, management made numerous assumptions, estimates and allocations as well as a series of adjustments to reflect the various Commercial Agreements relating to the effecting of the Arrangement.
Bell Canada Regional Wireline Operation

(in millions of dollars, except NAS/Subscribers and percentages)

<table>
<thead>
<tr>
<th>Years Ended December 31</th>
<th>2003 (unaudited)</th>
<th>2004 (unaudited)</th>
<th>2005 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local and access</td>
<td>$698</td>
<td>$707</td>
<td>$712</td>
</tr>
<tr>
<td>Long distance</td>
<td>296</td>
<td>285</td>
<td>249</td>
</tr>
<tr>
<td>Internet and data</td>
<td>171</td>
<td>181</td>
<td>195</td>
</tr>
<tr>
<td>Other</td>
<td>58</td>
<td>54</td>
<td>52</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>1,223</td>
<td>1,228</td>
<td>1,208</td>
</tr>
</tbody>
</table>

Year over year growth 0.4% 1.6%

Adjusted operating expenses (2)(3) 589 587 575

EBITDA (2)(4) 634 641 633

Year over year growth 1.1% −1.2%

EBITDA Margin (4) 51.9% 52.2% 52.4%

Capital expenditures (5) 189 206 163

Capital intensity ratio (6) 15.4% 16.8% 13.5%

NAS/Subscribers

Business NAS 418,021 418,510 417,419
Residential NAS 1,236,609 1,238,174 1,236,872
Total NAS 1,654,630 1,656,684 1,654,291

Dial-up Internet subscribers 131,232 121,207 107,422
High-Speed Internet subscribers 89,775 132,403 175,138

Notes:

(1) The information provided is unaudited and based on Management’s estimates and assumptions. Information for the year ended December 31, 2005 is derived from the pro forma combined financial statements of the combined operations of Holdings LP for the year ended December 31, 2005.

(2) EBITDA and Adjusted operating expenses in 2005 includes approximately $11 million of expenses with respect to the labour dispute with technicians at Bell Technical Solutions Inc. (formerly Entourage Technology Solutions Inc.) in Ontario, including additional costs incurred to restore service levels subsequent to the resolution of the labour dispute.

(3) Adjusted operating expenses for the period reflect Management’s assumptions and adjustments as described in the section “Reconciliation of Historical Operating Income to Pro Forma and Non-GAAP Financial Measures”. The calculation of Adjusted operating expenses for each year is:

<table>
<thead>
<tr>
<th>Years Ended December 31</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total operating expenses</td>
<td>$788</td>
<td>$911</td>
<td>$786</td>
</tr>
<tr>
<td>Pro forma adjustments and management estimates</td>
<td>71</td>
<td>72</td>
<td>55</td>
</tr>
<tr>
<td>Depreciation and amortization adjustment</td>
<td>(46)</td>
<td>(40)</td>
<td>(51)</td>
</tr>
<tr>
<td></td>
<td>813</td>
<td>943</td>
<td>790</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>(217)</td>
<td>(211)</td>
<td>(212)</td>
</tr>
<tr>
<td>Pensions and other post-employment benefits</td>
<td>(7)</td>
<td>(8)</td>
<td>(9)</td>
</tr>
<tr>
<td>Restructuring</td>
<td>—</td>
<td>(136)</td>
<td>6</td>
</tr>
<tr>
<td>Adjusted operating expenses</td>
<td>$589</td>
<td>$587</td>
<td>$575</td>
</tr>
</tbody>
</table>

(4) See “Description of Non-GAAP Measures”, “Reconciliation of Historical Results to EBITDA and Adjusted EBITDA” and “Reconciliation of Historical Operating Income to Pro Forma and Non-GAAP Financial Measures”. EBITDA and EBITDA Margin
are not recognized measures under GAAP and do not have standardized meanings prescribed by GAAP. Therefore, EBITDA and EBITDA Margin may not be comparable to similar measures presented by other issuers.

(5) The pro forma 2005 capital expenditures for the Bell Canada Regional Wireline Operation excludes $2 million of capital expenditures that, in management’s view, would not have been incurred by the Bell Canada Regional Wireline Operation on a stand-alone basis.

(6) Capital intensity ratio is capital investment divided by total operating revenues for the relevant period. See “Description of Non-GAAP Measures”. Capital intensity ratio is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP, and therefore may not be comparable to similar measures presented by other issuers.

Operating Revenue Trends

In 2005, operating revenue was $1,208 million, which represents a decrease of $20 million or 1.6% over the $1,228 million reported for the comparable year ended December 31, 2004. Local and access revenue increased 0.7% or $5 million to $712 million 2005, compared to 2004. This increase was primarily as a result of slight growth in sales of maintenance plans to residential customers, rate increases and continued take-up of enhanced services for business customers. These positive impacts were offset by a slight reduction in revenue from payphones, an unfavourable rate change in subsidy revenue, and by a slight decrease in NAS of 0.1% from 2004 to 2005. Long distance revenue declined 12.6% or $36 million to $249 million in the year ended December 31 2005, compared to the year ended December 31 2004. This decline was primarily as a result of lower average revenue per minute (“ARPM”) for residential customers, due in part to the impact of the $5 Long Distance Bundle implemented by Bell Canada which was terminated on July 3, 2005, and lower volume of conversation minutes. Internet and data revenues increased 7.7% or $14 million to $195 million in 2005, compared to 2004. The strong growth is primarily attributable to increased high-speed Internet, expansion of the DSL footprint available to residential customers, and increased availability of high-speed Internet solutions and products to business customers. This was partly offset by declining legacy data and dial-up Internet revenues. In addition, operating revenue growth resulted from increased tariffs for network access and growth in value-added network services, such as hosting and security services. Other revenue, consisting primarily of renting, selling and maintaining telecommunications equipment and terminals, was $52 million for 2005, representing a small decrease of $2 million, compared to the comparable period in 2004, mainly as a result of lower unit sales of terminals to residential customers.

Operating revenue for the year ended December 31, 2004 was $1,228 million, representing growth of 0.4% compared to the same amount for the comparable year ended December 31, 2003. Local and access revenue increased 1.3% or $9 million to $707 million in 2004, compared to 2003. This increase was a result of a slight growth in NAS and higher average rate per unit (“ARPU”) due primarily to growth in sales of insurance and maintenance plans to residential customers, and an increase in voice revenues from business customers driven by rate increases and take-up of enhanced services. These increases were partially offset by a slight decrease in revenue from SmartTouch services provided to business customers and a decrease in payphones revenue. Long distance revenue declined 3.7% or $11 million to $285 million in 2004, compared to 2003. This decline was a result of lower ARPM from residential customers, due in part to the impact of increased take-up of the $5 Long Distance Bundle implemented by Bell Canada, and lower volume of conversation minutes. The decline in long distance revenue also resulted from lower prices charged to business customers, however stable volumes limited the decline. Internet and data revenue increased 5.8% or $10 million to $181 million in 2004, compared to 2003. This increase is primarily attributable to increased residential high-speed Internet penetration and expansion of the DSL footprint, and increased availability and take-up of high-speed Internet solutions by business customers, partly offset by declining legacy data and dial-up Internet revenues. Other revenue declined by $4 million, or by 6.9%, to $54 million in 2004, primarily as a result of lower unit sales of terminals to residential and business customers, compared to 2003.

EBITDA Trends

EBITDA in 2005 decreased by $8 million to $633 million, or by 1.2%, compared to 2004. This was driven primarily by decreases in long distance and other revenues partially offset by an overall 2.0% reduction in operating expenses as well as increases in both local and access and Internet and data revenues. Excluding the impact of the Entourage labour disruption of approximately $11 million, EBITDA in 2005 would have increased by $3 million to $644 million, or by 0.5%, compared to 2004. Operating expenses were favourably impacted by
productivity initiatives implemented by Bell Canada at the beginning of 2005, including a decrease in labour expense due to workforce reduction efforts initiated by Bell Canada in 2004. In addition, a reduction in SILEC settlement expenses occurred due mainly to price changes. These improvements were partially offset by higher customer acquisition, order processing and customer care costs due to the increased proportion of growth products in the revenue mix. Product development and centralized network provisioning expenses also increased in order to satisfy customer needs.

EBITDA in 2004 increased by $7 million to $641 million, or by 1.1%, compared to 2003. This reflects modest year-over-year revenue growth of 0.4%, slightly lower operating expenses and a reduction in amortization expense in 2004.

**Capital Expenditures**

Capital expenditures were $163 million in 2005, a decrease of $43 million or 20.9% compared to $206 million in 2004. Capital spending in 2005 related to continued improvements in the Bell Canada Regional Wireline Operation’s network, and the deployment of high-speed Internet access services. The decrease in 2005 capital spending as compared to 2004 is a result of high capital spending in 2003 and 2004, for deployment of high-speed Internet service. 2005 also had lower SIP obligations than 2004 of $4 million.

Capital expenditures in the year ended December 31, 2004 were $206 million, an increase of $17 million or 9.0% compared to $189 million in 2003. The increase in capital expenditures was primarily due to increases related to the CRTC-mandated SIP of $12 million compared to 2003.

**Bell Nordiq Group Inc.**

The financial information presented below is, unless otherwise noted, presented on the basis described under “— Basis of Presentation”, above. The financial information set out below is unaudited, and should be read in conjunction with the audited financial statements of BNG, including the notes thereto, as well as management’s discussion and analysis thereon, which are incorporated herein by reference, and the pro forma consolidated financial statements of the Fund and the pro forma combined financial statements of the combined operations of Holdings LP appearing at Appendix “D”, as well as the notes thereto. The financial information discussed below is not intended to reflect the results of operations which would have actually resulted had the pro forma transactions been completed on the applicable dates, and is not necessarily indicative of the results of operations that may be obtained in the future. For an explanation of Management’s assumptions and adjustments, see the notes detailed in the section “Reconciliation of Historical Operating Income to Pro Forma and Non-GAAP Financial Measures” below.
Bell Nordiq Group Inc.

(in millions of dollars, except Subscribers/NAS and percentages)

<table>
<thead>
<tr>
<th>Years Ended December 31</th>
<th>2003(1) (unaudited)</th>
<th>2004(1) (unaudited)</th>
<th>2005(1) (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local</td>
<td>$154</td>
<td>$161</td>
<td>$162</td>
</tr>
<tr>
<td>Long distance</td>
<td>52</td>
<td>51</td>
<td>45</td>
</tr>
<tr>
<td>Internet and data</td>
<td>65</td>
<td>71</td>
<td>77</td>
</tr>
<tr>
<td>Other</td>
<td>66</td>
<td>65</td>
<td>75</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td>337</td>
<td>348</td>
<td>359</td>
</tr>
<tr>
<td><strong>Year over year growth</strong></td>
<td></td>
<td></td>
<td>3.3% 3.5%</td>
</tr>
<tr>
<td><strong>Adjusted operating expenses</strong>(2)</td>
<td>172</td>
<td>170</td>
<td>180</td>
</tr>
<tr>
<td><strong>EBITDA</strong>(3)</td>
<td>165</td>
<td>178</td>
<td>179</td>
</tr>
<tr>
<td><strong>Year over year growth</strong></td>
<td></td>
<td></td>
<td>7.9% 0.8%</td>
</tr>
<tr>
<td><strong>EBITDA Margin</strong>(3)</td>
<td>49.0%</td>
<td>51.1%</td>
<td>49.9%</td>
</tr>
<tr>
<td><strong>Capital expenditures</strong></td>
<td>48</td>
<td>49</td>
<td>52</td>
</tr>
<tr>
<td><strong>Capital intensity ratio</strong>(4)</td>
<td>14.2%</td>
<td>14.1%</td>
<td>14.5%</td>
</tr>
<tr>
<td><strong>NAS/Subscribers</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business NAS</td>
<td>183,650</td>
<td>182,549</td>
<td>181,874</td>
</tr>
<tr>
<td>Residential NAS</td>
<td>68,320</td>
<td>68,919</td>
<td>70,054</td>
</tr>
<tr>
<td><strong>Total NAS</strong></td>
<td>251,970</td>
<td>251,468</td>
<td>251,928</td>
</tr>
<tr>
<td>Dial-up Internet subscribers</td>
<td>36,489</td>
<td>33,376</td>
<td>24,858</td>
</tr>
<tr>
<td>High-Speed Internet subscribers</td>
<td>20,503</td>
<td>25,223</td>
<td>34,863</td>
</tr>
</tbody>
</table>

Notes:

(1) The information provided is unaudited and based on Management’s estimates and assumptions. Information for the year ended December 31, 2005 is derived from the pro forma combined financial statements of the combined operations of Holdings LP for the year ended December 31, 2005.

(2) Adjusted operating expenses for the period reflect Management’s assumptions and adjustments as described in the section “Reconciliation of Historical Operating Income to Pro Forma and Non-GAAP Financial Measures”. The calculation of Adjusted operating expenses for each year is:

<table>
<thead>
<tr>
<th>Years Ended December 31</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>$237</td>
<td>$231</td>
<td>$242</td>
</tr>
<tr>
<td>Pro forma adjustments and management estimates</td>
<td>(2)</td>
<td>(2)</td>
<td>(2)</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>(55)</td>
<td>(52)</td>
<td>(51)</td>
</tr>
<tr>
<td>Pensions and other post-employment benefits</td>
<td>(6)</td>
<td>(5)</td>
<td>(7)</td>
</tr>
<tr>
<td>Restructuring</td>
<td>(2)</td>
<td>(2)</td>
<td>(2)</td>
</tr>
<tr>
<td><strong>Adjusted operating expenses</strong></td>
<td>$172</td>
<td>$170</td>
<td>$180</td>
</tr>
</tbody>
</table>

(3) See “Description of Non-GAAP Measures”, “Reconciliation of Historical Results to EBITDA and Adjusted EBITDA” and “Reconciliation of Historical Operating Income to Pro Forma and Non-GAAP Financial Measures”. EBITDA and EBITDA Margin are not recognized measures under GAAP and do not have standardized meanings prescribed by GAAP. Therefore, EBITDA and EBITDA Margin may not be comparable to similar measures presented by other issuers.

(4) Capital intensity ratio is capital expenditures divided by total operating revenues for the period. See “Description of Non-GAAP Measures”. Capital intensity ratio is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other issuers.
## RECONCILIATION OF HISTORICAL RESULTS TO EBITDA AND ADJUSTED EBITDA

The Distributable Cash calculation begins with EBITDA. The most comparable GAAP financial measure to EBITDA or Adjusted EBITDA is operating income. The table below contains a reconciliation of operating income and pro forma operating income to EBITDA and Adjusted EBITDA for the year ended December 31, 2005:

<table>
<thead>
<tr>
<th></th>
<th>Aliant Operation</th>
<th>Bell Canada Regional Wireline Operation</th>
<th>Bell Nordiq Group Inc.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>$395</td>
<td>$411</td>
<td>$117</td>
<td>$923</td>
</tr>
<tr>
<td>Adjustment for carve-out of Aliant’s wireless operation and DownEast Ltd.</td>
<td>(170)</td>
<td>—</td>
<td>—</td>
<td>(170)</td>
</tr>
<tr>
<td>Pro forma adjustments</td>
<td>8</td>
<td>7</td>
<td>2</td>
<td>17</td>
</tr>
<tr>
<td><strong>Pro forma operating income</strong></td>
<td><strong>$233</strong></td>
<td><strong>$418</strong></td>
<td><strong>$119</strong></td>
<td><strong>$770</strong></td>
</tr>
<tr>
<td>Adjustments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>346</td>
<td>212</td>
<td>51</td>
<td>609</td>
</tr>
<tr>
<td>Pension and other post-employment benefit costs</td>
<td>95</td>
<td>9</td>
<td>7</td>
<td>111</td>
</tr>
<tr>
<td>Restructuring charges</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td><strong>$674</strong></td>
<td><strong>$633</strong></td>
<td><strong>$179</strong></td>
<td><strong>$1,486</strong></td>
</tr>
<tr>
<td>Adjustments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash funding of current service cost for pensions and other post-employment benefits</td>
<td>(44)</td>
<td>(7)</td>
<td>(4)</td>
<td>(55)</td>
</tr>
<tr>
<td>One-time items</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-controlling interest in EBITDA</td>
<td>(3)</td>
<td></td>
<td>(67)</td>
<td>(70)</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td><strong>$627</strong></td>
<td><strong>$637</strong></td>
<td><strong>$108</strong></td>
<td><strong>$1,372</strong></td>
</tr>
</tbody>
</table>

**Notes:**

1. *Pro forma* adjustments are explained in the notes to the pro forma combined financial statements of the combined operations of Holdings LP for the year ended December 31, 2005. This table allocates those adjustments to each of the Aliant Operation, the Bell Canada Regional Wireline Operation and BNG. The adjustments to operating income reflect all those adjustments that affect operating revenues and operating expenses. See “Reconciliation of Historical Operating Income to Pro Forma and Non-GAAP Financial Measures” for details of these adjustments.

2. Depreciation and amortization reflect a pro forma adjustment of $51 million to the Bell Canada Regional Wireline Operation for assets that are not being transferred.

3. Pension and other post-employment benefit costs reflect a pro forma adjustment of $17 million to the Bell Canada Regional Wireline Operation related to employees not being transferred.

4. Restructuring charges (recovery) are excluded from EBITDA.

5. Cash funding requirement related to current service costs of pension and other post-employment benefits for the period. The portion of cash funding required for pension and other post-employment benefit costs that exceeds current service cost will be funded through cash reserves and/or borrowing. See “Financing Arrangements”.

6. Net one-time costs impacting the Bell Canada Regional Wireline Operation in 2005 included costs related to a labour disruption.

7. The non-controlling interest in the EBITDA of BNG and Aliant is not available in order to determine Distributable Cash and therefore is removed in the Adjusted EBITDA calculation.
## SUMMARY OF DISTRIBUTABLE CASH

The following analysis has been prepared by Management on the basis of information in this Information Circular and Management’s estimate of the amount of expenses and expenditures which will be incurred by the Fund, the Combined Business and BNG following the Effective Date. This analysis is not a forecast or a projection of future results. The actual results of operations for any period will likely vary from the amounts set forth in the following analysis, and such variation may be material. See “Risk Factors” for a discussion of the risks that could cause actual results to vary.

Management believes that, upon completion of the Arrangement, the Fund, the Combined Business and BNG will incur certain costs that will differ from those contained in the historical financial statements of Aliant, the Bell Canada Regional Wireline Operation and BNG and the pro forma consolidated financial statements of the Fund and the pro forma combined financial statements of the combined operations of Holdings LP which are incorporated herein by reference or included at Appendix “D” to this Information Circular, as applicable. Although Management does not have firm commitments for all of these expenses and costs and, accordingly, the complete financial effects of all of those costs and expenses are not objectively determinable, Management believes that the following represents a reasonable estimate of what Distributable Cash of the combined operations of Holdings LP would have been for the year ended December 31, 2005 had the Fund been in existence during such time, had items not affecting ongoing operations not impacted the financial results for such period and had the other adjustments to EBITDA from ongoing operations described below been made.

(unaudited and in millions of dollars, except per Unit amounts)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA(2)</td>
<td>$1,486</td>
</tr>
<tr>
<td>Cash funding of current service cost for pensions and other post-employment benefits(3)</td>
<td>(55)</td>
</tr>
<tr>
<td>One-time items(4)</td>
<td>11</td>
</tr>
<tr>
<td>Non-controlling interest in EBITDA(5)</td>
<td>(70)</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA(2)</strong></td>
<td><strong>$1,372</strong></td>
</tr>
</tbody>
</table>

Management believes that in order to arrive at estimated Distributable Cash, the following adjustments to Adjusted EBITDA should be made:

- Other income(6) : 2
- Interest expense(7) : (179)
- Normalized cash taxes(8) : (7)
- Capital expenditures(9) : (503)

**Estimated Distributable Cash** : $ 685
**Estimated cash to be distributed (90%)**(10) : $ 617
**Estimated cash to be distributed per Unit**(11) : $ 2.74

Notes:

1. Information for the year ended December 31, 2005 is derived from the pro forma combined financial statements of the combined operations of Holdings LP for the year ended December 31, 2005.

2. See “Description of Non-GAAP Measures” and “Reconciliation of Historical Results to EBITDA and Adjusted EBITDA”. EBITDA and Adjusted EBITDA are not recognized measures under GAAP and do not have standardized meanings prescribed by GAAP. Therefore, EBITDA and Adjusted EBITDA may not be comparable to similar measures presented by other issuers.

3. The cash funding requirement related to current service costs of pension and other post-employment benefits for the period. The portion of cash funding required for pension and other post-employment benefit costs that exceeds current service cost will be funded through cash reserves and/or borrowing. See “Financing Arrangements” and Note 7 below.

4. Net one-time costs impacting the Bell Canada Regional Wireline Operation in 2005 included costs related to a labour disruption.

5. The non-controlling interest in the EBITDA of the Bell Nordiq Partnerships and the Aliant Operation is not available in order to determine Distributable Cash and therefore is removed in the Adjusted EBITDA calculation.

6. Represents the pro forma amount of interest and other income of Holdings LP.
(7) Represents the estimated interest expense for Wireline LP from the New Credit Facilities, assuming total drawn debt of $2.6 billion. Also adds notional interest on an undrawn reserve of approximately $460 million for funding pension plan deficit payments and capital taxes in excess of normalized amounts. All of Wireline LP’s drawn and undrawn notional debt is assumed to carry an estimated interest rate of 5.5%. See “Financing Arrangements”. In addition, interest expense includes the total carrying charges for Wireline LP on an estimated $180 million in securitized accounts receivable at a lower assumed carrying cost of 3.8%. Interest expense also includes Holdings LP’s proportionate share of interest expense for the Bell Nordiq Partnerships.

(8) The cash taxes to be deducted in calculating Distributable Cash are capital taxes that are estimated to be incurred by Wireline GP, BNG and GP, normalized to reflect anticipated reductions in provincial and federal capital tax rates. Capital taxes incurred in excess of normalized levels will be funded through cash reserves and/or borrowing. See “Financing Arrangements” for a discussion of these financing arrangements.

(9) Represents Management’s estimate of annual capital expenditures, based on average historical capital expenditures. See “The Business of the Fund”. Excludes the non-controlling interest proportionate share of capital expenditures made by the Bell Nordiq Partnerships and the Aliant Operation.

(10) It is expected that approximately 10% of cash available for distribution will be reserved.

(11) Based on an estimated 225 million Units outstanding on a fully diluted basis upon completion of the Arrangement, this estimate being based on the number of Aliant Common Shares outstanding as of March 29, 2006 and the anticipated effects of the Arrangement. The actual number of Units outstanding on a fully diluted basis will depend on the number of Aliant Common Shares that are issued before the Effective Date under Aliant’s Dividend Re-investment Plan, Employees’ Stock Savings Plan and the Aliant Stock Option Plan, as well as the number of Aliant Common Shares, if any, that are purchased for cancellation prior to the Effective Date, and the impact that these additional Aliant Common Shares and repurchases, if any, will have on the number of Units, Wireline Exchangeable LP Units or Holdings Class 1 Exchangeable LP Units that Bell Canada and BCE will receive as part of the Arrangement. See the sections “The Arrangement — Treatment of Share-Based Plans in Connection with the Arrangement”, “— Arrangement Steps” and “— Effect of the Arrangement”.

Management views Distributable Cash as an operating performance measure and it is a non-GAAP measure generally used by Canadian income funds as an indicator of financial performance. As it is anticipated that Holdings LP and the Fund will distribute a substantial portion of their available cash on an on-going basis (after providing for certain amounts described elsewhere in this Information Circular) and since EBITDA and Adjusted EBITDA are metrics used by many investors to compare issuers (and hence may be a factor for prospective investors) on the basis of the ability of the issuer to generate cash from operations, Management believes that, in addition to net earnings or loss and operating income, EBITDA and Adjusted EBITDA are useful supplemental measures from which to make adjustments to determine Distributable Cash. Consequently, Management believes that Distributable Cash is a useful supplemental measure that may assist prospective investors in assessing an investment in Units.

Management cautions that EBITDA, Adjusted EBITDA and Distributable Cash should not be construed as alternatives to net earnings or loss or operating income or loss determined in accordance with GAAP as an indicator of the performance of the Fund or the combined operations of Holdings LP or to cash flows from operating, investing and financing activities as a measure of liquidity and cashflows. The method of calculating EBITDA, Adjusted EBITDA and Distributable Cash may differ from similar computations, as reported by other issuers and, accordingly, may not be comparable to EBITDA, Adjusted EBITDA and Distributable Cash as reported by other issuers. See “Reconciliation of Historical Results to EBITDA and Adjusted EBITDA” for a reconciliation of pro forma EBITDA and Adjusted EBITDA to operating income and pro forma operating income.
# RECONCILIATION OF HISTORICAL OPERATING INCOME TO PRO FORMA AND NON-GAAP FINANCIAL MEASURES

## Combined Business and Bell Nordiq Group Inc.

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating income</strong></td>
<td>$825</td>
<td>$549</td>
<td>$753</td>
</tr>
<tr>
<td><strong>Pro forma adjustments</strong></td>
<td>—</td>
<td>—</td>
<td>17</td>
</tr>
<tr>
<td><strong>Management estimates and adjustments</strong></td>
<td>(4)</td>
<td>(4)</td>
<td>—</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>821</td>
<td>545</td>
<td>770</td>
</tr>
</tbody>
</table>

### Adjustments to calculate EBITDA:

- **Depreciation and amortization**
  - 2003: 621
  - 2004: 614
  - 2005: 609

- **Pension and other post-employment benefit costs**
  - 2003: 68
  - 2004: 85
  - 2005: 111

- **Restructuring charges**
  - 2003: 172
  - 2004: 10
  - 2005: (4)

## Aliant Operation

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating income</strong></td>
<td>$416</td>
<td>$270</td>
<td>$395</td>
</tr>
<tr>
<td><strong>Adjustments for carve-out of Aliant’s wireless operation and DownEast Ltd.</strong></td>
<td>(113)</td>
<td>(136)</td>
<td>(170)</td>
</tr>
<tr>
<td><strong>Operating income of Aliant Operation</strong></td>
<td>303</td>
<td>134</td>
<td>225</td>
</tr>
<tr>
<td><strong>Pro forma adjustments</strong></td>
<td>—</td>
<td>—</td>
<td>8</td>
</tr>
<tr>
<td><strong>Management estimates and adjustments</strong></td>
<td>6</td>
<td>7</td>
<td>—</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>309</td>
<td>141</td>
<td>233</td>
</tr>
</tbody>
</table>

### Adjustments to calculate EBITDA:

- **Depreciation and amortization**
  - 2003: 349
  - 2004: 350
  - 2005: 346

- **Pension and other post-employment benefit costs**
  - 2003: 55
  - 2004: 72
  - 2005: 95

- **Restructuring charges**
  - 2003: 15
  - 2004: 72
  - 2005: —

## Bell Canada Regional Wireline Operation

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating income</strong></td>
<td>$422</td>
<td>$299</td>
<td>$411</td>
</tr>
<tr>
<td><strong>Pro forma adjustments</strong></td>
<td>—</td>
<td>—</td>
<td>7</td>
</tr>
<tr>
<td><strong>Management estimates and adjustments</strong></td>
<td>(12)</td>
<td>(13)</td>
<td>—</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>410</td>
<td>286</td>
<td>418</td>
</tr>
</tbody>
</table>

### Adjustments to calculate EBITDA:

- **Depreciation and amortization**
  - 2003: 217
  - 2004: 211
  - 2005: 212

- **Pension and other post-employment benefit costs**
  - 2003: 7
  - 2004: 8
  - 2005: 9

- **Restructuring charges**
  - 2003: —
  - 2004: 136
  - 2005: (6)

## Bell Canada Regional Wireline Operation

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating income</strong></td>
<td>$422</td>
<td>$299</td>
<td>$411</td>
</tr>
<tr>
<td><strong>Pro forma adjustments</strong></td>
<td>—</td>
<td>—</td>
<td>7</td>
</tr>
<tr>
<td><strong>Management estimates and adjustments</strong></td>
<td>(12)</td>
<td>(13)</td>
<td>—</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>410</td>
<td>286</td>
<td>418</td>
</tr>
</tbody>
</table>

### Adjustments to calculate EBITDA:

- **Depreciation and amortization**
  - 2003: 217
  - 2004: 211
  - 2005: 212

- **Pension and other post-employment benefit costs**
  - 2003: 7
  - 2004: 8
  - 2005: 9

- **Restructuring charges**
  - 2003: —
  - 2004: 136
  - 2005: (6)
Bell Nordiq Group Inc.

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>($ millions)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating income(1)</td>
<td>$100</td>
<td>$117</td>
<td>$117</td>
</tr>
<tr>
<td>Pro forma adjustments(2)</td>
<td>—</td>
<td>—</td>
<td>2</td>
</tr>
<tr>
<td>Management estimates and adjustments(2)</td>
<td>2</td>
<td>2</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>102</td>
<td>119</td>
<td>119</td>
</tr>
</tbody>
</table>

Adjustments to calculate EBITDA(3):

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation and amortization(4)</td>
<td>55</td>
<td>52</td>
<td>51</td>
</tr>
<tr>
<td>Pension and other post-employment benefit costs(5)</td>
<td>6</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Restructuring charges(6)</td>
<td>2</td>
<td>2</td>
<td>—</td>
</tr>
<tr>
<td>EBITDA(3)</td>
<td>$165</td>
<td>$178</td>
<td>$179</td>
</tr>
</tbody>
</table>

Notes:

(1) Operating income in the case of the Bell Canada Regional Wireline Operation and Bell Nordiq Group Inc. is derived from the audited historical results of these operations. In the case of the Aliant Operation, operating income reflects management’s calculation on a carve-out basis based on the audited results of Aliant, with Aliant’s wireless operations and DownEast Ltd. removed.

(2) These adjustments reflect Management’s estimate of the effect of the Arrangement and the Commercial Agreements. These estimates and adjustments are described in the table below.

Bell Canada Regional Wireline Operation

The following adjustments have been made to the audited financial statements of the Bell Canada Regional Wireline Operation based on Managements’ estimates of the effect of the Commercial Agreements and other transactions contemplated by the Arrangement Agreement, in each case if they had occurred on January 1 of each year.

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>($ millions)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Operating revenue adjustments

(a) Customer primeship. The Commercial Agreements between Bell Canada and Wireline LP contemplate specific customer primeship rules, which are based on location for residential customers and based on deemed head office location for business customers. As a result, Wireline LP will receive revenues from Bell Canada for services it provides to Bell Canada’s customers in the Bell Canada Regional Territory. Conversely, Bell Canada will receive revenues from Wireline LP for services it provides to Wireline LP’s customers in Bell Canada’s territory.

The net effect of these adjustments (by segment) is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local and access</td>
<td>$ 9</td>
<td>$ 9</td>
<td>$ 9</td>
</tr>
<tr>
<td>Long distance</td>
<td>(10)</td>
<td>(9)</td>
<td>(13)</td>
</tr>
<tr>
<td>Internet and data</td>
<td>8</td>
<td>12</td>
<td>7</td>
</tr>
<tr>
<td>Other</td>
<td>(1)</td>
<td>(1)</td>
<td>—</td>
</tr>
</tbody>
</table>

(b) Other revenues. Bell Canada will retain ownership of its national fibre route in the Bell Canada Regional Territory and will, pursuant to the Commercial Agreements, compensate Wireline LP for maintaining these assets:

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total operating revenue adjustments</td>
<td>$13</td>
<td>$19</td>
<td>$11</td>
</tr>
</tbody>
</table>

95
Operating expense adjustments

(a) **Customer primeship.** Represents net additional operating expenses to compensate for certain activities that will be performed by both Bell Canada and Wireline LP for services provided to customers that are located in each other's territory, pursuant to the customer primacy arrangements set out in the Commercial Agreements ........................................... $ 3 $ 3 $ 2

(b) **Cost recovery for centralized assets provided and used by Bell Canada.** Under the Commercial Agreements, a number of services have been outsourced by Wireline LP to Bell Canada. Bell Canada will be compensated an amount to recover its depreciation costs associated with these assets. In addition, Bell Canada will be compensated from Wireline LP for use of its hosting facilities and IP network which are required to support these outsourcing services ................................. 60 61 61

(c) **Pension and other post employment benefit adjustment.** To reflect the current service cost of pension and other post employment benefit costs associated with the retention of retained Bell Canada employees to be billed by Bell Canada through the Commercial Agreements ................................. 12 11 11

(d) **Pension and other post employment benefit adjustment.** To remove the total cost of pensions and other post employment benefit costs associated with the retention of retained Bell Canada employees to be billed by Bell Canada through the Commercial Agreements ................................. (1) (2) (17)

(e) **Capital taxes.** To be consistent with the basis of presentation of the financial results for the Fund and Holdings LP, capital tax has been excluded from EBITDA and will be addressed in the calculation of Distributable Cash .................................................. (8) (8) (7)

(f) **Other miscellaneous expense adjustments.** Represents net adjustments to reflect activities, such as settlements, to terminate and transit network traffic over Bell Canada’s switches ................................. 5 7 5

**Total operating expense adjustments** ......................................... $71 $72 $55

Depreciation expense adjustment

Adjustment to remove depreciation expense on capital assets that will be retained by Bell Canada ................................. $(46) $(40) $(51)

**Total operating income adjustments** .............................................. $(12) $(13) $ 7

**Aliant Operation**

The following adjustments have been made to the audited financial statements of Aliant based on Management's estimates of the effect of the carve-out of the Aliant wireless operation and DownEast Ltd., the Commercial Agreements and other transactions contemplated by the Arrangement Agreement, in each case if they had occurred on January 1 of each year.

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>($) millions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjustments to reflect carve-out of Aliant's wireless operation and DownEast Ltd.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Aliant wireless operation revenue</td>
<td>$(337)</td>
<td>$(391)</td>
<td>$(443)</td>
</tr>
<tr>
<td>(b) DownEast Ltd. revenue</td>
<td>(13)</td>
<td>(52)</td>
<td></td>
</tr>
<tr>
<td>(c) Intercompany eliminations between Aliant wireless operation and DownEast Ltd.</td>
<td>7</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td>Total carve-out revenue adjustments</td>
<td>$(337)</td>
<td>$(397)</td>
<td>$(471)</td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Aliant wireless operation operating expenses</td>
<td>$(185)</td>
<td>$(210)</td>
<td>$(238)</td>
</tr>
<tr>
<td>(b) DownEast Ltd. operating expenses</td>
<td>(11)</td>
<td>(42)</td>
<td></td>
</tr>
<tr>
<td>(c) Intercompany eliminations between Aliant wireless operation and DownEast Ltd.</td>
<td>7</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td>Total carve-out operating expense adjustments</td>
<td>$(185)</td>
<td>$(214)</td>
<td>$(256)</td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Aliant wireless operation depreciation</td>
<td>$(39)</td>
<td>$(47)</td>
<td>$(44)</td>
</tr>
<tr>
<td>(b) DownEast Ltd. depreciation</td>
<td></td>
<td>(1)</td>
<td></td>
</tr>
<tr>
<td>Total carve-out depreciation adjustments</td>
<td>$(39)</td>
<td>$(47)</td>
<td>$(45)</td>
</tr>
<tr>
<td>Total carve-out operating income adjustments</td>
<td>$(113)</td>
<td>$(136)</td>
<td>$(170)</td>
</tr>
</tbody>
</table>
**Adjustments to give effect to the Arrangement and the Commercial Agreements**

**Operating revenue**

(a) Reverse the elimination of inter-company usage of Aliant wireless operation services by employees of the Aliant Operation $8 $9 $11

(b) As a result of traditional settlement arrangements and the Commercial Agreements, Bell Canada will compensate Wireline LP for services provided to support the network and customers of Bell Mobility located in Atlantic Canada $65 $73 $86

**Total operating revenue adjustments** $73 $82 $97

**Operating expenses**

(a) Recognize the cost of usage of Aliant wireless operation services by employees of the Aliant Operation, previously eliminated on consolidation $8 $9 $11

(b) Recognize the cost of traditional settlement arrangements and the Commercial Agreements for services provided to support the network and customers of Bell Mobility in Atlantic Canada, previously eliminated on consolidation $59 $66 $78

**Total operating expense adjustments** $67 $75 $89

**Total operating income adjustments** $6 $7 $8

**Bell Nordiq Group Inc.**

The following adjustments have been made to the audited financial statements of BNG based on Managements’ estimates of the effect of the transactions contemplated by the Arrangement Agreement, in each case if they had occurred on January 1 of each year.

**Operating expense adjustments**

(a) Eliminate the costs of maintaining Bell Nordiq Group Inc.’s status as a public issuer for the purposes of its outstanding preferred shares, as these preferred shares will be redeemed on July 1, 2006, as contemplated in the Arrangement Agreement $ (1) $ (1) $ (1)

(b) To be consistent with the basis of presentation of the financial results for the Fund and Holdings LP, capital tax has been excluded from EBITDA and will be addressed in the calculation of Distributable Cash $ (1) $ (1) $ (1)

**Total operating expense adjustments** $ (2) $ (2) $ (2)

**Total operating income adjustments** $2 $2 $2

(3) See “Description of Non-GAAP Measures” and “Reconciliation of Historical Results to EBITDA and Adjusted EBITDA”. EBITDA and Adjusted EBITDA are not recognized measures under GAAP and do not have standardized meanings prescribed by GAAP. Therefore, EBITDA and Adjusted EBITDA may not be comparable to similar measures presented by other issuers.

(4) Depreciation and amortization costs for the Aliant Operation, the Bell Canada Regional Wireline Operation and BNG on a pro forma or adjusted basis based on management’s estimates.

(5) The estimated cost of pensions and other post-employment benefits as if the Arrangement had taken place and the Commercial Agreements entered into on January 1 of each year shown.

(6) Restructuring charges include the costs of workforce reduction programs incurred in the applicable period.
Board of Directors and Management of GP and Wireline GP

The business and affairs of Holdings LP and Wireline LP will be managed and supervised by their respective general partners, GP and Wireline GP. The following table sets out, as at the date of this Information Circular, certain information with respect to the persons who are expected to be the directors of GP and Wireline GP immediately following completion of the Arrangement:

<table>
<thead>
<tr>
<th>Name and Municipality of Residence</th>
<th>Biographical Information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Kevin W. Crull</strong> ...............</td>
<td>Mr. Crull is President — Residential Services of Bell Canada (since September 2005). Mr. Crull was President — Consumer Solutions of Bell Canada from March 2005 to September 2005. Prior to 2005, Mr. Crull was Senior Vice-President and General Manager of AT&amp;T Mobility of AT&amp;T Inc. He was also Senior Vice-President of Consumer and Small Business of AT&amp;T Inc. from 2001 to 2004.</td>
</tr>
<tr>
<td>Toronto, Ontario, Canada</td>
<td></td>
</tr>
<tr>
<td><strong>Robert Dexter, QC</strong> ............</td>
<td>Mr. Dexter is Chairman and Chief Executive Officer of Maritime Travel Inc., the largest retail travel agency in Atlantic Canada. He is also a partner of the law firm Stewart McKelvey Stirling Scales LLP. He holds both a Bachelor of Commerce and an LL.B. from Dalhousie University and has been appointed Queen's Counsel. Mr. Dexter is also Chairman of Empire Company Limited (TSX listed company engaged in food distribution, real estate development and corporate investment activities) and a director of several other companies listed on the TSX, including Aliant, High Liner Foods Inc., Sobeys Inc. and Wajax Limited. Mr. Dexter has nearly 10 years’ experience in the telecommunications sector, having served as a director of Maritime Tel &amp; Tel Limited from 1997 to 1999 prior to joining the Aliant board.</td>
</tr>
<tr>
<td>Halifax, Nova Scotia, Canada</td>
<td></td>
</tr>
<tr>
<td><strong>Lawson A.W. Hunter</strong> ...........</td>
<td>Mr. Hunter is Executive Vice-President and Chief Corporate Officer of BCE and Bell Canada. Previously a partner with the law firm Stikeman Elliott LLP, Mr. Hunter has extensive experience with competition and regulatory law in both the public and private sectors. He holds an LL.B. from the University of New Brunswick and an LL.M. from Harvard University. Mr. Hunter is a director of Aliant. He is also a director of the Information Technology Association of Canada, CanStage and the Institute of Professional Development Inc., Chairman of the Ottawa Art Gallery and a member of the Cabinet for the University of New Brunswick “Forging our Future” Campaign.</td>
</tr>
<tr>
<td>Ottawa, Ontario, Canada</td>
<td></td>
</tr>
<tr>
<td><strong>Patrick Pichette</strong> .............</td>
<td>Mr. Pichette is President — Operations of Bell Canada (since December 2004). Mr. Pichette was Executive Vice-President, Planning and Performance Management of BCE from 2001 to January 2002. From 2002 to May 2002, he was Executive Vice-President, Finance and Operations of Teleglobe Communications Corporation. From September 2002 to December 2003, he was Chief Financial Officer of Bell Canada and in December 2003 he became Executive Vice-President of Bell Canada until his current occupation. Prior to 2001, Mr. Pichette was principal partner with McKinsey &amp; Company. Mr. Pichette is also a director of Alaska Communications Systems Inc. and the Université du Québec à Montréal’s Foundation.</td>
</tr>
<tr>
<td>Montréal, Québec, Canada</td>
<td></td>
</tr>
<tr>
<td>Name and Municipality of Residence</td>
<td>Biographical Information</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td><strong>Edward Reevey, FCA</strong></td>
<td>Mr. Reevey is Chairman and Chief Executive Officer of Addee Developments Limited and Eedda Capital Inc., private holding companies. He previously held positions with Clarkson Gordon &amp; Co. and H.R. Doane &amp; Co., and was president of Autotec Inc. He holds a Bachelor of Commerce from Dalhousie University and a Chartered Accountancy designation. He has been a Chartered Accountant Fellow since 1998. Mr. Reevey is a director of Aliant and of Stratos Global Corporation, a TSX listed company. He is also a director of the Greater Saint John Community Foundation. Mr. Reevey has over 20 years’ experience in the telecommunications sector, having served as a director of The New Brunswick Telephone Company, Limited from 1982 to 1999 and Bruncor Inc. from 1985 to 1999.</td>
</tr>
<tr>
<td>Rothesay, New Brunswick, Canada</td>
<td></td>
</tr>
<tr>
<td><strong>Michael J. Sabia</strong></td>
<td>Mr. Sabia is President and Chief Executive Officer of BCE. From March 2002 to April 2002 he was President and Chief Operating Officer of BCE and from March 2002 to May 2002 he was Chief Operating Officer of Bell Canada. He was President of BCE from December 2000 to March 2002; Executive Vice-President of BCE from July 2000 to December 2000 and Vice-Chairman of Bell Canada from July 2000 to March 2002. He was Vice-Chairman and Chief Executive Officer of Bell Canada International Inc. from October 1999 to June 2000 and then Vice-Chairman of Bell Canada International Inc. from June 2000 to November 2001. Mr. Sabia is a director of BCE, Bell Canada, Bell Globemedia, Bell ExpressVu Inc., Bell Mobility Holdings Inc., Clearwire Corporation and Telesat Canada. In the past five years, Mr. Sabia also served as a director of Emergis Inc. (formerly BCE Emergis Inc.) and CGI Group Inc.</td>
</tr>
<tr>
<td>Montréal, Québec, Canada</td>
<td></td>
</tr>
<tr>
<td><strong>Karen H. Sheriff</strong></td>
<td>Ms. Sheriff is President — Small and Medium Business of Bell Canada. In addition to this role, Ms. Sheriff has recently taken on additional leadership responsibilities in helping Bell Canada simplify a number of end to end core processes such as high speed or gateways sales, installation and procurement — a key priority for Bell in 2006 and beyond. She has previously held the positions of Chief Marketing Officer and Senior Vice President of Product Management &amp; Development with Bell Canada. Prior to this she was responsible for corporate marketing and branding at Ameritech Inc. and held a variety of assignments with Ameritech and United Airlines. She holds a Bachelor’s Degree in Psychology, Economics and Mathematics from Washington University and a Master’s Degree in Business Administration from the University of Chicago. Ms. Sheriff is a director of Aliant, the Gardiner Museum of Ceramic Art and the Canadian Marketing Association and a Board Advisor with Adventis Corporation.</td>
</tr>
<tr>
<td>Toronto, Ontario, Canada</td>
<td></td>
</tr>
<tr>
<td><strong>Louis Tanguay</strong></td>
<td>Mr. Tanguay is a Corporate Director (since May 2003). Mr. Tanguay was President and Chief Executive Officer of Bell Canada International Inc. from 2000 until November 2001 and Vice-Chairman of Bell Canada International Inc. from 2001 until May 2003. Mr. Tanguay is also a director of the following publicly traded companies: Rona Inc., Saputo Inc., SR Telecom Inc., Medisys Health Group Inc., Aéroports de Montréal, Bell Nordiq Group Inc. and Canbras Communications Corp.</td>
</tr>
<tr>
<td>Laval, Québec, Canada</td>
<td></td>
</tr>
</tbody>
</table>
Stephen G. Wetmore
Toronto, Ontario, Canada

Mr. Wetmore is Group President — Corporate Performance and National Markets of BCE and Bell Canada. Before joining Bell Canada in 2002, Mr. Wetmore held several executive positions, including President and CEO of Aliant, President and CEO of NewTel Enterprises Limited, President of Air Atlantic, and managing director with Scotia Holdings PLC in London, England. He holds a Bachelor of Commerce from Acadia University and a Chartered Accountancy designation.

He is a director of the following public companies listed on the TSX: Canadian Tire Corporation Limited, Axia Netmedia Corporation, Aliant, and Stratos Global Corporation. He is also a director of the CD Howe Institute and The Learning Partnership.

Charles White, QC
St. John’s, Newfoundland and Labrador, Canada

Mr. White is Chairman of the board of Aliant and a lawyer with the law firm White, Ottenheimer & Baker. His legal career in private practice spans over three decades. He holds a Bachelor of Commerce from Memorial University of Newfoundland, received his LL.B. from Dalhousie University and was appointed Queen’s Counsel in 1984.

Mr. White is Chairman and a trustee of BMO Mutual Funds, deputy Chairman and director of Unifund Assurance Company, The Johnson Corporation, and a director of North Atlantic Refining Limited and Stratos Global Corporation (a TSX listed company). Mr. White is also Chairman of the Legal Appointments Board and the Law Society of Newfoundland’s Scholarship Committee. Mr. White has over 15 years’ experience in the telecommunications sector, having served as a director of NewTel Enterprises Limited from 1988 to 1999 (including his role as chair of the board from 1994 to 1999).

Victor Young, O.C.
St. John’s, Newfoundland and Labrador, Canada

Mr. Young, Corporate Director, is past Chairman and Chief Executive Officer of Fishery Products International Ltd. He also served as Deputy Minister of the Treasury Board and special advisor to the Premier of Newfoundland and Labrador, and was Chairman and Chief Executive Officer of Newfoundland and Labrador Hydro. He holds a Bachelor of Commerce from Memorial University of Newfoundland and a Master’s Degree in Business Administration from the University of Western Ontario. He is an Officer of the Order of Canada.

Mr. Young is presently a director of the following public companies: Aliant, Imperial Oil Limited (listed on the TSX and the American Stock Exchange), Royal Bank of Canada (listed on the TSX and New York Stock Exchange (NYSE)), and BCE (listed on the TSX and the NYSE). He is also a director of Bell Canada, McCain Foods Limited, RBC Dexia Investor Services Trust and Telesat Canada.

Initially, it is expected that the boards of GP and Wireline GP (the “Boards”) will establish an audit committee the composition of which will be in compliance with applicable securities laws (including the independence requirements of Multilateral Instrument 52-110 — Audit Committees (“MI 52-110”)). The Boards may establish other committees and it is expected that the Boards will establish committees commensurate with the current governance practices of Aliant and BCE, including a governance committee and a compensation committee.

The Board of Directors of GP and Wireline GP will appoint senior executive officers of GP and Wireline GP shortly after Closing. It is expected that these individuals will be chosen from current senior officers of Aliant and Bell Canada. Jay Forbes, the president and chief executive officer of Aliant, has agreed with the
Aliant Board of Directors that he will continue in that position until July 31, 2006, subject to the provisions of his employment agreement. It is anticipated that at that time Stephen G. Wetmore, Group President — Corporate Performance and National Markets of BCE and Bell Canada and a director of Aliant, will be appointed as the President and Chief Executive Officer of GP and Wireline GP. It is also anticipated that Glen LeBlanc, the senior vice-president and chief financial officer of Aliant, will be appointed as the chief financial officer of GP and Wireline GP.

Trustees of the Fund

The Fund will have a minimum of three Trustees and a maximum of 20 Trustees. The Trustees are to supervise the activities and manage the investments and affairs of the Fund. Subject to the terms of the Securityholders’ Agreement, the Trustees will be nominated by the Board of GP and elected by Voting Unitholders in accordance with the Fund Declaration of Trust. The number of Trustees may be smaller or larger than the number of directors of the Boards, but the principles set forth in the Securityholders’ Agreement relating to the composition of the Board of GP shall also apply to the selection of nominees for election as Trustees of the Fund. The BCE nominees for election as Trustees of the Fund may be directors, officers or employees of BCE or its affiliates. On Closing, it is expected that Lawson A.W. Hunter, Edward Reevey, Michael J. Sabia, Louis Tanguay, Stephen G. Wetmore, Charles White and Victor Young will be the initial Trustees of the Fund.

Securityholders’ Agreement

On Closing, the Fund, the Trust, GP, Holdings LP, Wireline GP, Wireline LP, BCE and Bell Canada will enter into a securityholders’ agreement (the “Securityholders’ Agreement”) which will provide for, among other things, the size and composition of the Boards of GP and Wireline GP and the board of trustees of the Trust, the size of and nominees for election to the board of Trustees of the Fund, and certain other governance matters. The following is a summary only of certain provisions of the Securityholders’ Agreement, which summary is not intended to be complete.

Board of Directors of GP

The Securityholders’ Agreement will provide that the Board of GP will be comprised of between 11 and 15 members, with the number of directors to be fixed from time to time by the Board of GP. It is expected that the Board of GP will initially consist of 11 directors.

BCE will have certain rights in respect of the Board of GP under the Securityholders’ Agreement. BCE will be entitled to appoint up to a majority of the directors of the Board of GP for so long as BCE, directly or indirectly, holds not less than 30% of the Units on a fully-diluted basis and the Major Commercial Agreements are in place. If the Major Commercial Agreements are terminated by Bell Canada for convenience or by Wireline LP due to a material uncured breach by Bell Canada, BCE will be entitled to appoint its proportionate share of directors of GP (rounded up to the next whole number) based on its fully-diluted direct and indirect ownership of Units. If BCE, directly or indirectly, holds less than 30% of the Units on a fully-diluted basis, BCE will be entitled to appoint its proportionate share of directors of GP (rounded up to the next whole number) based on its fully-diluted direct and indirect ownership of Units.

In any event, BCE will be entitled to nominate two directors to the Board of GP for as long as the Major Commercial Agreements are in place, irrespective of its ownership interest in the Fund (on a fully-diluted basis) or its subsidiaries.

The BCE nominees to the Board of GP may be directors, officers or employees of BCE or its affiliates. The Fund will be entitled to appoint the balance of the directors of the Board of GP.

Committees of the GP Board

The Securityholders’ Agreement will provide that the Board of GP will establish an audit committee consisting of between three and five members appointed by the Board of GP. The Board of GP may also establish such other committees as it may determine from time to time. Under applicable Canadian securities
laws, all members of the audit committee must be independent (as such term is defined under MI 52-110). BCE will be entitled to appoint one member of the audit committee for so long as BCE, directly or indirectly, holds not less than 20% of the Units on a fully-diluted basis.

**Trustees of the Fund**

The Trustees of the Fund will be nominated by the Board of GP and will be elected by Voting Unitholders in accordance with the Fund Declaration of Trust. The number of Trustees from time to time shall, within the range provided by the Fund Declaration of Trust, be as determined by the Board of GP. The number of Trustees may be smaller or larger than the number of directors of the Board, but the principles set forth in the Securityholders’ Agreement relating to the composition of the Board of GP shall also apply to the selection of nominees for election as the Trustees of the Fund. It is expected that there will initially be seven Trustees. The chair of the board of Trustees of the Fund will be appointed by the Trustees. If the chair is not Independent (as such term is defined in National Instrument 58-101 — Disclosure of Corporate Governance Practices (“NI 58-101”)), a lead Trustee who is independent will also be appointed.

**Boards of Directors and Trustees of Other Entities**

The Securityholders’ Agreement will provide that the boards of directors and trustees of each of the Trust, Wireline GP and each material entity within the structure of the Fund shall be the same as the Board of GP.

**Committees of the Boards of Directors and Trustees of the Fund and Other Entities**

The boards of directors and trustees of each of the Fund, the Trust, Wireline GP and other entities within the structure of the Fund, may appoint such committees as they may, from time to time, determine.

**Quorum**

A quorum for a meeting of the Board of GP shall be a majority of the number of directors, subject to the Canadian residency requirements of the CBCA. In the event that a quorum is not present for a meeting (an “initial directors’ meeting”), then any two directors may call a meeting of the directors by notice to all directors to be held on a date no earlier than the fifth Business Day following the initial directors’ meeting solely to address the business proposed at the initial directors’ meeting. A quorum for such further meeting shall be any three directors, subject to applicable Canadian residency requirements.

**Unanimous Shareholders’ Agreement**

The Securityholders’ Agreement will be a unanimous shareholders’ agreement with respect to GP, and each party thereto will agree to take all actions as are necessary or desirable, including, without limitation, causing meetings to be held, votes to be cast of any shares or securities held by them from time to time, resolutions to be passed, by-laws to be made and confirmed, documents to be executed and all other things and acts to be done, so as to give effect to the Securityholders’ Agreement. Any transferee of any GP Shares must become a party to the Securityholders’ Agreement.

**BCE Approval for Certain Matters**

The Securityholders’ Agreement will provide that, for so long as BCE, directly or indirectly, holds not less than 20% of the Units on a fully-diluted basis, the Fund, the Trust, Holdings LP, GP, Wireline GP and Wireline LP shall not (either on its or their own behalf or on behalf of Holdings LP or any other entity), and shall not permit any subsidiary entity (excluding BNG and its subsidiary entities but including Wireline LP), to, without the affirmative vote of a majority of the Board of GP and the written consent of BCE:

(a) enter into any merger, consolidation, business combination, joint venture or other material corporate transaction, including acquisitions, having a value in excess of $200 million;

(b) sell, assign, convey or otherwise dispose of all or a material portion of assets having a value in excess of $200 million;
take, or permit to be taken, any action that would prevent its business, as it currently exists, from continuing on an ongoing basis in the ordinary course;

(d) appoint or remove any Chief Executive Officer, and BCE shall have the ability to nominate a candidate for consideration by the relevant board of directors or an appropriate committee thereof;

(e) take any action which may reasonably be expected to result in a material change in the nature of the business of the members of the Fund Group taken as a whole;

(f) incur debt (including guarantees) in excess of 2.5 times EBITDA at the time of incurrence;

(g) enter into any material commercial agreements with any “Competitor” of BCE or Bell Canada (as such term is defined in the Major Commercial Agreements from time to time), other than ordinary course agreements and agreements that are required by applicable regulatory authorities;

(h) approve any business plan; or

(i) make any commitment or agreement to do any of the foregoing.

The Securityholders’ Agreement will provide that, for so long as BCE has the rights described above, the sole business or investment activity of the Fund shall be to hold the securities of the Trust, the sole business or investment activity of the Trust shall be to hold the securities of GP and Holdings LP, and all business and investment activities shall occur at Holdings LP or entities owned, directly or indirectly, by Holdings LP, unless BCE otherwise agrees.

Pre-Emptive Rights

The Securityholders’ Agreement will provide that if any of the Fund, the Trust, GP or Holdings LP, Wireline LP or Wireline GP or any of their Subsidiaries (excluding the Bell Nordiq Partnerships) authorizes the issuance of additional Units, shares or partnership units or securities convertible into Units, shares or partnership units, respectively, then it shall offer to sell to BCE or Bell Canada such Units, shares, partnership units or convertible securities (as the case may be) in proportion to BCE’s and Bell Canada’s then current direct or indirect fully-diluted ownership of Units. BCE or Bell Canada may exercise the pre-emptive right by either purchasing additional Units or purchasing additional shares or partnership units or convertible securities, as it determines.

This pre-emptive right shall also apply in respect of the issuance of debt securities by the Fund, the Trust, GP, Holdings LP, Wireline LP, Wireline GP or any of their Subsidiaries (excluding Téléc boyfriend LP and NorthernTel LP).

Termination of, Establishment of or Amendments to the Terms of Executive Compensation Programs Upon Completion of the Arrangement

Treatment of Existing Compensation Programs

Aliant intends to terminate those equity based executive compensation programs that are not suitable in the new income trust structure or where performance is too difficult to measure during the significant transformation. In cases where an existing equity based compensation plan can be permitted to continue or complete its performance cycle within the new Fund structure this will be accommodated. Existing employment agreements will be assumed by Wireline LP. In addition, Aliant intends to make amendments to certain of its existing plans, subject to receipt of the necessary regulatory approval.

Aliant Stock Option Plan

The Aliant Stock Option Plan will terminate as of the Effective Time. In accordance with the terms of the Aliant Stock Option Plan, holders of Options will be permitted to exercise their Options on an accelerated vesting basis. In addition, the terms of the Aliant Stock Option Plan will be amended to permit holders to elect to have their Options settled in cash. If any Options are not exercised prior to the Effective Date, such Options will terminate and be cancelled. As of March 29, 2006, there were Options outstanding to acquire 2,714,392 Aliant Common Shares under the Aliant Stock Option Plan, and (assuming exercise of all such outstanding
Options) 3,941,822 Aliant Common Shares remained available for issuance under the Aliant Stock Option Plan. There will be no further Options granted prior to the Effective Date. See “The Arrangement — Treatment of Share Based Plans in Connection with the Arrangement.”

**Employees’ Unit Purchase Plan**

As described under “The Arrangement — Treatment of Share-Based Plans in Connection with the Arrangement”, it is anticipated that, subject to any required regulatory approvals, Aliant’s Employees’ Stock Savings Plan will become an Employees’ Unit Purchase Plan. The maximum number of Units reserved for issuance from treasury under the Employees’ Unit Purchase Plan, subject to adjustment, will be 2,079,527 Units or approximately 0.9% of the anticipated number of outstanding Units (on a fully diluted basis, assuming the exchange of all Holdings Class 1 Exchangeable LP Units and Wireline Exchangeable LP Units held by BCE and its affiliates), which reflects the number of Aliant Common Shares that remain available for issuance under the Employees’ Stock Savings Plan. It is expected that the Employees’ Unit Purchase Plan will contain substantially the same terms and features as the Employees’ Stock Savings Plan, but that certain changes will need to be made as a result of the Arrangement, including the following: (i) Units will be purchased monthly (rather than the current quarterly basis) based on the total amount in each participant’s Employees’ Unit Purchase Plan account, to match the monthly cash distributions that will be made by the Fund, (ii) the current 25% employer contribution in respect of dividends reinvested by employees will be re-evaluated and likely reduced given the anticipated increase in annual distributions compared to existing dividend rates and also considering any differential tax treatment of dividends and distributions on Units, (iii) the maximum number of Units which may be issued to insiders (as defined in the Toronto Stock Exchange Company Manual) within any one year period and issuable to insiders at any time under the Employees’ Unit Purchase Plan and all other security based compensation arrangements is 10% of the total number of outstanding Units (on a fully diluted basis, assuming the exchange of all Holdings Class 1 Exchangeable LP Units and Wireline Exchangeable LP Units held by BCE and its affiliates), and (iv) any amendment that increases the maximum number of Units issuable pursuant to the Employees’ Unit Purchase Plan will require the approval of Unitholders. The Trustees of the Fund may make any other amendments and may suspend or terminate the Employees’ Unit Purchase Plan without the approval of Unitholders, provided any amendment does not alter or impair any rights already accrued by a participant, without the consent of the affected participant.

**Personal Performance Share Unit Plan (“PPSUP”)**

The Arrangement will result in a fundamental change in strategy and operations of Aliant. Accordingly, current performance measures will no longer be relevant. The PPSUP will be terminated as of the Effective Time. As the PPSUP is currently tracking on or above target on the majority of the objectives, the PPSUP will be paid out at target immediately following the Effective Date, prorated for the completed months this fiscal year prior to the Arrangement.

**Performance Share Unit Plan (“PSUP”)**

One of the stated reasons for the Arrangement is to maximize and preserve value for Aliant shareholders. Accordingly, as this is consistent with the performance measures of the PSUP, it is expected that Wireline LP will continue the PSUP. The PSUP provides that the securities that are to be provided under the PSUP shall be purchased on the open market. It is proposed that the PSUP will be amended to provide that such securities following the Closing Date will be Units rather than Aliant Common Shares. For more information about the PSUP, see “Report on Executive Compensation — Compensation at Risk — Mid-Term Incentive Compensation”.

**Deferred Unit Plan (“DUP”)**

After (i) completion of the Arrangement, and (ii) the Fund is considered by CRA to control Wireline GP, and subject to any required regulatory approvals, it is proposed that a DUP will be established as a long-term incentive program for executives. Under the DUP, the Trustees or any committee thereof designated to oversee the DUP may grant entitlements to executives which, subject to the satisfaction of vesting conditions, if any, will be paid out in the form of Units issued from treasury. The DUP will provide that Units can be issued from
treasury to executives, or their estates, up to two years following the death, resignation or termination of employment of the executive, as determined by the Trustees (or any such committee). The Trustees (or such committee) may impose vesting conditions, which may include vesting conditions based on time and/or performance, on any executive’s entitlement to Units under the DUP, in their discretion. After its establishment the DUP will also permit amounts which would otherwise have been payable under the Short Term Incentive Plan, as described below, to be payable through the issuance of Units from treasury. The DUP will also provide that an executive will be entitled to receive additional Units for distributions that would have been paid in respect of the executive’s entitlement to Units under the DUP, as if such Units had already been issued, based on the average of the closing price of Units on the TSX on the last five trading days on which a board lot was traded at the time of payment of the distribution. Units issued from treasury under the DUP will be paid to the executive, or his or her estate, up to two years following the death, resignation or termination of employment of the executive, as determined by the Trustees or any committee thereof designated to oversee the DUP.

The maximum number of Units authorized for issuance under the DUP will be 1,200,000 Units or approximately 0.5% of the anticipated number of outstanding Units (on a fully diluted basis assuming the exchange of all Holdings Class 1 Exchangeable LP Units and Wireline Exchangeable LP Units held by BCE and its affiliates). In addition, the maximum number of Units which may be issued to insiders (as defined in the Toronto Stock Exchange Company Manual) within any one year period and issuable to insiders at any time under the DUP and all other security based compensation arrangements is 10% of the total number of outstanding Units (on a fully diluted basis, assuming the exchange of all Holdings Class 1 Exchangeable LP Units and Wireline Exchangeable LP Units held by BCE and its affiliates). The assignment or transfer of any benefits under the DUP will not be permitted other than by operation of law. Any amendment that increases the maximum number of Units issuable pursuant to the DUP or extends the last date on which Units may be issued to insiders under the DUP will require the approval of Unitholders. The Trustees of the Fund may make any other amendments and may suspend or terminate the DUP without the approval of Unitholders, provided any amendment does not alter or impair any rights already accrued by an executive, without the consent of the affected executive.

Matching Deferred Ownership Plan ("MDOP")

After (i) completion of the Arrangement, and (ii) the Fund is considered by CRA to control Wireline GP, and subject to any required regulatory approvals, it is proposed that an MDOP will be established which will provide that where an executive makes a qualifying investment in Units (which may include investing amounts paid out to the executive under the Aliant Stock Option Plan, PSUP or deferred under the DUP from the STIP) the executive will receive an additional entitlement to treasury Units equal to up to 50% of the qualifying investment to be credited to the particular executive’s DUP account. The MDOP will also provide that an executive will be entitled to receive additional Units for distributions that would have been paid in respect of the executive’s entitlement to Units under the MDOP, as if such Units had already been issued, based on the average of the closing price of Units on the TSX on the last five trading days on which a board lot was traded at the time of payment of the distribution. Units issued from treasury under the MDOP will be paid to the executive, or his or her estate, up to two years following the death, resignation or termination of employment of the executive, as determined by the Trustees or any committee thereof designated to oversee the MDOP. The Trustees (or such committee) may impose vesting conditions, which may include vesting conditions based on time and/or performance, on any executive’s entitlement to Units under the MDOP, in their discretion.

The maximum number of Units authorized for issuance under the MDOP will be 300,000 Units or approximately 0.1% of the anticipated number of outstanding Units (on a fully diluted basis assuming the exchange of all Holdings Class 1 Exchangeable LP Units and Wireline Exchangeable LP Units held by BCE and its affiliates). In addition, the maximum number of Units which may be issued to insiders (as defined in the Toronto Stock Exchange Company Manual) within any one year period and issuable to insiders at any time under the MDOP and all other security based compensation arrangements is 10% of the total number of outstanding Units (on a fully diluted basis, assuming the exchange of all Holdings Class 1 Exchangeable LP Units and Wireline Exchangeable LP Units held by BCE and its affiliates). The assignment or transfer of any benefits under the MDOP, will not be permitted other than by operation of law. Any amendment that increases the maximum number of Units issuable pursuant to the MDOP or extends the last date on which Units may be
issued to insiders under the MDOP will require the approval of Unitholders. The Trustees of the Fund may make any other amendments and may suspend or terminate the MDOP without the approval of Unitholders, provided any amendment does not alter or impair any rights already accrued by an executive, without the consent of the affected executive.

**Short Term Incentive Plan (“STIP”)**

The 2006 STIP was designed on a status quo basis and approved by Aliant’s Board of Directors. The 2006 STIP will remain in place until the Effective Date, or earlier if priorities change, and then be replaced with a new STIP which will reflect the new operating priorities and strive for simplicity during a complex period of transition. The new STIP, subject to appropriate tax rulings, will permit eligible participants to elect before the end of any calendar year and prior to the determination and confirmation of their STIP entitlement, to receive all or part of their entitlement in Units under the DUP, based on the amount of the STIP cash payment elected to be received under the DUP divided by the average of the closing price of Units on the TSX on the last five trading days on which a board lot was traded at the time of determination or, failing such an election being made in accordance with the terms of the STIP, in cash.

**Share Unit Plan for Non-Employee Directors (“DSU Plan”)**

Aliant has in place a share unit plan pursuant to which members of the Board of Directors of Aliant who are not employees of Aliant or any subsidiary can elect to defer all or a portion of their annual retainer and meeting attendance fees (the “Fees”) so that such Fees can be credited in share units (“Share Units”), which, upon termination, resignation or other non-eligibility of the director are paid to the director in cash. See “Compensation of Directors” for a description of the existing directors’ share unit plan. As a result of the Arrangement, the value of existing accumulated Share Units under the existing share unit plan will be paid out in cash.

It is proposed that the DSU Plan will be amended to provide that Trustees or directors will be paid their Fees in cash until such time as the Fund is considered by CRA to control Wireline GP. At that time, the DSU Plan will, subject to appropriate tax rulings and any required regulatory approvals, permit the Trustees or directors, subject to appropriate elections, to continue to receive all or a portion of their Fees quarterly in cash or in the form of Units, as determined by the Trustees from time to time. Such Units will be issued from treasury to the Trustees or directors, or their estate, no later than the end of the first calendar quarter after their death, resignation or termination of membership on the applicable board, as determined by the Trustees. In addition, the DSU Plan will provide that where a Trustee or director makes a qualifying investment in Units under the DSU Plan, the Trustee or director may, in the discretion of the Trustee (or committee thereof) receive an additional entitlement to Units equal to up to 50% of the qualifying investment to be credited to the particular Trustee’s or director’s DSU Plan account. At the end of each quarter, the Fees to be received in the form of Units will be divided by the average of the closing price of Units on the TSX on the last five trading days on which a board lot was traded at the time of determination, to determine the number of Units to which the Trustee or director is entitled. The DSU Plan will also provide that a Trustee or director will be entitled to receive additional Units for distributions that would have been paid in respect of the Trustee’s or director’s entitlement to Units under the DSU Plan, as if such Units had already been issued, based on the market price of Units as described above. The Trustees may impose vesting conditions on any entitlement to Units under the DSU Plan, in their discretion.

The maximum number of Units authorized for issuance under the DSU Plan will be 200,000 Units or 0.1% of the anticipated number of outstanding Units (on a fully diluted basis, assuming the exchange of all Holdings Class 1 Exchangeable LP Units and Wireline Exchangeable LP Units held by BCE and its affiliates). In addition, the maximum number of Units which may be issued to insiders (as defined in the Toronto Stock Exchange Company Manual) within any one year period and issuable to insiders at any time under the DSU Plan and all other security based compensation arrangements is 10% of the total number of outstanding Units (on a fully diluted basis, assuming the exchange of all Holdings Class 1 Exchangeable LP Units and Wireline Exchangeable LP Units held by BCE and its affiliates). The assignment or transfer of any benefits under the DSU Plan will not be permitted other than by operation of law. Any amendment that increases the maximum number of Units issuable pursuant to the DSU Plan or extends the last date on which Units may be issued to insiders under the
DSU Plan will require the approval of Unitholders. The Trustees of the Fund may make any other amendments and may suspend or terminate the DSU Plan without the approval of Unitholders, provided any amendment does not alter or impair any rights already accrued by a Trustee or director, without the consent of the affected Trustee or director.

The aggregate maximum number of Units authorized for issuance under the DUP, MDOP and DSU Plan will be 1,700,00 Units or approximately 0.8% of the anticipated number of outstanding Units (on a fully diluted basis, assuming the exchange of all Holdings Class 1 Exchangeable LP Units and Wireline Exchangeable LP Units held by BCE and its affiliates). Shareholders are being asked to approve the establishment or amendment, as the case may be, of the plans described above as part of the Arrangement Resolution included in this Information Circular as Appendix “A”. Notwithstanding such approval, the Trustees or directors of GP may determine, in their sole discretion, not to establish or amend the plans and the foregoing plans or amendments are subject to receipt of any required regulatory approvals.

DESCRIPTION OF THE FUND

The Fund is an unincorporated, open-ended trust governed by the laws of the Province of Ontario. It is intended that the Fund will qualify as a “mutual fund trust” for the purposes of the Tax Act. Immediately following the completion of the Arrangement, the Fund will own all of the issued and outstanding Trust Units and Trust Notes.

The following is a summary only of the material terms of the Units and certain provisions of the Fund Declaration of Trust, and is qualified in its entirety by the full text thereof.

Activities of the Fund

The Fund Declaration of Trust will provide that the Fund's operations and activities shall be restricted to:

(a) acquiring, investing in, holding, transferring, disposing of and otherwise dealing with investments in debt and/or equity securities of any member of the Fund Group;

(b) acquiring, investing in, holding, transferring, disposing of and otherwise dealing with investments in debt and/or equity securities of other corporations, partnerships, trusts or other persons as the Trustees may determine, and such other assets or properties as the Trustees may determine;

(c) temporarily holding cash and other short-term investments (including in interest bearing accounts, short-term certificates of deposit or short-term government debt or investment grade corporate debt) for the purposes of the Fund's activities, including making investments, paying the expenses and liabilities of the Fund, paying amounts payable by the Fund in connection with the redemption or repurchase of any Units or other securities of the Fund, and making distributions to Unitholders;

(d) issuing Units, Special Voting Units and other securities of the Fund (including securities convertible into or exercisable or exchangeable for Fund Units, Special Voting Units or other securities of the Fund, or warrants, options or other rights to acquire Units, Special Voting Units or other securities of the Fund), including for the purposes of:

(i) obtaining funds to conduct the activities described above, including raising funds for further acquisitions or investments;

(ii) implementing Unitholder rights plans, Unit purchase plans, incentive option plans or other compensation plans, if any, established by the Fund or any member of the Fund Group;

(iii) making non-cash distributions to Unitholders, including pursuant to distribution reinvestment plans, if any, established by the Fund;

(iv) satisfying any indebtedness or liability or of or borrowing by the Fund;

(v) giving effect to the exercise of the Exchange Rights pursuant to the Investor Liquidity and Exchange Agreement and other rights of conversion, exercise or exchange; and

(vi) carrying out the transactions contemplated by the Arrangement;
(e) issuing debt securities or otherwise borrowing and mortgaging, hypothecating, pledging, charging, granting a security interest in or otherwise encumbering any assets or property of the Fund as security;

(f) to the extent the Fund would not cease to qualify as a “mutual fund trust” for purposes of the Tax Act as a result thereof, guaranteeing (as guarantor, surety or co-principal obligor) the payment of any indebtedness, liability or obligation of any member of the Fund Group or any other person or the performance of any obligation of any member of the Fund Group or any other person, and mortgaging, hypothecating, pledging, granting a security interest in or otherwise encumbering all or any part of the property or assets of the Fund, including securities issued by members of the Fund Group, as security for such guarantee, and subordinating its rights under the Trust Notes or other indebtedness owed to the Fund to other indebtedness;

(g) disposing of all or any part of the property or assets of the Fund, subject to the provisions of the Fund Declaration of Trust;

(h) issuing or redeeming rights and Units pursuant to any incentive plan or Unitholder rights plan adopted by the Fund or any member of the Fund Group;

(i) repurchasing and redeeming securities issued by the Fund, including Units, subject to the provisions of the Fund Declaration of Trust, applicable law and applicable regulatory requirements;

(j) satisfying the obligations, liabilities or indebtedness of the Fund;

(k) undertaking such activities, or taking such actions, that are required to comply with the Canadian ownership and control requirements prescribed by or under the Telecommunications Act, the Broadcasting Act, the Radiocommunication Act, the regulations thereunder and the directions to the CRTC;

(l) entering into the agreements and carrying out the transactions contemplated by the Arrangement and this Information Circular; and

(m) undertaking such other activities, or taking such other actions as are approved by the Trustees from time to time, or as are contemplated by, related to or in connection with the Fund Declaration of Trust, subject to the limitations set forth therein,

provided that the Fund shall not undertake any activity, take any action, or make or retain any investment that would result in the Fund not being considered a “mutual fund trust” for purposes of the Tax Act.

The Securityholders’ Agreement contains certain additional restrictions on the activities of the Fund for so long as BCE holds, directly or indirectly, 20% or more of the Units (on a fully-diluted basis). See “Trustees, Directors and Management — Securityholders’ Agreement”.

Units and Special Voting Units

The beneficial interests in the Fund will be divided into interests of two classes, described and designated as “Units” and “Special Voting Units”, respectively. An unlimited number of Units and Special Voting Units will be issuable pursuant to the Fund Declaration of Trust.

Each Unit will be transferable and will represent an equal undivided beneficial interest in any distributions from the Fund whether of net income, net realized capital gains (other than net realized capital gains distributed to redeeming Unitholders) or other amounts and in the net assets of the Fund in the event of a termination or winding up of the Fund. The Units will not be subject to future calls or assessments and each Unit will entitle the holder thereof to one vote at all meetings of Voting Unitholders. Except as set out under “— Redemption Right” below, the Units have no conversion, retraction, redemption or pre-emptive rights.

Special Voting Units will not be entitled to any beneficial interest in any distribution from the Fund whether of net income, net realized capital gains or other amounts, or in the net assets of the Fund in the event of a termination or winding up of the Fund. Special Voting Units may be redeemed by the holder at any time for no consideration.
Special Voting Units may be issued in series and will only be issued in connection with or in relation to the Holdings Class 1 Exchangeable LP Units, the Wireline Exchangeable LP Units and, if the Trustees so determine, other Exchangeable Securities, in each case for the sole purpose of providing voting rights with respect to the Fund to the holders of such securities. Unless the Trustees determine otherwise in their discretion, Special Voting Units will be evidenced only by an entry in the Fund’s register and not by a separate certificate. Unless the Trustees determine otherwise in their discretion, Special Voting Units will not be transferable separately from the related Exchangeable Securities. Each Special Voting Unit will entitle the holder thereof to one vote at any meeting of Voting Unitholders (subject to customary anti-dilution adjustments). Upon the exchange of a Holdings Class 1 Exchangeable LP Unit or Wireline Exchangeable LP Unit (or other Exchangeable Security) for a Unit, a Special Voting Unit issued in connection with such Holdings Class 1 Exchangeable LP Unit or Wireline Exchangeable LP Unit (or other Exchangeable Security) will immediately be cancelled for no consideration without any further action of the holder or the Trustees, and the former holder of such Special Voting Unit will cease to have rights with respect thereto.

Issued and outstanding Units may be subdivided or consolidated from time to time by the Trustees without notice to or the approval of Voting Unitholders.

Issuance of Units

The Fund Declaration of Trust will provide that the Units or rights to acquire Units may be issued, at such times, to such Persons, for such consideration and on such terms and conditions, as the Trustees may determine. At the option of the Trustees, Units may be issued in satisfaction of any distribution to Unitholders on a pro rata basis to the extent that the Fund does not have available cash to fund such distribution. The Fund Declaration of Trust will also provide that, immediately after any distribution of Units to all Unitholders in satisfaction of all or any part of any such distribution, the number of outstanding Units will automatically be consolidated such that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the distribution, except where tax was required to be withheld in respect of the Unitholder’s share of such distribution. In the case of such a consolidation, each certificate representing a number of Units prior to the distribution will be deemed to represent the same number of Units after the distribution and the consolidation. Where Unitholders that are Non-Residents are subject to withholding tax in respect of such a distribution, the consolidation will not result in such Unitholders holding the same number of Units. Such Unitholders will be required to surrender the certificates, if any, representing their original Units in exchange for a certificate representing their post-consolidation Units. Non-Residents should consult their own tax advisors regarding the consequences of investing in Units.

The Trustees may refuse to allow the issue or register the transfer of any Units, where such issuance or transfer would, in their opinion, adversely affect the treatment of the Fund or the entities in which it directly or indirectly invests under applicable Canadian tax legislation or their qualification to carry on any relevant business or undertaking. See “— Limitation on Non-Resident Ownership”.

Distributions

It is expected that the Fund will make monthly cash distributions out of its distributable cash, which will generally consist of all amounts received by the Fund for or in respect of the relevant period, including, without limitation, interest and principal repayments on the Trust Notes owned by the Fund and distributions (if any) on or in respect of the Trust Units owned by the Fund, together with any other cash receipts for or in respect of the relevant period, less:

(a) all costs and expenses of the Fund that are owing in respect of, or that relate to, the relevant period (to the extent not previously deducted), including any tax liability;

(b) amounts payable in cash by the Fund in connection with any redemptions or repurchases of Units;

(c) satisfaction of the Fund’s debt service obligations (principal and interest) on indebtedness, if any, incurred by the Fund; and

(d) any amount that the Trustees may reasonably consider to be necessary to provide for the payment of any costs, expenses or liabilities that have been or are reasonably expected to be incurred by the Fund,
including any tax liabilities of the Fund, and/or such other reasonable reserves as the Trustees may at any time, in their sole discretion, deem necessary or advisable;

provided that any funds borrowed by the Fund, the proceeds of any issuance of Units or other securities of the Fund and any associated expenses shall not be included in the above calculations.

Monthly distributions will be payable to Unitholders of record on the last Business Day of each calendar month, or such other date as may be determined from time to time by the Trustees (provided that December 31 in each calendar year shall be a Distribution Record Date), and will be paid, generally, on or before the 15th day of the following month (or if that day is not a Business Day, on the next following Business Day). If the Closing Date occurs on June 30, 2006, the initial distribution for the month of July, 2006 is expected to be paid on or before August 15, 2006 to Unitholders of record as of July 31, 2006. If the Closing Date occurs on another date, the initial distribution is expected to be payable to Unitholders of record on the last Business Day of the first full calendar month following Closing, and to be paid on or before the 15th day of the following month (or if that day is not a Business Day, on the next following Business Day). It is expected that the Fund will initially make monthly distributions of approximately $0.23 per Unit (approximately $2.74 per annum). See “Summary of Distributable Cash”.

The Fund may make additional distributions in excess of the monthly distributions during the year, as the Trustees may determine in their sole discretion. The distribution payable in respect of the month ending December 31 in each year may include an amount in respect of the income and net realized capital gains, if any, of the Fund for such year to the extent necessary to ensure that the Fund will not be liable for income taxes under the Tax Act in such year and, in such case, the amount of income allocated to Unitholders may exceed the amount of cash distributed.

Any income of the Fund that is unavailable for cash distributions will, to the extent necessary to ensure that the Fund will not be liable for income taxes under Part I of the Tax Act, be distributed to Unitholders in the form of additional Units. Such additional Units are expected to be issued pursuant to applicable exemptions under applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or by way of a prospectus or similar filing. The Fund Declaration of Trust provides that immediately after any pro rata distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated such that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the non-cash distribution (except where tax was required to be withheld in respect of the Unitholder’s share of the distribution as described below). In this case, each certificate representing a number of Units prior to the non-cash distribution will be deemed to represent the same number of Units after the non-cash distribution and the consolidation. Where Non-Resident Unitholders are subject to withholding tax in respect of such distribution, the consolidation will not result in such Non-Resident Unitholders holding the same number of Units.

Although the Fund intends to make distributions out of its available cash, these distributions are not assured. Actual distributions will depend on numerous factors. See “Risk Factors”.

The after-tax return from an investment in Units to Unitholders who are subject to Canadian income tax will depend, in part, on the composition for tax purposes of distributions paid by the Fund (portions of which may be fully or partially taxable or may constitute non-taxable returns of capital). The composition for tax purposes of such distributions may change over time, thus affecting the after-tax return to Unitholders. Returns of capital are generally not taxable to a Canadian resident Unitholder, but reduce the Unitholder’s adjusted cost base of the Unit for tax purposes. Amounts paid to Unitholders that are not returns of capital are generally taxed as ordinary income or as dividends in the hands of the Unitholder. See “Certain Canadian Federal Income Tax Considerations”.

Unitholders who are Non-Residents will be required to pay all withholding taxes payable in respect of any distributions by the Fund, whether those distributions are in the form of cash or additional Units. Non-Residents should consult their own tax advisors regarding the tax consequences of investing in the Units.
Redemption Right

Units are redeemable at any time on demand by Unitholders upon delivery to the Fund of a duly completed and properly executed redemption notice in a form approved by the Trustees, requesting redemption and specifying the number of Units to be redeemed. If Units are held through a broker, securities dealer, bank, trust company or other Intermediary, a Unitholder who wishes to exercise its redemption right will be required to obtain a redemption notice form from the applicable Intermediary, who will be required to deliver the completed redemption notice form to the Fund at its head office and to CDS.

Upon receipt of the redemption notice by the Fund, all rights to and under the Units tendered for redemption will be surrendered and the Unitholder will be entitled to receive a price per Unit (the “Redemption Price”) equal to the lesser of:

- 90% of the “current market price” of the Units on the principal market on which the Units are listed or quoted for trading calculated as of the Redemption Date; and
- 100% of the “closing market price” on the principal market on which the Units are listed or quoted for trading on the Redemption Date.

The “current market price” calculated as of any date shall be (i) an amount equal to the weighted average trading price of a Unit on the principal market on which the Units are listed or quoted for trading during the period of 10 consecutive trading days ending on the last trading day immediately prior to such date, (ii) an amount equal to the weighted average of the closing prices of a Unit on the principal market on which the Units are listed or quoted for trading during the period of 10 consecutive trading days ending on the last trading day immediately prior to such date, if the applicable market does not provide information necessary to complete a weighted average trading price; or (iii) if there was trading on the applicable market for fewer than five of the 10 trading days, an amount equal to the simple average of the following prices established for each of the 10 consecutive trading days ending on the last trading day immediately prior to such date: (x) the simple average of the last bid and last asking prices for each day on which there was no trading; (y) the closing price of the Units for each day that there was trading, if the market provides a closing price; and (z) the simple average of the highest and lowest prices of the Units for each day that there was trading, if the market provides only the highest and lowest prices of Units traded on a particular day.

The “closing market price” on a date shall be an amount equal to: (i) the closing price of the Units if there was a trade on the date and the market provides only a closing price; (ii) the simple average of the highest and lowest prices of Units if there was trading on the date and the market provides only the highest and lowest trading prices of Units traded on a particular day; or (iii) the simple average of the last bid and last asking prices if there was no trading on the date.

The aggregate Redemption Price payable by the Fund in respect of any Units surrendered for redemption during any calendar month will be satisfied by way of a cash payment by the Fund no later than the last day of the calendar month following the month in which the Units were tendered for redemption, provided that the entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the limitations that:

- the total amount payable in cash by the Fund in respect of such Units and all other Units tendered for redemption in the same calendar month will not exceed $50,000, provided that such limitation may be waived in the sole discretion of the Trustees in respect of all Units to be redeemed in any month;
- at the time such Units are tendered for redemption, the outstanding Units shall be listed for trading on the TSX or traded or quoted on another stock exchange or market which the Trustees consider, in their sole discretion, provides representative fair market value prices for the Units; and
- the normal trading of Units is not suspended or halted on any stock exchange or market on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the Redemption Date or for more than five trading days during the 10 trading day period ending on the Redemption Date.

If a Unitholder is not entitled to receive cash upon the redemption of Units as a result of one or more of the foregoing limitations, then the Redemption Price for each Unit tendered for redemption will, subject to any
applicable regulatory approvals, be paid and satisfied by way of a distribution in kind of securities or other property held by the Fund. In such circumstances, it is expected that Series 1 Trust Notes and Trust Units of a value equal to the redemption price will be redeemed by the Trust in consideration of the issuance to the Fund of Series 3 Trust Notes and Series 2 Trust Notes, respectively. The Series 2 Trust Notes and the Series 3 Trust Notes will be transferred to a wholly-owned subsidiary of the Fund in exchange for Series 2 Exchange Notes and Series 3 Exchange Notes, respectively. The Series 2 and Series 3 Exchange Notes will have terms similar to the Series 2 and Series 3 Trust Notes, respectively, except that the interest rates on the Series 2 Exchange Notes and Series 3 Exchange Notes will be 0.05% less than the interest rates on the Series 2 and Series 3 Trust Notes. The Series 2 Exchange Notes and Series 3 Exchange Notes will then be distributed in satisfaction of the redemption price. No fractional Series 2 Exchange Notes or Series 3 Exchange Notes in integral multiples of less than $10 will be distributed and, where the number of securities to be received by a Unitholder includes a fraction or a multiple less than $10, that number shall be rounded to the next lowest whole number or integral multiple of $10 and the balance shall be paid by cheque. The Fund shall be entitled to all interest paid on the Trust Notes, if any, and the distributions paid on the Trust Units on or before the date of any such distribution in kind. Where the Fund makes a distribution in kind as described above upon the redemption of Units of a Unitholder, the Fund currently intends to allocate to that Unitholder any capital gain realized by the Fund as a result of the redemption of Series 1 Trust Notes and Trust Units and the distribution of Series 2 Exchange Notes and Series 3 Exchange Notes to the Unitholder. See “Certain Canadian Federal Income Tax Considerations”.

It is anticipated that the redemption right described above will not be the primary mechanism for holders of Units to dispose of their Units. Series 2 Exchange Notes and Series 3 Exchange Notes which may be distributed to Unitholders in connection with a redemption will not be listed on any stock exchange and no market is expected to develop in Series 2 Exchange Notes and Series 3 Exchange Notes and they may be subject to resale restrictions under applicable securities laws. See “Risk Factors — Risks Relating to the Units — Redemption Rights”.

Repurchase of Units

The Fund will be permitted, from time to time, to purchase Units for cancellation in accordance with applicable securities legislation and the rules prescribed under applicable stock exchange or regulatory policies. Any such repurchase may constitute an “issuer bid” under applicable Canadian provincial securities legislation and in such a case would be required to be conducted in accordance with the applicable requirements thereof.

Meetings of Voting Unitholders

Meetings of Voting Unitholders are required to be called and held annually for the election of Trustees and the appointment of auditors of the Fund (other than, for greater certainty, the appointment of the initial Trustees and the initial auditors) and transacting such other business as the Trustees may determine or as may be properly brought before the meeting. The Fund Declaration of Trust provides that Voting Unitholders will be entitled to pass resolutions that will bind the Fund only with respect to:

(a) the election or removal of Trustees;

(b) for so long as BCE has the right to appoint a majority of the directors of GP under the Securityholders’ Agreement, the approval of the persons to be appointed by the Fund as directors of GP;

(c) the appointment or removal of the auditors of the Fund;

(d) the appointment of an inspector to investigate the performance by the Trustees of their responsibilities and duties in relation to the Fund;

(e) the approval of amendments to the Fund Declaration of Trust (except as described under “— Amendments to the Fund Declaration of Trust”);

(f) the sale, lease, exchange or other disposition of all or substantially all of the assets of the Fund (other than in the ordinary course, in connection with a redemption in kind of Units or an internal reorganization);

(g) the termination, liquidation or winding-up of the Fund prior to the end of its term;
(h) an amalgamation, arrangement, combination, merger or similar transaction by the Fund with any other Person;

(i) the approval or ratification of any Unitholder rights plan, distribution reinvestment plan, distribution reinvestment and Unit purchase plan, Unit option plan or other compensation plan requiring Unitholder approval; and

(j) any other matters as the Trustees may determine or as may be required by securities law, stock exchange rules or other laws or regulations to be submitted to Voting Unitholders for their approval, provided that any resolution of Voting Unitholders that would cause the Fund or any of the members of the Fund Group to breach the terms of the Investor Liquidity and Exchange Agreement or the Securityholders' Agreement or that would result in the Fund not being considered a "mutual fund trust" for purposes of the Tax Act shall not be valid or binding upon the Trustees or the Fund.

Resolutions regarding: (i) electing or removing Trustees or approving the nominees of the Fund to serve as directors of GP; (ii) appointing or removing the auditors of the Fund; (iii) appointing an inspector; or (iv) approval or ratification of plans, must be passed by an Ordinary Resolution. Other matters required by securities law, stock exchange rules or other laws or regulations to be submitted to Voting Unitholders for their approval must be passed by an Ordinary Resolution or such other level of approval as may be required by such applicable laws, rules or regulations. The balance of the foregoing matters must be passed by a Special Resolution.

A meeting of Voting Unitholders may be convened at any time and for any purpose by the Trustees and must be convened, except in certain circumstances, if requisitioned by the holders of not less than 5% of the Voting Units then outstanding, by a written requisition to such effect. A requisition must state in reasonable detail the business proposed to be transacted at the meeting.

Voting Unitholders may attend and vote at all meetings of Voting Unitholders either in person or by proxy, and a proxy holder need not be a Voting Unitholder. Two Persons present in person or represented by proxy and representing in the aggregate at least 10% of the votes attached to all outstanding Voting Units will constitute a quorum for the transaction of business at all such meetings.

The Fund Declaration of Trust will contain provisions as to the notice required for, and other procedures with respect to the calling and holding of, meetings of Voting Unitholders.

Trustees

The Fund will have a minimum of three Trustees and a maximum of 20 Trustees. The Persons who are expected to serve as the initial Trustees are described under "Trustees, Directors and Management". The Trustees are to supervise the activities and manage the investments and affairs of the Fund.

The Fund Declaration of Trust provides that not less than two-thirds of the Trustees must be resident in Canada (for purposes of the Tax Act) and, while such a requirement is applicable, at least 80% of the Trustees shall be Canadians for the purposes of the Broadcasting Act, the Radiocommunication Act and the Telecommunications Act. In the event that, at any time, the foregoing requirements are not met, the Trustees then in office shall appoint as Trustees such number of persons who are resident in Canada (for purposes of the Tax Act) or who are Canadians (for the purposes of the Broadcasting Act, the Radiocommunication Act and the Telecommunications Act), as applicable, and/or if necessary, one or more Trustees who do not meet the foregoing requirements, to be determined by the Trustees, shall resign (temporarily or otherwise), or a combination of both, as may be necessary such that the foregoing requirements are met.

The Fund Declaration of Trust provides that, subject to its terms and conditions, the Trustees will have full, absolute and exclusive power, control, authority and discretion over the Fund's assets and management of the affairs of the Fund to the same extent as if the Trustees were the sole and absolute legal and beneficial owners of the Fund's assets. Subject only to express limitations in the Fund Declaration of Trust, the Trustees' powers and authorities include:

(a) acting for, voting on behalf of and representing the Fund as a holder of Trust Units, Trust Notes and other securities and investments;
(b) maintaining records and providing reports to Voting Unitholders;
(c) supervising the activities and managing the investments and affairs of the Fund; and
(d) effecting payments of distributions from the Fund to Unitholders.

Any one or more of the Trustees may resign upon written notice to the Fund and may be removed by an Ordinary Resolution and the vacancy created by such removal may be filled at the same meeting, failing which it may be filled by the affirmative vote of a quorum of the Trustees.

Trustees will be elected by Ordinary Resolution at each annual meeting of Voting Unitholders to hold office for a term expiring at the close of the next annual meeting. The Securityholders’ Agreement provides that the board of directors of GP shall nominate the individuals to be proposed for election as Trustees of the Fund. The principles set forth in the Securityholders’ Agreement relating to the composition of the board of directors of GP shall also apply to the selection of the nominees for election as Trustees. See “Trustees, Directors and Management — Securityholders’ Agreement”.

A quorum of the Trustees will be a majority of the Trustees then holding office provided that a majority of Trustees present are resident in Canada. A majority of the Trustees may fill a vacancy in the Trustees, except a vacancy resulting from an increase in the maximum number of Trustees or from a failure of Voting Unitholders to elect the minimum required number of Trustees. In the absence of a quorum of Trustees, or if the vacancy has arisen from a failure of Voting Unitholders to elect the required number of Trustees, the Trustees will promptly call a special meeting of Voting Unitholders to fill the vacancy. If the Trustees fail to call that meeting or if there are no Trustees then in office, any Voting Unitholder may call the meeting. Except as otherwise provided in the Fund Declaration of Trust, including prior to the Closing of the Arrangement, the Trustees may, between annual meetings of Voting Unitholders, appoint one or more additional Trustees to serve until the next annual meeting of Voting Unitholders, but the number of additional Trustees will not at any time exceed one-third of the number of Trustees who held office at the expiration of the immediately preceding annual meeting of Voting Unitholders.

The Fund Declaration of Trust will provide that the Trustees must act honestly and in good faith with a view to the best interests of the Fund and Unitholders and shall exercise the degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances. The Fund Declaration of Trust will provide that each Trustee will be entitled to indemnification from the Fund in respect of the exercise of the Trustee’s powers and the discharge of the Trustee’s duties, provided that the Trustee acted honestly and in good faith with a view to the best interests of the Fund and Unitholders or, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, where the Trustee had reasonable grounds to believe that his or her conduct was lawful.

**Liability of Trustees**

The Fund Declaration of Trust will contain customary provisions stating that the Trustees will not be liable to any Voting Unitholder or any other Person, in tort, contract or otherwise, for any action taken or not taken in good faith in reliance on any documents that are, prima facie, properly executed; for any depreciation of, or loss to, the Fund incurred by reason of the sale of any asset; for the loss or disposition of money or securities; or any action or failure to act of any other Person to whom the Trustees have delegated any of their duties under the Fund Declaration of Trust; or for any other action or failure to act (including failure to compel in any way any former Trustee to redress any breach of trust or any failure by any Person to perform its duties under or delegated to it, under the Fund Declaration of Trust), unless, in each case, such liabilities arise out of a breach of the Trustees’ duty to act honestly and in good faith with a view to the best interests of the Fund and Unitholders or, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the Trustee did not have reasonable grounds to believe his or her conduct was lawful as set out in the Fund Declaration of Trust. If the Trustees have retained an appropriate expert or advisor with respect to any matter connected with their duties under the Fund Declaration of Trust, the Trustees may act or refuse to act based on the advice of such expert or advisor and the Trustees will not be liable for any action or refusal to act based on the advice of such expert or advisor. In the exercise of the powers, authorities or discretion conferred on the Trustees under the Fund Declaration of Trust, the Trustees are and will be conclusively deemed to be acting as
trustees of the Fund’s assets and will not be subject to any personal liability in any capacity other than as trustees for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Fund or the Fund’s assets.

Amendments to the Fund Declaration of Trust

The Fund Declaration of Trust may be amended or altered from time to time by Special Resolution, except where otherwise provided in the Fund Declaration of Trust.

The Trustees may, without the approval of Voting Unitholders, make certain amendments to the Fund Declaration of Trust, including amendments:

(a) to ensure continuing compliance and conformity with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Trustees or the Fund (including to ensure that the Fund continues to qualify as a “mutual fund trust” within the meaning of the Tax Act);

(b) to provide additional protection or added benefits for the Unitholders and/or holders of Special Voting Units;

(c) to remove any conflicts or inconsistencies in the Fund Declaration of Trust or make minor changes or corrections, including the correction or rectification of any ambiguities, defective provisions, errors or mistakes that are, in the opinion of the Trustees, necessary or desirable and not prejudicial to Voting Unitholders; or

(d) to make amendments that, in the opinion of the Trustees, are necessary or desirable as a result of changes in taxation or other laws or policies of any governmental authority having jurisdiction over the Trustees or the Fund,

provided that, notwithstanding the foregoing, (i) the Trustees may not amend the Fund Declaration of Trust in a manner that would result in the Fund failing to qualify as a “mutual fund trust” under the Tax Act, and (ii) no such amendment that reduces the beneficial interest in the Fund represented by a Unit shall be made without the consent of Unitholders by Special Resolution.

The terms of Special Voting Units may not be amended without the approval of the holders of affected Special Voting Units, voting as a class, by Special Resolution.

Term of the Fund

Unless sooner terminated as provided in the Fund Declaration of Trust, the Fund will continue in full force and effect so long as any property of the Fund is held by the Trustees. At any time, Voting Unitholders may by Special Resolution require the Trustees to commence to wind up the affairs of the Fund.

The Fund Declaration of Trust provides that, upon being required to terminate the affairs of the Fund, the Trustees will give notice thereof to Voting Unitholders, which notice shall designate the time or times at which Voting Unitholders may surrender their Voting Units for cancellation and the date at which the register of Voting Units will be closed. After the date the register is closed, the Trustees will proceed to wind up the affairs of the Fund as soon as may be reasonably practicable and for such purpose may, subject to any direction to the contrary in respect of a termination authorized by a resolution of the Voting Unitholders, sell and convert into money the Trust Units, the Trust Notes and all other assets comprising the Fund in one transaction or in a series of transactions at public or private sales and do all other acts appropriate to liquidate the Fund. After paying, retiring, discharging or making provision for the payment, retirement or discharge of all known liabilities and obligations of the Fund and providing for indemnity against any other outstanding liabilities and obligations, the Trustees may distribute the remaining part of the proceeds of the sale of the Trust Units, the Trust Notes and other assets together with any cash forming part of the assets of the Fund among the Unitholders in accordance with their pro rata interests. If the Trustees are unable to sell all or any of the Trust Units, Trust Notes or other assets of the Fund by the date set for termination, the Trustees may distribute the remaining Trust Units, the Trust Notes or other assets in specie directly to the Unitholders in accordance with their pro rata interests subject to obtaining all required regulatory approvals.
Take-Over Bids

The Fund Declaration of Trust will provide that if a take-over bid is made for the Units and not less than 90% of the Units on a fully-diluted basis (including Units that may be acquired on the exchange of any Holdings Class 1 Exchangeable LP Units, Wireline Exchangeable LP Units or other Exchangeable Securities, but excluding Units held at the date of the take-over bid (including Units issuable upon the exercise or exchange of any Exchangeable Securities) by or on behalf of the offeror or Associates or Affiliates of the offeror) are taken up and paid for by the offeror within 120 days of the date of the take-over bid, the offeror will be entitled to acquire the Units held by Unitholders who did not accept the take-over bid on the terms on which the offeror acquired Units from Unitholders who accepted the take-over bid.

Limitation on Non-Resident Ownership

In order for the Fund to maintain its status as a mutual fund trust under the Tax Act, the Fund must not be established or maintained primarily for the benefit of non-residents of Canada within the meaning of the Tax Act. Accordingly, the Fund Declaration of Trust provides that at no time may Non-Residents be the beneficial owners of more than 45% of the Units (on both a non-diluted and fully-diluted basis for these purposes). The Trustees may require declarations as to the jurisdictions in which beneficial owners of Units are resident or as to their status as Canadian partnerships.

If the Trustees become aware that the beneficial owners of 45% of the Units then outstanding are or may be Non-Residents or that such a situation is imminent, the Trustees may make a public announcement thereof and will not accept a subscription for Units from, or issue or register a transfer of Units to, any Person unless the Person provides a declaration that he or she is not a Non-Resident and that he or she does not hold Units for the benefit of beneficiaries who are Non-Residents. If, notwithstanding the foregoing, the Trustees determine that 45% or more of the Units are held by Non-Residents, the Trustees may send a notice to such holders of Units, chosen in inverse order to the order of acquisition or registration or in such manner as the Trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period determined by the Trustees. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Trustees with satisfactory evidence that they are not Non-Residents, the Trustees may sell such Units on behalf of such Unitholders, and in the interim, the voting and distribution rights attached to such Units will be suspended. Upon such sale, the affected holders will cease to be holders of the Units and their rights will be limited to receiving the net proceeds of such sale. In any situation where it is unclear whether Units are held for the benefit of Non-Residents, the Trustees may exercise their discretion in determining whether such Units are or are not so held.

The Trustees may place such other limits on Unit ownership by Non-Residents as the Trustees may deem necessary in their sole discretion, including unilaterally altering the limit on Non-Resident ownership above, to the extent required, in the opinion of the Trustees, to maintain the Fund’s status as a mutual fund trust under the Tax Act. See “Certain Canadian Federal Income Tax Considerations — Status of the Fund”.

In addition, the Telecommunications Act, the Broadcasting Act, the Radiocommunication Act, the regulations thereunder, and the directions by the federal cabinet to the CRTC also impose limitations on non-Canadian ownership of Units and provide the Fund with certain powers to maintain compliance with non-Canadian ownership requirements. In connection with such regulations, the Fund Declaration of Trust includes a provision prohibiting non-Canadians from owning more than 20% of the Units.

For these purposes, the Fund Declaration of Trust provides that the Trustees shall be entitled to use all remedies available under the Canadian Telecommunications Common Carrier Ownership and Control Regulations (the “Canadian Ownership and Control Regulations”). Such remedies may include without limitation any one or more of the following:

(a) refusing to accept any subscription for Units from a non-Canadian;
(b) refusing to allow any transfer of Units to a non-Canadian to be recorded in the Fund’s registers;
(c) suspending the rights of a non-Canadian holder of Units to vote at a meeting of Unitholders or otherwise vote the Units; and
(d) selling, repurchasing or redeeming any Units held by a non-Canadian, in accordance with the procedures contained in the Canadian Ownership and Control Regulations.

By acceptance of a Unit certificate or upon receipt of a customer confirmation from a CDS participant or other Intermediary through which Units may be held, Unitholders are deemed to acknowledge and agree to be bound by the provisions of the Fund Declaration of Trust relating to such legislation and the Canadian Ownership and Control Regulations.

Conflicts of Interest

The Fund Declaration of Trust will contain “conflict of interest” provisions. The Fund Declaration of Trust will provide that, if a Trustee or an officer of the Fund is a party to a material contract or transaction or proposed material contract or transaction with the Fund or any member of the Fund Group, or is a director or officer or employee of, or has a material interest in, any Person who is a party to a material contract or transaction or proposed material contract or transaction with the Fund or any member of the Fund Group, such Trustee or officer of the Fund or of any member of the Fund Group, as the case may be, shall disclose in writing to the Trustees or request to have entered in the minutes of meetings of Trustees the nature and extent of such interest. Except in certain specified circumstances, a Trustee who is a party to or so interested in such a material contract or transaction will be precluded from voting on such a material contract or transaction, but the presence of such Trustee at the relevant meeting shall be counted towards any quorum requirement. These provisions in the Fund Declaration of Trust are intended to be equivalent to the analogous provisions of the CBCA applicable to directors and officers of a corporation.

Information and Reports

The Fund will, in accordance with and subject to applicable securities laws, furnish to Unitholders such financial statements of the Fund (including quarterly and annual financial statements) and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of Unitholders’ tax returns under the Tax Act and equivalent provincial legislation.

Prior to each meeting of Voting Unitholders, the Trustees will provide Unitholders (along with notice of such meeting) all such information as is required by applicable law and by the Fund Declaration of Trust to be provided to such holders.

Each of the Trust and Holdings LP will undertake to provide the Fund with (i) a report of any material change that occurs in the respective affairs of the Trust and Holdings LP and their respective Subsidiaries; and (ii) all financial statements accompanied by management’s discussion and analysis for the period covered by such financial statements; in each case, in form and content that it would file with the applicable securities regulatory authorities as if it were a reporting issuer under applicable securities laws, in each case in a timely manner so as to permit the Fund to comply with applicable continuous disclosure requirements relating to reports of material changes in its affairs and the delivery of financial statements as required under applicable securities laws.

Trustees of the Fund will be required to file insider reports and comply with insider trading provisions under applicable Canadian securities legislation in respect of trades made by them in securities of the Fund.

In addition, it is expected that the Fund will undertake to the various Canadian securities regulators that for so long as the Fund is a reporting issuer, the Fund will take the appropriate measures to require each person who would be an insider of the Trust, Holdings LP, GP, Wireline LP and Wireline GP, if any of them were reporting issuers to: (i) file insider reports about trades in Units (including securities that are exchangeable for Units) and other securities of the Fund; and (ii) comply with the relevant statutory prohibitions against insider trading.
Administration Agreement

On Closing, the Fund, the Trust, GP, Wireline GP and Wireline LP will enter into the Administration Agreement. Under the terms of the Administration Agreement, Wireline LP will provide administrative and support services to the Fund, the Trust and GP including, without limitation, those necessary to:

(a) seek to ensure compliance by the Fund with continuous disclosure obligations under applicable securities legislation;

(b) provide investor relations services;

(c) provide or cause to be provided to Voting Unitholders all information to which Voting Unitholders are entitled under the Fund Declaration of Trust and applicable laws, including relevant information with respect to financial reporting and income taxes;

(d) call and hold meetings of Voting Unitholders and distribute required materials, including notices of meetings and information circulars, in respect of all such meetings;

(e) assist the Trustees in calculating and making distributions to Unitholders;

(f) attend to all administrative and other matters arising in connection with any redemption of Units;

(g) seek to ensure compliance with the Fund’s limitations on non-resident ownership;

(h) attend to all administrative and other matters arising in connection with the conversion, exercise or exchange of Holdings Class 1 Exchangeable LP Units or Wireline Exchangeable LP Units or other Exchangeable Securities including the issuance and delivery of Units, Trust Units and/or Trust Notes in connection therewith; and

(i) generally, with respect to the Fund, provide all other services as may be necessary or as may be requested by the Trustees.

Wireline LP will also provide similar services under the Administration Agreement to the Trust and GP, in its capacity as general partner of Holdings LP.

The Administration Agreement will have an initial term of 10 years, and will be automatically extended for additional five-year periods unless notice of termination is given by the Fund, the Trust, GP, Wireline GP or Wireline LP not less than 180 days before expiry of the then-current term. The Administration Agreement may be terminated by a party in the event of the insolvency or receivership of another party, or in the case of default by another party in the performance of a material obligation to the terminating party under the Administration Agreement, with certain exceptions, which is not remedied within 30 days after written notice has been delivered.

Rights of Unitholders

Following the completion of the Arrangement, the rights of Voting Unitholders will be established by the Fund Declaration of Trust. Although the Fund Declaration of Trust confers upon a Voting Unitholder many of the same protections, rights and remedies an investor would have as a shareholder of a corporation governed by the CBCA, there are significant differences, some of which are discussed below.

Provisions comparable to many of the provisions of the CBCA respecting the governance and management of a corporation have been incorporated in the Fund Declaration of Trust. For example, Voting Unitholders are entitled to exercise voting rights in respect of their holdings of Units and Special Voting Units in a manner comparable to shareholders of a CBCA corporation and to elect the Trustees and appoint the auditors of the Fund. The Fund Declaration of Trust also includes provisions modeled after comparable provisions of the CBCA dealing with the calling and holding of meetings of Voting Unitholders and Trustees, the quorum for and procedures at such meetings and the right of investors to participate in the decision-making process where certain fundamental actions are proposed to be undertaken. The matters in respect of which Voting Unitholder approval is required under the Fund Declaration of Trust are generally less extensive than the rights conferred on the shareholders of a CBCA corporation, but effectively extend to certain fundamental actions that may be undertaken by the Fund. These approval rights are supplemented by provisions of applicable securities laws that
are generally applicable to issuers (whether corporations, trusts or other entities) that are “reporting issuers” or the equivalent or listed on the TSX.

Voting Unitholders do not have recourse to a dissent right under which shareholders of a CBCA corporation are entitled to receive the fair value of their shares where certain fundamental changes affecting the corporation are undertaken (such as an amalgamation, a continuance under the laws of another jurisdiction, the sale of all or substantially all of its property, a going private transaction or the addition, change or removal of provisions restricting (i) the business or businesses that the corporation can carry on, or (ii) the issue, transfer or ownership of shares). As an alternative, Unitholders seeking to terminate their investment in the Fund are entitled, subject to certain conditions and limitations, to require the Fund to redeem their Units through the exercise of the redemption rights provided by the Fund Declaration of Trust, as described under “— Redemption Rights”. Voting Unitholders similarly do not have recourse to the statutory oppression remedy that is available to shareholders of a CBCA corporation where the corporation undertakes actions that are oppressive, unfairly prejudicial or disregard the interests of securityholders and certain other parties. Shareholders of a CBCA corporation may also apply to a court to order the liquidation and dissolution of the corporation in those circumstances, whereas Voting Unitholders could rely only on the general provisions of the Fund Declaration of Trust which permit the winding up of the Fund with the approval of a Special Resolution of Voting Unitholders.

Shareholders of a CBCA corporation may also apply to a court for the appointment of an inspector to investigate the manner in which the business of the corporation and its Affiliates is being carried on where there is reason to believe that fraudulent, dishonest or oppressive conduct has occurred. The Fund Declaration of Trust allows Voting Unitholders to pass resolutions appointing an inspector to investigate the Trustees’ performance of their responsibilities and duties, but this process would not be subject to court oversight or assure the other investigative procedures, rights and remedies available under the CBCA. The CBCA also permits shareholders to bring or intervene in derivative actions in the name of the corporation or any of its Subsidiaries, with the leave of a court. The Fund Declaration of Trust does not include a comparable right of Voting Unitholders to commence or participate in legal proceedings with respect to the Fund.

Auditors

Ernst & Young LLP has been appointed as the auditor of the Fund with respect to the balance sheet of the Fund contained in Appendix “D” of this Information Circular. The Trustees will appoint an auditor to act as auditor of the Fund following completion of the Arrangement at or before the Closing of the Arrangement and therefore the auditor may change following the Closing. Thereafter, the auditor of the Fund will be appointed by Ordinary Resolution of Voting Unitholders at each annual meeting of Voting Unitholders.

Financial Year End

The financial year end of the Fund will be December 31.

DESCRIPTION OF THE TRUST

The Trust Declaration of Trust will contain provisions substantially similar to those of the Fund Declaration of Trust relating to the Fund. The anticipated principal differences between the Trust Declaration of Trust and the Fund Declaration of Trust are those described below. The description below is a summary only and is qualified in its entirety by reference to the full text of the Trust Declaration of Trust.

General

The Trust will be an unincorporated, open-ended trust established under the laws of the Province of Québec pursuant to the Trust Declaration of Trust. The Trust’s activities are restricted essentially to holding its investment in Holdings LP and GP and such other investments as the trustees of the Trust may determine, including all activities ancillary or incidental thereto. The Securityholders’ Agreement contains certain additional restrictions on the activities of the Trust for so long as BCE holds, directly or indirectly, 20% or more of the Units (on a fully-diluted basis). See “Trustees, Directors and Management — Securityholders’ Agreement”.

119
Trustees

The Trust Trustees are to supervise the activities and manage the investments and affairs of the Trust. The Trust Declaration of Trust provides that the number of Trust Trustees shall be between three and 20. Initially, as set forth in the Securityholders’ Agreement, the Trust Trustees will be the same individuals who are the directors of GP.

Restrictions on Powers of the Trust Trustees

The Trust Declaration of Trust provides that the Trust Trustees may not, without approval by ordinary resolution of the holders of Trust Units:

- take any action upon any matter which under applicable law (including policies of the Canadian securities commissions) or applicable stock exchange rules would require approval by Ordinary Resolution of the holders of Trust Units had the Trust been a reporting issuer (or the equivalent) in the jurisdictions in which the Fund is a reporting issuer (or the equivalent) and had the Trust Units been listed for trading on the stock exchange where the Units are listed for trading; and
- subject to certain exceptions, appoint or change the auditors of the Trust.

Furthermore, the Trust Declaration of Trust provides that the Trust Trustees may not, without approval by special resolution of the holders of Trust Units:

- take any action upon any matter which under applicable law (including policies of the Canadian securities regulators) or applicable stock exchange rules would require approval by special resolution or supermajority (as defined or described therein) of the holders of Trust Units had the Trust been a reporting issuer (or the equivalent) in the jurisdictions in which the Fund is a reporting issuer (or the equivalent) and had the Trust Units been listed for trading on the stock exchanges where the Units are listed for trading;
- amend the Trust Declaration of Trust except in certain limited circumstances similar to those under which the Fund Declaration of Trust may be amended without consent of Voting Unitholders;
- amend the Trust Note Indenture other than in contemplation of a further issuance of Trust Notes;
- sell, lease, exchange or otherwise dispose of all or substantially all of the property of the Trust other than in the ordinary course of business or in connection with an internal reorganization;
- authorize the termination, liquidation or winding-up of the Trust, other than at the end of the term of the Trust; or
- authorize an amalgamation, arrangement, combination, merger or similar transaction by the Trust with any other Person.

The Trust Declaration of Trust will provide that the Trust Trustees must act honestly and in good faith with a view to the best interests of the Trust and holders of Trust Units and shall exercise the degree of care, diligence and skill that a reasonably prudent Person would exercise in comparable circumstances. The Trust Declaration of Trust will provide that each of the Trust Trustees will be entitled to indemnification from the Trust in respect of the exercise of the Trust Trustee’s powers and the discharge of the Trust Trustee’s duties, provided that the Trust Trustee acted honestly and in good faith with a view to the best interests of the Trust and holders of Trust Units or, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, where the Trust Trustee had reasonable grounds to believe that his or her conduct was lawful.

Redemption Right

The Trust Units will be redeemable at any time on demand by the holders thereof upon delivery to the Trust of a duly completed and properly executed notice requiring the Trust to redeem the Trust Units, in a form reasonably acceptable to the Trust Trustees, together with the certificates representing the Trust Units to be redeemed and written instructions as to the number of Trust Units to be redeemed. Upon tender of Trust Units by a holder thereof for redemption, the holder of the Trust Units tendered for redemption will no longer have
any rights with respect to such Trust Units other than the right to receive the redemption price for such Trust Units. The redemption price for each Trust Unit tendered for redemption will be equal to the greater of $0.01 and the amount determined by the following formula:

\[
\frac{(A \times B) - C + D}{E}
\]

Where:

\(A\) = the cash Redemption Price per Unit, as determined under the Fund Declaration of Trust, calculated as of the close of business on the date the Trust Units were so tendered for redemption by a holder of Trust Units,

\(B\) = the aggregate number of Units outstanding as of the close of business on the date the Trust Units were so tendered for redemption by a holder of Trust Units,

\(C\) = the aggregate unpaid principal amount of the Trust Notes and accrued interest thereon and any other indebtedness of the Trust held by or owed to the Fund and the fair market value of any other assets or investments held by the Fund (other than Trust Units) as of the close of business on the date the Trust Units were so tendered for redemption by a holder of Trust Units,

\(D\) = the aggregate principal amount of any indebtedness and any accrued liabilities owed by the Fund (prior to redemption of Units for such date) as of the close of business on the date the Trust Units were so tendered for redemption by a holder of Trust Units, and

\(E\) = the aggregate number of Trust Units outstanding held by the Fund as of the close of business on the date the Trust Units were so tendered for redemption by a holder of Trust Units.

The Trust Trustees will also be entitled to call for redemption, at any time, all or part of the outstanding Trust Units registered in the name of the holders thereof other than the Fund at the same redemption price as described above for each Trust Unit called for redemption, calculated with reference to the date the Trust Trustees approved the redemption of Trust Units.

The aggregate redemption price payable by the Trust in respect of any Trust Units tendered for redemption by the holders thereof during any month will be satisfied, at the option of the Trust Trustees, in their sole discretion, (i) in immediately available funds, (ii) by the issuance to or to the order of the holder whose Trust Units are to be redeemed of such aggregate amount of Series 2 Trust Notes as is equal to the aggregate redemption price payable to such holder of Trust Units rounded down to the nearest $10.00, with the balance of any such aggregate redemption price not paid in Series 2 Trust Notes to be paid in immediately available funds, or (iii) by any combination of funds and Series 2 Trust Notes as the Trust Trustees shall determine in their sole discretion, in each such case payable or issuable on the last day of the calendar month following the calendar month in which the Trust Units were so tendered for redemption. A holder of Trust Units whose Trust Units are tendered for redemption may elect, at any time prior to the payment of the redemption price, to receive Series 2 Trust Notes pursuant to (ii) above in the place of all or part of the funds otherwise payable, the amount of such Series 2 Trust Notes to be equal to the funds otherwise payable, rounded down to the nearest $10.00, with the difference to be paid in immediately available funds.

**Distributions**

The Trust intends to make monthly cash distributions to the Fund of its net monthly cash receipts, after satisfaction of its interest obligations, if any, and less any estimated cash amounts required for expenses and other obligations of the Trust, any cash redemptions of Trust Units or Trust Notes, any tax liability and any reserve as the Trust Trustees determine, in their sole discretion, to be necessary or advisable. Such distributions are intended be paid within a period following each calendar month end so that these distributions would be received by the Fund prior to its related cash distributions to Unitholders.

The distribution payable in respect of the month ending December 31 in each year will include such amount in respect of the income and net realized capital gains, if any, of the Trust for such year as is necessary to ensure that the Trust will not be liable for income taxes under Part I of the Tax Act in such year.
If the Trust Trustees determine that the Trust does not have cash in an amount sufficient to make payment of the full amount of any distribution, the payment may include the issuance of additional Trust Units having a value equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trust Trustees to be available for the payment of such distribution. The value of each Trust Unit so issued will be the redemption price thereof.

Any Trust Units transferred pursuant to a distribution in kind may be subject to resale and transfer restrictions and cannot be resold or transferred except as permitted by applicable securities law.

Trust Notes

The following is a summary only of the anticipated material attributes and characteristics of the Trust Notes which will be issued by the Trust under the Trust Note Indenture. This summary is qualified in its entirety by reference to the provisions of the Trust Note Indenture which will contain a complete statement of those attributes and characteristics.

Three series of Trust Notes will initially be authorized for issuance under the Trust Note Indenture. Immediately following the Arrangement, only Series 1 Trust Notes will be issued and outstanding, all of which will be held by the Fund. The Series 1 Trust Notes will have a maturity date and rate of interest to be determined by the trustees of the Trust at the time of issuance. Series 2 Trust Notes will be reserved by the Trust to be issued exclusively to holders of Trust Units as full or partial payment of the redemption price for Trust Units as trustees of the Trust may decide or, in certain circumstances, be obliged to issue. Series 3 Trust Notes will be reserved by the Trust to be issued exclusively as full or partial payment of the redemption price for Series 1 Trust Notes in the event of payment in kind of the Redemption Price for Units redeemed by Unitholders. The Series 2 Trust Notes and Series 3 Trust Notes will have a maturity date and a market rate of interest to be determined by the trustees of the Trust at the time of issuance.

Trust Notes will be issuable in Canadian currency, in denominations of $10 and integral multiples of $10. No fractional Trust Notes will be issued or distributed and, where the principal amount of Trust Notes to be received by any Person includes a fraction, such number will be rounded to the next lowest whole number.

The Trust will be obligated to repay Trust Notes, on their respective dates of maturity, by paying to the Note Trustee under the Trust Note Indenture, in cash, an amount equal to the principal amount of the outstanding Trust Notes which have then matured, together with accrued and unpaid interest thereon.

Payment of the principal amount and interest on the Trust Notes will be subordinated in right of payment to the prior payment in full of the principal of, and accrued and unpaid interest on, and all other amounts owing in respect of all senior indebtedness, which will be defined as all indebtedness, including the New Credit Facilities, liabilities and obligations of the Trust which, by the terms of the instrument creating or evidencing the same, or as otherwise defined in Trust Note Indenture, are expressed to rank in right of payment in priority to Trust Notes. The Trust Note Indenture will provide that, upon any distribution of the assets of the Trust in the event of any dissolution, liquidation, reorganization or other similar proceedings relative to the Trust, the holders of all such senior indebtedness will be entitled to receive payment in full before the holders of Trust Notes are entitled to receive any payment.

The Trust Notes will be unsecured debt obligations of the Trust.

Redemption

The Trust Notes will be redeemable (at a redemption price equal to the principal amount thereof plus accrued and unpaid interest thereon, payable in cash or, in the case of a redemption of Series 1 Trust Notes on a payment in kind of the Redemption Price for Units, in Series 3 Trust Notes) at the option of the Trust and, in the case of Series 1 Trust Notes, also at the option of the holder, prior to their respective maturity dates.
The Trust Note Indenture provides that any of the following shall constitute an event of default:

(a) default in payment of the principal of the Trust Notes when the same becomes due and the continuation of such default for a period of 90 days;

(b) default in payment of any interest due on any Trust Notes and continuation of such default for a period of 90 days:

(c) default in the observance or performance of any other covenant or condition of the Trust Note Indenture and continuation of such default for a period of 90 days after notice in writing has been given to the Trust Trustees specifying such default and requiring the Trust to rectify the same;

(d) certain events of bankruptcy, insolvency, dissolution, liquidation, reorganization or other similar proceedings relative to the Trust; and

(e) an encumbrancer takes possession of property of the Trust which is a substantial part thereof, or any process or execution is levied or enforced upon the property of the Trust and remains unsatisfied for such period as would permit any such property to be sold accordingly, unless such process is in good faith disputed by the Trust and the enforcement is stayed.

The provisions governing an event of default under the Trust Note Indenture and remedies available thereunder do not provide protection to the holders of Trust Notes which would be comparable to the provisions generally found in debt securities issued to the public.

Meetings of Holders of Trust Units

A meeting of holders of Trust Units may be held at such time and place in Canada as shall be determined by the Trust Trustees for the purpose of transacting such business as the Trust Trustees may determine or as may properly be brought before the meeting.

Financial Year End

The financial year end of the Trust will be December 31.

DESCRIPTION OF HOLDINGS LP

The following is a summary only of the anticipated material attributes and characteristics of Holdings LP and the partnership units that will be issued under the Holdings LP Partnership Agreement. This summary is qualified in its entirety by reference to the provisions of the Holdings LP Partnership Agreement, which will contain a complete statement of those attributes and characteristics.

General

Holdings LP will be a limited partnership established under the laws of the Province of Québec to directly or indirectly acquire the Aliant Common Shares and common shares of BNG and, subject to the Securityholders’ Agreement, to conduct any other businesses or other activities as the general partner of Holdings LP may determine. The general partner of Holdings LP will be GP and the initial limited partners are expected to be BCE and/or Bell Canada and the Trust.

Capitalization

Holdings LP will be entitled to issue various limited partnership interests for such consideration and on such terms and conditions as may be determined by GP. Immediately following Closing, it is expected that Holdings LP will have issued a nominal value general partnership interest to GP, Holdings Class 2 LP Units to the Trust and Holdings Class 1 Exchangeable LP Units to BCE. Initially, together with its Holdings Class 1 Exchangeable LP Units, BCE will acquire an equal number of GP Shares and Special Voting Units. GP will hold the general partner interest in Holdings LP and will be the general partner of Holdings LP.
Distributions

It is intended that Holdings LP will declare distributions (or pay advances in lieu of distributions) to limited partners (of record) of Holdings LP’s distributable cash as set out below (after nominal distributions to GP on its general partnership interest) on the last business day of each month, and pay such distributions or advances on or before the 15th day of the immediately following month. Distributions or advances on the Holdings Class 1 Exchangeable LP Units and Holdings Class 2 LP Units will be made on an equal per-unit basis, provided, however that GP shall, in its discretion, provide for unequal distributions as between the Holdings Class 1 Exchangeable LP Units and Holdings Class 2 LP Units so that such distributions on the Holdings Class 1 Exchangeable LP Units are equal on a per-unit basis to the distributions made by the Fund on the Units (other than distributions made in Units of the Fund). Holdings LP may, in addition, make a distribution at any other time.

Distributable cash of Holdings LP will represent, in general, all of its cash, after: (i) satisfaction of its debt service obligations (principal and interest) under credit facilities or other agreements with third parties; (ii) satisfaction of general and administrative expenses and other expense obligations; and (iii) retaining reasonable reserves for administrative and other expense obligations and retaining such other reasonable reserves as may be considered appropriate by the board of directors of GP.

Holdings Class 1 Exchangeable LP Units

Holdings Class 1 Exchangeable LP Units are intended to be, to the greatest extent practicable, the economic equivalent of Units. Holders of Holdings Class 1 Exchangeable LP Units are entitled to receive distributions or advances from Holdings LP which are intended to be equal, on a per-unit basis, to the greatest extent practicable, to distributions paid by the Fund to holders of Units (other than distributions made in Units of the Fund). Each Holdings Class 1 Exchangeable LP Unit will be indirectly exchangeable, together with a GP Share, for one Unit, subject to customary anti-dilution adjustments. See “Investor Liquidity and Exchange Agreement”.

Voting Rights

The holders of Holdings LP Units will have the right to exercise votes in respect of all matters to be decided by the limited partners of Holdings LP. The Trust will be the initial holder of Holdings Class 2 LP Units and BCE is expected to be the initial holder of the Holdings Class 1 Exchangeable LP Units, immediately following completion of the Arrangement.

Allocation of Net Income and Losses

The income or loss of Holdings LP as determined pursuant to the Tax Act for a particular taxation year will be allocated to each partner in proportion to the available cash of Holdings LP distributed or advanced to such partners in respect of such year (other than distributions which are used by the partner to repay prior advances to Holdings LP). The amount of income allocated to a partner may exceed or be less than the amount of cash distributed or advanced by Holdings LP to that partner.

Financial Year End

The financial year end of Holdings LP will be December 31.

Limited Liability

It is intended that Holdings LP will operate in a manner as to ensure to the greatest extent possible the limited liability of the limited partners. Limited partners may lose their limited liability in certain circumstances. If limited liability is lost by reason of the negligence of GP in performing its duties and obligations as the general partner under the Holdings LP Partnership Agreement, GP, as the general partner of Holdings LP, will indemnify the limited partners against all claims arising from assertions that their respective liabilities are not limited as intended by the Holdings LP Partnership Agreement.
Reimbursement of the GP

Holdings LP will reimburse GP, as the general partner of Holdings LP, for all direct costs and expenses incurred by it in the performance of its duties on behalf of Holdings LP, under the Holdings LP Partnership Agreement.

Transfer of Partnership Units and GP Shares

The limited partnership units of Holdings LP are transferable only in accordance with the terms of the Holdings LP Partnership Agreement. Subject to the requirements of applicable securities laws, including any requirements of the TSX (if any), Holdings LP Units may be transferred subject to the following limitations: no Holdings LP Units may be transferred to any person that (i) is a non-resident of Canada for purposes of the Tax Act, (ii) is non-Canadian for purposes of applicable regulatory laws and instruments including the Broadcasting Act, the Radiocommunication Act and the Telecommunications Act (as applicable), or (iii) without the prior approval (as applicable and if then required) of the CRTC under the Broadcasting Distribution Regulations made under the Broadcasting Act. Any transferee shall become a limited partner and be bound by the Holdings LP Partnership Agreement.

In addition to the foregoing, the Holdings LP Partnership Agreement will provide that no holder of Holdings Class 1 Exchangeable LP Units will be permitted to transfer such Holdings Class 1 Exchangeable LP Units, other than in connection with the exercise of Exchange Rights or the Liquidity Right under the Investor Liquidity and Exchange Agreement, unless: (i) such transfer would not require that the transferee make an offer to holders of Units to acquire such Units on the same terms and conditions under applicable securities legislation, if such Holdings Class 1 Exchangeable LP Units, and all other outstanding Holdings Class 1 Exchangeable LP Units and Wireline Exchangeable LP Units, were converted into Units at the then current exchange ratio in effect under the Investor Liquidity and Exchange Agreement immediately prior to such transfer; or (ii) the offeror acquiring such Holdings Class 1 Exchangeable LP Units makes a contemporaneous identical offer for the Units (in terms of price, timing, proportion of securities sought to be acquired and conditions and at the then current exchange ratio in effect under the Investor Liquidity and Exchange Agreement) and does not acquire such Holdings Class 1 Exchangeable LP Units unless the offeror also acquires a proportionate number of Units actually tendered to such identical offer.

GP Shares and Special Voting Units issued to BCE in connection with Holdings Class 1 Exchangeable LP Units will be transferable to affiliates of BCE independently of such Holdings Class 1 Exchangeable LP Units, provided that BCE directly or indirectly owns 100% of the common shares of such affiliate or, in the case of a limited partnership, BCE directly or indirectly owns 100% of the common shares of the general partner. Unless the transfer is made to an affiliate of BCE as contemplated in the preceding sentence, a Holdings Class 1 Exchangeable LP Unit may only be transferred together with the accompanying GP Share and Special Voting Unit.

Amendment

The Holdings LP Partnership Agreement may be amended with the prior consent of the holders of at least 66⅔% of the limited partnership units voted on at a duly constituted meeting or by a written resolution of partners holding all the Holdings LP Units which would have been entitled to vote at a duly constituted meeting (a “Holdings LP Special Resolution”), except for certain amendments, which require unanimous approval of holders of Holdings LP Units, including: (i) altering the ability of the limited partners to remove GP as general partner; (ii) changing the liability of any limited partner; (iii) changing the right of a limited partner to vote at any meeting, (iv) changing the priority of distributions or the priority of the distribution of proceeds on liquidation, dissolution or winding up of Holdings LP; or (v) changing Holdings LP from a limited partnership to a general partnership.

Notwithstanding the foregoing, no amendment which would adversely affect the rights and obligations of GP, as general partner, may be made without its consent, and GP may make amendments to the Holdings LP Partnership Agreement without the consent of the limited partners to reflect: (i) a change in the name of Holdings LP or the location of the principal place of business of Holdings LP or the registered office of Holdings LP; (ii) a change in the governing law of Holdings LP to any other province of Canada; (iii) admission,
substitution, withdrawal or removal of limited partners in accordance with the Holdings LP Partnership Agreement; (iv) a change that, as determined by GP, is reasonable and necessary or appropriate to qualify or continue the qualification of Holdings LP as a limited partnership in which the limited partners have limited liability under the applicable laws; (v) a change that, as determined by GP, is reasonable, necessary or appropriate to enable Holdings LP to take advantage of, or not be detrimentally affected by, changes in any applicable laws; (vi) a change to amend or add any provision, or to cure any ambiguity or to correct or supplement any provisions contained in the Holdings LP Partnership Agreement which may be defective or inconsistent with any other provision contained in the Holdings LP Partnership Agreement or the Investor Liquidity and Exchange Agreement or which should be made to make the Holdings LP Partnership Agreement consistent with the disclosure set out in this Information Circular relating to the Arrangement; or (vii) a change that, as determined by GP, does not materially adversely affect the limited partners.

Meetings

GP may call meetings of partners and will be required to convene a meeting on receipt of a request in writing of the holder(s) of not less than 10% of the outstanding limited partnership units. Each partner is entitled to one vote for each limited partnership unit held.

Investor Liquidity and Exchange Agreement

On Closing, the Fund, the Trust, GP, Holdings LP, Wireline GP, Wireline LP, BCE and Bell Canada will enter into the investor liquidity and exchange agreement (the ‘’Investor Liquidity and Exchange Agreement’’). The following is a summary only of certain provisions of the Investor Liquidity and Exchange Agreement, which summary is not intended to be complete.

Exchange Rights

Under the Plan of Arrangement and the Investor Liquidity and Exchange Agreement, BCE and Bell Canada (or any of their respective assignees) shall be granted the Exchange Rights giving them the right, at any time and from time to time, in respect of GP Shares and Holdings Class 1 Exchangeable LP Units and in respect of Wireline Exchangeable LP Units (each pair of one GP Share and one Holdings Class 1 Exchangeable LP Unit, and each Wireline Exchangeable LP Unit, an ‘’Exchangeable Interest’’), upon the delivery of an exchange notice by Bell Canada (or its assignee) or BCE (or its assignee), as applicable, to exchange an Exchangeable Interest for Units in accordance with the terms of the Investor Liquidity and Arrangement Agreement. The number of Units to be delivered upon exchange of one Exchangeable Interest will be one, subject to customary anti-dilution adjustments.

Liquidity Rights

Under the Investor Liquidity and Exchange Agreement, the Fund shall grant to each of Bell Canada (and any assignee of Bell Canada) and BCE (and any assignee of BCE) the right (the ‘’Liquidity Right’’), exercisable at any time and from time to time, to require the Fund to purchase, in accordance with the terms of the Investor Liquidity and Exchange Agreement, the number of Exchangeable Interests specified by Bell Canada or BCE (or their respective assignees) (the ‘’Liquidated Interest’’) in an ‘’Investor Liquidity Notice’’ for a cash payment (the ‘’Cash Purchase Price’’) in an amount equal to the net proceeds (less any ‘’Selling Expenses’’ and ‘’Distribution Expenses’’) of an underwritten offering of the applicable number of Units that would be issuable upon the exchange of such Exchangeable Interests. Exercise of the Liquidity Right will be subject to the Fund’s ability to obtain equity financing on terms reasonably acceptable to the Trustees or the board of directors of GP, Bell Canada and BCE (or their respective assignees) in an aggregate amount to purchase the Liquidated Interest at the Cash Purchase Price; provided, however, that the Fund will use commercially reasonable efforts to obtain, if necessary, such equity financing.

Restrictions on Actions of Fund

Under the Investor Liquidity and Exchange Agreement, the Fund will agree that it shall not, directly or indirectly, take any of the following actions without the prior written approval of the board of directors of GP: (a) make any investment in any Person other than the Trust, Holdings LP and its current subsidiary entities; or
(b) issue any Units or other securities or repurchase outstanding Units or other securities, other than (i) in connection with the exercise of rights granted to Bell Canada or BCE (and their respective assignees), including the Exchange Right or the Liquidity Right, (ii) pursuant to the redemption right contained in the Fund Declaration of Trust, (iii) a distribution by the Fund in kind in the form of Units (and immediate consolidation) as required by the Fund Declaration of Trust, or (iv) a redemption or repurchase pursuant to the non-resident ownership limitations contained in the Fund Declaration of Trust; or (c) issue any debt securities or guarantee the indebtedness of any third party.

**Demand Registration Rights**

The Investor Liquidity and Exchange Agreement will provide that the Fund will, upon the written request of Bell Canada or BCE (or their respective assignees), file a prospectus under applicable Canadian securities laws in respect of the distribution of all or part of the Units then held by Bell Canada or BCE (or their respective assignees) or issuable upon exercise of the Exchange Right, subject to certain restrictions. The Fund is required on no more than two occasions in any 12 month period to use its best efforts to file a prospectus (a “Demand Registration”) in order to permit the offer and sale or other disposition or distribution in Canada of all or any portion of the Units held, directly or indirectly, by Bell Canada or BCE (or their respective assignees) or to be delivered following the exercise by Bell Canada or BCE (or their respective assignees) of the Exchange Right. The Fund may satisfy its obligations through a shelf prospectus and applicable supplements. The Demand Registration rights will be subject to the following limitations: (i) the Fund will not be required to effect a Demand Registration during the period ending 120 days after the date of the receipt or other decision document from applicable securities regulators for the Fund’s most recent prospectus; (ii) the Fund will not be required to cause a Demand Registration if two or more Demand Registrations have been completed within the preceding 12 months; and (iii) the Fund shall not be required to file a Demand Registration unless the anticipated gross proceeds from the distribution will be not less than $50 million.

**Fund Participation**

The Fund may elect to include authorized but unissued Units in any prospectus filed pursuant to a Demand Registration request unless Bell Canada or BCE (or their respective assignees) determines, acting reasonably, that including the Fund’s Units in the distribution qualified by such prospectus would adversely affect Bell Canada’s or BCE’s (or their respective assignees’) distribution; provided, however, that such inclusion will be permitted only to the extent that the Fund agrees to and the Units are sold pursuant to, and subject to the terms of, the underwriting agreement or arrangements entered into by Bell Canada or BCE (or their respective assignees).

**Piggy-Back Registration Rights**

The Investor Liquidity and Exchange Agreement will also provide Bell Canada and BCE (or their respective assignees) with “piggy-back” registration rights, subject to certain restrictions, requiring the Fund to qualify for distribution under applicable securities laws all or any portion of the Units owned, directly or indirectly, by Bell Canada or BCE or issuable upon exercise of the Exchange Right in the event that the Fund proposes to file a prospectus to qualify Units for distribution.

All expenses of the Fund incident to the Fund’s performance of or compliance with the provisions of the Investor Liquidity and Exchange Agreement will be borne by the Fund.

**Standstill**

Bell Canada and BCE (or their respective assignees) will agree not to exercise the Liquidity Right or any of their Demand Registration rights for a period of 120 days following completion of the Arrangement.

**Co-operation on Spin-Off**

The Fund, the Trust, Holdings LP, Wireline LP and their subsidiaries will agree that, at the request of BCE, they will co-operate and reasonably assist Bell Canada and BCE if BCE wishes to distribute Units to its shareholders, including without limitation by filing a prospectus or providing prospectus-level disclosure concerning the Fund, the Trust, Holdings LP, Wireline LP and their subsidiaries in a proxy circular relating to any such distribution.
DESCRIPTION OF GP

General
Following Closing, GP will be a corporation existing under the laws of Canada which will act as the general partner of Holdings LP. Immediately following Closing, it is expected that the Trust and BCE and/or Bell Canada will own GP Shares in proportion to their respective holdings of limited partnership interests of Holdings LP.

Functions and Powers of GP
GP has, subject to the Securityholders’ Agreement, exclusive authority to manage the business and affairs of Holdings LP, to make all decisions regarding the business of Holdings LP and to bind Holdings LP. GP is to exercise its powers and discharge its duties honestly, in good faith and in the best interests of Holdings LP and to exercise the care, diligence and skill of a reasonably prudent Person in comparable circumstances. The authority and power of GP to manage the business and affairs of Holdings LP includes all authority necessary or incidental to carry out the objects, purposes and business of Holdings LP. GP cannot dissolve Holdings LP or wind up Holdings LP’s affairs except in accordance with the provisions of the Holdings LP Partnership Agreement.

It is expected that GP will have officers, but will not have any employees. GP will be party to the Administration Agreement, pursuant to which Wireline LP will provide various services required by GP in connection with the conduct of its business and its responsibilities as general partner of Holdings LP. See “Description of the Fund — Administration Agreement”.

Withdrawal or Removal of GP
GP may resign on not less than 180 days’ written notice to the limited partners of Holdings LP provided that GP may not resign if the effect would be to dissolve Holdings LP. Any successor general partner of Holdings LP must, unless otherwise agreed by the limited partners, have the same ownership and governance structure and must become a party to the Securityholders’ Agreement.

GP may not be removed as general partner of Holdings LP by the limited partners unless: (i) GP has committed a material breach of the Holdings LP Partnership Agreement, which breach has continued for 30 days after notice thereof, and that removal is also approved by a Holdings LP Special Resolution; or (ii) the shareholders or directors of GP pass a resolution in connection with the bankruptcy, dissolution, liquidation or winding-up of GP, or GP commits certain other acts of bankruptcy or ceases to be a subsisting corporation, provided in each case that certain other conditions are satisfied, including a requirement that a successor general partner with the same ownership and governance structure at the relevant time agrees to act as general partner under the Holdings LP Partnership Agreement.

Directors
The Board of Directors of GP is described above under the heading “Trustees, Directors and Management”.

DESCRIPTION OF WIRELINE LP

The following is a summary only of the anticipated material attributes and characteristics of Wireline LP and the partnership interests that will be issued under the Wireline LP Partnership Agreement. This summary is qualified in its entirety by reference to the provisions of the Wireline LP Partnership Agreement, which will contain a complete statement of those attributes and characteristics.

General
Wireline LP will be a limited partnership established under the laws of the Province of Manitoba to, initially, acquire and carry on the Aliant Operation and the Bell Canada Regional Wireline Operation. The general partner of Wireline LP following completion of the Arrangement will be Wireline GP.
Capitalization

Wireline LP will be entitled to issue various partnership interests for such consideration and on such terms and conditions as may be determined by Wireline GP. Immediately following Closing, it is expected that Wireline LP will have issued a nominal value general partnership interest held by Wireline GP, Class A limited partnership units held by Wireline GP and Wireline Subco, and Wireline Exchangeable LP Units held by Bell Canada.

Distributions

It is intended that Wireline LP will declare distributions (or pay advances in lieu of distributions) to limited partners (of record) of Wireline LP’s distributable cash as set out below (after nominal distributions to Wireline GP on its general partnership interest) on the last business day of each month, and pay such distributions or advances on or before the 15th day of the immediately following month. Distributions or advances on the Class A limited partnership units and Wireline Exchangeable LP Units will be made on an equal per-unit basis; provided, however that Wireline GP shall, in its discretion, provide for unequal distributions as between the Wireline Exchangeable LP Units and the Class A limited partnership units so that such distributions on the Wireline Exchangeable LP Units are equal on a per-unit basis to the distributions made by the Fund on the Units (other than distributions made in Units of the Fund). Wireline LP may, in addition, make a distribution at any other time.

Distributable cash of Wireline LP will represent, in general, all of its cash, after: (i) satisfaction of its debt service obligations (principal and interest) under credit facilities or other agreements with third parties; (ii) satisfaction of general and administrative expenses and other expense obligations; and (iii) retaining reasonable reserves for administrative and other expense obligations and working capital and retaining such other reasonable reserves as may be considered appropriate by the board of directors of Wireline GP.

Wireline Exchangeable LP Units

Wireline Exchangeable LP Units are intended to be, to the greatest extent practicable, the economic equivalent of Units. Holders of Wireline Exchangeable LP Units are entitled to receive distributions or advances from Wireline LP which are intended to be equal, on a per-unit basis, to the greatest extent practicable, to distributions paid by the Fund to holders of Units (other than distributions made in Units of the Fund). Each Wireline Exchangeable LP Unit will be indirectly exchangeable for one Unit, subject to customary anti-dilution adjustments. See “Investor Liquidity and Exchange Agreement”.

Voting Rights

The holders of limited partnership units of Wireline LP will have the right to exercise votes in respect of all matters to be decided by the limited partners of Wireline LP. Wireline GP and Wireline Subco will be the initial holders of Class A limited partnership units of Wireline LP and Bell Canada will be the initial holder of the Wireline Exchangeable LP Units, immediately following completion of the Arrangement.

Allocation of Net Income and Losses

The income or loss of Wireline LP as determined pursuant to the Tax Act for a particular taxation year will be allocated to each partner in proportion to the available cash of Wireline LP distributed or advanced to such partners in respect of such year (other than distributions which are used by the partner to repay prior advances to Wireline LP). The amount of income allocated to a partner may exceed or be less than the amount of cash distributed or advanced by Wireline LP to that partner.

Financial Year End

The financial year end of Wireline LP will be December 31.

Limited Liability

It is intended that Wireline LP will operate in a manner as to ensure to the greatest extent possible the limited liability of the limited partners. Limited partners may lose their limited liability in certain circumstances.
If limited liability is lost by reason of the negligence of Wireline GP in performing its duties and obligations as the general partner under the Wireline LP Partnership Agreement, Wireline GP, as the general partner of Wireline LP, will indemnify the limited partners against all claims arising from assertions that their respective liabilities are not limited as intended by the Wireline LP Partnership Agreement.

Reimbursement of the General Partner

Wireline LP will reimburse Wireline GP, as the general partner of Wireline LP, for all direct costs and expenses incurred by it in the performance of its duties on behalf of Wireline LP, under the Wireline LP Partnership Agreement.

Transfer of Partnership Units

The limited partnership units of Wireline LP are transferable only in accordance with the terms of the Wireline LP Partnership Agreement. Subject to the requirements of applicable securities laws, including any requirements of the TSX (if any), limited partnership units of Wireline LP may be transferred subject to the following limitations: no limited partnership units of Wireline LP may be transferred to any person that (i) is a non-resident of Canada for purposes of the Tax Act, (ii) is non-Canadian for purposes of applicable regulatory laws and instruments including the Broadcasting Act, the Radiocommunication Act and the Telecommunications Act (as applicable), or (iii) is not a corporation licensed under the Broadcasting Act with respect to the broadcasting undertakings and/or broadcasting distribution undertakings of Wireline LP (as applicable and only if then required). Any transferee shall become a limited partner and be bound by the Wireline LP Partnership Agreement.

In addition to the foregoing, the Wireline LP Partnership Agreement will provide that no holder of Wireline Exchangeable LP Units will be permitted to transfer such Wireline Exchangeable LP Units, other than in connection with the exercise of Exchange Rights or the Liquidity Right under the Investor Liquidity and Exchange Agreement, unless: (i) such transfer would not require that the transferee make an offer to holders of Units to acquire such Units on the same terms and conditions under applicable securities legislation, if such Wireline Exchangeable LP Units, and all other outstanding Wireline Exchangeable LP Units and Holdings Class 1 Exchangeable LP Units, were converted into Units at the then current exchange ratio in effect under the Investor Liquidity and Exchange Agreement immediately prior to such transfer; or (ii) the offeror acquiring such Wireline Exchangeable LP Units makes a contemporaneous identical offer for the Units (in terms of price, timing, proportion of securities sought to be acquired and conditions and at the then current exchange ratio in effect under the Investor Liquidity and Exchange Agreement) and does not acquire such Wireline Exchangeable LP Units unless the offeror also acquires a proportionate number of Units actually tendered to such identical offer.

The Special Voting Units issued to Bell Canada in connection with Wireline Exchangeable LP Units will be transferable to affiliates of BCE independently of such Wireline Exchangeable LP Units, provided that BCE directly or indirectly owns 100% of the common shares of such affiliate or, in the case of a limited partnership, BCE directly or indirectly owns 100% of the common shares of the general partner. Unless the transfer is made to an affiliate of BCE as contemplated in the preceding sentence, a Wireline Exchangeable LP Unit may only be transferred together with the related Special Voting Unit.

Amendment

The Wireline LP Partnership Agreement may be amended with the prior consent of the holders of at least 66 2/3% of the limited partnership units voted on at a duly constituted meeting or by a written resolution of partners holding all the limited partnership units of Wireline LP which would have been entitled to vote at a duly constituted meeting (a “Wireline LP Special Resolution”), except for certain amendments, which require unanimous approval of holders of limited partnership units of Wireline LP, including: (i) altering the ability of the limited partners to remove Wireline GP as general partner; (ii) changing the liability of any limited partner; (iii) changing the right of a limited partner to vote at any meeting, (iv) changing the priority of distributions or the priority of the distribution of proceeds on liquidation, dissolution or winding up of Wireline LP; or (v) changing Wireline LP from a limited partnership to a general partnership.
Notwithstanding the foregoing, no amendment which would adversely affect the rights and obligations of Wireline GP, as general partner, may be made without its consent, and Wireline GP may make amendments to the Wireline LP Partnership Agreement without the consent of the limited partners to reflect: (i) a change in the name of Wireline LP or the location of the principal place of business of Wireline LP or the registered office of Wireline LP; (ii) a change in the governing law of Wireline LP to any other province of Canada; (iii) admission, substitution, withdrawal or removal of limited partners in accordance with the Wireline LP Partnership Agreement; (iv) a change that, as determined by Wireline GP, is reasonable and necessary or appropriate to qualify or continue the qualification of Wireline LP as a limited partnership in which the limited partners have limited liability under the applicable laws; (v) a change that, as determined by Wireline GP, is reasonable, necessary or appropriate to enable Wireline LP to take advantage of, or not be detrimentally affected by, changes in any applicable laws; (vi) a change to amend or add any provision, or to cure any ambiguity or to correct or supplement any provisions contained in the Wireline LP Partnership Agreement which may be defective or inconsistent with any other provision contained in the Wireline LP Partnership Agreement or the Investor Liquidity and Exchange Agreement or which should be made to make the Wireline LP Partnership Agreement consistent with the disclosure set out in this Information Circular relating to the Arrangement; or (vii) a change that, as determined by Wireline GP, does not materially adversely affect the limited partners.

Meetings

Wireline GP may call meetings of partners and will be required to convene a meeting on receipt of a request in writing of the holder(s) of not less than 10% of the outstanding limited partnership units. Each partner is entitled to one vote for each limited partnership unit held.

Investor Liquidity and Exchange Agreement

The Investor Liquidity and Exchange Agreement provides for certain exchange rights and liquidity rights granted to the holders of the Wireline Exchangeable LP Units. See “Description of Holdings LP — Investor Liquidity and Exchange Agreement”.

DESCRIPTION OF WIRELINE GP

General

Following Closing, Wireline GP (the successor of Aliant) will be a corporation existing under the CBCA which will act as the general partner of Wireline LP. Immediately following Closing, Holdings LP will own 100% of the outstanding common shares of Wireline GP.

Functions and Powers of Wireline GP

Wireline GP has, subject to the Securityholders’ Agreement, exclusive authority to manage the business and affairs of Wireline LP, to make all decisions regarding the business of Wireline LP and to bind Wireline LP. Wireline GP is to exercise its powers and discharge its duties honestly, in good faith and in the best interests of Wireline LP and to exercise the care, diligence and skill of a reasonably prudent Person in comparable circumstances. The authority and power of Wireline GP to manage the business and affairs of Wireline LP includes all authority necessary or incidental to carry out the objects, purposes and business of Wireline LP, including without limitation the ability to hire or retain, on behalf of Wireline LP, employees, agents and consultants to carry out the objects, purposes and business of Wireline LP. Wireline GP cannot dissolve Wireline LP or wind up Wireline LP’s affairs except in accordance with the provisions of the Wireline LP Partnership Agreement.

Withdrawal or Removal of Wireline GP

Wireline GP may resign on not less than 180 days’ written notice to the limited partners of Wireline LP provided that Wireline GP may not resign if the effect would be to dissolve Wireline LP. Any successor general partner of Wireline LP must, unless otherwise agreed by the limited partners, have the same ownership and governance structure and must become a party to the Securityholders’ Agreement.
Wireline GP may not be removed as general partner of Wireline LP by the limited partners unless:
(i) Wireline GP has committed a material breach of the Wireline LP Partnership Agreement, which breach has
continued for 30 days after notice thereof, and that removal is also approved by a Wireline LP Special
Resolution; or (ii) the shareholders or directors of Wireline GP pass a resolution in connection with the
bankruptcy, dissolution, liquidation or winding-up of Wireline GP, or Wireline GP commits certain other acts of
bankruptcy or ceases to be a subsisting corporation, provided in each case that certain other conditions are
satisfied, including a requirement that a successor general partner with the same ownership and governance
structure at the relevant time agrees to act as general partner under the Wireline LP Partnership Agreement.

**Directors**

The Board of Directors of Wireline GP will initially be the same as the Board of Directors of GP.

**DESCRIPTION OF BNG**

BNG was incorporated on May 1, 1969 under the Companies Act (Québec) under the name Télécable Ltée. In
2002, BNG changed its name to Bell Nordiq Group Inc. as part of the reorganization that led to the creation of
Bell Nordiq Income Fund. Following completion of the Arrangement, all of the issued and outstanding common
shares of BNG will be held by Holdings LP. BNG acts as general partner, and owns 63.4% of the limited
partnership units, of each the Bell Nordiq Partnerships. For more information about BNG, see the annual
information form of BNG dated March 14, 2006 and the audited financial statements of BNG for the year ended
December 31, 2005 which are incorporated by reference into this Information Circular. See “Documents
Incorporated by Reference — Bell Nordiq Group Inc.” and “The Business of the Fund — Bell Nordiq
Group Inc.”.

**RISK FACTORS**

Below are certain risk factors relating to the Fund Group that Common Shareholders and Preferred
Shareholders should carefully consider before deciding whether to approve the Arrangement Resolution. The
following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and
must be read in conjunction with, the detailed information appearing elsewhere in this Information Circular.
These risks and uncertainties are not the only ones facing the Fund Group. Additional risks and uncertainties
not currently known to the Fund Group, or that the Fund Group currently considers immaterial, may also impair
the operations of the Fund Group. If any such risks actually occur, the business, financial condition, or liquidity
and results of operations of the Fund Group, and the ability of the Fund to make distributions on the Units,
could be materially adversely affected.

The return on an investment in Units is not comparable to the return on an investment in a fixed-income
security. The recovery of an investor’s investment is at risk and the anticipated return on such investment is
based upon many performance assumptions. Although it is currently expected that the Fund will make monthly
cash distributions to Unitholders, these cash distributions may be reduced or suspended. The actual amount
distributed will depend upon various factors, including the operating and financial performance of Holdings LP,
the Bell Nordiq Partnerships and Wireline LP, obligations under credit facilities, working capital requirements
and future capital requirements. In addition, the market value of the Units may decline if the Fund is unable to
meet its cash distribution targets in the future, and that decline may be material.

**Risks Related to the Business**

**General**

There are trends and factors beyond the Fund Group’s control that affect its operations and business. Such
trends and factors include adverse changes in the conditions in the specific markets for the Fund Group’s
products and services, the conditions in the broader market for communications services and the conditions in
the domestic or global economy generally.

The Fund Group’s performance is affected by the general condition of the economy, with demand for
services and the amount of use tending to decline when economic growth and retail activity decline. Any
slowdown in global economic activity could make the overall economic environment more uncertain and could
have an important impact on the performance of the Canadian economy. However, it is not possible for the Fund Group to accurately predict economic fluctuations and the impact of such fluctuations on its performance.

It should be noted that local and long distance revenues are generally linked to fairly stable economic factors such as population changes, housing starts and general economic activity levels. Internet service revenues are likely to be related to more variable factors such as consumer discretionary spending on entertainment, the adoption of e-commerce and other on-line activities.

Risks relating to regulation, competition and technology may also affect the Fund Group’s ability to increase revenues and/or earnings from certain lines of business, such as local and long distance services. The Fund Group may therefore have to place increased emphasis on developing and realizing revenues through the provision of new and enhanced services with higher growth potential such as Internet and information technology services. There is a risk that these revenue sources, as well as the Fund Group’s cost savings efforts through further efficiency gains, will not grow or develop at a fast enough pace to offset the slowing growth in other areas of the Fund Group’s operations.

Pension Plan Funding

The Fund Group maintains defined benefit pension plans that have solvency funding deficiencies. The plans are exposed to general future valuation risk and required funding levels for 2006 and beyond may change as annual required actuarial valuations are completed. If the return on plan assets, interest on the obligation, or actual experience of the plans are better or worse than anticipated, valuations can result in either lower or higher minimum required contributions.

Higher cash contributions are gradually leading toward an improved going concern funding position for the defined benefit pension plans. As this occurs, Management is shifting the asset mix and strategies in the pension plan funds to mitigate the impact that future interest rate changes and investment returns will have on the plans’ funding position. As well, all of the Fund Group’s defined benefit pension plans are closed to new entrants, placing a cap on the future growth of these obligations.

Reliance on Systems

The Fund Group is reliant on systems as they enable the provision of services to customers, and the management of customer relationships, billings and inventory. These systems are made up of many integrated parts consisting of cable, equipment, buildings and towers, IT equipment, IT software and the related data. Operations depend on how well these components are protected against damage from fire, natural disaster, power loss, hacking, computer viruses, disabling devices, deliberate acts of vandalism, acts of war or terrorism, and other events. Any of these events could cause operations to be shut down indefinitely. As operator of the Combined Business, Wireline LP’s systems are connected with the systems of other telecommunications carriers, and Wireline LP relies on them to deliver some of its services. Any of the events mentioned previously, as well as strikes or other work disruptions, bankruptcies, technical difficulties or other events affecting the networks of these other carriers, could be detrimental to both customer relationships and operating results.

Changing Technology

The telecommunications industry is impacted by rapidly evolving technology and the related changes in customer demands, products and service capabilities, and prices. Technological developments are also shortening product life cycles and facilitating convergence of different segments of the increasingly global information industry. The Fund Group’s future success will be impacted by its ability to anticipate, invest in, and implement new technologies with the service level and prices that customers demand. Technological advances may also affect the Fund Group’s cash flow by shortening the useful life of some of its assets. There can be no assurance that the Fund Group’s existing technologies will satisfy future customer needs, that the Fund Group’s existing technologies will not become obsolete in light of future technological developments, or that the Fund Group will not have to make additional capital expenditures to upgrade or replace its technology. In addition, technological advances may well emerge that could reduce the costs of plant and equipment, thereby facilitating entry by potential competitors.
Software and System Upgrades

Many aspects of the Fund Group’s business, such as providing telecommunication services and customer billing, among others, depend to a large extent on various IT systems and software, which must be improved and upgraded regularly and replaced from time to time. Implementing system and software upgrades and conversions is a very complex process, which may have several adverse consequences including billing errors and delays in customer service. Any of these events could significantly damage the Fund Group’s customer relationships and business and have a material and negative effect on its results of operations.

Increasing Competition

In a series of decisions beginning in the late 1970s the CRTC has opened up competition in all product and services segments in which the Fund Group operates. The CRTC has also imposed a number of competitor safeguards and marketing restrictions on the operations of Wireline LP and other ILECs. The Fund Group therefore faces competition for most of the services it provides, with Atlantic Canada being among the most competitive telecommunications markets in North America for local residential service. The Atlantic Canadian population and economy are growing slowly compared to the rest of the country, yet the competitors are among the largest, nationally and internationally.

The Fund Group’s focus is on building trust-based relationships through collaboration with its customers. The Fund Group’s strategy includes enhancing services and packages to create compelling value, innovating with customers to provide complete integrated ICT solutions, improving its cost structure to enable greater price competitiveness, and expanding its IP network and capabilities to provide broader access and innovative solutions. Competition, and particularly changes in the competitive landscape, can place these strategies at risk. Management cannot predict what impact increased competition and the introduction of new services by competitors will have on the expected growth of its segments or on the pricing of its current services. In recognition of this, Management constantly monitors the marketplace and responds accordingly to ensure the Fund Group maintains its leadership position.

Changing Regulations

Overall regulatory environment

The business to be carried on by Wireline LP is affected by decisions made by the CRTC. Regulatory changes concerning the rates charged and the terms and conditions offered for price-regulated services influence Wireline LP’s operating procedures, costs and revenues. The outcome of future regulatory proceedings could have an impact on Wireline LP’s ability to compete effectively and on future revenues and costs.

Local services forbearance application

In April 2004, Aliant filed a forbearance application with the CRTC requesting it to stop regulating local residential telephone services in certain areas of Nova Scotia and Prince Edward Island where there is significant local residential competition for these services.

In addition to the forbearance request, interim relief was also requested from certain restrictions on promotions and certain rates that required CRTC approval until the CRTC ruled on the framework for local service forbearance. In August 2004, the CRTC determined that Aliant’s request for relief from the restrictions will be considered as part of a proceeding in which Aliant’s request for forbearance for local service will be addressed.

In CRTC Telecom Decision 2006-15 issued on April 6, 2006, the CRTC established a framework upon which it will grant forbearance for Local Service. The CRTC determined that Aliant does not meet all the five criteria required before forbearance is granted and dismissed Aliant’s application. It was determined in the decision that Aliant could refile for forbearance and the CRTC would handle the application in an expedited manner.

Quality of service rebates

In 2005, Aliant filed applications requesting that the CRTC exclude from the calculation of service quality related rebates, certain below-level service standards associated with the work stoppage of its unionized
workforce in 2004 and the residual effects of the lengthy disruption. A decision from the CRTC related to the 2004 reporting period is expected later in 2006. The outcome of the decision could negatively affect the Fund Group.

Deferral account

In the 2002 Price Cap Decision, the CRTC established deferral accounts to address concerns that ILEC price decreases for residential services based on the price cap formula would negatively affect competition. The Commission ordered ILECs to allocate the amount that would otherwise have been granted as annual price reductions into this notional account.

On February 16, 2006, the CRTC issued CRTC Telecom Decision 2006-9, where it estimated each ILEC’s deferral account amount, on an accumulated balance and future annualized commitment, at May 31, 2006.

In CRTC Telecom Decision 2006-9, the CRTC made the following orders to clear the accumulated balances in deferral accounts:

- The CRTC first directed each ILEC to allocate a minimum of 5% of the accumulated balance in its deferral account to improve access to telecommunications services for persons with disabilities.
- As to the remaining 95% of the funds in the deferral account, the CRTC addressed both broadband service investments and subscriber rebates. The CRTC concluded that each ILEC could use funds in its deferral accounts for initiatives to expand broadband services to rural and remote communities. ILECs which choose to invest in broadband are required to file a proposal with the CRTC by June 30, 2006 for approval to draw down qualified expenditures from their deferral accounts. If an ILEC chooses not to invest in broadband expansion, or invests in such expansion but has a balance remaining in its deferral account, the remaining funds will be rebated to the ILECs’ residential subscribers in non-high cost serving areas.

This decision also indicates that ILECs’ future annual deferral account obligations are to be eliminated by reducing monthly prices for primary exchange service and optional local services for residential customers in non-high cost serving areas. ILECs have been directed to file their rate proposals by May 15, 2006 and implement them on June 1, 2006. Finally, the decision notes that the extension of the Second Price Cap Period to May 31, 2007 will result in an additional annual deferral account obligation.

Current price cap regime extended

Current price cap rules applicable to Aliant Telecom and Bell Canada that were scheduled to expire in 2006 under the CRTC Price Cap Decision of May 2002, have been extended for one year to May 31, 2007. Prices for certain ILEC services will continue to be capped by an index calculated using a target productivity factor and an inflation measure. During years that inflation is lower than the target productivity factor, ILECs will be required to reduce certain retail prices.

The CRTC will begin a price cap review in 2006 after they have released their decision on local service forbearance. The outcome of this review could negatively affect the Fund Group.

VoIP Appeal

In conjunction with other Canadian ILECs, Aliant and Télebec LP filed a petition with the Governor-in-Council seeking fundamental change to the CRTC’s VoIP decision so as to eliminate regulation of VoIP services. The petition emphasized the fact that VoIP is indeed a different service than traditional landline access service and that the CRTC’s approach to regulating VoIP would ultimately harm innovation and competition in Canada.

If the CRTC’s decision is not altered, the Fund Group will be operating in an environment in which its VoIP services are subject to economic regulation while similar competitor services are not. This could negatively affect future revenue potential.
CRTC Subsidy Regime

In January 2001, the CRTC established a subsidy regime to compensate for a certain portion of costs incurred in serving high-cost serving areas (CRTC Telecom Decision 2000-745). Under this regime, a revenue percent charge is levied on all telecommunications service providers with annual Canadian telecommunications services revenues of more than $10 million. Management anticipates that this charge will be levied on the Fund Group. This charge is determined by the CRTC through a calculation that takes into account the shortfall incurred in serving high-cost service areas. The funds are collected and distributed by a central fund administrator. The level of the subsidy received by each ILEC is based on the shortfall between revenues collected in high-cost serving areas and the cost of providing service in those areas. The level of subsidy received by each ILEC is updated annually and takes into account (CRTC Telecom Decision 2002-34):

(i) the annual costs of the ILEC’s SIP for high-cost serving areas;

(ii) an adjustment of inflation minus the annual productivity offset of 3.5% of the annual costs (excluding SIP costs); and

(iii) current rate levels.

The level of the revenue percent charge and the level of subsidy to be received in the following year are set out annually by the CRTC in a decision issued before year end (for 2006, in CRTC Telecom Decision 2005-68). The outcome of future decisions regarding the level of revenue percent charge and the level of subsidy to be received could have an impact on Wireline LP’s ability to compete effectively and on future revenues and costs.

Legal Contingencies and Changes In Laws

Management reviews all legal proceedings and makes an assessment of the likelihood of a negative outcome and the estimated impact. Losses are accrued for when a potential loss is deemed probable and its impact can be reasonably estimated. However, pending or future litigation could still have a material and negative effect on results of operations, cash flows and financial position of the Fund Group. Significant legal contingencies relating to Aliant are described in the annual information form of Aliant dated March 29, 2006 which is incorporated herein by reference.

In addition, the adoption of new laws, changes in laws or changes in their interpretation, including changes in tax laws or rates, could materially or negatively affect the results of operations, cash flows and financial position of the Fund Group. A Telecommunications Policy Review Panel appointed by the Minister of Industry issued its report on March 22, 2006, proposing significant changes in the way that telecommunications services are regulated, including recommendations to substantially deregulate incumbents’ retail and certain wholesale telecommunications services. If some or all of these recommendations are implemented, they may have an impact on the ability of Wireline LP to compete effectively and on future telecommunications costs and revenues.

Capital Management Risks

The financial transactions the Fund Group participates in may expose it to credit, foreign currency, interest rate and financial instrument risks.

Labour Relations and Reliance on Key Personnel

The Fund Group’s labour relations have historically been good, aside from temporary labour disruptions. There can be no assurance that a productive and efficient labour environment will be maintained.

Skilled and experienced telecommunications personnel are in high demand as a result of the strong growth and competitiveness of the telecommunications market. The Fund Group may find it increasingly difficult to attract and to retain the necessary resources to meet its needs. It is possible that additional incentives may be required and that some initiatives may be jeopardized if skill shortages occur.
Expenditures, Capital and Demand for Services

As the Fund Group updates its networks, products and services to remain competitive, it may be exposed to incremental financial risks associated with newer technologies that are subject to accelerated obsolescence. To the extent that the Fund Group fails to make the expenditures on new and existing capital programs, it may cease to be competitive in the Wireline Territory. However, if such capital expenditures are made, the Fund Group may risk incurring substantial expenditures to acquire assets with little commercial or economic value.

An increasingly important driver for network and infrastructure investments is the growth of Internet traffic. This traffic is driven by residential and business Internet usage and has overtaken the volume of voice telephony traffic on many routes. It is uncertain to what extent this traffic will continue to exhibit high growth rates as high-speed Internet services are deployed and bandwidth intensive applications, such as video, are increasingly downloaded by users. Significant upgrades to network capacity will be required to sustain service levels if Internet data traffic growth rates remain as high as they are today.

Relationship with Bell Canada; Allocation of Business Opportunities

Bell Canada and certain of its affiliates and associates have substantial global operations and greater financial, technical and operational resources than the Fund Group. As described above, see “The Business of the Fund — Commercial Agreements with Bell Canada”, in connection with the Arrangement, Wireline LP and Bell Canada will enter into a series of long term Commercial Agreements which are to provide Wireline LP with the commercial and telecommunications services required for it to operate the wireline and Internet access operations previously operated by Bell Canada in the Bell Canada Regional Territory as well as to continue to receive the commercial and telecommunications services that Bell Canada was providing to Aliant in Atlantic Canada prior to the Arrangement. The Commercial Agreements will also impose general obligations on Bell Canada and Wireline LP to use exclusively certain services provided by the other party or its affiliates in the territories to be specified in the Commercial Relationship Management Agreement and are to provide Wireline LP with the exclusive right to offer in the Wireline Territory all new products and services (other than mobile wireless services and satellite broadcast services) offered by Bell Canada or its affiliates in the Bell Territory.

In the event that the Commercial Relationship Management Agreement were to be terminated, Bell Canada, the Fund Group and their respective affiliates, associates or operating companies could thereafter compete with each other, and Wireline LP would no longer have the exclusive right to offer in the Wireline Territory new products and services offered by Bell Canada or its affiliates.

Following the Arrangement, the Fund Group will have access to technical, operational and human resources from Bell Canada and its affiliates under a number of the Commercial Agreements. Access to those resources is not exclusive and there is no guarantee that current arrangements will continue to be available indefinitely in their present form or that the conditions under which these resources have been secured will not change.

BCE will have Governance Rights following the Completion of the Arrangement

Following the completion of the Arrangement, BCE will have a number of governance rights with respect to the Fund and its operating entities, including Wireline LP, pursuant to the terms of the Securityholders’ Agreement. Pursuant to the terms of this agreement, the Fund and its operating entities, including Wireline LP, must obtain BCE’s consent prior to entering into various transactions such as, among other things, certain mergers, joint ventures, asset sales, and other material transactions. In addition, BCE and its affiliates will have certain rights with respect to the appointment of directors of GP and Wireline GP and the nomination of Trustees of the Fund. See “Trustees, Directors and Management — Securityholders’ Agreement.” BCE has complete discretion with respect to the exercise of these rights. As a result of this, the Fund and its operating entities, including Wireline LP, may be restricted from entering into or carrying out transactions or activities that they may otherwise wish to do.
Risks Relating to the Units

Dependence on Holdings LP, Wireline LP and the Bell Nordiq Partnerships

The Fund is an open-ended, limited purpose trust, which will, for purposes of its income, be entirely dependent on Holdings LP, on Wireline GP and Wireline GP’s interests in Wireline LP, and on BNG and BNG’s interests in each of Télécob LP and NorthernTel LP. Although the Fund intends to distribute the interest on the Trust Notes and distributions on the Trust Units earned by the Fund, less expenses and amounts, if any, paid by the Fund in connection with the redemption of Units, there can be no assurance regarding the Fund’s ability to make distributions, which remains dependent upon the ability of the Trust to pay its interest obligations under the Trust Notes and to pay distributions or returns of capital in respect of the Trust Units, which ability, in turn, is dependent upon the operations and assets of Wireline LP, Télécob LP and NorthernTel LP.

Leverage and Restrictive Covenants

At Closing, Wireline LP expects to enter into the New Credit Facilities. See “Financing Arrangements — New Credit Facilities”. The degree to which Wireline LP is leveraged could have important consequences to Unitholders, including the following: (i) the ability of Wireline LP to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited; (ii) a material portion of Wireline LP’s cash flow operations may need to be dedicated to payment of the principal of and interest on indebtedness, thereby reducing funds available for future operations and to pay distributions; (iii) certain of the borrowings under the New Credit Facilities may be at variable rates of interest, which exposes Wireline LP to the risk of increased interest rates; and (iv) Wireline LP may be more vulnerable to economic downturns and be limited in its ability to withstand competitive pressures. Wireline LP’s ability to make scheduled payments of principal and interest on, or to refinance, its indebtedness will depend on its future operating performance and cash flows, which are subject to prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond its control.

The ability of Wireline LP to make distributions or make other payments or advances will be subject to applicable laws and contractual restrictions contained in the instruments governing any indebtedness of Wireline LP (including the proposed New Credit Facilities). The New Credit Facilities will contain restrictive covenants customary for credit facilities of this nature, including covenants that limit the discretion of management with respect to certain business matters. In addition, the New Credit Facilities will contain a number of financial covenants that will require Wireline LP to meet certain financial ratios and financial tests. A failure to comply with the obligations in the proposed New Credit Facilities could result in an event of default that, if not cured or waived, could permit acceleration of the relevant indebtedness. If the indebtedness under the New Credit Facilities were to be accelerated, there can be no assurance that the assets of Wireline LP would be sufficient to repay in full that indebtedness.

Wireline LP may need to refinance the New Credit Facilities at the conclusion of their terms, and there can be no assurance that Wireline LP will be able to do so or be able to do so on terms as favourable as the proposed New Credit Facilities. If Wireline LP is unable to refinance the New Credit Facilities or is only able to refinance the New Credit Facilities on less favourable and/or more restrictive terms, this may have a material adverse effect on Wireline LP’s financial position, which may result in a reduction or suspension of cash distributions to Unitholders. In addition, the terms of any new credit facility may be less favourable or more restrictive than the terms of the New Credit Facilities, which may indirectly limit or negatively impact the ability of the Fund to pay cash distributions to Unitholders.

Unpredictability and Volatility of Unit Price

A publicly-traded income trust will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Units will trade cannot be predicted. The market price of the Units could be subject to significant fluctuations in response to variations in quarterly operating results, distributions and other factors. The annual yield on the Units as compared to the annual yield on other financial instruments may also influence the price of Units in the public trading markets. In addition, the securities markets have experienced significant price and volume fluctuations from time to time in recent years that often
have been unrelated or disproportionate to the operating performance of particular issuers. These broad fluctuations may adversely affect the market price of the Units.

**Nature of Units**

The Units are not “deposits” within the meaning of the Canada Deposit Insurance Corporation Act and are not insured under the provisions of that Act or any other legislation. Furthermore, the Fund is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company. In addition, although the Fund is intended to qualify as a “mutual fund trust” as defined by the Tax Act, the Fund will not be a “mutual fund” as defined by applicable securities legislation.

Securities like the Units are hybrids in that they share certain attributes common to both equity securities and debt instruments. The Units do not represent a direct investment in the business of Wireline LP, Télécab LP and NorthernTel LP and should not be viewed by investors as shares or interests in such entities or any other company. The Units do not represent debt instruments and there is no principal amount owing to Unitholders under the Units. As holders of Units, Unitholders will not have statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions. Each Unit represents an equal, undivided, beneficial interest in the Fund. The Fund’s principal assets will be Trust Units and Trust Notes. The price per Unit is expected to be a function of the Fund’s anticipated distributable cash at any time, which is in turn dependent on the distributable cash distributed upstream by Wireline LP and BNG.

**Cash Distributions Are Not Guaranteed and Will Fluctuate with the Performance of the Business**

Although the Fund intends to distribute the income earned by the Fund, less expenses and amounts, if any, paid by the Fund in connection with the redemption of Units, there can be no assurance regarding the amounts of cash distributions distributed upstream by Wireline LP, Télécab LP and NorthernTel LP and, in turn, Holdings LP and, thus, eventually available for distribution by the Fund. The actual amount of distributions paid in respect of the Units will depend upon numerous factors, all of which are susceptible to a number of risks and other factors beyond the control of the Fund and Wireline LP, Télécab LP and NorthernTel LP. Distributions are not guaranteed and will fluctuate with the performance of Wireline LP, Télécab LP and NorthernTel LP. Wireline LP, Télécab LP and NorthernTel LP have the discretion to establish cash reserves for the proper conduct of their business. Adding to these reserves in any year would reduce the amount of distributable cash and, hence, of cash available for distributions in that year. Accordingly, there can be no assurance regarding the actual levels of distributions by the Fund.

**Structural Subordination of the Units**

In the event of a bankruptcy, liquidation or reorganization of a member of the Fund Group (other than the Fund), holders of certain of their indebtedness and certain trade creditors will generally be entitled to payment of their claims from the assets from such entities before any assets are made available for upstream distribution, eventually to the Fund. Upon completion of the Arrangement, the Units will be effectively subordinated to the credit facilities and most of the other indebtedness and liabilities of the Fund Group. None of the members of the Fund Group will be limited (other than pursuant to their credit facilities) in their respective ability to incur secured or unsecured indebtedness.

**Capital Investment**

The timing and amount of capital expenditures by Wireline LP, Télécab LP and NorthernTel LP will directly affect the amount of distributable cash available for them to distribute, including, ultimately, the cash available for distributions to Unitholders. Such distributions may be reduced, or even eliminated, at times when management or the boards of members of the Fund Group deem it necessary to make significant capital or other expenditures.

Distributable cash may be dependent upon the ability of Wireline LP, Télécab LP and NorthernTel LP to fund a portion of their capital expenditures and working capital with cash generated from operations. The Fund may be required to reduce distributions or sell additional Units in order to accommodate these items. There can be no assurance that sufficient capital will be available on acceptable terms to the Fund for necessary or desirable capital expenditures or that the amount required will be the same as currently estimated.

139
Restrictions on Potential Growth

The payout by Wireline LP, Téléclic LP and NorthernTel LP of a substantial portion of their operating cash flow will make additional capital and operating expenditures dependent on increased cash flow or additional financing in the future. Lack of those funds could limit the future growth of Wireline LP, Téléclic LP and NorthernTel LP and their cash flow.

Limitation on Non-Resident Ownership

The Fund Declaration of Trust imposes various restrictions on Unitholders. Non-Resident Unitholders are prohibited from beneficially owning more than 45% of Units (on a non-diluted and fully-diluted basis). In addition, the Fund Declaration of Trust contains a provision prohibiting non-Canadians (for purposes of the Broadcasting Act, the Radiocommunication Act and the Telecommunications Act) from owning more than 20% of the Units. These restrictions may limit (or inhibit the exercise of) the rights of certain persons, including Non-Residents and non-Canadians, to acquire Units, to exercise their rights as Unitholders and to initiate and complete take-over bids in respect of the Units. As a result, these restrictions may limit the demand for Units from certain Unitholders and thereby adversely affect the liquidity and market value of the Units held by the public.

Redemption Right

It is anticipated that the redemption right will not be the primary mechanism for Unitholders to liquidate their investment. Upon a redemption of Units, the Trustees may distribute securities or other property held by the Fund, including Series 2 Exchange Notes and Series 3 Exchange Notes, to the redeeming Unitholders, subject to obtaining any required regulatory approvals and complying with the requisite terms and conditions of such approvals. The property so distributed may not be qualified investments for trusts governed by Plans depending upon the circumstances at the time.

Additionally, such securities, including Series 2 Exchange Notes and Series 3 Exchange Notes, are not expected to be listed on any stock exchange and no established market is expected to develop in such securities and they may be subject to resale restrictions under applicable securities laws.

Dilution

The Fund Declaration of Trust authorizes the Fund to issue an unlimited number of Units for the consideration and on those terms and conditions as are established by the Trustees without the approval of any Unitholders. Any further issuance of Units will dilute the interests of existing Unitholders.

Future Sales of Units

The sales of a substantial number of Units in the public market in the future could adversely affect the prevailing market price of the Units and could impair the Fund’s ability to raise additional capital through an offering of its equity securities.

Distribution of Trust Units and Trust Notes or other Securities on Termination of the Fund

Upon termination of the Fund, the Trustees may distribute the Trust Units and the Trust Notes or any other downstream assets owned directly by the Fund (including shares of Wireline GP and BNG) to the Unitholders, subject to obtaining all required regulatory approvals. There is currently no market for the Trust Units, Trust Notes or any of the other foregoing assets and there may be no market for such assets. In addition, except for Aliant Common Shares (which will be delisted following completion of the Arrangement), none of the foregoing assets are freely tradeable, nor are any of them currently listed on any stock exchange or qualified investments for Plans.

Absence of Prior Public Market

The Fund is a newly-formed unincorporated trust. The Fund cannot predict the price at which the Units will trade and there can be no assurance that an active trading market in the Units will develop or be sustained. Units of a publicly-traded income fund will not necessarily trade at values determined solely by reference to the
underlying value of its assets. One of the factors that may influence the market price of the Units is the annual yield on the Units. An increase in market interest rates may lead purchasers of Units to demand a higher annual yield and this could adversely affect the market price of the Units. In addition, the market price for the Units may be adversely affected by changes in general market conditions, fluctuations in the market for equity or debt securities and numerous other factors beyond the control of the Fund.

**Tax Related Risks**

*Canadian Income Tax Matters*

There can be no assurance that the Units will continue to be qualified investments for Plans.

If the Fund ceases to qualify as a “mutual fund trust” under the Tax Act, the income tax considerations described herein under the heading “Certain Canadian Federal Income Tax Considerations” would be materially and adversely different in certain respects.

There can be no assurance that Canadian federal income tax laws and administrative policies respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects Unitholders. On September 8, 2005, the Canadian federal Department of Finance released a consultation paper on tax and other issues related to publicly listed flow-through entities, including income funds. The focus of the paper was to, among other things, assess whether the tax system should be modified. On November 23, 2005, the Minister of Finance announced the end of this consultation process and tabled in the House of Commons a Notice of Ways and Means Motion to enhance the dividend gross-up and the credit mechanism applicable to certain eligible dividends paid by large Canadian corporations after 2005. No measures were announced with respect to the taxation of flow-through entities and their investors. No assurance may be given that further review of the tax treatment of flow-through entities will not be undertaken or that Canadian federal income tax law respecting flow-through entities will not be changed in a manner which adversely affects the Fund and the Unitholders. To the extent that changes are made, such changes could result in the income tax considerations described under the heading “Certain Canadian Federal Income Tax Considerations” being materially different in certain respects.

The general partners of Holdings LP and Wireline LP will allocate the respective incomes of such partnerships among their respective partners in accordance with the terms of the related partnership agreements. See “Description of Holdings LP — Allocation of Net Income and Losses” and “Description of Wireline LP — Allocation of Net Income and Losses”. The Tax Act contains provisions which permit a reallocation of partnership income or loss among members of a partnership where the agreed-upon allocation is not reasonable in the circumstances. Management has advised counsel that it believes such allocations are reasonable in the circumstances. There can be no assurance that taxation authorities will not seek to challenge such allocation. If such challenge were to succeed the amount of cash available to the Fund for distribution to Unitholders could be affected adversely.

The contribution of property by Aliant Amalco to Wireline LP under the Plan of Arrangement is intended to occur on a tax deferred basis to Aliant Amalco. Also as part of the Arrangement, Wireline LP will transfer the Wireless Assets and the common shares of DownEast Ltd. to Bell Canada in partial exchange for certain assets of the Bell Canada Regional Wireline Operation. See “The Arrangement — Arrangement Steps”. Aliant, BCE and Bell Canada have applied to CRA for an advance income tax ruling to confirm certain of the tax consequences of such contribution and exchange. Such ruling, if issued, will be based on certain conditions. No ruling has been requested from any other taxing authority. There can be no assurance that taxation authorities will not seek to challenge matters not addressed in the ruling, if any, or whether the conditions of the ruling have been complied with. A successful challenge may result in additional income tax payable by Wireline GP, thereby adversely affecting the amount of cash available to the Fund for distribution to Unitholders.

Income fund structures generally involve significant amounts of inter-company or similar debt, generating substantial interest expense, which serves to reduce earnings and therefore income tax payable. There can be no assurance that taxation authorities will not seek to challenge the amount of interest expense deducted. If such a challenge were to succeed against Wireline GP or BNG, it would materially adversely affect the amount of cash available to the Fund for distribution to Unitholders. The Fund believes that the interest expense inherent in the structure of the Fund Group is supportable and reasonable in light of the terms of the related indebtedness. On
October 31, 2003, the Department of Finance released, for public comment, proposed amendments to the Tax Act that relate to the deductibility of interest and other expenses for income tax purposes. In general, the proposed amendments may deny the realization of losses in respect of a business or property if there is no reasonable expectation that the business or property will produce a cumulative profit over the period that the business can reasonably be expected to be carried on or the property is held. As part of the release of the February 23, 2005 Federal Budget, the Minister of Finance announced that many commentators had expressed concern with the October 31, 2003 proposals; in particular that a codification of the “reasonable expectation of profit” test might inadvertently limit the deductibility of a wide variety of ordinary commercial expenses. The Department of Finance has sought to respond by developing a more modest legislative initiative that would respond to those concerns while still achieving the Government’s objectives. The Department of Finance indicated that it will release an alternative proposal for public comment at its earliest opportunity. Management has advised counsel that it does not believe that the amendments as proposed on October 31, 2003 will have a material effect on the tax position of members of the Fund Group.

Interest on the AcquisitionCo Notes and the subordinated notes of BNG will be included in the income of Holdings LP for Canadian federal income tax purposes on an accrual basis, whether or not actually paid. The Trust is, in turn, required to include in its income its share of the income of Holdings LP for each year. A sufficient amount of the annual net income (including net realized capital gains) of the Trust for each year is intended to be paid or payable each year to the Fund in order to eliminate the Trust’s liability under Part I of the Tax Act. Such amount will thereby be included in the income of the Fund for that year as sole unitholder of the Trust. A sufficient amount of the Fund’s annual net income (including net realized capital gains) is intended to be paid or payable each year to Unitholders in order to eliminate the Fund’s liability for tax under Part I of the Tax Act. Where such amount of net income of the Fund in a taxation year exceeds the cash available for distribution in the year, such excess net income will be distributed to Unitholders in the form of additional Units. Unitholders will be required to include an amount equal to such excess net income in their income for tax purposes, in circumstances where they do not receive a corresponding cash distribution.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, counsel to Aliant and the Fund, the following is, as of the date of this Information Circular, a general summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to Common Shareholders who at all relevant times, for purposes of the Tax Act, are resident in Canada, deal at arm’s length with and are not affiliated with Aliant or the Fund and hold their Aliant Common Shares and will hold their Units as capital property. Generally, Aliant Common Shares and Units will be considered to be capital property to a Common Shareholder or Unitholder provided that the Common Shareholder or Unitholder does not hold the Aliant Common Shares or Units in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Common Shareholders or Unitholders who might not otherwise be considered to hold their Aliant Common Shares and Units as capital property may, in certain circumstances, be entitled to have them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This summary is not applicable to a Common Shareholder or Unitholder that is a “financial institution” (as defined in the Tax Act for purposes of the mark-to-market rules), a “specified financial institution” or a Common Shareholder or Unitholder an interest in which is a “tax shelter investment” (all as defined in the Tax Act). In addition, this summary does not address the deductibility of interest by a Unitholder in respect of borrowed money used to acquire Aliant Common Shares or Units.

This summary is based upon the provisions of the Tax Act in force at the date of this Information Circular and counsel’s understanding of the current published administrative and assessing practices of the CRA publicly available prior to the date of this Information Circular and certain certificates. This summary takes into account all specific proposals (the “Tax Proposals”) to amend the Tax Act which have been publicly announced by or on behalf of the Canadian federal Minister of Finance prior to the date of this Information Circular. There can be no assurance that the Tax Proposals will be implemented in their current form or at all. This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, or changes in the administrative and assessing practices of the CRA, and does not take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed in this Information Circular.
This summary is not exhaustive of all possible Canadian federal tax considerations applicable to the transactions described herein. Except as disclosed under the heading “Risk Factors — Tax Related Risks”, no advance income tax ruling has been applied for or obtained from the CRA to confirm the tax considerations described herein. Moreover, the income and other tax consequences will vary depending on the Common Shareholder’s or Unitholder’s particular circumstances, including the province or provinces in which the Common Shareholder or Unitholder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any Common Shareholder or Unitholder. Common Shareholders or Unitholders should consult their own tax advisors for advice with respect to the tax consequences of these transactions based on their particular circumstances.

November 23, 2005 Notice of Ways and Means Motion

On September 8, 2005, the Department of Finance released a consultation paper on tax and other issues related to publicly listed flow-through entities, including income funds. The focus of the paper was to, among other things, assess whether the tax system should be modified. On November 23, 2005, the Minister of Finance announced the end of this consultation process and tabled in the House of Commons a Notice of Ways and Means Motion to enhance the dividend gross-up and tax credit mechanism applicable to certain eligible dividends payable by large Canadian corporations after 2005. No measures were announced with respect to the taxation of flow-through entities or their investors.

The Arrangement

Exchange of Aliant Common Shares for Units

A Common Shareholder (including a Small Lot Common Shareholder) who exchanges Aliant Common Shares for Units under the Arrangement will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition for the Aliant Common Shares, net of any reasonable costs of disposition, exceed (or are less than) the aggregate adjusted cost base to the Common Shareholder of the Aliant Common Shares so exchanged. For this purpose, the proceeds of disposition will be the fair market value at the time of the exchange of the Units received. See the discussion below under “— Taxation of Unitholders — Taxation of Capital Gains and Capital Losses”.

The cost of the Units received in exchange for the Aliant Common Shares will be equal to the fair market value of the Units at the time of the exchange.

Dissenting Shareholder

A Dissenting Shareholder will be entitled, in the event the Arrangement becomes effective, to be paid by Aliant the fair value of the Aliant Common Shares held by such Common Shareholder determined as of the appropriate date. See “The Arrangement — Dissent Rights”. Although the matter is not free from doubt, it appears that such shareholder will be deemed to have received a taxable dividend equal to the amount by which the amount received (other than in respect of interest awarded by the Court) exceeds the paid-up capital for the purposes of the Tax Act of the Aliant Common Shares held by such Common Shareholder at that time. The taxation of dividends is described below under “— Taxation of Unitholders — Fund Distributions”. Where the Dissenting Shareholder is a corporation, in some circumstances, the amount of such deemed dividend may be treated as proceeds of disposition and not as a dividend. The Common Shareholder will also be considered to have disposed of the Aliant Common Shares and to have realized a capital gain (or loss) equal to the amount by which the proceeds of disposition for the Aliant Common Shares, net of any reasonable costs of disposition, exceed (or are less than) the aggregate adjusted cost base to the Common Shareholder after Aliant Common Shares so disposed of. For this purpose, the proceeds of disposition will be equal to the amount received less the amount of any deemed dividend referred to above and interest awarded by the Court. See the discussion below under “— Taxation of Unitholders — Taxation of Capital Gains and Capital Losses”. Interest awarded to a Dissenting Shareholder by the Court will be included in the shareholder’s income for the purposes of the Tax Act. Additional income tax considerations may be relevant to Dissenting Shareholders who fail to perfect or withdraw their claims pursuant to the right of dissent. Because the treatment of Dissenting Shareholders is unclear, Dissenting Shareholders are urged to consult their own tax advisors.
Sale of Units on Behalf of Small Lot Common Shareholders

A Small Lot Common Shareholder whose Units are sold on his or her behalf will be considered to have disposed of his or her Units and will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition net of any reasonable costs of disposition, exceeds (or is less than) the Small Lot Common Shareholder’s adjusted cost base of his or her Units. See “— Taxation of Unitholders — Taxation of Capital Gains and Capital Losses” below.

Status of the Fund

Mutual Fund Trust

This summary is based on the assumption that the Fund will qualify as a “mutual fund trust” as defined in the Tax Act on completion of the Arrangement, will elect to be deemed to be a mutual fund trust from the date it is established and will thereafter continuously qualify as a mutual fund trust at all relevant times. If the Fund were not to qualify as a mutual fund trust, the income tax considerations described below would, in some respects, be materially different.

In order for the Fund to qualify as a mutual fund trust, it must satisfy various requirements, including a requirement that the Fund must not have been established or maintained primarily for the benefit of non-resident persons. On September 16, 2004, the Canadian federal Minister of Finance released draft amendments to the Tax Act relating to the circumstances under which the ownership of units of a trust by Non-Residents would cause the trust to lose its status as a mutual fund trust. Under the draft amendments, a trust would lose its status as a mutual fund trust if the aggregate fair market value of all units issued by the trust held by one or more Non-Residents is more than 50% of the aggregate fair market value of all the units issued by the trust. The draft amendments did not provide any means of rectifying a loss of mutual fund trust status such that, if, at any time, the Fund were to lose its mutual fund trust status as a result of the application of the draft amendments, the Fund would permanently cease to be a mutual fund trust. On December 6, 2004, the Minister of Finance tabled a Notice of Ways and Means Motion which did not include these proposed amendments and announced that further discussions will be pursued with the private sector in this respect.

Qualified Investment

Units will be qualified investments for Plans, subject to the specific provisions of any particular Plan. If the Fund ceases to qualify as a mutual fund trust, the Units will cease to be qualified investments for those Plans. Trust Notes or other property received as a result of a redemption of Units may not be qualified investments for a Plan, and this could give rise to adverse consequences to the Plan or the annuitant under the Plan. Accordingly, Plans that own Units should consult their own tax advisors before deciding to exercise the redemption rights attached to the Units.

The foreign property restrictions in the Tax Act were eliminated effective January 1, 2005.

2004 Budget Proposals

On March 23, 2004, the Minister of Finance announced proposed amendments to the Tax Act (the “2004 Budget Proposals”) that would subject trusts governed by registered pension plans, pension corporations and various tax-exempt pension investment corporations to a special tax in respect of investments in “business income trusts” in certain circumstances. Under the 2004 Budget Proposals, the Fund would be a “business income trust”.

On May 18, 2004, the Minister of Finance announced that the 2004 Budget Proposals were suspended to allow consultations with representatives of the pension fund industry, the investment industry, provincial governments and other interested parties and that legislative proposals would be released following such consultations. This position was reiterated by the Minister in the press release that accompanied the release of the draft amendments for the 2004 Budget Proposals, dated September 16, 2004. As part of the release of the 2005 Federal Budget, the Minister issued further statements in respect of the 2004 Budget Proposals advising that the Department of Finance will continue to consult stakeholders on tax issues related to business income trusts and other flow-through entities.
Taxation of the Fund

The taxation year of the Fund is the calendar year. In each taxation year, the Fund will be subject to tax under Part I of the Tax Act on its income for tax purposes for the year, including net realized taxable capital gains, less the portion thereof that it deducts in respect of the amounts paid or payable in the year to Unitholders. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid to the Unitholder in the year by the Fund or if the Unitholder is entitled in that year to enforce payment of the amount.

The Fund will include in its income for each taxation year such amount of the income for tax purposes, including net taxable capital gains, as is paid or becomes payable by the Trust to the Fund in the year and all interest on the Trust Notes that accrues to the Fund to the end of the year, or that becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding year. The Fund will not be subject to tax on any amount received as a payment of principal in respect of the Trust Notes or any amount received as a return of capital from the Trust (provided that the capital returned, if any, does not exceed the adjusted cost base to the Fund of its interest in the Trust).

A distribution by the Fund of its property upon a redemption of Units will be treated as a disposition by the Fund of the property so distributed for proceeds of disposition equal to its fair market value. The Fund’s proceeds from the disposition of Trust Notes will be reduced by any accrued but unpaid interest in respect thereof, which interest will generally be included in the Fund’s income in the year of disposition to the extent it was not included in the Fund’s income in a previous year. The Fund will realize a capital gain (or a capital loss) to the extent that the proceeds from the disposition (less amounts included in income as interest as described in the preceding sentence) exceed (or are less than) the adjusted cost base of the relevant property and any reasonable costs of disposition.

In computing its income, the Fund may deduct reasonable administrative costs, interest and other non-capital expenses, if any, incurred by it for the purpose of earning income.

An amount equal to all of the income (including taxable capital gains) of the Fund (determined without reference to paragraph 82(1)(b) and subsection 104(6) of the Tax Act), together with the non-taxable portion of any net capital gain realized by the Fund, but excluding capital gains arising in connection with a distribution in specie on redemption of Units which are designated by the Fund to redeeming Unitholders, and capital gains the tax on which may be offset by capital losses carried forward from prior years or is recoverable by the Fund, will be payable in the year to Unitholders by way of cash distributions, subject to the exceptions described below.

Where the income of the Fund in a taxation year exceeds the monthly cash distributions for that year, such excess income is intended to be distributed to Unitholders in the form of additional Units. Income of the Fund payable to Unitholders, whether in cash, additional Units or otherwise, will generally be deductible by the Fund in computing its income.

The Fund will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized taxable capital gains by an amount determined under the Tax Act based on the redemption of Units during the year (the “capital gains refund”). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the Fund’s tax liability for that taxation year arising in connection with the distribution of its property on the redemption of Units. The Fund Declaration of Trust provides that all or a portion of any income or taxable capital gain realized by the Fund in connection with a redemption may, at the discretion of the Trustees, be treated as income or taxable capital gain paid to, and designated as income or taxable capital gain of, the redeeming Unitholder, and thereby be deductible by the Fund in computing its income.

Counsel has been advised that the Fund intends to make sufficient distributions in each year of its net income for tax purposes and net realized capital gains so that the Fund will generally not be liable in that year for income tax under Part I of the Tax Act. Counsel can provide no opinion in this regard.

Taxation of the Trust

The taxation year of the Trust is the calendar year. In each taxation year, the Trust will be subject to tax under Part I of the Tax Act on its income for tax purposes for the year, including net realized taxable capital
gains, less the portion thereof that it deducts in respect of the amounts paid or payable in the year to the Fund as sole unitholder of the Trust. An amount will be considered to be payable to the Fund in a taxation year if it is paid to the Fund in the year by the Trust or if the Fund is entitled in that year to enforce payment of the amount.

The Trust will include in its income for each taxation year its share of the income, including net taxable capital gains, of Holdings LP for the year.

In computing its income, the Trust may deduct reasonable administrative costs, interest and other non-capital expenses, if any, incurred by it for the purpose of earning income. The ability of the Trust to deduct interest and other expenses (or losses generated therefrom) may be affected by the October 31, 2003 proposals discussed under the heading “Risk Factors — Tax Related Risks”.

An amount equal to all of the income (including taxable capital gains) of the Trust (determined without reference to paragraph 82(l)(b) and subsection 104(6) of the Tax Act), together with the non-taxable portion of any net capital gain realized by the Trust, but excluding capital gains the tax on which may be offset by capital losses carried forward from prior years or is recoverable by the Trust, will be payable in the year to the Fund.

**Taxation of Holdings LP**

Holdings LP is not subject to tax under the Tax Act. Each partner of Holdings LP, including BCE and the Trust, is required to include in computing the partner’s income for a particular taxation year the partner’s share of the income or loss of Holdings LP, as the case may be, for its fiscal year ending in, or coincidentally with, the partner’s taxation year, whether or not any of that income is distributed to the partner in the taxation year. For this purpose, the income or loss of Holdings LP will be computed for each fiscal year as if Holdings LP were a separate person resident in Canada. In computing the income or loss of Holdings LP, there shall be included interest that is received by or accrues to Holdings LP for each year in respect of the AcquisitionCo Notes and the subordinated notes of BNG. The net income or loss of Holdings LP for a fiscal year will be allocated to the partners of Holdings LP, including the Trust and BCE, in the manner set out in the Holdings LP Partnership Agreement, subject to the detailed rules in the Tax Act in that regard. The Trust will be deemed to realize a capital gain to the extent the adjusted cost base of its limited partner units in Holdings LP is negative at the end of a taxation year of Holdings LP.

**Taxation of BNG and Wireline GP**

BNG will be subject to corporate income tax. For this purpose, its income will include its allocated share of the income of Télécop LP and NorthernTel LP, the taxable portion of any capital gains realized on disposition of its partnership interest in Télécop LP and NorthernTel LP, or its shares of any other Subsidiaries. In computing its net income for tax purposes, BNG will generally be entitled to deduct its expenses, including interest expense paid or payable on its subordinated notes, incurred to earn income from a business or property, provided such expenses are reasonable and otherwise deductible under the Tax Act.

Wireline GP will be subject to corporate income tax. For this purpose, its income will include its allocated share of the income of Wireline LP and the taxable portion of any capital gains realized on dispositions of its partnership interest in Wireline LP. In computing its net income for tax purposes, Wireline GP will generally be entitled to deduct its expenses, including interest expense paid or payable on the AcquisitionCo Notes, incurred to earn income from a business or property, provided such expenses are reasonable and otherwise deductible under the Tax Act.

The ability of BNG and Wireline GP to deduct interest and other expenses (or losses generated therefrom) may be affected by the October 31, 2003 proposals discussed under the heading “Risk Factors — Tax Related Risks”.

**Taxation of Wireline LP**

Wireline LP is not subject to tax under the Tax Act. Each partner of Wireline LP, including Bell Canada and Wireline GP, is required to include in computing the partner’s income for a particular taxation year the partner’s share of the income or loss of Wireline LP, as the case may be, for its fiscal year ending in, or coincidentally with, the partner’s taxation year, whether or not any of that income is distributed to the partner in the taxation year. For this purpose, the income or loss of Wireline LP will be computed for each fiscal year as if Wireline LP were
a separate person resident in Canada. In computing the income or loss of Wireline LP, deductions may be claimed in respect of capital cost allowances, interest and other non-capital expenses incurred by Wireline LP to earn income from its business or property, provided such expenses are reasonable and otherwise deductible under the Tax Act. The net income or loss of Wireline LP for a fiscal year will be allocated to the partners of Wireline LP, including Wireline GP, in the manner set out in the Wireline LP Partnership Agreement, subject to the detailed rules in the Tax Act in that regard. If Wireline GP is a “specified member” of Wireline LP for purposes of the Tax Act, it will be deemed to realize a capital gain to the extent the adjusted cost base of its limited partner units in Wireline LP is negative at the end of a taxation year of Wireline LP.

**Taxation of Unitholders**

**Fund Distributions**

A Unitholder will generally be required to include in income for a particular taxation year the portion of the net income for tax purposes of the Fund for a taxation year, including net realized taxable capital gains, that is paid or payable to the Unitholder in the particular taxation year, whether that amount is received in cash, additional Units or otherwise.

Provided that appropriate designations are made by the Fund, that portion of its taxable dividends, if any, received (or deemed to be received) from taxable Canadian corporations, net taxable capital gains and foreign source income as is paid or payable to a Unitholder and the amount of foreign taxes paid or deemed to be paid by the Fund, if any, will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit provisions under the Tax Act (proposed to be amended as discussed above) will be applicable in respect of Unitholders who are individuals (other than certain trusts), the refundable tax under Part IV of the Tax Act will be payable by Unitholders that are private corporations and certain other corporations controlled directly or indirectly by or for the benefit of an individual or related group of individuals (other than trusts) and the deduction in computing taxable income will be available to Unitholders that are corporations.

The non-taxable portion of any net realized capital gains of the Fund that is paid or payable to a Unitholder in a taxation year will not be included in computing the Unitholder’s income for the year. Any other amount in excess of the net income of the Fund that is paid or payable to a Unitholder in that year will not generally be included in the Unitholder’s income for the year. However, where such an amount is paid or payable to a Unitholder (other than as proceeds in respect of the redemption of Units), the Unitholder will be required to reduce the adjusted cost base of the Units by that amount. To the extent that the adjusted cost base of a Unit would otherwise be a negative amount, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Unit to the Unitholder will then be nil. See the discussion below under “— Taxation of Capital Gains and Capital Losses”.

**Dispositions of Units**

On the disposition or deemed disposition of a Unit whether on a redemption or otherwise, the Unitholder will realize a capital gain (or capital loss) equal to the amount by which the Unitholder’s proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. Proceeds of disposition will not include an amount payable by the Fund that is otherwise required to be included in the Unitholder’s income, including any capital gain or income realized by the Fund in connection with a redemption which has been designated by the Fund to the redeeming Unitholder. See the discussion below under “— Taxation of Capital Gains and Capital Losses”.

The adjusted cost base of a Unit to a Unitholder will include all amounts paid or payable by the Unitholder for the Unit, with certain adjustments. The cost to a Unitholder of additional Units received in lieu of a cash distribution of income will be the amount of income distributed by the issue of those Units. For the purpose of determining the adjusted cost base of a Unitholder of a Unit, when a Unit is acquired, the cost of the newly acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the Unitholder as capital property immediately before that acquisition.
Where Units are redeemed and the Redemption Price is paid by the delivery of Series 2 and 3 Exchange Notes or other property to the redeeming Unitholder, the proceeds of disposition to the Unitholder of the Units will be equal to the fair market value of the property so distributed less any income or capital gain realized by the Fund in connection with the redemption of those Units which has been designated by the Fund to the Unitholder. Where any income or capital gain realized by the Fund in connection with the distribution of property on the redemption of Units has been designated by the Fund to a redeeming Unitholder, the Unitholder will be required to include in income the income or taxable portion of the capital gain so designated. The redeeming Unitholder will be required to include in income interest on any property acquired (including interest, if any, that accrued prior to the date of the acquisition of Series 2 and 3 Exchange Notes by the Unitholder that is designated as income to the Unitholder by the Fund) in accordance with the provisions of the Tax Act. The cost of any property distributed by the Fund to a Unitholder upon a redemption of Units will be equal to the fair market value of such property at the time of the distribution less any accrued interest on such property. The Unitholder will thereafter be required to include in income interest on such property, in accordance with the provisions of the Tax Act. To the extent that the Unitholder is required to include in income any interest accrued to the date of the acquisition of such property by the Unitholder, an offsetting deduction may be available. Unitholders are advised to consult their own tax advisors prior to exercising their redemption rights.

The consolidation of Units will not be considered to result in a disposition of Units by Unitholders. The aggregate adjusted cost base to a Unitholder of all of the Unitholder’s Units will not change as a result of a consolidation of Units; however, the adjusted cost base per Unit will increase.

**Taxation of Capital Gains and Capital Losses**

One-half of any capital gain realized by a Unitholder on a disposition or deemed disposition of Units and the amount of any net taxable capital gains designated by the Fund in respect of a Unitholder will generally be included in the Unitholder’s income as a taxable capital gain in the taxation year in which the disposition or in respect of which a net taxable capital gains designation is made by the Fund. One-half of any capital loss realized by a Unitholder on a disposition or deemed disposition of Units may generally be deducted only from taxable capital gains of the Unitholder in the year of disposition, in the three preceding taxation years or in any subsequent taxation year in accordance with the provisions of the Tax Act.

Unitholders that are Canadian-controlled private corporations (as defined in the Tax Act) will be liable for an additional refundable $6 2/3% tax in respect of taxable capital gains realized on a disposition of Units or net taxable capital gains designated by the Fund to such Unitholders.

Where a Unitholder that is a corporation or trust (other than a mutual fund trust) disposes of a Unit, the Unitholder’s capital loss from the disposition will generally be reduced by the amount of taxable dividends from taxable Canadian corporations, previously designated by the Fund to the Unitholder except to the extent that a loss on a previous disposition of a Unit has been reduced by those dividends. Analogous rules apply where a corporation or trust (other than a mutual fund trust) is a member of a partnership that disposes of Units.

**Alternative Minimum Tax**

In general terms, net income of the Fund paid or payable to a Unitholder who is an individual or a trust that is designated as taxable dividends or capital gains and capital gains realized on the disposition of Aliant Common Shares or Units may increase the Unitholder’s liability for alternative minimum tax.

**Income Tax Considerations for Non-Resident Shareholders**

This Information Circular does not contain a summary of the income tax consequences of the Arrangement to Non-Resident Shareholders. Non-Resident Shareholders should consult their tax advisors with respect to the tax implications of the Arrangement and the holding and disposing of Units, including any associated filing requirements.
GENERAL PROXY MATTERS

Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of Aliant for use at the Meeting and any adjournment(s) or postponement(s) thereof. No Person has been authorized to give any information or to make any representation in connection with the Arrangement or any other matters to be considered at the Meeting other than those contained in this Information Circular and, if given or made, any such information or representation must not be relied upon as having been authorized. Management has retained Georgeson Shareholder Communications Canada Inc. to solicit proxies personally or by mail, telephone, facsimile or email from individual shareholders, brokerage houses, custodians, fiduciaries and nominees for a fee of up to $95,000 plus expenses. All costs associated with the solicitation of proxies by or on behalf of management of Aliant will be borne by Aliant.

Appointment of Proxyholders

Charles White and Jay Forbes (the management designees named in the accompanying Form of Proxy) are both directors of Aliant. A shareholder has the right to appoint a person (who need not be a Common Shareholder or Preferred Shareholder), other than Charles White or Jay Forbes, to represent such Common Shareholder or Preferred Shareholder at the Meeting. To exercise this right, a shareholder should insert the name of the other Person in the blank space provided on the applicable Form of Proxy. Alternatively, a shareholder may complete another appropriate form of proxy or by indicating so if appointing and providing voting instructions to a proxyholder over the Internet.

If you are unable to attend the Meeting in person, please exercise your right to vote by completing the enclosed Form of Proxy and returning it to CIBC Mellon Trust Company, P.O. Box 12005, Stn. B RM B, Toronto, Ontario, M7Y 2K5, or by facsimile to 1-866-781-3111 (toll free) or (416) 368-2502, Attention: Proxy Department. In order to be valid for use at the Meeting, proxies must be received not less than 48 hours (excluding Saturdays, Sundays and statutory or civic holidays in Toronto, Ontario) prior to the Meeting, or any adjournment(s) or postponement(s) thereof. In the case of the Meeting scheduled for May 17, 2006, the deadline is at or prior to 12:30 p.m. (EDT) (2:00 p.m. NDT) on Monday, May 15, 2006. Registered shareholders may also submit their proxy using the Internet, by accessing the following websites: (i) for Common Shareholders, www.eproxyvoting.com/aliant, and (ii) for Preferred Shareholders, www.eproxyvoting.com/aliantpreference. In order to submit a proxy using the Internet, registered shareholders are required to enter the 13 digit control number provided on the enclosed paper proxy. The registered shareholder can then appoint a proxy holder and convey voting instructions electronically over the Internet.

Revocation of Proxies

A shareholder who has submitted a proxy may revoke it by depositing a written instrument of revocation, signed by the shareholder or by an authorized attorney (or, if the shareholder is a corporation, by a duly authorized officer), either: (i) at the offices of CIBC Mellon Trust Company, P.O. Box 12005 Stn. B RM B, Toronto, Ontario, M7Y 2K5, or by facsimile to 1-866-781-3111 (toll free) or 416-368-2502, at any time up to and including the last Business Day preceding the day of the Meeting or any adjournment thereof; or (ii) with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof. In addition, a Form of Proxy may be revoked: (i) by the shareholder personally attending at the Meeting and voting the securities represented thereby or, if the shareholder is a corporation, by a representative of the corporation attending at the Meeting and voting such securities; or (ii) in any other manner permitted by law.

Non-Registered Common Shareholders and Preferred Shareholders

The foregoing information respecting appointment of proxyholders and revocation of proxies is applicable only to registered Common Shareholders and Preferred Shareholders, being Persons who are named as holders of Aliant Common Shares or Aliant Preferred Shares, as the case may be, on the register of shareholders maintained by Aliant’s registrar and transfer agent (the “Register of Shareholders”). A significant number of Persons who beneficially own Aliant Common Shares and Aliant Preferred Shares hold those shares in a brokerage account or through some other intermediary (each, a “Non-Registered Holder”). In almost all cases a
Person whose shares are held through a broker (or other Intermediary) will not appear as the holder of record of such shares on the Register of Shareholders. As non-registered, beneficial shareholders (i.e., Persons whose shares are not held in their own name) do not, under applicable corporate legislation, have the same rights as registered shareholders in respect of shareholder meetings (including the rights described above to appoint a proxyholder and revoke a deposited proxy). Non-Registered Holders are required to act indirectly through their broker (or other Intermediary) in order to vote their shares and Non-Registered Holders should refer to the information set forth under the heading “— Voting of Shares — Advice to Beneficial Holders of Shares” in this Information Circular.

Exercise of Discretion by Proxyholders

On any ballot that may be called for at the Meeting, the management designees named in the accompanying Form of Proxy will vote (or withhold from voting) the shares in respect of which they are appointed in accordance with the direction of the Common Shareholder or Preferred Shareholder appointing them and, if the shareholder specifies a choice with respect to any matter to be acted upon on which the holders of such shares are entitled to vote, the shares will be voted accordingly. In the absence of such direction, the relevant shares will be voted in favour of the Arrangement and, if applicable, the other matters to be considered at the Meeting, all as more particularly described in this Information Circular. The accompanying Form of Proxy confers discretionary authority upon the persons named therein with respect to amendments to or variations of the matters identified in the Notice of Meeting and with respect to other matters that may properly be brought before the Meeting. As at the date of this Information Circular, Management knows of no such amendments, variations or other matters to be brought before the Meeting.

Signing of Proxy

A Form of Proxy must be signed by the Common Shareholder or Preferred Shareholder or a duly appointed attorney authorized in writing or, if the shareholder is a corporation, by a duly authorized officer. A Form of Proxy signed by a Person acting as attorney or in some other representative capacity (including a representative of a corporate shareholder) should indicate that Person’s capacity (following his signature) and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has previously been filed with Aliant).

Voting of Shares — General

As at March 29, 2006, there were approximately (i) 127,311,043 Aliant Common Shares outstanding, each carrying the right to one vote at meetings of the shareholders; and (ii) 7,000,000 Aliant Preferred Shares, each carrying the right to one vote in respect of the Arrangement.

Only Persons who were registered as holders of Aliant Common Shares or Aliant Preferred Shares as of the close of business on March 29, 2006 (the “Record Date”), are entitled to receive notice of, attend and vote at, the Meeting. In accordance with the provisions of the CBCA, Aliant will prepare or cause to be prepared a list of the registered holders of Aliant Common Shares and Aliant Preferred Shares as of the close of business on the Record Date. At the Meeting, each holder of Aliant Common Shares and Aliant Preferred Shares named in that list will be entitled to vote the shares shown opposite the holder’s name on such list.

Voting of Shares — Advice to Beneficial Holders of Shares

The information set forth in this section is important to the non-registered shareholders of Aliant. Only registered holders of Aliant Common Shares and Aliant Preferred Shares and duly appointed proxyholders are entitled to attend and vote at the Meeting. However, in many cases, Aliant Common Shares and Aliant Preferred Shares beneficially owned by Non-Registered Holders are registered either:

- in the name of an intermediary (an “Intermediary”) that the Non-Registered Holder deals with in respect of the shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self administered RRSPs, RRIFs, RESPs and similar plans; or
- in the name of a depository (such as CDS) of which the Intermediary is a participant.
In accordance with the requirements of National Instrument 54-101 — *Communication with Beneficial Owners of Securities of a Reporting Issuer*, Aliant has distributed copies of this Information Circular and the enclosed form of proxy (collectively, the “meeting materials”) to Intermediaries, to be forwarded to Non-Registered Holders.

Non-Registered Holders will receive either a voting instruction form or, less frequently, a Form of Proxy, when meeting materials are forwarded to them by an Intermediary. The purpose of those forms is to permit Non-Registered Holders to direct the voting of the shares they beneficially own, notwithstanding the fact they may not be the registered owner of the relevant shares. Non-Registered Holders should follow the procedures set out below, depending on the type of form they receive.

**Voting Instruction Form.** In most cases, a Non-Registered Holder will receive, as part of the meeting materials, a voting instruction form. If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Holder’s behalf), the voting instruction form should be completed, signed and returned in accordance with the directions on the form. In some cases, voting instruction forms permit the completion of the voting instruction form by telephone or through the Internet. If a Non-Registered Holder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the Holder’s behalf), the Non-Registered Holder must complete, sign and return the voting instruction form in accordance with the directions provided on the form.

**Form of Proxy.** Less frequently, a Non-Registered Holder will receive, as part of the meeting materials, a Form of Proxy that has already been signed by the Intermediary (typically by a facsimile, stamped signature), which proxy is restricted as to the number of shares beneficially owned by the Non-Registered Holder, but is otherwise uncompleted. If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another Person attend and vote on the Holder’s behalf), the Non-Registered Holder should complete the enclosed Form of Proxy and return it to CIBC Mellon Trust Company, P.O. Box 12005 Stn. B RM B, Toronto, Ontario, M7Y 2K5, or by facsimile to 1-800-781-3111 (toll free) or 416-368-2502, Attention: Proxy Department as described above. If a Non-Registered Holder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the Holder’s behalf), the Non-Registered Holder must strike out the names of the persons on the proxy and insert the Non-Registered Holder’s (or such other person’s) name in the blank space provided.

Non-Registered Holders should follow the instructions on the forms they receive and contact their Intermediaries promptly if they need assistance.

**Principal Holders**

As of March 29, 2006, there were 127,311,043 outstanding Aliant Common Shares and 7,000,000 outstanding Aliant Preferred Shares. To the knowledge of our directors and executive officers, BCE is the only person or corporation beneficially owning, directly or indirectly, or exercising control or direction over shares carrying 10% or more of the voting rights attached to all Aliant Common Shares, and no person beneficially owns, directly or indirectly, or exercises control or direction 10% or more of the Aliant Preferred Shares.

**Interests of Certain Persons in the Arrangement**

The directors and executive officers of Aliant who were employed with Aliant as of December 31, 2005, as a group beneficially owned, directly or indirectly, or exercised control or direction over approximately 83,740 Aliant Common Shares and 6,000 Aliant Preferred Shares as at March 29, 2006, representing less than 1% of the votes attached to each of the outstanding Aliant Common Shares and Aliant Preferred Shares. In addition, the directors and senior officers of Aliant and its Subsidiaries own Options exercisable for 2,714,392 Aliant Common Shares in the aggregate.

Management of Aliant understands that each of the directors and senior officers of Aliant and its Subsidiaries currently intends to vote their respective shares, whether owned or controlled by them directly or indirectly, in favour of the Arrangement Resolution to be considered at the Meeting.

Except with respect to BCE and Bell Canada whose participation in the Arrangement is described above under “The Arrangement”, all holders of Aliant Common Shares will participate equally in the Arrangement. There are no unique benefits under the Arrangement for the benefit of any holder(s) of Aliant Common Shares except for those afforded to BCE and Bell Canada.
ALIANT ANNUAL MEETING MATTERS

Financial Statements

The financial statements of the Corporation for the year ended December 31, 2005, and the auditors' report on the financial statements will be submitted to the Meeting. The financial statements accompany, and are incorporated by reference, in this Information Circular.

Nominees for Election as Directors

The following table provides information on the people who intend to stand for election as a director. If elected these individuals will serve for a term expiring on the earlier of the Closing Date and the next annual meeting of Common Shareholders.

<table>
<thead>
<tr>
<th>Proposed Nominee</th>
<th>Biographical Information</th>
<th>Status and Aliant committee membership</th>
<th>Share Units</th>
<th>Aliant Common Shares</th>
<th>Aliant Preferred Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Ayre, C.M.</td>
<td>Mr. Ayre is Group Publisher with Transcontinental Atlantic Media Group GP and also publisher of The Telegram, the largest daily newspaper in Newfoundland and Labrador. He holds an Honours degree in Economics from Harvard University and a Master's Degree in Business Administration from McGill University. He is a member of the Order of Canada.</td>
<td>Independent Corporate governance committee (chair) Human resources &amp; compensation committee Independent committee</td>
<td>16,764</td>
<td>1,639</td>
<td>—</td>
</tr>
<tr>
<td>Mr. Caty</td>
<td>Mr. Caty is presently Chairman of NAL Oil &amp; Gas Trust, an investment trust listed on the TSX, and a director of Aviva Canada Inc. Mr. Caty has over 10 years experience in the telecommunications sector, having served as a director of Bruncor Inc. from 1992 to 1999 and The New Brunswick Telephone Company, Limited from 1996 to 1999.</td>
<td>Independent Human resources &amp; compensation committee (chair) Investment committee Independent committee</td>
<td>5,482</td>
<td>2,803</td>
<td>—</td>
</tr>
</tbody>
</table>
Mr. Dexter is Chairman and Chief Executive Officer of Maritime Travel Inc., the largest retail travel agency in Atlantic Canada. He is also a partner of the law firm Stewart McKelvey Stirling Scales LLP. He holds both a Bachelor of Commerce and an LL.B. from Dalhousie University and has been appointed Queen’s Counsel.

Mr. Dexter is also Chairman of Empire Company Limited (TSX listed company engaged in food distribution, real estate development and corporate investment activities) and a director of several other companies listed on the TSX, including High Liner Foods Inc., Sobeys Inc. and Wajax Limited. Mr. Dexter has nearly 10 years' experience in the telecommunications sector, having served as a director of Maritime Tel & Tel Limited from 1997 to 1999 prior to joining the Aliant board.

Mr. Forbes is President and Chief Executive Officer of Aliant. He joined Aliant as Executive Vice President and Chief Financial Officer in February 2001 from his role as Executive Vice President, Corporate Resources and Chief Financial Officer of Oxford Properties Group Inc. Prior to this he was Chief Financial Officer and Senior Vice President of Emera Inc. He holds a Bachelor of Commerce from Dalhousie University and a Chartered Accountancy designation. In 2005, he was awarded the Chartered Accountant Fellow designation.

Mr. Forbes is Chairman of the Atlantic Provinces Economic Council, a director of the Conference Board of Canada, a governor of Dalhousie University and a member of the Cabinet for the University of New Brunswick’s “Forging our Future” Campaign and a member of the Advisory Committee on Senior Level Retention and Compensation with the Public Services Agency of Canada.

Mr. Hunter is Executive Vice-President and Chief Corporate Officer of BCE Inc. and Bell Canada. Previously a partner with the law firm Stikeman Elliott LLP, Mr. Hunter has extensive experience with competition and regulatory law in both the public and private sectors. He holds an LL.B. from the University of New Brunswick and an LL.M. from Harvard University.

Mr. Hunter is a director of the Information Technology Association of Canada, CanStage and the Institute of Professional Development Inc., Chairman of the Ottawa Art Gallery and a member of the Cabinet for the University of New Brunswick “Forging our Future” Campaign.
<table>
<thead>
<tr>
<th>Proposed Nominee</th>
<th>Biographical Information</th>
<th>Status and Aliant committee membership</th>
<th>Aliant Common Shares</th>
<th>Aliant Preferred Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terry Mosey</td>
<td>Mr. Mosey, Corporate Director, retired in 2005 as Executive Vice-President of Bell Canada. Mr. Mosey's career with Bell spanned over three decades. He holds a Bachelors Degree in Economics from the University of Western Ontario and a Master's Degree in Economics from the University of Windsor. Mr. Mosey is presently Chairman of the boards of Bell Nordiq (an indirect wholly-owned subsidiary of Bell Canada) and NorthwesTel (a wholly-owned subsidiary of Bell Canada), and a director of the Optical Regional Advanced Network of Ontario (ORANO) and ProAction.</td>
<td>Not Independent</td>
<td>Pension-defined benefit committee</td>
<td>1,500</td>
</tr>
<tr>
<td>Edward Reevey, FCA</td>
<td>Mr. Reevey is Chairman and Chief Executive Officer of Addee Developments Limited and Eedda Capital Inc., private holding companies. He previously held positions with Clarkson Gordon &amp; Co. and H.R. Doane &amp; Co., and was president of Autotec Inc. He holds a Bachelor of Commerce from Dalhousie University and a Chartered Accountancy designation. He has been a Chartered Accountant Fellow since 1998. Mr. Reevey is a director of Stratos Global Corporation, a TSX listed company. He is also a director of the Greater Saint John Community Foundation. Mr. Reevey has over 20 years' experience in the telecommunications sector, having served as a director of The New Brunswick Telephone Company, Limited from 1982 to 1999 and Bruncor Inc. from 1985 to 1999.</td>
<td>Independent</td>
<td>Audit committee (chair)</td>
<td>5,482</td>
</tr>
<tr>
<td>Karen Sheriff</td>
<td>Ms. Sheriff is President, Small and Medium Business, Bell Canada. In addition to this role, Ms. Sheriff has recently taken on additional leadership responsibilities in helping Bell Canada simplify a number of end to end core processes such as high speed or gateways sales, installation and procurement — a key priority for Bell in 2006 and beyond. She has previously held the positions of Chief Marketing Officer and Senior Vice President of Product Management &amp; Development with Bell Canada. Prior to this she was responsible for corporate marketing and branding at Ameritech Inc. and held a variety of assignments with Ameritech and United Airlines. She holds a Bachelor's Degree in Psychology, Economics and Mathematics from Washington University and a Master's Degree in Business Administration from the University of Chicago. Ms. Sheriff is a director of the Gardiner Museum of Ceramic Art and the Canadian Marketing Association and a Board Advisor with Adventis Corporation.</td>
<td>Not Independent</td>
<td>Corporate governance committee</td>
<td>See note 5</td>
</tr>
</tbody>
</table>

---

**Notes:**

1. See note 4 re: share ownership guidelines.
<table>
<thead>
<tr>
<th>Proposed Nominee</th>
<th>Biographical Information</th>
<th>Status and Aliant committee membership</th>
<th>Share Units</th>
<th>Aliant Common Shares</th>
<th>Aliant Preferred Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catherine Tait</td>
<td>Ms. Tait is president of Duopoly Inc., an independent production company in the film and television industry based in New York. She has previously held the positions of President and Chief Operating Officer of Salter Street Films, a publicly traded entertainment company based in Canada, and Executive Director of the Independent Feature Project in New York. She holds a Bachelor of Arts from the University of Toronto, a Master of Science from Boston University and a DEA (diplôme d’études approfondies) from the University of Paris. Ms. Tait is also a director of CHUM Limited (a leading Canadian television and radio broadcasting company listed on the TSX) and is a member of CHUM’s corporate governance committee.</td>
<td>Independent Audit committee</td>
<td>6,171</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Stephen Wetmore</td>
<td>Mr. Wetmore is Executive Vice-President of BCE Inc. and Group President Corporate Performance and National Markets for Bell Canada. Before joining Bell in 2002, Mr. Wetmore held several executive positions, including President and CEO of Aliant Inc., President and CEO of NewTel Enterprises Limited, President of Air Atlantic, and managing director with Scotia Holdings PLC in London, England. He holds a Bachelor of Commerce from Acadia University and a Chartered Accountancy designation. He is a director of the following public companies listed on the TSX: Canadian Tire Corporation Limited, Axia Netmedia Corporation and Stratos Global Corporation. He is also a director of the CD Howe Institute and The Learning Partnership.</td>
<td>Not Independent Human resources and compensation committee</td>
<td>See note 5</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Charles White, QC</td>
<td>Mr. White is Chairman of the board of Aliant and a lawyer with the law firm White, Ottenheimer &amp; Baker. His legal career in private practice spans over three decades. He holds a Bachelor of Commerce from Memorial University of Newfoundland, received his LL.B. from Dalhousie University and was appointed Queen’s Counsel in 1984. Mr. White is Chairman and a trustee of BMO Mutual Funds, Deputy Chairman and director of Unifund Assurance Company, a director of The Johnson Corporation, and a director of North Atlantic Refining Limited and Stratos Global Corporation (a TSX listed company). Mr. White is also Chairman of the Legal Appointments Board and the Law Society of Newfoundland’s Scholarship Committee. Mr. White has over 15 years’ experience in the telecommunications sector, having served as a director of NewTel Enterprises Limited from 1988 to 1999 (including his role as chair of the board from 1994 to 1999).</td>
<td>Independent Audit committee</td>
<td>16,981</td>
<td>1,500</td>
<td>—</td>
</tr>
</tbody>
</table>
Victor Young, O.C.

- Residence: St. John’s, Newfoundland and Labrador, Canada
- Age: 60
- Director since: 2002
- Meets share ownership guidelines

Mr. Young, Corporate Director, is past Chairman and Chief Executive Officer of Fishery Products International Ltd. He also served as Deputy Minister of the Treasury Board and special advisor to the Premier of Newfoundland and Labrador, and was Chairman and Chief Executive Officer of Newfoundland and Labrador Hydro. He holds a Bachelor of Commerce from Memorial University of Newfoundland and a Master’s Degree in Business Administration from the University of Western Ontario. He is an Officer of the Order of Canada.

Mr. Young is presently a director of the following public companies: Imperial Oil Limited (listed on the TSX and the American Stock Exchange), Royal Bank of Canada (listed on the TSX and New York Stock Exchange (NYSE)), and BCE Inc. (listed on the TSX and the NYSE). He is also a director of McCain Foods Limited, RBC Dexia Investor Services Trust and Telesat Canada.

Notes:

(1) Aliant has an audit committee. Its members are Mr. Reevey (chair), Mr. Dexter, Ms. Tait, Mr. Young and Mr. White. In addition, Aliant has five other standing committees of the Board of Directors. The committees are described in the section titled “— Statement of Corporate Governance Practices”. As well, on December 7, 2005, the Board of Directors established the Independent Committee, composed entirely of independent directors, to consider and advise the Board of Directors on the Arrangement. Aliant does not have an executive committee of the Board of Directors.

(2) A summary of each nominee’s attendance at both board and committee meetings is set out under the “Statement of corporate governance practices” section of this Information Circular. An explanation of each nominee’s status is set out in the same section.

(3) BCE, which is the beneficial owner of 53.1% of the issued and outstanding Aliant Common Shares, has nominated five directors to the Board of Directors. Mr. Hunter, Mr. Mosey, Ms. Sheriff, Mr. Wetmore and Mr. Young are the BCE nominees.

(4) Share units as of December 31, 2005. A description of Aliant’s DSU Plan is contained in the “Compensation of directors” section of this Information Circular.

(5) Directors who are employed by Aliant, its subsidiaries, BCE or Bell Canada do not receive compensation for their participation on the Board of Directors. In the case of directors employed by BCE or Bell Canada, compensation is paid to Bell Canada. Those directors are therefore not required to own shares of Aliant and do not participate in the DSU Plan. Mr. Mosey retired from his executive positions at BCE and Bell Canada effective June 1, 2005. Because Mr. Mosey is a BCE nominee, he does not participate in the Aliant DSU Plan. Mr. Young is a BCE nominee but is considered an independent director; it has been determined that Mr. Young may participate in the DSU Plan.

(6) Mr. Forbes, being an employee of Aliant, does not participate in the Aliant share unit plan for non-employee directors. However, he participates in the FSUP. The number of share units noted above represents share units granted through the FSUP up to 2005 excluding dividends. For further details on the FSUP and the ownership guidelines applicable to Mr. Forbes, please refer to the section titled “Report on executive compensation”.

(7) Aliant Common Shares beneficially owned or over which control or direction was exercised as of March 29, 2006.

(8) Aliant Preferred Shares beneficially owned or over which control or direction was exercised as of March 29, 2006.

(9) These figures include share units granted under the NewTel share unit plan.

(10) Mr. Young is a member of Aliant’s board, audit committee and corporate governance committee and also sits on the board of directors of BCE, an affiliated entity. Mr. Young is considered an independent director.

The articles of the Corporation state that the Board of Directors shall consist of not less than three and not more than 19 directors. The board proposes the 12 nominees named above. If elected, they will hold office until the earlier of the Closing Date and the end of the next annual meeting of Common Shareholders (or their earlier resignation or removal pursuant to the CBCA and the Corporation’s by-laws). The people nominated are, in our opinion, qualified to direct the activities of the Corporation. All nominees have indicated their willingness to stand for election.

Unless otherwise directed, the proxies received will be voted in favour of the election of the people nominated in this Information Circular. In case any of the listed nominees should become unavailable prior to
the annual meeting, the proxy holder will have the right to use discretion in voting for a properly qualified substitute.

Appointment and Compensation of Auditors

A firm of auditors is to be appointed by vote of a majority of the shareholders. Management recommends that Ernst & Young LLP, first appointed on April 22, 1999, shortly after the incorporation of Aliant and reappointed on April 25, 2000, April 20, 2001, April 19, 2002, May 14, 2003, June 28, 2004 and May 17, 2005, be reappointed. If appointed, Ernst & Young LLP will serve until the end of the next annual meeting of Common Shareholders or until their earlier removal. The auditors may change following the Closing. Unless otherwise directed, proxies of Common Shareholders will be voted in favour of appointing the firm of Ernst & Young LLP as auditors and authorizing the directors to fix their remuneration. In 2005, the aggregate amount paid to Ernst & Young LLP for professional services rendered to Aliant and its wholly owned subsidiaries was approximately $1,170,352 for audit and related services and $60,367 for tax services.

Other Business

The officers will report on recent events of significance to the Corporation and on other matters of interest to the shareholders. As of the date of this Information Circular, the directors and officers are not aware of any matters, other than those indicated in this Information Circular, which may be submitted to the meeting for action. However, if any other matters should properly be brought before the annual meeting, the proxy, to the extent permitted by law and subject to the voting instructions, confers discretionary authority to vote on such other matters according to the best judgment of the person holding the proxy at the Meeting.

REPORT ON EXECUTIVE COMPENSATION

The human resources and compensation committee (referred to in this section as the “committee”) of the Board of Directors administers Aliant’s executive compensation program.

The committee was formed on September 20, 1999, and is responsible for establishing and administering:

- a plan of continuity for executives and other key employees;
- a broad plan of executive compensation that will attract, retain and motivate executive management and other key employees;
- a process for the annual performance review of executive management to allow recommendations for compensation; and
- procedures for the review and oversight of benefit plans, perquisite arrangements, and employee pension plans.

The committee reviews and recommends to the Board of Directors all base salary changes, short-term incentive compensation and mid-term and long-term incentive grants for the president and chief executive officer and the members of the executive team. The committee may invite the chief executive officer and the chief human resources officer to attend meetings to provide advice and consultation as required.

The committee consists of the following four directors, none of whom is employed by the Corporation and three of whom are independent: Charles Caty (chair), Miller Ayre, Charles White and Stephen Wetmore. Mr. Wetmore is executive vice-president of BCE and group president corporate performance and national markets for Bell Canada. Before joining BCE and Bell Canada in 2002, Mr. Wetmore was president and chief executive officer of Aliant.

Executive Compensation Components

Aliant’s Compensation Philosophy and Direction

Aliant’s executive total compensation philosophy, established in 2000 and updated in 2002, is designed to meet the following objectives:

- attract and retain high performance executives;
- foster teamwork and innovation;
• motivate and reward superior performance; and
• align total compensation and shareholder returns.

Based on the strategy and with a view to fully aligning the interest of shareholders and the executive team, executive compensation also encompasses:
• share ownership guidelines for the executive team; and
• a performance share unit plan.

The compensation plan for the Aliant executives is determined mainly with reference to compensation for similar executive positions at comparable Canadian corporations. Compensation for the executives, including the chief executive officer, consists primarily of four main components:
• annual base salary;
• short-term incentive compensation — the target short-term incentive award ranges from 35% to 75% of the executive’s annual base salary;
• mid-term incentive compensation — the target mid-term incentive award ranges from 20% to 85% of the executive’s annual base salary; and
• long-term incentive compensation — the target long-term incentive award ranges from 20% to 85% of the executive’s annual base salary.

Effective January 1, 2006, the compensation at risk structure was increased as follows:
• short-term incentive compensation — the target short-term incentive award ranges from 50% to 100% of the executive’s annual base salary;
• mid-term incentive compensation — the target mid-term incentive award ranges from 40% to 125% of the executive’s annual base salary; and
• long-term incentive compensation — the target long-term incentive award ranges from 40% to 125% of the executive’s annual base salary.

The use of short-term, mid-term and long-term incentive compensation places a significant portion of each executive’s total compensation at risk and rewards the executives for individual and corporate performance and the creation of sustained shareholder value.

Compensation at Risk Linked to Performance

<table>
<thead>
<tr>
<th>Compensation component</th>
<th>Short-term</th>
<th>Mid and Long-term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applies to</td>
<td>All non-unionized regular employees of Aliant</td>
<td>Executive and selected senior leaders</td>
</tr>
<tr>
<td>Performance period</td>
<td>1 year</td>
<td>3 years</td>
</tr>
<tr>
<td>Vesting period</td>
<td>1 year</td>
<td>3 years, contingent on the achievement of performance criteria</td>
</tr>
<tr>
<td>Link to Company Performance</td>
<td>Based on corporate and/or business unit performance, as well as achievement of individual objectives that support the achievement of corporate strategy</td>
<td>Vesting is tied to the Corporation’s total shareholder return (TSR) relative to peer group</td>
</tr>
</tbody>
</table>

To ensure that Aliant provides competitive compensation to its senior officers, the committee reviews information from external compensation advisors and the compensation practices at other comparable
companies. In addition, the committee engages the services of an independent external consultant to provide advice and counsel on executive compensation matters. For details regarding services provided to the Corporation by compensation consultants during 2005 please refer to the “Statement of corporate governance practices” section of this Information Circular.

Total compensation generally corresponds to the 50th percentile of the comparator companies listed below, if corporate or individual performance warrants.

**Comparator Group for Executive Compensation**

<table>
<thead>
<tr>
<th>Bell Canada</th>
<th>Sobeys Inc.</th>
<th>TELUS Corporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rogers Communications Inc.</td>
<td>Canadian Utilities</td>
<td>TransAlta Corp.</td>
</tr>
<tr>
<td>Rogers Wireless Communications</td>
<td>Shaw Communications</td>
<td>Emera Inc.</td>
</tr>
<tr>
<td>Allstream Inc.</td>
<td>Manitoba Telecom Services Inc.</td>
<td>Fortis Inc.</td>
</tr>
<tr>
<td>Call-Net Enterprises</td>
<td>FPI</td>
<td>CHC Helicopter</td>
</tr>
</tbody>
</table>

**Annual Base Salary**

Salaries are determined by evaluating the responsibilities of each executive’s position as well as the executive’s experience, knowledge and performance. Executive salaries are reviewed annually and adjusted, as appropriate, based on individual performance, capabilities, responsibilities and competitive market data. The compensation for executives is targeted to the median range of the Canadian corporations studied by the committee.

**Compensation at Risk**

**Short-Term Incentive Compensation**

The short-term incentive compensation plan provides an opportunity for executives to receive a competitive cash reward for the achievement of specific financial and non-financial targets. In 2003, a Balanced Scorecard approach was introduced and linked to short-term incentive compensation awards. The Balanced Scorecard promotes a closer alignment of the measures and targets used to assess employee performance with the Corporation’s strategic objectives. The Balanced Scorecard provides a structured framework for converting strategy through the use of performance measures in four perspectives; financial, customer, internal process and employee learning and growth. Performance targets for each executive reflect the individual’s area of responsibility and ability to influence the results of the Corporation through these four perspectives. No incentive compensation is payable where the corporate objectives are not achieved or where individual performance is not satisfactory.

**Mid-Term Incentive Compensation**

The mid-term compensation program aligns and rewards executive performance with the growth and creation of shareholder value. Aliant’s program consists of a performance share unit plan, the PSUP.

**PSUP**

In 2003, Aliant established the PSUP for executives and selected senior officers of Aliant and its subsidiaries to better align the long-term incentive compensation payout with total shareholder return. Aliant modified its long-term compensation plan, the value of which remained unchanged, by reducing the number of stock options by 50% and replacing this with performance share units. Aliant also implemented share ownership guidelines.

Certain participants in the PSUP are required, within five years, to hold Aliant Common Shares and/or performance share units of a value that reflects their position and responsibilities. The table below outlines the ownership guidelines for the named executive officers who were employed with us as of December 31, 2005. Under the PSUP, share units are granted by the committee and each share unit represents the right to receive, for each vested share unit, one Aliant Common Share acquired in the secondary market or cash payment equal to the fair market value, subject to adjustment as indicated below depending on the achievement of performance criteria. In 2005, 47,088 performance share units were granted. Share units are subject to both time-based and...
performance-based vesting. Units granted in 2005 will vest on November 30, 2007, subject to performance conditions. Grantees are also entitled to receive additional share units based on dividends paid on Aliant Common Shares, with each grantee receiving additional share units equal to the number of share units held by the grantee multiplied by the dividend paid on an Aliant Common Share, divided by the fair market value of a share on the dividend payment date. At the time of vesting, the number of shares (or equivalent value in cash) to which an executive officer may be entitled can range from zero to twice the original number of share units in the grant, depending upon actual performance against the predetermined performance conditions. The performance conditions consist of a comparison of Aliant’s total shareholder return (share price appreciation plus reinvestment of dividends) compared to the total shareholder return for the comparative groups of companies.

**Share ownership guidelines table**

<table>
<thead>
<tr>
<th>Executive</th>
<th>$ value</th>
<th>$ value of holdings December 31, 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jay Forbes</td>
<td>1,000,000</td>
<td>1,426,098</td>
</tr>
<tr>
<td>Frank Fagan</td>
<td>500,000</td>
<td>1,473,002</td>
</tr>
<tr>
<td>David Rathbun</td>
<td>250,000</td>
<td>492,613</td>
</tr>
<tr>
<td>Glen LeBlanc</td>
<td>250,000</td>
<td>319,711</td>
</tr>
<tr>
<td>Paul Kent</td>
<td>250,000</td>
<td>379,518</td>
</tr>
</tbody>
</table>

Note:

(1) Value of holdings includes the current market value of PSUPs which are subject to taxes upon payout.

**Personal Performance Share Units**

In 2005, a supplemental plan to the PSUP was created called the Personal Performance Share Unit Plan or PPSUP. Performance share units granted under the PSUP in 2004 were repurposed in 2005 to align to the growth and transformation strategy of Aliant. The repurposed grant of 2004, along with 92,573 additional PPSUP units granted in 2005, replaced the original PSUP corporate performance measures with challenging personal performance measures approved by the committee. All units granted under the supplemental plan will vest on November 30, 2006.

Performance share units granted in 2003 vested on November 30, 2005. Attainment of the performance criteria for these units resulted in an 88% payout for participants in the form of cash. The payout for the 2003 PSUP grant was calculated by multiplying the number of share units in each participants’ account by the vesting rate of 88% and the five day weighted average price of Aliant Common Shares on the TSX at the end of the performance period.

**Long-term incentive compensation**

The long-term incentive compensation program aligns executive performance with the long-term growth in shareholder value. Aliant’s program consists of the Aliant Stock Option Plan.

**Stock Option Plan**

Selected officers and senior management are eligible to participate under the Aliant Stock Option Plan. Share options are granted by the board based upon overall corporate performance and performance of the individual. Under the Aliant Stock Option Plan, the board designates the key individuals to be granted options for the purchase of Aliant Common Shares and the number of options to be granted.

The option price is, unless otherwise determined by the Corporation, the closing price of a trade of at least a board lot of Aliant Common Shares on the TSX on the trading day preceding the date of the grant. Each option granted is for a period of 10 years and unless specified otherwise, the right to exercise options occurs in one-third increments on the first, second and third anniversary dates from the date of grant.

The number of Aliant Common Shares which may be issued under options issued and outstanding pursuant to the Aliant Stock Option Plan is limited to 6,500,000. However, the number of Aliant Common Shares to be
issued pursuant to the Aliant Stock Option Plan combined with the options outstanding under any other employee-related plan or granted to any one person shall not exceed 5% of the issued and outstanding Aliant Common Shares.

In granting options, the committee takes into account the number of shares available for issuance pursuant to the Aliant Stock Option Plan. However, the committee does not, on an individual basis, take into account the amounts and terms of outstanding options when determining whether and how many new option grants would be made to an employee.

Chief Executive Officer Compensation

The components of total compensation for the chief executive officer are the same as those which apply to other senior executives of Aliant—base salary, short-term incentive compensation, mid-term incentive compensation, long-term incentive compensation and benefits. Significant emphasis is placed on compensation that is at risk. For 2005, the pay mix is approximately 30% base salary, 20% short-term incentive compensation and 50% mid-term and long-term compensation. For the chief executive officer, 70% of his total potential compensation pay is at risk. Effective January 1, 2006, compensation at risk was adjusted, increasing his pay at risk to 80%.

Base Pay

Mercer Human Resources Consulting conducted a market review and analysis of compensation for the chief executive officer and other senior leaders of Aliant in 2005. Based upon recommendations from the review, and in recognition of Mr. Forbes’ performance during 2004, the board approved a 10% increase to base pay for a total base pay amount of $590,000 for 2005.

Short-Term Incentive Plan

The short-term incentive plan for the chief executive officer is based upon the Balanced Scorecard approach. For 2005, the STIP was based on the following Balanced Scorecard measures and weightings:

<table>
<thead>
<tr>
<th>2005 Balanced Scorecard measures for Jay Forbes</th>
<th>Weight</th>
<th>Actuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>40%</td>
<td>53.6%</td>
</tr>
<tr>
<td>Customer</td>
<td>30%</td>
<td>33.2%</td>
</tr>
<tr>
<td>Internal Process</td>
<td>20%</td>
<td>30.0%</td>
</tr>
<tr>
<td>Employee Learning and Growth</td>
<td>10%</td>
<td>7.5%</td>
</tr>
</tbody>
</table>

For 2005, the chief executive officer received a $632,532 payout for achieving a result of 124.3% of the Balanced Scorecard STIP performance target. The payout was calculated by multiplying his 2005 annual salary by the performance percentage and a personal performance multiplier. Mr. Forbes received an “exceeds” performance rating for his contributions to the company in 2005. The performance multiplier used to calculate his short-term incentive payout was 1.15%.

Other Annual Compensation

The other annual compensation component of the chief executive officer’s pay is composed of pension adjustments and any other cash bonuses or awards.

Variable Equity Incentives

The chief executive officer was granted two types of variable equity compensation in 2005—long term incentive compensation in the form of stock options and mid-term incentive compensation in the form of performance share units. These awards are pay at risk based upon achievement of performance goals. The value of the mid-term incentive is determined at the end of the performance period based upon the number of performance share units in the chief executive officer’s account and the market price. Units granted under the performance share unit plan in 2003 vested in 2005 at 88% resulting in a cash payout to Mr. Forbes of $620,936 in 2005.
Individual Performance Multipliers

To determine the actual awards payable under the short-term, mid-term and long-term incentive compensation components, corporate performance is measured and an individual performance multiplier is applied. The individual performance multiplier for the short-term incentive component ranges from 0% to 150%. The individual performance multipliers for the mid-term and long-term incentive compensation grants are 0%, 80%, 100% and 120%.

Report presented by the human resources and compensation committee.

Charles Caty (chair)
Miller Ayre
Stephen Wetmore
Charles White

SHARE PERFORMANCE

The cumulative price return chart and share performance graph below were prepared using the year-end Aliant Common Share prices from 2000 to 2005.

Cumulative Total Return

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>Return*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aliant</td>
<td>100</td>
<td>92</td>
<td>81</td>
<td>106</td>
<td>96</td>
<td>103</td>
<td>0.64%</td>
</tr>
<tr>
<td>S&amp;P/TSX index</td>
<td>100</td>
<td>87</td>
<td>77</td>
<td>97</td>
<td>111</td>
<td>132</td>
<td>5.71%</td>
</tr>
</tbody>
</table>

* 5-year Compounded Annual Growth Rate

PERFORMANCE GRAPH

The performance graph is based upon an initial investment of $100 invested on December 31, 2000. For comparison purposes, shown below is the corresponding information in respect of the S&P/TSX composite index.
## COMPENSATION OF OFFICERS

The summary compensation table below sets forth total compensation paid by the Corporation or its subsidiaries to the named executive officers for 2003, 2004 and 2005.

<table>
<thead>
<tr>
<th>Name and Principal position(1)</th>
<th>Year</th>
<th>Salary ($)</th>
<th>Short-term incentive compensation ($)</th>
<th>Other annual compensation ($)</th>
<th>Alliant Common Shares under options granted(5)</th>
<th>Long-term Compensation At risk(4)</th>
<th>Performance Share Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jay Forbes</td>
<td>2005</td>
<td>581,800</td>
<td>632,532</td>
<td>0</td>
<td>89,166</td>
<td>22,784</td>
<td>620,936</td>
</tr>
<tr>
<td>President and chief executive officer</td>
<td>2004</td>
<td>546,096</td>
<td>342,975</td>
<td>0</td>
<td>69,399</td>
<td>16,797</td>
<td>114,610</td>
</tr>
<tr>
<td></td>
<td>2003</td>
<td>524,615</td>
<td>600,000</td>
<td>0</td>
<td>50,095</td>
<td>21,370</td>
<td>52,462</td>
</tr>
<tr>
<td>Frank Fagan</td>
<td>2005</td>
<td>397,635</td>
<td>224,334</td>
<td>0</td>
<td>37,534</td>
<td>15,175</td>
<td>289,043</td>
</tr>
<tr>
<td>Executive vice-president and chief operating officer</td>
<td>2004</td>
<td>397,885</td>
<td>163,625</td>
<td>0</td>
<td>29,159</td>
<td>7,058</td>
<td>25,000</td>
</tr>
<tr>
<td></td>
<td>2003</td>
<td>365,192</td>
<td>277,500</td>
<td>0</td>
<td>22,901</td>
<td>9,930</td>
<td>336,911</td>
</tr>
<tr>
<td>Barry Kydd(9)</td>
<td>2005</td>
<td>43,038</td>
<td>N/A</td>
<td>1,456,231</td>
<td>24,243</td>
<td>5,101</td>
<td>282,591</td>
</tr>
<tr>
<td>Executive vice-president and chief financial officer</td>
<td>2004</td>
<td>378,615</td>
<td>158,525</td>
<td>58,883(8)</td>
<td>28,304</td>
<td>6,851</td>
<td>64,962</td>
</tr>
<tr>
<td></td>
<td>2003</td>
<td>359,981</td>
<td>271,000</td>
<td>78,496(8)</td>
<td>21,310</td>
<td>9,370</td>
<td>35,898</td>
</tr>
<tr>
<td>David Rathbun</td>
<td>2005</td>
<td>294,796</td>
<td>184,815</td>
<td>0</td>
<td>10,108</td>
<td>2,447</td>
<td>34,793</td>
</tr>
<tr>
<td>Senior vice-president, corporate and chief human resources officer</td>
<td>2004</td>
<td>270,923</td>
<td>90,780</td>
<td>0</td>
<td>10,108</td>
<td>2,447</td>
<td>34,793</td>
</tr>
<tr>
<td></td>
<td>2003</td>
<td>258,269</td>
<td>164,000</td>
<td>0</td>
<td>7,952</td>
<td>4,667</td>
<td>20,662</td>
</tr>
<tr>
<td>Paul Kent</td>
<td>2005</td>
<td>247,634</td>
<td>108,225</td>
<td>0</td>
<td>7,637</td>
<td>8,554</td>
<td>17,596</td>
</tr>
<tr>
<td>Senior vice-president Aliant and chief operating officer</td>
<td>2004</td>
<td>235,000</td>
<td>79,900</td>
<td>0</td>
<td>7,614</td>
<td>1,843</td>
<td>26,152</td>
</tr>
<tr>
<td></td>
<td>2003</td>
<td>235,000</td>
<td>22,000</td>
<td>0</td>
<td>2,076</td>
<td>637</td>
<td>5,400</td>
</tr>
<tr>
<td>Xwave Solutions Inc.</td>
<td>2005</td>
<td>212,000</td>
<td>143,775</td>
<td>0</td>
<td>5,525</td>
<td>10,344</td>
<td>N/A</td>
</tr>
<tr>
<td>Senior vice-president and chief financial officer</td>
<td>2004</td>
<td>200,000</td>
<td>35,936</td>
<td>0</td>
<td>5,307</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>2003</td>
<td>141,960</td>
<td>51,612</td>
<td>0</td>
<td>4,135</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Glen LeBlanc</td>
<td>2005</td>
<td>360,703</td>
<td>26,967</td>
<td>0</td>
<td>10,108</td>
<td>2,447</td>
<td>0</td>
</tr>
<tr>
<td>Senior vice-president and customer service</td>
<td>2004</td>
<td>270,923</td>
<td>90,780</td>
<td>0</td>
<td>10,108</td>
<td>2,447</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>2003</td>
<td>258,269</td>
<td>173,000</td>
<td>0</td>
<td>7,952</td>
<td>2,800</td>
<td>0</td>
</tr>
</tbody>
</table>

Notes:

(1) Mr. Forbes joined Aliant as executive vice-president and chief financial officer in February 2001 and was appointed to the above noted office in March 2002. Mr. Fagan was president wireless services until his appointment as executive vice-president and chief operating officer in October 2002. Mr. Rathbun was appointed senior vice-president corporate and chief human resources officer in July 2002, prior to which he was chief human resources officer. Mr. LeBlanc was appointed senior vice-president and chief financial officer in September 2005, prior to which he was vice-president and controller. Paul Kent was appointed senior vice president of Aliant and chief operating officer of Xwave Solutions Inc. effective October 6, 2003.

(2) All short-term incentive compensation shown is in respect of the results for the year earned. In 2003, the short-term incentive compensation was reported for the year in which the payment was received. Therefore, previous information circulars will state different amounts based on the year received. See “— Short-term incentive compensation”.

(3) Other benefits not disclosed do not exceed the lesser of $50,000 and 10% of the total of the annual salary and short-term incentive compensation for any of the named executive officers for the reporting period.

(4) See “— Long-term incentive compensation”.

(5) See “— Stock option plan”.

(6) Mr. Kydd was reimbursed for certain costs associated with his relocation.

(7) Mr. Fagan received special retention payments, totalling $25,000 in each of 2005 and 2004 and $336,911 in 2003, to remain with the Corporation.

(8) Amounts include amounts contributed or accrued, excluding notional investment income thereon, pursuant to the executive defined contribution pension plans. See “— Retirement plans”.

(9) Barry Kydd resigned from Aliant on February 10, 2005. At the time of his departure he received a severance package in accordance with his employment agreement. Wendy Paquette retired from Aliant on April 1, 2005; she will be paid on salary continuance until April 1, 2008.

(10) Performance share units granted in 2003 vested on November 30, 2005. See “— Mid-term incentive compensation — Performance share unit plan”.
Indebtedness of Directors and Senior Officers

Aliant has a policy prohibiting loans to directors and officers of the Corporation. In the financial year 2005, neither the Corporation nor its subsidiaries have provided a guarantee, support agreement, letter of credit, or other similar arrangement or understanding with respect to the indebtedness of any director, executive officer, senior officer, proposed nominee for election as a director, or any associate of any such director, officer or proposed nominee. No director, executive officer or senior officer or proposed nominee for election as a director or any person associated or affiliated with such directors, officers or proposed nominees for election as a director is indebted to the Corporation or its subsidiaries.

Termination of Employment, Change in Responsibilities and Employment Contracts

Mr. Forbes has an employment agreement which sets forth his role and responsibilities and includes provisions regarding termination of employment. Pursuant to this employment agreement, should Mr. Forbes be terminated without cause, he would be entitled to receive compensation that would include the equivalent of 30 months cash compensation and the full vesting and payment of all outstanding stock options and share units (including the 2006 mid-term and long-term grants delayed as a result of this proposed transaction). Prior to the Meeting (with the approval of a majority of the directors of Aliant independent of BCE) and thereafter until December 31, 2006, should Mr. Forbes determine that he is unable to continue to function effectively as the chief executive officer of Aliant, he may choose to terminate his employment, and have his termination treated as though the Corporation had terminated him without cause.

Under the employment agreements with Mr. Rathbun, Mr. LeBlanc and Mr. Kent, should they be terminated without cause, Aliant shall provide the equivalent of 24 months cash compensation to the terminated employee and all of their outstanding stock options and share units would be considered fully vested. Mr. Fagan has no employment agreement. In addition, each of Mr. Rathbun and Mr. LeBlanc is entitled in such circumstances to commence receipt of pension benefits from his defined pension plan at age 55 (or the age of termination, if later) without actuarial reduction for early retirement.

Long-Term Incentive Compensation — Awards in Most Recently Completed Financial Year

Option grants during the most recently completed financial year

<table>
<thead>
<tr>
<th>Name</th>
<th>Common shares under options granted</th>
<th>Per cent of total options granted to employees in fiscal year</th>
<th>Exercise base price ($/common security)</th>
<th>Market value of common shares underlying options on the date of grant ($/security)</th>
<th>Expiration date of grant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jay Forbes</td>
<td>89,166</td>
<td>18.5%</td>
<td>29.25</td>
<td>29.25</td>
<td>January 26, 2015</td>
</tr>
<tr>
<td>Frank Fagan</td>
<td>37,534</td>
<td>7.8%</td>
<td>29.25</td>
<td>29.25</td>
<td>January 26, 2015</td>
</tr>
<tr>
<td>Barry Kydd</td>
<td>24,243</td>
<td>5.0%</td>
<td>29.25</td>
<td>29.25</td>
<td>January 26, 2015</td>
</tr>
<tr>
<td>David Rathbun</td>
<td>10,846</td>
<td>2.3%</td>
<td>29.25</td>
<td>29.25</td>
<td>January 26, 2015</td>
</tr>
<tr>
<td>Paul Kent</td>
<td>7,637</td>
<td>1.6%</td>
<td>29.25</td>
<td>29.25</td>
<td>January 26, 2015</td>
</tr>
<tr>
<td>Glen LeBlanc</td>
<td>5,525</td>
<td>1.1%</td>
<td>29.25</td>
<td>29.25</td>
<td>January 26, 2015</td>
</tr>
<tr>
<td>Wendy Paquette</td>
<td>0</td>
<td>0.0%</td>
<td>29.25</td>
<td>29.25</td>
<td>January 26, 2015</td>
</tr>
</tbody>
</table>

Notes:

(1) Each option granted under the Aliant Stock Option Plan covers one Aliant Common Share. The Aliant Stock Option Plan is described in the section titled “Report on executive compensation”.

(2) The exercise price of the stock options outlined in this table is equal to the closing price of a trade of at least a board lot of Aliant Common Shares on the TSX on the trading day preceding the date of the grant.
### Aggregated option exercises during the most recently completed financial year and financial year-end option values

<table>
<thead>
<tr>
<th>Name</th>
<th>Securities acquired on exercise (#)</th>
<th>Aggregated value on exercise ($)</th>
<th>Unexercised options exercisable/unexercisable (#)</th>
<th>Value of unexercised in-the-money options at year-end[^1] exercisable/unexercisable ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jay Forbes</td>
<td>0</td>
<td>0</td>
<td>161,051 / 152,130</td>
<td>276,015 / 215,753</td>
</tr>
<tr>
<td>Frank Fagan</td>
<td>0</td>
<td>0</td>
<td>106,237 / 64,607</td>
<td>435,351 / 93,307</td>
</tr>
<tr>
<td>Barry Kydd</td>
<td>0</td>
<td>0</td>
<td>93,857 / 0</td>
<td>186,585 / 0</td>
</tr>
<tr>
<td>David Rathbun</td>
<td>0</td>
<td>0</td>
<td>66,826 / 20,236</td>
<td>248,662 / 28,792</td>
</tr>
<tr>
<td>Paul Kent</td>
<td>0</td>
<td>0</td>
<td>3,922 / 13,405</td>
<td>208 / 12,705</td>
</tr>
<tr>
<td>Glen LeBlanc</td>
<td>0</td>
<td>0</td>
<td>11,311 / 10,441</td>
<td>20,566 / 14,780</td>
</tr>
<tr>
<td>Wendy Paquette</td>
<td>0</td>
<td>0</td>
<td>76,422 / 9,390</td>
<td>248,543 / 10,896</td>
</tr>
</tbody>
</table>

Note:
[^1]: Based on $30.90 per Aliant Common Share, which was the closing price on the TSX on December 31, 2005.

### Performance share unit awards

<table>
<thead>
<tr>
<th>Name and principal position</th>
<th>Year of grant</th>
<th>Units granted</th>
<th>Additional units earned</th>
<th>Total units as at December 31, 2005</th>
<th>Year of maturity</th>
<th>Payout amounts ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2003</td>
<td>16,797</td>
<td>1,409</td>
<td>18,206</td>
<td>2006</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td></td>
<td>21,370</td>
<td>2,403</td>
<td>0</td>
<td>2005</td>
<td>620,936</td>
</tr>
<tr>
<td>Executive vice president and chief operating officer</td>
<td>2004</td>
<td>7,278[^2]</td>
<td>228</td>
<td>7,506</td>
<td>2006</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>2003</td>
<td>7,058</td>
<td>592</td>
<td>7,650</td>
<td>2006</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9,930</td>
<td>1,116</td>
<td>0</td>
<td>2005</td>
<td>289,043</td>
</tr>
<tr>
<td>Barry Kydd</td>
<td>2005</td>
<td>5,101[^1]</td>
<td>0</td>
<td>0</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Executive vice president and chief financial officer</td>
<td>2004</td>
<td>6,851</td>
<td>667</td>
<td>0</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>2003</td>
<td>9,370</td>
<td>340</td>
<td>0</td>
<td>282,591</td>
<td></td>
</tr>
<tr>
<td>Senior vice president and chief human resources officer</td>
<td>2004</td>
<td>8,450[^2]</td>
<td>265</td>
<td>8,715</td>
<td>2006</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>2003</td>
<td>2,447</td>
<td>205</td>
<td>2,652</td>
<td>2006</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4,667</td>
<td>525</td>
<td>0</td>
<td>2005</td>
<td>139,677</td>
</tr>
<tr>
<td>Paul Kent</td>
<td>2005</td>
<td>1,607[^1]</td>
<td>67</td>
<td>1,674</td>
<td>2007</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>2003</td>
<td>1,843</td>
<td>155</td>
<td>1,998</td>
<td>2006</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td></td>
<td>637</td>
<td>53</td>
<td>0</td>
<td>2005</td>
<td>17,596</td>
</tr>
<tr>
<td>Glen LeBlanc</td>
<td>2005</td>
<td>1,162[^1]</td>
<td>49</td>
<td>1,211</td>
<td>2007</td>
<td>—</td>
</tr>
<tr>
<td>Senior vice president and chief financial officer</td>
<td>2004</td>
<td>9,184[^2]</td>
<td>115</td>
<td>9,299</td>
<td>2006</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>2003</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Name and principal position</td>
<td>Year of grant</td>
<td>Units granted</td>
<td>Additional units earned</td>
<td>Total units as at December 31, 2005</td>
<td>Year of maturity</td>
<td>Payout amounts ($)</td>
</tr>
<tr>
<td>----------------------------</td>
<td>---------------</td>
<td>---------------</td>
<td>------------------------</td>
<td>-------------------------------------</td>
<td>-----------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>Wendy Paquette</td>
<td>2005</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Senior vice president</td>
<td>2004</td>
<td>2,447</td>
<td>0</td>
<td>0</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Customer service</td>
<td>2003</td>
<td>2,800</td>
<td>0</td>
<td>0</td>
<td>—</td>
<td>92,150</td>
</tr>
</tbody>
</table>

Notes:

(1) Amounts represent the number of share units granted in January 2005. These share units are subject to both time-based and performance-based vesting. The number of shares (or the equivalent in cash) to which an executive officer may be entitled at the time of vesting can range from zero to twice the original number of share units in the grant, depending upon actual performance against the predetermined performance conditions. The performance conditions consist of a comparison of our total shareholder return (share price appreciation plus reinvestment of dividends) compared to the total shareholder return for comparative groups of companies. If Aliant experiences negative total shareholder return, payouts are reduced. See section titled “Performance share unit plan”.

(2) Amounts represent number of share units granted in 2005 under the personal performance share unit plan. The number of shares (or the equivalent in cash) to which the executive officer may be entitled at the time of vesting can range from zero to one hundred and fifteen percent, depending upon the actual performance against the predetermined personal performance conditions. The personal performance conditions are growth and transformation goals for the Corporation. Units from this grant will vest November 30, 2006.

Securities authorized for issuance under equity compensation plans

The following table shows, as of December 31, 2005, information regarding compensation plans under which equity securities of Aliant are authorized for issuance. The numbers shown under “Equity compensation plans approved by security holders” relate to the Aliant Stock Option Plan and the employee stock savings plan. Please refer to the “Long-term incentive compensation” section of this Information Circular and to note 13 of Aliant’s audited consolidated financial statements for the year ended December 31, 2005.

<table>
<thead>
<tr>
<th>Plan category</th>
<th>Number of securities to be issued upon exercise of outstanding options, warrants and rights</th>
<th>Weighted average exercise price of outstanding options, warrants and rights</th>
<th>Number of securities remaining available for future issuance under equity compensation plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity compensation plans approved by security holders</td>
<td>2,892,493</td>
<td>$30.26</td>
<td>8,856,890</td>
</tr>
</tbody>
</table>

Retirement Plans

The amounts disclosed below as the approximate values of retirement plan obligations accrued as of December 31, 2005, the costs incurred during 2005, and the amounts payable upon retirement of the named executives are all based on assumptions and contractual entitlements, which may change over time. The major assumptions used in making these estimates are consistent with those used to value all of Aliant’s post-employment benefit obligations and are disclosed in note 6 of Aliant’s audited consolidated financial statements for the year ended December 31, 2005.

Jay Forbes and Paul Kent

Mr. Forbes became a member of Aliant’s executive retirement plan as of his date of hire, February 19, 2001. Mr. Kent became a member of the same plan on his date of hire, October 6, 2003. The plan is a non-contributory defined contribution retirement plan with the Corporation contributing 10% of pensionable earnings. Effective December 1, 2005, the Corporation’s contribution rate was increased to 15% of pensionable earnings. Pensionable earnings include salary and short-term incentive payments but do not include long term incentive or share amounts reported in the summary compensation table. The Corporation’s contributions up to the personal income tax limit are made to a registered retirement savings plan and contributions in excess of the income tax limit are accrued and tracked in a notional account, for each executive. The maximum contribution that could be made to registered retirement savings plans for 2005 was $16,500. The total amount accrued as of December 31, 2005, for payment to Mr. Forbes upon his retirement is approximately $356,000, and for Mr. Kent is approximately $37,900. The total cost of retirement plan contributions, including notional investment income,
attributable to 2005 service for Mr. Forbes was approximately $130,000 and for Mr. Kent was approximately $37,000.

David Rathbun

Mr. Rathbun participates in the Aliant Registered Pension Plan (Defined Contribution) and the supplementary executive pension plan. The pension plan, as it applies to Mr. Rathbun, is a defined contribution plan under which he contributes 2% of pensionable earnings and the Corporation contributes 6%. The combined contributions are made to the registered pension plan up to the income tax limit ($18,000 in 2005) and to a notional account for contributions above that limit.

Mr. Rathbun also participates in a supplementary defined benefit pension plan that provides an annual pension of 1.5% times his best 36 consecutive months’ average pensionable earnings for each year of credited service (to a maximum of 75% of such earnings). Pensionable earnings include salary, short-term incentive payments and perquisites received by the named executive officer but do not include long-term incentive or share amounts reported in the summary compensation table. At age 65, the pension benefit is reduced to reflect benefits from the Canada Pension Plan. At December 31, 2005, Mr. Rathbun had 8.1 credited years of service. The plan provides a survivor pension equal to 66.67% of the executive’s pension benefit. The amount accrued under the supplementary pension plan and notional accounts as of December 31, 2005, related to Mr. Rathbun is approximately $771,000. The total cost of retirement plan contributions attributable to Mr. Rathbun’s 2005 service was approximately $103,000, including notional investment income.

The following table illustrates the estimated annual pension benefits payable to Mr. Rathbun at retirement from the supplementary defined benefit pension plan, based on specified compensation levels and credited years of service:

<table>
<thead>
<tr>
<th>Remuneration (dollars)</th>
<th>10</th>
<th>20</th>
<th>30</th>
<th>40</th>
</tr>
</thead>
<tbody>
<tr>
<td>200,000</td>
<td>27,945</td>
<td>55,890</td>
<td>83,835</td>
<td>111,780</td>
</tr>
<tr>
<td>300,000</td>
<td>42,945</td>
<td>85,890</td>
<td>128,835</td>
<td>171,780</td>
</tr>
<tr>
<td>400,000</td>
<td>57,945</td>
<td>115,890</td>
<td>173,835</td>
<td>231,780</td>
</tr>
<tr>
<td>500,000</td>
<td>72,945</td>
<td>145,890</td>
<td>218,835</td>
<td>291,780</td>
</tr>
<tr>
<td>600,000</td>
<td>87,945</td>
<td>175,890</td>
<td>263,835</td>
<td>351,780</td>
</tr>
<tr>
<td>700,000</td>
<td>102,945</td>
<td>205,890</td>
<td>308,835</td>
<td>411,780</td>
</tr>
<tr>
<td>800,000</td>
<td>117,945</td>
<td>235,890</td>
<td>353,835</td>
<td>471,780</td>
</tr>
<tr>
<td>900,000</td>
<td>132,945</td>
<td>265,890</td>
<td>398,835</td>
<td>531,780</td>
</tr>
</tbody>
</table>

Mr. Rathbun is also entitled to a pension enhancement resulting from a 2001 retention bonus. This bonus was used to ensure continuity of leadership following the merger of the Corporation’s predecessor corporations and named executives were entitled to compensation if they remained with the Corporation until June 1, 2001. Prior to becoming eligible for the bonus, Mr. Rathbun elected to take the balance of the retention bonus as a pension enhancement. The total amount accrued with interest for Mr. Rathbun as of December 31, 2005 is $261,000 and the estimated annual benefit payable at normal retirement (age 60) is $28,000.

Glen LeBlanc

Mr. LeBlanc participates in the Aliant Pension Plan (Nova Scotia) a defined benefit pension plan and a supplementary retirement plan. The plans provide an annual pension of 1.5% of his best 60 consecutive months’ average pensionable earnings for each credited year of service before 2005, plus 1.7% of his best 36 consecutive months’ average pensionable earnings for each credited year of service in or after 2005. Pensionable earnings include salary and short-term incentive payments but do not include long term incentive or share amounts reported in the summary compensation table. At age 65, the pension benefit is reduced to reflect benefits from the Canada Pension Plan. At December 31, 2005, Mr. LeBlanc had 11.28 credited years of service before 2005 and 1.0 credited years of service in 2005. The plan provides a survivor pension equal to 66.67% of Mr. LeBlanc’s
pension benefit. The total amount accrued for Mr. LeBlanc under the plans as of December 31, 2005, is approximately $469,000. The total cost of the plans attributable to Mr. LeBlanc’s 2005 service was approximately $33,000.

The following table illustrates the estimated annual pension benefits payable to Mr. LeBlanc at retirement from the supplementary defined benefit pension plan, based on specified compensation levels and credited years of service:

**Pension plan table (in dollars)**

<table>
<thead>
<tr>
<th>Remuneration</th>
<th>10</th>
<th>20</th>
<th>30</th>
<th>40</th>
</tr>
</thead>
<tbody>
<tr>
<td>200,000</td>
<td>34,000</td>
<td>68,000</td>
<td>102,000</td>
<td>136,000</td>
</tr>
<tr>
<td>300,000</td>
<td>51,000</td>
<td>102,000</td>
<td>153,000</td>
<td>204,000</td>
</tr>
<tr>
<td>400,000</td>
<td>68,000</td>
<td>136,000</td>
<td>204,000</td>
<td>272,000</td>
</tr>
<tr>
<td>500,000</td>
<td>95,000</td>
<td>170,000</td>
<td>255,000</td>
<td>340,000</td>
</tr>
<tr>
<td>600,000</td>
<td>102,000</td>
<td>204,000</td>
<td>306,000</td>
<td>408,000</td>
</tr>
<tr>
<td>700,000</td>
<td>119,000</td>
<td>238,000</td>
<td>357,000</td>
<td>476,000</td>
</tr>
<tr>
<td>800,000</td>
<td>136,000</td>
<td>272,000</td>
<td>408,000</td>
<td>544,000</td>
</tr>
<tr>
<td>900,000</td>
<td>153,000</td>
<td>306,000</td>
<td>459,000</td>
<td>612,000</td>
</tr>
</tbody>
</table>

**Barry Kydd**

Mr. Kydd became a member of Aliant’s executive retirement plan as of his date of hire, July 22, 2002, and participated in that plan until he terminated his employment effective February 11, 2005. The plan is a non-contributory defined contribution retirement plan and the Corporation contributed 10% of pensionable earnings. Pensionable earnings include salary and short-term incentive payments but do not include long-term incentive or share amounts reported in the summary compensation table. Contributions up to the personal income tax limits were made to a registered retirement savings plan and contributions in excess of the income tax limit were accrued and tracked in a notional account. The maximum contribution that could be made to registered retirement savings plans for 2005 was $16,500. The total amount accrued as of February 11, 2005, for payment to Mr. Kydd was approximately $96,000. The total cost of retirement plan contributions, including notional investment income, attributable to 2005 service for Mr. Kydd was approximately $20,100.

**Frank Fagan and Wendy Paquette**

The following table illustrates the estimated annual pension benefits payable to Mr. Fagan and Ms. Paquette, who are members of a defined benefit pension plan, at retirement based on specified compensation levels and credited years of service:

**Pension plan table (in dollars)**

<table>
<thead>
<tr>
<th>Remuneration</th>
<th>10</th>
<th>20</th>
<th>30</th>
<th>40</th>
</tr>
</thead>
<tbody>
<tr>
<td>200,000</td>
<td>37,945</td>
<td>75,890</td>
<td>113,835</td>
<td>150,000</td>
</tr>
<tr>
<td>300,000</td>
<td>57,945</td>
<td>115,890</td>
<td>173,835</td>
<td>225,000</td>
</tr>
<tr>
<td>400,000</td>
<td>77,945</td>
<td>155,890</td>
<td>233,835</td>
<td>300,000</td>
</tr>
<tr>
<td>500,000</td>
<td>97,945</td>
<td>195,890</td>
<td>293,835</td>
<td>375,000</td>
</tr>
<tr>
<td>600,000</td>
<td>117,945</td>
<td>235,890</td>
<td>353,835</td>
<td>450,000</td>
</tr>
<tr>
<td>700,000</td>
<td>137,945</td>
<td>275,890</td>
<td>413,835</td>
<td>525,000</td>
</tr>
<tr>
<td>800,000</td>
<td>157,945</td>
<td>315,890</td>
<td>473,835</td>
<td>600,000</td>
</tr>
<tr>
<td>900,000</td>
<td>177,945</td>
<td>355,890</td>
<td>533,835</td>
<td>675,000</td>
</tr>
</tbody>
</table>
Frank Fagan

Mr. Fagan participates in the Aliant Defined Benefit Pension Plan (Newfoundland) and the supplementary executive retirement plan. Collectively, the plans provide an annual pension per credited year of service of 1.5% times the best average 36 consecutive months of pensionable earnings, to a maximum of 70% of such earnings. Pensionable earnings include salary, bonuses and other benefits received by Mr. Fagan, but do not include long term incentive or share amounts reported in the summary compensation table. At age 65, the pension benefit is reduced to reflect benefits payable from the Canada Pension Plan. The plan provides for an additional half-year service for each year of service as a senior officer. At December 31, 2005, Mr. Fagan had 57.0 credited years of service. Mr. Fagan has reached the highest pension percentage and will receive a pension equal to 70% of the best average 36 consecutive months of pensionable earnings. The plans provide a survivor pension equal to 66.67% of Mr. Fagan’s pension benefit. At retirement, the supplemental plan provides for a lump-sum payment equal to 12 months of compensation. The total amount accrued under the registered pension plan and the supplementary pension plan as of December 31, 2005, related to Mr. Fagan is approximately $7,438,000. The total cost of retirement plans attributable to Mr. Fagan’s 2005 service was zero as he has reached the highest pension percentage.

Wendy Paquette

Ms. Paquette participates in the Aliant Pension Plan (Nova Scotia), a defined benefit plan, and the supplementary executive retirement plan. On April 1, 2005, she started a period of retirement leave. Ms. Paquette will retire on April 1, 2008, when the plans will provide a pension of $225,000 per year. Collectively, the plans provide an annual pension per credited year of service of 1.5% times the best average 36 consecutive months of pensionable earnings, to a maximum of 75% of such earnings. If Ms. Paquette retires at or after age 55, the pension rate is increased from 1.5% to 2.0%. Ms. Paquette will be retiring after age 55. At December 31, 2005, Ms. Paquette had 23.9 credited years of service. Pensionable earnings include salary, short term incentives and perquisites received by the named executive officer but do not include the long term incentive or share amounts reported in the summary compensation table. At age 65, the pension benefit is reduced to reflect benefits payable from the Canada Pension Plan. The pension benefits described above include any benefits payable as a result of Ms. Paquette’s participation in the defined contribution portion of the pension plan, to which she was required to contribute 2% of pensionable earnings. The plans provide a survivor pension equal to 66.67% of Ms. Paquette’s pension benefit. The total amount accrued under the registered pension plan and the supplementary pension plan as of December 31, 2005, related to Ms. Paquette is approximately $3,748,000. The total cost of retirement plans attributable to Ms. Paquette’s 2005 service was zero as the cost of her pension was fully accrued at the commencement of her retirement leave.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Introduction

Aliant is committed to excellence in corporate governance. Management believes it has laid the right foundation by systematically promoting a values-based culture across the Corporation. Aliant has maintained a formal governance framework, which clearly defines the roles and accountability of the Board of Directors, its committees and management. Aliant embraces emerging governance standards and continues to refine our governance framework to reflect current best practices and evolving regulatory and legislative requirements. Management believes that governance excellence is a corporate social responsibility as well as an essential tool in building long-term shareholder value.

The following describes the Corporation’s corporate governance practices with reference to the governance disclosure required under Form 58-101F1 of National Instrument 58-101 — Disclosure of Corporate Governance Practices (“NI 58-101”), including additional voluntary disclosure where appropriate to provide greater insight into adopted practices, as suggested in the TSX Guide to Good Disclosure for NI 58-101.
Corporate Governance Disclosure

1. Board of Directors —

   • Disclose the identity of directors who are independent.
   • Disclose the identity of directors who are not independent, and describe the basis for that determination.
   • Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the Board of Directors (the “Board”) does to facilitate its exercise of independent judgment in carrying out its responsibilities.
   • If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.
   • Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer’s most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.
   • Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.
   • Disclose the attendance record of each director for all board meetings held since the beginning of the issuer’s most recently completed financial year.

“Independent” and “non-independent” directors

For the purposes of NI 58-101, a director is independent if he or she has no direct or indirect material relationship with the issuer. A “material relationship” means a relationship which could, in the view of the issuer’s board of directors, be reasonably expected to interfere with the exercise of a director’s independent judgment. The Canadian securities regulators have stipulated certain relationships which are deemed to affect independence.

The Aliant board is responsible for determining whether a director is “independent” for the purposes of NI 58-101 and MI 52-110. In making this determination the board assesses whether a director has any material relationship with the Corporation or any of its affiliates which could reasonably interfere with the exercise of independent judgment. To assist with this determination, the board obtains information from directors as to their particular circumstances and relationships, including through an annual questionnaire completed by directors.

Based on information provided to the board by individual directors, the board has concluded that of the directors standing for election on May 17, 2006, Miller Ayre, Charles Caty, Robert Dexter, Edward Reevey, Catherine Tait, Charles White and Victor Young are “independent” within the meaning of NI 58-101. The board has also determined that (i) Jay Forbes, the chief executive officer of the Corporation, (ii) Stephen Wetmore, the former chief executive officer of the Corporation and current executive officer of BCE and Bell Canada, (iii) Karen Sheriff and (iv) Lawson Hunter who are both executive officers of BCE and or Bell Canada, and (v) Terry Mosey, a recently retired executive officer of BCE and Bell Canada, are not “independent” within the meaning of NI 58-101. Therefore, the board is currently composed of 12 directors, seven of whom are independent. Expressed as a percentage, fifty-eight per cent (58%) of the directors are independent. A majority of the members of each board committee are also “independent”.

Other Directorships

Where any director standing for election on May 17, 2006 is presently a director of any other reporting issuer (or the equivalent), this information is provided in the “Aliant Annual Meeting Matters — Nominees for
election as directors” section of this Information Circular. In terms of interlocking directorships, Mr. Wetmore, Mr. Reevey and Mr. White are all members of the board of Stratos Global Corporation.

**Corporate Governance Manual**

Upon the creation of Aliant in 1999, the board adopted a corporate governance manual (the “corporate governance manual”) which it reviews and updates annually. The corporate governance manual documents the corporate governance principles and practices of the board and provides directors with information and guidance on the fiduciary and functional responsibilities of the board, its committees, and of each director. The corporate governance manual is available in the governance section of Aliant’s website at www.aliant.ca.

**Chair of the Board**

The corporate governance manual provides that the chair of the board is a non-executive position, and that the positions of chair and chief executive officer at Aliant are to be separate. Charles White, the chair of the Corporation’s board, is a non-executive and independent chair and is responsible for ensuring that the board discharges its duties. A summary of the chair’s roles and responsibilities as set out in the corporate governance manual is included in Appendix “I” to this Information Circular. Mr. White has served as chair of the board since 1999, and served in the same capacity for NewTel Enterprises Limited from 1994 to 1999.

**Relationship with BCE and Bell Canada**

Aliant Inc. is a “controlled company”. Aliant entered into a Memorandum of Agreement (“MOA”) with BCE and Bell Canada on March 19, 1999, which describes the understanding between Aliant, BCE and Bell Canada with respect to a strategic alliance for the provision and delivery of telecommunications services. The MOA commits BCE and Bell Canada to the development and growth of a strong and independent Aliant. Through the MOA, BCE is entitled to appoint at least two directors to the current Aliant board of 12 directors (which can be increased to 15 directors without BCE’s consent or additional representation). BCE currently has five directors appointed to the Aliant board. The MOA will be replaced at Closing with the Securityholders’ Agreement and the Commercial Relationship Management Agreement.

The chair’s responsibilities specifically include ensuring the board can function independently of management. When appropriate, to ensure independence from management, Mr. Forbes is requested to withdraw from meetings of the board and similarly to withdraw from meetings of board committees. Directors also meet without management following each meeting of the board and certain committee meetings.

In his role as the non-executive and independent chair, Mr. White focuses much of his energy and resources on ensuring open and candid discussion among the board’s independent directors as well as between independent and non-independent directors. To enhance board effectiveness and ensure regularity of meetings, the board’s corporate governance manual has recently been revised to require a meeting of independent directors at least annually. Private sessions are held by the independent directors from time to time as circumstances warrant.

**Director Responsibilities**

The mandate of Aliant’s board is set out in the corporate governance manual. The manual provides a number of guidelines which directors are urged to keep in mind in the exercise of their individual responsibilities, including the requirement to read mail-out materials, maintain a good attendance record and acquire adequate information for decision-making. The following table shows the attendance record for each director for all board and committee meetings held since January 1, 2005.
### Attendance by Directors

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Miller Ayre</td>
<td>11/11</td>
<td>2/2</td>
<td>—</td>
<td>—</td>
<td>9/9</td>
<td>2/2</td>
<td>6/6</td>
<td>2/2</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>4/4</td>
<td>10/10</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Charles Caty</td>
<td>9/11</td>
<td>2/2</td>
<td>5/5</td>
<td>1/1</td>
<td>—</td>
<td>—</td>
<td>6/6</td>
<td>2/2</td>
<td>1/1</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>4/4</td>
<td>10/10</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Robert Dexter</td>
<td>11/11</td>
<td>2/2</td>
<td>5/5</td>
<td>1/1</td>
<td>—</td>
<td>—</td>
<td>6/6</td>
<td>2/2</td>
<td>1/1</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>4/4</td>
<td>10/10</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Jay Forbes(3)</td>
<td>11/11</td>
<td>2/2</td>
<td>—</td>
<td>—</td>
<td>6/6</td>
<td>2/2</td>
<td>6/6</td>
<td>2/2</td>
<td>1/1</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>4/4</td>
<td>10/10</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Lawson Hunter</td>
<td>11/11</td>
<td>2/2</td>
<td>—</td>
<td>—</td>
<td>6/6</td>
<td>2/2</td>
<td>6/6</td>
<td>2/2</td>
<td>1/1</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>4/4</td>
<td>10/10</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Terry Mosey</td>
<td>11/11</td>
<td>1/2</td>
<td>—</td>
<td>—</td>
<td>6/6</td>
<td>2/2</td>
<td>6/6</td>
<td>2/2</td>
<td>1/1</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>4/4</td>
<td>10/10</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Dr. Margot Northey(4)</td>
<td>2/3</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>6/6</td>
<td>2/2</td>
<td>6/6</td>
<td>2/2</td>
<td>1/1</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>4/4</td>
<td>10/10</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Edward Reevey</td>
<td>11/11</td>
<td>2/2</td>
<td>5/5</td>
<td>1/1</td>
<td>—</td>
<td>—</td>
<td>6/6</td>
<td>2/2</td>
<td>1/1</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>4/4</td>
<td>10/10</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Karen Sheriff</td>
<td>10/11</td>
<td>2/2</td>
<td>—</td>
<td>—</td>
<td>6/6</td>
<td>2/2</td>
<td>6/6</td>
<td>2/2</td>
<td>1/1</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>4/4</td>
<td>10/10</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Catherine Tail</td>
<td>11/11</td>
<td>2/2</td>
<td>5/5</td>
<td>1/1</td>
<td>9/9</td>
<td>2/2</td>
<td>6/6</td>
<td>2/2</td>
<td>1/1</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>4/4</td>
<td>10/10</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Stephen Wetmore</td>
<td>9/11</td>
<td>2/2</td>
<td>—</td>
<td>—</td>
<td>5/6</td>
<td>1/2</td>
<td>5/6</td>
<td>1/2</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>4/4</td>
<td>10/10</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Charles White(5)</td>
<td>11/11</td>
<td>2/2</td>
<td>—</td>
<td>—</td>
<td>6/6</td>
<td>2/2</td>
<td>6/6</td>
<td>2/2</td>
<td>1/1</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>4/4</td>
<td>10/10</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Victor Young</td>
<td>10/11</td>
<td>2/2</td>
<td>5/5</td>
<td>1/1</td>
<td>7/9</td>
<td>2/2</td>
<td>7/9</td>
<td>2/2</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>4/4</td>
<td>10/10</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

**Notes:**
1. Includes meetings held/attended from January 1 — December 31, 2005.
2. Includes meetings held/attended from January 1 — March 29, 2006.
3. Mr. Forbes is not a member of any committees.
4. Dr. Northey resigned from the board effective May 17, 2005.
5. Mr. White attends all standing committee meetings. In 2005, he attended all standing committee meetings except in circumstances where two committee meetings were scheduled concurrently.

### 2. Board Mandate — Disclose the text of the board’s written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.

#### Board and committee mandates

The corporate governance manual contains a detailed written mandate for the board, which sets out the board’s responsibility for the stewardship of the Corporation, including oversight of the operation of the business and supervision of management. A copy of the written mandate of the board of directors as contained in the corporate governance manual is included in Appendix “I” to this Information Circular. Appendix “I” also contains written mandates for the corporate governance, human resources and compensation, investment, defined contribution pension and defined benefit pension investment committees, which outline the responsibilities the board has assigned to each standing committee. The audit committee mandate is available in the governance section of Aliant’s website at www.aliant.ca and is attached as Schedule 2 of the Corporation’s annual information form dated March 29, 2006, which can be found at www.sedar.com and which is incorporated in this Information Circular by reference. The corporate governance committee is responsible for reviewing the board’s mandate, as well as the terms of reference for the committees, the chair and the CEO, on an annual basis.

#### Strategic planning process

Management is required to submit annually to the board a long-term strategic plan as well as an annual business and financial plan setting out the opportunities and risks associated with the business. The board holds a strategic planning session annually each September to review and discuss this plan with management, which takes into account, among other things, the opportunities and risks of the business. The plan is adjusted and improved over the course of discussions spanning several weeks and generally approved by the board, along with the ensuing budget for the coming fiscal year, each November. Once approved, the board monitors corporate performance against the strategic plan and budget at each board meeting. The overall strategic direction is described in Aliant’s management discussion and analysis.
**Principal risks**

The board has responsibility pursuant to Aliant’s corporate governance manual for ensuring implementation of the appropriate systems to identify and manage the principal risks of the Corporation’s business. The board identifies the principal risks taking into consideration economic and competitive factors, technological developments and the regulatory regime. The principal risks are described in Aliant’s management discussion and analysis and annual information form. The audit committee has responsibility for reviewing and monitoring the risk assessment systems and internal controls in major accounting and financial reporting systems.

**Succession planning**

The board is explicitly responsible under the corporate governance manual for the appointment, remuneration, performance achievement and replacement of the chief executive officer and senior officers upon the recommendation of the human resources and compensation committee, and advice of the chief executive officer with respect to the senior officers. The board is also responsible for ensuring that plans have been made for management succession. The human resources and compensation committee reviews management’s executive succession plans annually or as appropriate and brings them forward for the board’s consideration. The succession plan includes specific development plans for potential successors. This committee also reviews, on an annual basis or as needed, any proposed or required organizational changes.

**Communication policy**

The board’s written mandate includes responsibility for ensuring the fullest communications with shareholders and ensuring that the financial performance of the Corporation is fairly and adequately reported to shareholders, other security holders and regulators on a timely and regular basis. The board has adopted a disclosure policy to ensure that communications with the public are timely, factual, accurate, complete, and broadly disseminated in accordance with securities laws. This policy was recently revised to reflect changes in corporate governance standards. The audit and corporate governance committees review the policy periodically.

The board has established a disclosure and compliance committee responsible for oversight of all public disclosure. The committee is responsible to the board for, among other things, implementing, administering and monitoring the effectiveness of the disclosure policy; assessing the materiality of information and developments; reviewing all disclosure documents; supervising the design, establishment and maintenance of disclosure controls and procedures; and monitoring the integrity and effectiveness of the company’s disclosure controls and procedures. The disclosure and compliance committee reviews all major public announcements and makes recommendations to the board and board committees. The board’s audit committee is responsible for the review of all financial statements, management discussion and analysis and earnings press releases of the Corporation which require the approval of the board, and for ensuring adequate procedures are in place for the review of the Corporation’s disclosure of financial information.

The Corporation has also established a shareholder relations service to receive and respond to shareholder comments and inquiries. In addition, Aliant holds regular meetings with the investment community and the media to explain results and answer questions.

**Internal controls**

The board’s written mandate includes responsibility for ensuring the implementation and integrity of the Corporation’s internal control and management information systems. As outlined above, the disclosure and compliance committee is responsible to the board for, among other things, supervising the design, establishment and maintenance of, and monitoring the integrity and effectiveness of, the company’s disclosure controls and procedures, including internal controls over financial reporting. The committee is responsible for evaluating on a quarterly basis the effectiveness of the disclosure controls and procedures.
Approach to corporate governance

The corporate governance committee is explicitly charged, among other things, with the responsibility to review governance issues and to make recommendations to the board in relation to corporate governance best practices, as it deems appropriate, to enhance the Corporation’s performance. This committee is responsible for the regular review of changes in the governance regulatory area, for the Corporation’s annual statement of corporate governance practices and for the Corporation’s adherence to NI 58-101. The committee’s terms of reference are included in Appendix “I”. As outlined above, the board has adopted a corporate governance manual which documents the corporate governance principles and practices of the board.

Stakeholder feedback

The mandate of Aliant’s board provides that the board is responsible to ensure the Corporation has systems in place which accommodate feedback from shareholders, customers, employees and the community. Aliant has established a shareholder relations service, administered by CIBC Mellon Trust Company, to receive and respond to shareholder or investor inquiries. The board of directors and senior management encourage inquiries from shareholders, which are dealt with promptly. The Corporation has also established a toll-free phone number for ease of contacting our investor relations unit.

3. Position Descriptions —

(a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.

(b) Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.

Position descriptions

Position descriptions have been prepared for the chair of the board, committee chairs, the chief executive officer and the directors, and are contained in the corporate governance manual. These position descriptions are included in Appendix “I”. The position descriptions are reviewed annually by the corporate governance committee as part of its review of the corporate governance manual, and approved by the board.

Authorizations policy

In addition, the board has approved an authorizations policy which governs approval of transactions, delegation of authority and execution of agreements. Under this policy, certain actions are reserved for review and approval by the board.

CEO performance assessment

The human resources and compensation committee, together with the board, reviews and approves corporate objectives for the president and chief executive officer on a regular basis. This committee and the board conduct annual assessments of the chief executive officer’s performance against these objectives.

4. Orientation and Continuing Education —

(a) Briefly describe what measures the board takes to orient new directors regarding

(i) the role of the board, its committees and its directors, and

(ii) the nature and operation of the issuer’s business.
(b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.

Director orientation

The corporate governance committee is responsible for reviewing, monitoring and making recommendations regarding new director orientation. Aliant has a formal orientation program in place, which is supplemented by written materials in the form of a comprehensive orientation manual. The orientation manual includes, among other things, the corporate governance manual, which explains in detail the role of the board, its committees and its directors. The orientation manual also includes copies of the Corporation’s organizational documents as well as information on directors’ statutory and common law duties and performance standards, internal governance policies, conflict of interest, confidential information, shareholder rights and meetings, public company responsibilities, and copies of the Corporation’s most recent continuous disclosure documents.

The orientation of directors seeks to educate new directors on the nature of Aliant’s operations, the telecommunications industry generally, as well as corporate governance fundamentals. The orientation program includes visits to Aliant offices in various locations, contact with senior leaders, site visits of customer facilities as appropriate to the needs, interests and experience of the director, briefings related to Atlantic Canada’s social, economic and political characteristics and trends, as well as briefings on corporate governance trends. Aliant retains the flexibility to adapt its core agenda to the specific experience, needs and interests of individual directors.

Ongoing education

Aliant holds periodic educational sessions for directors at which one or more aspects of the business are discussed in detail. These educational sessions are generally scheduled twice yearly, to coincide with board meetings, and typically follow an informal presentation and open discussion format. The subject matter for these sessions is determined based on interests and needs identified by directors and through discussion with the board chair. The corporate governance committee is also mandated to review and make recommendations regarding ongoing development of existing directors.

5. Ethical Business Conduct —

(a) Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:

(i) disclose how a person or company may obtain a copy of the code;
(ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and
(iii) provide a cross-reference to any material change report filed since the beginning of the issuer’s most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.

(b) Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.

(c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.

Code of business conduct and ethics

The board has adopted a statement of ethical behaviour entitled “Living the Aliant Values, Our Code of Business Conduct and Ethics” (this Code was recently updated; the previous document was titled “Our Principles of Ethics”). This document sets out a detailed code of ethical business conduct which is to be followed by all employees, officers and directors of the Corporation.
The Code is accessible at Aliant’s corporate website www.aliant.ca by following the links: (i) About Us; (ii) Corporate Governance; and (iii) Code of Ethics. The Code is also available to all employees on the Corporation’s intranet site, Gateway. New directors are provided with a copy of the Code in their orientation manuals.

The corporate governance and audit committees monitor compliance with this Code, and the audit committee receives regular reports from the internal audit group regarding complaints or enquiries received under the Corporation’s anonymous reporting procedures, or otherwise, regarding issues of an ethical nature. Aliant expects all employees, officers and directors to strictly comply with the code. Under NI 58-101, the Canadian securities regulators consider that conduct by a director or executive officer which constitutes a material departure from the code would likely constitute a “material change” within the meaning of National Instrument 51-102 — Continuous Disclosure Obligations. Therefore, if a waiver was ever granted to an executive officer or director with respect to a material departure from the Code, which is not currently provided for in the Code or the corporate governance manual, it would likely be required to be disclosed through the filing of a material change report in accordance with the Corporation’s Disclosure Policy. To date no such waiver has ever been requested or granted.

Code of ethics for senior financial executives

The board has also adopted a code of ethics for senior financial executives. This document establishes principles and responsibilities governing professional and ethical conduct that are advocated and adhered to by the Corporation’s financial executives.

Conflict of interest policy

The corporate governance manual includes a conflict of interest policy which applies to all directors. Among other things, this policy addresses each director’s responsibility to avoid conflict of interest, and provides examples of conduct that may constitute a conflict of interest. The policy requires directors to declare any conflict of interest that may arise relating to any business that comes before the board. The policy also requires that the director refrain from voting on any such matter, and when appropriate absent themselves from board discussion regarding the issue.

Corporate culture

Through the corporate governance manual, the board also charges the chief executive officer with fostering a corporate culture that promotes ethical practices, encourages individual integrity and fulfills social responsibility, and with maintaining a positive and ethical work climate. These principles are reflected in “Aliant’s Values” which are value-based guiding principles that apply to the whole organization.

Affirmations

All of the Corporation’s senior financial executives are required to provide annual written compliance affirmations with respect to our code of ethics for senior financial executives. We have recently updated our code of business conduct and our disclosure policy and now also require annual written affirmations from all senior executives with respect to those policies.

6. Nomination of Directors —

(a) Describe the process by which the board identifies new candidates for board nomination.

(b) Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.

(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.
Corporate governance committee

The corporate governance committee is composed of five outside directors, four of whom are independent. A copy of the corporate governance committee’s mandate and the director selection process as contained in the corporate governance manual are included in Appendix “I” to this Information Circular. This committee is responsible for, among other things, making recommendations to the board regarding new candidates for board nomination.

Director selection process

The size of the board is determined annually based on current needs. The corporate governance committee has concluded that the optimal size of the board is between 10 and 16 members. This year, shareholders will be asked to appoint 12 directors. This is considered an efficient size and will allow for effective decision making.

As part of the nominating process, the corporate governance committee develops a long-term plan for the composition of the board taking into consideration the competencies, strengths, skills and experience of the current board members, retirement dates and Aliant’s strategic direction. Such a long-term plan assists the committee in determining the essential and desired experience and skills of potential directors and recommending new director candidates.

The corporate governance manual details a formal director selection process which includes: review of the corporate strategic objectives; analysis of the current skill, experience and board dynamics; a divergence analysis to identify desirable characteristics to be sought in new board nominees; the development of search criteria; the conduct of a formal search process, including the use of professional consultants when and as needed; and the selection process itself. The committee uses this process to fill vacancies as they arise, rather than maintaining a list of potential directors. The corporate governance manual also outlines selection criteria for individual candidates and the composition of the board as a whole. The selection criteria require the board to consider whether an individual possesses adequate time, capability and willingness to fulfill the responsibilities of director. The corporate governance committee assesses whether new nominees will be able to devote sufficient time on the basis of discussions with the nominees and the committee’s understanding of the time required to satisfy the board’s needs.

As part of the director nomination process, the corporate governance committee, in conjunction with the chair of the board, assesses the ongoing performance of the current directors annually.

The board last appointed a new member on December 15, 2003 when Terry Mosey, a BCE nominee, was appointed to fill the vacancy created following the resignation of another BCE nominee, John Sheridan.

7. Compensation —

(a) Describe the process by which the board determines the compensation for the issuer’s directors and officers.

(b) Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.

(i) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.

(ii) If a compensation consultant or advisor has, at any time since the beginning of the issuer’s most recently completed financial year, been retained to assist in determining compensation for any of the issuer’s directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.

Human resources and compensation committee

The board has appointed a human resources and compensation committee composed of four external directors, three of whom are independent. This committee has a written mandate that establishes the
committee’s purpose, responsibilities, and membership composition. A copy of the mandate as contained in the corporate governance manual is included in Appendix “I” to this Information Circular.

The human resources and compensation committee is charged with approving the goals and objectives of the chief executive officer and other key executives and also has responsibility for establishing and administering:

- a plan of continuity for executives and other key employees;
- broad plan of executive compensation that is competitive and motivating in order to attract, hold and inspire the executive management and other key employees, and for the review of public disclosure of such executive compensation;
- an annual review of the performance of each member of executive management and recommendations for compensation; and
- procedures for the review and oversight of benefit plans, perquisite arrangements, and employee pension plans.

**Executive compensation**

A detailed explanation of how executive compensation is determined, including share ownership requirements, can be found in the section of this information circular entitled “Composition of the human resources and compensation committee and report on executive compensation”. The human resources and compensation committee reviews executive compensation disclosure before it is publicly disclosed.

**Director compensation**

The corporate governance committee annually recommends the remuneration (fees and retainer) and benefits to be provided or paid to directors. The recommendation follows a review of market data on director compensation at comparable public companies. This analysis looks at director compensation at similarly sized companies, as well as companies in the telecommunications industry and other public companies in Atlantic Canada, for benchmarking purposes. In arriving at its recommendation, the committee also seeks advice from professional compensation consultants. The end result reflects the specific functions and responsibilities of the Corporation’s directors and the current market. A detailed explanation of the compensation paid to directors, including minimum share ownership requirements, can be found in the section of this information circular entitled “Compensation of directors”.

**External consultants**

The human resources and compensation committee and corporate governance committee may, with the prior approval of the chair of the board, engage independent external consultants to provide advice and counsel on executive and director compensation matters. This process allows the committees to obtain expert, independent and objective advice on compensation related matters. During 2005, Aliant employed the services of two consulting firms on the following executive compensation matters:

**Mercer Human Resources Consulting (“Mercer”)**

- Executive compensation review
- Mid-term incentive analysis

In addition to these assignments related to executive compensation matters, Mercer was also retained during 2005 to comment on management’s proposed changes to our directors’ compensation arrangements, to conduct job evaluations for selected management roles, to conduct investment manager searches and performance evaluation related to Aliant’s pension plans.

Mercer’s fees for executive compensation services to the human resources and compensation committee, totalled approximately $87,000 in fiscal year 2005. In addition, Mercer’s fees for other compensation and investment consulting services to Aliant totalled approximately $158,000 in fiscal year 2005.
Towers Perrin ("Towers")

- Retirement program for executives
  
  During 2005, fees paid to Towers for executive compensation consulting services totalled $15,000.

  Decisions made by the human resources and compensation committee are the responsibility of that committee and may reflect factors and considerations other than the information provided by these compensation consultants.

8. Other Board Committees — If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

  The investment committee is composed of four external directors, three of whom are independent.

  The defined benefit pension investment committee is composed of three external directors, two of whom are independent.

  The defined contribution pension investment committee is composed of three external directors, two of whom are independent, and two elected employee representatives who are participants in the defined contribution pension plan.

  The functions of these committees are described in their respective mandates as contained in the corporate governance manual, which are included in Appendix "I".

  The special independent committee is composed of five external directors, all of whom are independent, including the chairs of our audit, investment, corporate governance and human resources and compensation committees.

9. Assessments — Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.

  The corporate governance committee is responsible for assessing the skills and competencies of the board as a whole and the performance of each director on a yearly basis. The committee also conducts an annual review and assessment of the chairs of the board and its committees. Assessment occurs through various means as determined by the corporate governance committee including surveys, interviews and group discussions. As part of the annual re-nomination process, the committee reviews individual director contribution in terms of meeting attendance, preparedness, participation, value added contribution and other criteria.

  Section 5.1 of MI 52-110 requires issuers to provide specific and detailed disclosure regarding their audit committees. This audit committee disclosure can be found in schedules 1 and 2 of the Corporation’s 2006 Annual Information Form, which is incorporated by reference in this Information Circular and can be found at www.sedar.com.

COMPENSATION OF DIRECTORS

Directors are compensated on the basis of annual retainers and meeting fees. Directors who are employed by Aliant, its subsidiaries, BCE or Bell Canada do not receive such compensation. In the case of directors employed by BCE or Bell Canada, compensation is paid to Bell Canada. Mr. Young is a member of the board of directors of BCE but is not an employee of BCE and therefore is eligible to receive compensation from Aliant. Mr. Mosey retired from his employment with BCE and Bell Canada effective June 1, 2005, and since that date has been eligible to receive compensation from Aliant. The annual retainer for each eligible director is $35,000, all of which is deferred to the share unit plan for non-employee directors (referred to in this section as the “share unit plan”) and converted to share units. In addition to the board retainer, the chair of the audit committee receives an annual retainer of $22,000. Other committee chairs receive an additional annual retainer of $7,000, and committee members receive an additional annual retainer of $3,000. The chair of each committee receives the committee member retainer in addition to the committee chair retainer. The meeting fee for each
board and each committee meeting is $1,500. These retainers and meeting fees applied to both standing committees and the special independent committee. The chair of the board of directors is compensated on the basis of an annual retainer of $200,000 with a minimum of $100,000 deferred to the share unit plan. The chair does not receive meeting fees for board and committee meetings. Non-employee members of the board are also reimbursed for travel and other out-of-pocket expenses incurred as a result of attending board and committee meetings.

The share unit plan was designed and implemented solely for members of the board of directors who are not employees of Aliant, its subsidiaries, BCE or Bell Canada. The share unit plan is intended to enhance our ability to attract and retain high-quality individuals to serve as members of the board and to promote a greater alignment of interests between non-employee members of the board and our shareholders. Eligible directors and the chair may elect to defer to the share unit plan any portion of their fees over and above the minimum deferred amounts of $35,000 and $100,000 for directors and the chair, respectively. At the end of each quarter, fees thus deferred are divided by the market value of an Aliant Common Share and converted to share units. Dividends on share units are credited to each director’s share unit plan account in the form of additional share units. Upon termination of board service, the directors receive the cash equivalent value of the number of share units then recorded in the director’s share unit plan account based on the market value of an Aliant Common Share at that time.

SHARE OWNERSHIP REQUIREMENTS

Directors are required to own 3,000 Aliant Common Shares or 3,000 share units under the share unit plan or a combination of both within three years following their appointment. Directors who are employed by Aliant, its subsidiaries, BCE or Bell Canada do not receive compensation for their participation on the Aliant board. In the case of directors employed by BCE or Bell Canada, compensation is paid to Bell Canada. Those employees are therefore not required to own shares of Aliant and do not participate in the share unit plan. For the threshold ownership requirements applicable to Mr. Forbes, who is an internal director, see the table on ownership guidelines under “Composition of the human resources and compensation committee and report on executive compensation”.

DIRECTORS’ AND OFFICERS’ LIABILITY INSURANCE

The directors and officers of Aliant and its subsidiaries benefit from a group directors and officers liability policy with limits of US$200 million purchased through the BCE group insurance program for the protection of all directors and officers of BCE and subsidiary corporations against liability incurred by them in their capacity as directors and officers.

In 2005, the amount of premium including premium taxes paid by the Aliant group for participatory coverage in respect of directors and officers was $427,440. Where Aliant grants indemnification to the directors and officers, the deductible is US$1 million for the Corporation. When the Corporation does not indemnify the directors and officers or is restricted in law, there is no deductible.

INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS

Except as disclosed in the 2005 audited consolidated financial statements of Aliant and management discussion and analysis of the financial condition and results of operations of the Corporation and in the annual information form of Aliant dated March 29, 2006, all of which are incorporated in this Information Circular by reference, the Corporation is not aware that any of the directors, officers, nominees for election as directors, other insiders of the Corporation or any persons associated or otherwise related to any of them has had an interest in any material transaction carried out since the beginning of the Corporation’s last completed fiscal year and which has materially affected or is likely to materially affect the Corporation.

2006 SHAREHOLDER PROPOSALS

Shareholder proposals must be submitted no later than December 29, 2006, to be considered for inclusion in next year’s information circular for the purposes of the 2007 annual meeting of shareholders of Aliant.
ADDITIONAL INFORMATION

A copy of this Information Circular has been sent to each director of the Corporation, to the applicable regulatory authorities, to each shareholder entitled to notice of the Meeting and to the auditors of the Corporation. Upon request to the corporate secretary of Aliant, the Corporation will send to the person or company making such request, at a nominal charge, and in the case of a shareholder, without charge, a copy of:

- the Corporation’s annual information form dated March 29, 2006, together with one copy of any document, or the pertinent pages of any document, incorporated by reference therein;

- the most recently filed comparative consolidated financial statements of the Corporation, together with the management discussion and analysis of such financial results and the auditor’s report thereon, and any interim financial statements of the Corporation that have been filed for any period after the end of its most recently completed financial year; and this Information Circular; and

- financial information for the Corporation’s most recently completed fiscal year, being December 31, 2005, is provided in the Corporation’s financial statements for the year ended December 31, 2005, and management discussion and analysis of such financial results.

Additional information relating to the Corporation is available on SEDAR at www.sedar.com.

All documents incorporated herein by reference are available on SEDAR at www.sedar.com and the Corporation will provide a copy of any such document free of charge to a shareholder upon request to the corporate secretary of Aliant.
GLOSSARY

The following is a glossary of certain terms used in this Information Circular, including the Summary hereof:

“1933 Act” means the United States Securities Act of 1933, as amended;

“1934 Act” means the United States Securities Exchange Act of 1934, as amended;

“2004 Budget Proposals” means the proposed amendments to the Tax Act announced by the Minister of Finance (Canada) on March 23, 2004;

“AcquisitionCo” means a corporation to be incorporated under the CBCA as a wholly-owned Subsidiary of Holdings LP to, initially, acquire the Aliant Common Shares from Holdings LP;

“AcquisitionCo Notes” means the unsecured interest-bearing subordinated notes to be issued by AcquisitionCo to Holdings LP pursuant to the Plan of Arrangement;

“Additional Wireline Territory” means, subject to certain restrictions and qualifications, the service area in Canada of any telecommunications services or cable broadcasting services provider which is acquired by Wireline LP;

“Adjusted EBITDA” has the meaning ascribed thereto under the heading “Description of Non-GAAP Measures”;

“Adjusted operating expenses” has the meaning ascribed thereto under the heading “Description of Non-GAAP Measures”;

“Administration Agreement” means the administration agreement to be entered into on the Closing Date among the Fund, the Trust, GP, Wireline GP and Wireline LP, as the same may be amended, supplemented or restated from time to time;

“Affiliate” has the meaning ascribed thereto in Section 1.2 of National Instrument 45-106 — Prospectus and Registration Exemptions, as it exists on the date hereof;

“Aliant” or the “Corporation” means Aliant Inc., a corporation incorporated under the CBCA, and includes, as the context requires, its successors;

“Aliant Amalco” means the successor entity formed as a result of the amalgamation of Aliant and certain of its Subsidiaries, as contemplated by the Arrangement;

“Aliant Common Shares” means the common shares in the capital of Aliant;

“Aliant Operation” has the meaning ascribed thereto under “The Business of the Fund — The Combined Business”;

“Aliant Preferred Shares” means the preference shares, Series 2 in the capital of Aliant;

“Aliant Stock Option Plan” means the stock option plan of Aliant dated February 10, 2000;

“Aliant Telecom” means Aliant Telecom Inc., a corporation incorporated under the CBCA;

“Aliant Wireline Assets” means the wireline assets of Aliant;

“Aliant Wireline Operation” has the meaning ascribed thereto under “The Business of the Fund — The Combined Business”;

“Aliant Wireline Territory” means the Provinces of Newfoundland and Labrador, New Brunswick, Nova Scotia and Prince Edward Island;

“ARPM” means average revenue per minute;

“ARPU” means average revenue per unit;

“Arrangement” means the proposed arrangement under Section 192 of the CBCA involving Aliant, BCE, Bell Canada and Aliant’s shareholders, as contemplated by the Arrangement Agreement and the Plan of Arrangement;
“Arrangement Agreement” means the property exchange and arrangement agreement dated March 6, 2006 among Aliant, BCE and Bell Canada with respect to the Arrangement, as it may be amended in accordance with its terms, as well as such other entities that may become party thereto in accordance with its terms;

“Arrangement Resolution” means the special resolution in respect of the Arrangement in substantially the form attached as Appendix “A” to this Information Circular, to be voted upon by shareholders at the Meeting;

“Articles of Arrangement” means the articles of arrangement in respect of the Arrangement required under subsection 192(6) of the CBCA to be sent to the Director after the Final Order has been made, giving effect to the Arrangement;

“Associate” has the meaning ascribed thereto in the Securities Act (Ontario) on the date hereof;

“Assumed Wireline Liabilities” means the liabilities of the Bell Canada Regional Wireline Operation to be assumed by Wireline LP from Bell Canada pursuant to the Arrangement Agreement;

“BCE” means BCE Inc. a corporation amalgamated under the CBCA, and includes its successors;

“Bell Canada” means Bell Canada or The Bell Telephone Company of Canada, a corporation amalgamated under the CBCA, and includes its successors;

“Bell Canada Regional Territory” means the regional and rural areas located in Ontario and Québec and serviced by those exchanges listed on Schedule M to the Arrangement Agreement (as such schedule may be amended from time to time);

“Bell Canada Regional Wireline Operation” means the local and regional wireline voice and data telecommunications services provided by Bell Canada in the Bell Canada Regional Territory;

“Bell Mobility” means the wireless operations of Bell Canada;

“Bell Nordiq Partnerships” means NorthernTel, Limited Partnership and Télébec, Limited Partnership;

“Bell Territory” means all of Canada excluding the Wireline Territory, the BNG Territory and Additional Wireline Territory;

“BNG” means Bell Nordiq Group Inc., a company incorporated under the laws of the Province of Québec;

“BNG Territory” means the areas in Canada in which the Bell Nordiq Partnerships provide local exchange telephone services as of the Closing Date;

“Board of Directors” means the board of directors of Aliant;

“BRAND” means Industry Canada’s Broadband for Rural and Northern Development;

“Broadcasting Act” means the Broadcasting Act (Canada), as amended and where applicable any regulations or directives issued thereunder;

“Business Day” means any day on which commercial banks are generally open for business in Toronto, Montreal and Halifax other than a Saturday, a Sunday or a day observed as a holiday in Toronto, Montreal or Halifax under applicable laws;

“CAGR” means compound annual growth rate;

“Canadian Ownership and Control Regulations” has the meaning ascribed thereto under “Description of the Fund — Limitation on Non-Resident Ownership”;

“Capital intensity ratio” has the meaning ascribed thereto under “Description of Non-GAAP Measures”;

“Cash Purchase Price” has the meaning ascribed thereto under the heading “Description of Holdings LP — Investor Liquidity and Exchange Agreement”;

“CBCA” means the Canada Business Corporations Act, as amended, including the regulations promulgated thereunder;

“CDS” means The Canadian Depository for Securities Limited;

“CDS participant” means a participant in the CDS depository service;
“CEP” means Communications, Energy and Paperworks Union of Canada;
“CEPACC” means the CEP Atlantic Communications Council;
“Certificate” means the certificate or certificates or other confirmation of filing to be issued by the Director, pursuant to subsection 192(7) of the CBCA, giving effect to the Arrangement;
“CLEC” means a competitive local exchange carrier;
“Closing” means the completion of the transactions contemplated by the Arrangement Agreement;
“Closing Date” has the meaning ascribed thereto under “The Arrangement — Arrangement Steps”;
“Combined Business” has the meaning ascribed thereto under “The Business of the Fund”;
“Commercial Agreements” means the contractual arrangements between Wireline LP and Bell Canada described under the heading “The Business of the Fund — Commercial Agreements with Bell Canada”;
“Commercial Relationship Management Agreement” means the agreement to be entered into between Wireline LP and Bell Canada with respect to non-competition, customer primeship, branding and other matters;
“Common Shareholders” means the holders of Aliant Common Shares;
“Common Share Trading Price” means, on a date, the 10-day volume weighted average trading price of Aliant Common Shares on the TSX for the immediately preceding 10 trading days;
“control” means, with respect to control of a body corporate by a Person, the holding (other than by way of security) by or for the benefit of that Person of securities of that body corporate to which are attached more than 50% of the votes that may be cast to elect directors of the body corporate (whether or not securities of any other class or classes will or might be entitled to vote upon the happening of any event or contingency) provided that such votes, if exercised, are sufficient to elect a majority of the board of directors of that body corporate;
“Court” means the Supreme Court of Nova Scotia;
“CRA” means the Canada Revenue Agency;
“CRTC” means the Canadian Radio-television and Telecommunications Commission, an agency of the Government of Canada;
“CSG” means Carrier Services Group;
“CTEA” means Canadian Telecommunications Employees’ Association;
“DB” means defined benefit;
“DBRS” means Dominion Bond Rating Service;
“DCF” means discounted cash flow;
“Demand for Payment” means a written notice containing a Dissenting Shareholder’s name and address, the number of Aliant Common Shares in respect of which that Dissenting Shareholder dissents, and a demand for payment of the fair value of such securities;
“Demand Promissory Note” means the non-interest bearing demand promissory note in the amount of $1.256 billion to be issued to Bell Canada by Wireline LP as part of the Arrangement;
“Demand Registration” has the meaning ascribed thereto under the heading “Description of Holdings LP — Investor Liquidity and Exchange Agreement”;
“Director” means the Director appointed under section 260 of the CBCA;
“Dissenting Shareholders” means registered holders of Aliant Common Shares who validly exercise their Dissent Rights in accordance with the Dissent Procedure and “Dissenting Shareholder” means any one of them;
“Dissent Notice” means a written objection to the Arrangement Resolution provided by a Dissenting Shareholder to Aliant in accordance with the Dissent Procedure;
“Dissent Procedure” means the procedure under section 190 of the CBCA as modified by the Interim Order by which a Dissenting Shareholder may exercise Dissent Rights (see “The Arrangement — Dissent Rights”);
“Dissent Rights” means the right of a registered Common Shareholder pursuant to the Interim Order and section 190 of the CBCA, to dissent to the Arrangement Resolution and to be paid the fair value of such Common Shareholder’s Aliant Common Shares, all in accordance with section 190 of the CBCA, subject to and as modified by the Interim Order and Article 4 of the Plan of Arrangement and as described in this Information Circular under the heading “The Arrangement — Dissent Rights”;

“Distributable Cash” has the meaning ascribed thereto under the heading “Description of Non-GAAP Measures”;

“Distribution Period” means each calendar month in each calendar year, from and including the first day thereof and to and including the last day thereof, provided that the first Distribution Period shall begin on (and include) the date of Closing and shall end on (and include) the last day of the first full calendar month following Closing;

“Distribution Record Date” means the last Business Day of each Distribution Period and December 31 in each year, or any additional days as may be determined from time to time by the Trustees;

“Dividend Reinvestment Plan” means the dividend re-investment plan of Aliant;

“DSL” means digital subscriber line;

“DSU Plan” means the share unit plan for non-employee directors of Aliant;

“DUP” has the meaning ascribed thereto under “Trustees, Directors and Management — Termination of, Establishment of or Amendments to the Terms of Executive Compensation Programs Upon Completion of the Arrangement”;

“EBITDA” has the meaning ascribed thereto under the heading “Description of Non-GAAP Measures”;

“EBITDA Margin” has the meaning ascribed thereto under the heading “Description of Non-GAAP Measures”;

“Effective Date” means the date on which the Articles of Arrangement are sent to the Director pursuant to the CBCA;

“Effective Time” means 12:01 a.m. (Toronto time) on the Effective Date;

“Employees’ Stock Savings Plan” means the employees’ stock savings plan of Aliant;

“Employees’ Unit Purchase Plan” has the meaning ascribed thereto under “The Arrangement — Treatment of Share-Based Plans in Connection with the Arrangement — Employees’ Stock Savings Plan”;

“EVDO” means Evolution Data Optimized;

“Exchange Rights” means the rights of BCE and Bell Canada (or any assignee thereof) to exchange, directly or indirectly, (i) Wireline Exchangeable LP Units, or (ii) Holdings Class 1 Exchangeable LP Units together with GP Shares, for Units;

“Exchangeable Interest” means each pair of one GP Share and one Holdings Class 1 Exchangeable LP Unit, and each Wireline Exchangeable LP Unit;

“Exchangeable Securities” means securities that are, directly or indirectly, convertible into or exchangeable for Units;

“Fairness Opinion” means the opinion of Scotia Capital Inc. dated March 2, 2006, a copy of which is attached as Appendix “E” to this Information Circular;

“Fees” has the meaning ascribed thereto under the heading “Trustees, Directors and Management — Termination of, Establishment of or Amendments to the Terms of Executive Compensation Programs Upon Completion of the Arrangement”;

“Final Order” means the final order of the Court approving the Arrangement to be applied for following the Meeting, and to be granted pursuant to the provisions of section 192 of the CBCA, as such order may be affirmed, amended or modified by the Court;

“Fund” means Bell Aliant Regional Communications Income Fund, a trust established under the laws of the Province of Ontario pursuant to the Fund Declaration of Trust;
“Fund Declaration of Trust” means the declaration of trust establishing and governing the Fund, as the same may be amended or amended and restated from time to time;

“Fund Group” means, collectively, the Fund, the Trust, Holdings LP, GP, BNG, Wireline LP, Wireline GP, and their respective Subsidiaries;

“Fund Operating Entities” means Wireline LP and the Bell Nordiq Partnerships;

“GAAP” means, at any time, accounting principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants, at the relevant time applied on a consistent basis;

“GP” means Bell Aliant Regional Communications Holdings Inc., the corporation to be incorporated under the CBCA to act as general partner of Holdings LP;

“GP Shares” means common shares of GP;

“Holdings Class 1 Exchangeable LP Units” means Class 1 exchangeable limited partnership units of Holdings LP;

“Holdings Class 2 LP Units” means Class 2 limited partnership units of Holdings LP;

“Holdings LP” means Bell Aliant Regional Communications Holdings, Limited Partnership, a limited partnership to be established under the laws of the Province of Québec;

“Holdings LP Partnership Agreement” means the limited partnership agreement in respect of Holdings LP as the same may be amended or amended and restated from time to time;

“Holdings LP Special Resolution” has the meaning ascribed thereto under the heading “Description of Holdings LP — Amendment”;

“Holdings LP Units” means the Holdings Class 1 Exchangeable LP Units and the Holdings Class 2 LP Units;

“ICT” means information and communications technology;

“ILEC” means an incumbent local exchange carrier;

“Independent” has the meaning ascribed to such term in National Instrument 58-101 — Disclosure of Corporate Governance Practices, as amended, or any successor instrument or policy thereto;

“Independent Committee” means the committee of independent directors struck by the Aliant Board of Directors to consider the Arrangement;

“Information” has the meaning ascribed thereto under “The Arrangement — Valuation”;

“Information Circular” means this management information circular of Aliant prepared in connection with the Meeting;

“Intermediary” has the meaning ascribed thereto under “General Proxy Matters — Voting of Shares — Advice to Beneficial Holders of Shares”;

“Interim Order” means the interim order of the Court dated April 13, 2006 under subsection 192 of the CBCA containing declarations and directions with respect to the Arrangement and the Meeting and issued pursuant to the application of Aliant, a copy of which is attached as Appendix “H” to this Information Circular, as such order may be affirmed, amended or modified by any Court of competent jurisdiction (with the consent of Aliant and BCE, each acting reasonably);

“Investment Company Act” means the United States Investment Company Act of 1940 and the regulations issued thereunder;

“Investor Liquidity and Exchange Agreement” means the investor liquidity and exchange agreement to be entered into among the Fund, the Trust, Holdings LP, GP, Wireline LP, Wireline GP, Bell Canada and BCE, as the same may be amended, supplemented or restated from time to time;

“IP” means Internet protocol;

“IPTV” means Internet protocol television;

“IS/IT” means information services/information technology;
“IT” means information technology;
“LD” means long distance;
“Liquidated Interest” has the meaning ascribed thereto under “Description of Holdings LP — Investor Liquidity and Exchange Agreement”;
“Liquidity Right” has the meaning ascribed thereto under “Description of Holdings LP — Investor Liquidity and Exchange Agreement”;
“Major Commercial Agreements” means the Commercial Relationship Management Agreement and the Telecommunications Interconnection Agreement;
“Management” means the management of Aliant;
“MDOP” has the meaning ascribed thereto under “Trustees, Directors and Management — Termination of, Establishment of or Amendments to the Terms of Executive Compensation Programs Upon Completion of the Arrangement”;
“Meeting” means the annual and special meeting of shareholders of Aliant to be held on May 17, 2006, and any adjournment(s) or postponement(s) thereof, to consider and to vote on the Arrangement Resolution and the other matters to be considered by Common Shareholders set out in the Notice of Meeting;
“MI 52-110” means Multilateral Instrument 52-110 — Audit Committees;
“Minority Shareholders” means all Common Shareholders, other than BCE and Bell Canada and their respective related parties, directors and officers of BCE and Bell Canada and directors and officers of Aliant and its Subsidiaries;
“MPLS” means Multi-Protocol Label Switch;
“NAS” means network access services;
“New Credit Facilities” has the meaning ascribed thereto under the heading “Financing Arrangements”;
“NGN” means Next Generation Network;
“Non-Electing Small Lot Common Shareholder” means a Small Lot Common Shareholder who does not elect to receive Units under the Arrangement, as described under “The Arrangement — Treatment of Small Lot Common Shareholders”;
“Non-Qualified U.S. Shareholder” means a registered or beneficial U.S. holder of Aliant Common Shares at 5:00 p.m. (Toronto time) on the Closing Date that is not a Qualified U.S. Shareholder or that does not deliver a Qualified Purchaser Certification;
“Non-Registered Holder” has the meaning ascribed thereto under “General Proxy Matters — Non-Registered Common Shareholders and Preferred Shareholders”;
“Non-Resident” means (i) a Person who is not a resident of Canada within the meaning of the Tax Act or (ii) a partnership that is not a Canadian partnership for the purposes of the Tax Act;
“NorthernTel LP” means NorthernTel, Limited Partnership, a limited partnership formed under the laws of the Province of Québec;
“Note Trustee” means a Canadian trust company that will act as trustee under the Trust Note Indenture;
“Notice of Meeting” means the notice of the Meeting that accompanies this Information Circular;
“Offer to Pay” means a written offer from Aliant to a Dissenting Shareholder to pay the fair value for the Aliant Common Shares in respect of which that Dissenting Shareholder dissents;
“Options” means all options to purchase Aliant Common Shares granted pursuant to the Aliant Stock Option Plan;
“Ordinary Resolution” means a resolution passed as an ordinary resolution at a meeting of Voting Unitholders (including an adjourned or postponed meeting) duly convened for the purpose and held in accordance with the
provisions of the Fund Declaration of Trust by the affirmative votes of the holders of not less than a majority of
the Voting Units represented at the meeting and voted upon such resolution;

“Person” means and includes any individual, corporation, limited partnership, limited liability partnership,
general partnership, joint stock company, limited liability corporation, unlimited liability company or
corporation, joint venture, association, company, trust, bank, trust company, pension fund, business trust or
other organization, whether or not a legal entity, and any government agency and political subdivision thereof;

“PFIC” means a “passive foreign investment company” for purposes of the U.S. Internal Revenue Code;

“Plan of Arrangement” means the plan of arrangement attached as Appendix “C” to this Information Circular, as
amended or supplemented from time to time in accordance with the terms thereof;

“Plans” means, collectively, trusts governed by registered retirement savings plans, registered retirement income
funds, deferred profit sharing plans and registered education savings plans, each as defined in the Tax Act;

“Preferred Shareholders” means holders of Aliant Preferred Shares;

“PPSUP” means the personal performance share unit plan of Aliant;

“PSUP” means the executive share unit plan of Aliant;

“Purchased Retail Assets” means all of the issued and outstanding shares in the capital of DownEast Ltd., a
wholly-owned subsidiary of Aliant;

“Qualified U.S. Shareholder” means a U.S. holder of Aliant Common Shares that is a “Qualified Person” within
the meaning of Section 2(a)(51)(A) of the Investment Company Act;

“Radiocommunication Act” means the Radiocommunication Act (Canada), as amended, and the regulations
thereunder;

“Record Date” means March 29, 2006;

“Redemption Date” means a date on which Units are surrendered for redemption;

“Redemption Price” has the meaning given to such term under “Description of the Fund — Redemption Right”;

“Regulation S” means Regulation S under the 1933 Act;

“Related Party Rules” means the requirements prescribed by Ontario Securities Commission Rule 61-501 —
Insider Bids, Issuer Bids, Business Combinations and Related Party Transactions and Regulation Q-27 respecting
protection of minority securityholders in the course of certain transactions, under the Securities Act (Québec);

“RLEC” means a rural local exchange carrier;

“Rural Wireline Assets” means the assets of Bell Canada used in the Bell Canada Regional Wireline Operation
that are to be contributed to Wireline LP as contemplated by the Arrangement;

“Scotia Capital” means Scotia Capital Inc.;

“Second Price Cap Period” means the period of four years for which the price cap regime for Aliant Telecom and
Bell Canada was renewed under CRTC Telecom Decision 2002-34;

“Securityholders’ Agreement” has the meaning ascribed thereto under “Trustees, Directors and Management —
Securityholders’ Agreement”;

“Series 2 Exchange Notes” means the series 2 notes to be issued by a newly incorporated wholly owned subsidiary
of the Fund;

“Series 3 Exchange Notes” means the series 3 notes to be issued by a newly incorporated wholly owned subsidiary
of the Fund;

“Series 1 Trust Notes” means the series 1, unsecured, subordinated Trust Notes authorized to be issued under the
Trust Note Indenture;

“Series 2 Trust Notes” means the series 2, unsecured, subordinated Trust Notes authorized to be issued under the
Trust Note Indenture;
“Series 3 Trust Notes” means the series 3, unsecured, subordinated Trust Notes authorized to be issued under the Trust Note Indenture;

“Share Units” has the meaning ascribed thereto under the heading “Trustees, Directors and Management — Termination of, Establishment of or Amendments to the Terms of Executive Compensation Programs Upon Completion of the Arrangement”;

“Shareholder Approval” means the approval of the Arrangement by not less than (i) 66⅔% of the votes cast by Common Shareholders and Preferred Shareholders, voting together, in person or by proxy at the Meeting, and (ii) a simple majority of the votes cast by Minority Shareholders voting in person or by proxy at the Meeting;

“SILEC” means a small incumbent local exchange carrier;

“SIP” means Service Improvement Program;

“Small Lot Common Shareholder” means a registered holder of Aliant Common Shares holding 25 Aliant Common Shares or fewer as of the close of business in Halifax, Nova Scotia on the third Business Day preceding the Effective Date, who continues to hold such Aliant Common Shares as a registered holder through the Closing Date;

“SMB” means small and medium-sized business;

“Special Resolution” means a resolution passed as a special resolution at a meeting of Voting Unitholders (including an adjourned or postponed meeting) duly convened for the purpose and held in accordance with the provisions of the Fund Declaration of Trust by the affirmative votes of the holders of not less than two-thirds of the Voting Units represented at the meeting and voted on a poll upon such resolution;

“Special Voting Units” means the units of the Fund to be designated as “Special Voting Units” in the Fund Declaration of Trust, to be issued to the holders of Holdings Class 1 Exchangeable LP Units, Wireline Exchangeable LP Units or, in the discretion of the Trustees, other Exchangeable Securities as more particularly described under “Description of the Fund — Units and Special Voting Units”;

“STIP” means Aliant’s Short Term Incentive Plan;

“Subsidiary” has the meaning ascribed thereto in Section 1.1 of National Instrument 45-106 — Prospectus and Registration Exemptions as it exists on the date hereof;

“Tax Act” means the Income Tax Act (Canada), including the regulations promulgated thereunder, in each case as amended;

“Tax Proposals” has the meaning given to such term under “Certain Canadian Federal Income Tax Considerations” in this Information Circular;

“TD Securities” means TD Securities Inc.;

“Télébec LP” means Télébec, Limited Partnership, a limited partnership formed under the laws of the Province of Québec;

“Telecommunications Act” means the Telecommunications Act (Canada), as amended, and the regulations thereunder;

“Telecommunications Interconnection Agreement” means the agreement to be entered into between Wireline LP and Bell Canada which governs the interconnection of the parties’ respective telecommunications systems for the Bell Canada Regional Territory;

“Transfer Agent” means CIBC Mellon Trust Company at its offices in Halifax, Nova Scotia, in its capacity as transfer agent for the Aliant Common Shares and Aliant Preferred Shares;

“Trust” means Bell Aliant Holdings Trust, a trust to be established under the laws of the Province of Québec pursuant to the Trust Declaration of Trust;

“Trust Declaration of Trust” means the declaration of trust that will establish and govern the Trust, as the same may be amended or amended and restated from time to time;
“Trust Note Indenture” means the note indenture to be entered into between the Trust and the Note Trustee, governing the Trust Notes, as the same may be amended or amended and restated from time to time;

“Trust Notes” means the unsecured, subordinated notes to be issued by the Trust from time to time under the Trust Note Indenture;

“Trust Trustees” means, at any time, the individuals who are, in accordance with the Trust Declaration of Trust, the trustees of the Trust at such time;

“Trust Units” means the units of the Trust issued at any time, including the units initially issued to the Fund pursuant to the Arrangement;

“Trustees” means, at any time, the individuals who are, in accordance with the Fund Declaration of Trust, the trustees of the Fund at such time;

“TSX” means the Toronto Stock Exchange;

“Unit” means a unit of the Fund to be designated as “Units” in the Fund Declaration of Trust as more particularly described under “Description of the Fund — Units and Special Voting Units”;

“Unitholders” means the holders of Units from time to time, and references in this Information Circular to a Unitholder mean, unless the context otherwise requires, the owner of the beneficial interest in those Units;

“Valuation” means the valuation and fairness opinion provided by TD Securities to the Independent Committee in respect of the Arrangement;

“VAS” means value-added services;

“VoIP” means Voice over Internet Protocol;

“Voting Unitholders” means, collectively, Unitholders and holders of Special Voting Units;

“Voting Units” means, collectively, the Units and Special Voting Units;

“Wireless” or “wireless”, as used to describe services, telecommunications or operations, refers, as applicable, to wireless mobility services, to wireless mobility telecommunications or to wireless mobility operation, and does not include any fixed wireless services including the services offered under the “Inukshuk” brand;

“Wireless Assets” has the meaning ascribed thereto under “Information Regarding Assets to be Transferred by Aliant under the Arrangement”;

“Wireline” or “wireline”, as used to describe services, telecommunications or operations, refers, as applicable, to wireline services, to wireline telecommunications or to mobility operations, and includes all fixed wireless services including the services offered under the “Inukshuk” brand but excludes all wireless services;

“Wireline Exchangeable LP Units” means the Class B exchangeable limited partnership units of Wireline LP as the same may be amended or amended and restated from time to time;

“Wireline GP” means Bell Aliant Regional Communications Inc. the successor entity to be formed as a result of the amalgamation of Aliant Amalco and AcquisitionCo pursuant to the Arrangement;

“Wireline GP Shares” means common shares of Wireline GP;

“Wireline LP” means Bell Aliant Regional Communications, Limited Partnership, a limited partnership to be formed under the laws of the Province of Manitoba pursuant to the Arrangement;

“Wireline LP Partnership Agreement” means the limited partnership agreement in respect of Wireline LP;

“Wireline LP Special Resolution” has the meaning ascribed thereto under the heading “Description of Wireline LP — Amendment”;

“Wireline Subco” means a corporation to be incorporated under the CBCA which will be a wholly-owned Subsidiary of Wireline GP;

“Wireline Territory” means the Aliant Wireline Territory and the Bell Canada Regional Territory; and

“xwave” means Xwave Solutions Inc., a wholly-owned subsidiary of Aliant.

Words importing the singular include the plural and vice versa and words importing any gender include all genders.
AUDITORS’ CONSENT

We have read the Notice of Meeting and Management Information Circular for an Annual and Special Meeting of Shareholders to consider a Plan of Arrangement to create Bell Aliant Regional Communications Income Fund dated April 14, 2006 (the “document”) of Aliant Inc. (the “Company”). We have complied with Canadian generally accepted standards for an auditor’s involvement with offering documents.

We consent to incorporation by reference in the above-mentioned document of our report to the shareholders of Aliant Inc. on the consolidated balance sheets of the Company as at December 31, 2005 and December 31, 2004 and the consolidated statements of income, retained earnings and cash flows for each of the years in the two year period ended December 31, 2005. Our report is dated January 26, 2006 (except as to Note 23 which is dated as of April 12, 2006).

We consent to incorporation by reference in the above-mentioned document of our report to the shareholders of Aliant Inc. on the consolidated balance sheets of the Company as at December 31, 2004 and December 31, 2003 and the consolidated statements of income, retained earnings and cash flows for each of the years in the two year period ended December 31, 2004. Our report is dated January 26, 2005.

We consent to the use in the above-mentioned document of our report to the trustee of the Bell Aliant Regional Communications Income Fund on the balance sheet of the Bell Aliant Regional Communications Income Fund as at March 30, 2006. Our report is dated April 12, 2006.

Halifax, Canada
April 14, 2006

Ernst & Young LLP
Chartered Accountants

AUDITORS’ CONSENT

We have read the Notice of Meeting and Management Information Circular for an Annual and Special Meeting of Shareholders to consider a Plan of Arrangement to create Bell Aliant Regional Communications Income Fund dated April 14, 2006 (the “document”) of Aliant Inc. We have complied with Canadian generally accepted standards for an auditor’s involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned document of our report to the shareholders of Bell Nordiq Group Inc. (“BNG”) on the consolidated balance sheets of BNG as at December 31, 2005 and 2004, and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. Our report is dated February 10, 2006.

We consent to the inclusion in the above-mentioned document of our report to the Directors of Bell Canada on the balance sheets of the Bell Canada Regional Wireline Operation as at December 31, 2005 and 2004, and the statements of operations, Bell Canada’s net investment and cash flows for the three years then ended. Our report is dated March 24, 2006.

Montréal, Canada
April 14, 2006

Deloitte & Touche LLP
Chartered Accountants
VALUATOR’S CONSENT

We refer to the formal valuation included in the valuation and fairness opinion dated February 27, 2006, which we prepared for the Independent Committee of the Board of Directors of Aliant Inc. in connection with the proposed reorganization of Aliant Inc. pursuant to a plan of arrangement under which Aliant Inc. will combine its wireline telecommunications and related operations in the Atlantic provinces with certain of The Bell Telephone Company of Canada’s wireline telecommunication operations in certain regional territories in Ontario and Quebec and its 63.4% interest in each of NorthernTel, Limited Partnership and Telebec, Limited Partnership into a new income trust, as more particularly described in the information circular of Aliant Inc. dated April 14, 2006. We consent to the filing of the valuation and fairness opinion with the Ontario Securities Commission and the inclusion of a summary of the formal valuation included therein and the valuation and fairness opinion in the Aliant Inc. information circular dated April 14, 2006.

Toronto, Canada
April 14, 2006

TD SECURITIES INC.

APPROVAL OF DIRECTORS AND CERTIFICATE

The contents and sending of this Information Circular have been approved by the Board of Directors of Aliant. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Frederick P. Crooks, Q.C.
Senior Vice-President, General Counsel and Corporate Secretary
Halifax, Nova Scotia
April 14, 2006
APPENDIX “A”

ARRANGEMENT RESOLUTION

RESOLUTION:

1. The arrangement (the “Arrangement”) under section 192 of the *Canada Business Corporations Act* (the “CBCA”) involving Aliant Inc. (“Aliant”), as more particularly described and set forth in the Management Information Circular (the “Circular”) of Aliant accompanying the notice of this meeting (as the Arrangement may be or may have been modified or amended) is approved.

2. The plan of arrangement (the “Plan of Arrangement”) involving Aliant, the full text of which is set out as Appendix “C” to the Circular (as the Plan of Arrangement may be or may have been modified or amended) is approved.

3. The property exchange arrangements and related transactions as more particularly described and set forth in the Circular of Aliant accompanying the notice of this meeting and the Property Exchange and Arrangement Agreement, as amended from time to time (the “Arrangement Agreement”) made among BCE Inc., Bell Canada and Aliant (as they may be or may have been modified or amended) are approved.

4. The adoption or amendment of the compensation plans described in the Circular under the heading “Trustees, Directors and Management — Termination of, Establishment of or Amendments to the Terms of Executive Compensation Programs upon Completion of the Arrangement”, including without limitation the Employees’ Unit Purchase Plan (providing for the issuance of up to 2,079,527 Units from treasury (or approximately 0.9% of the anticipated number of outstanding Units (on a fully diluted basis, assuming the exchange of all Holdings Class 1 Exchangeable LP Units and Wireline Exchangeable LP Units held by BCE and its affiliates)), and a Deferred Unit Plan, a Matching Deferred Ownership Plan and a DSU Plan (collectively providing for the issuance of up to 1,700,000 Units from treasury (or approximately 0.8% of the anticipated number of outstanding Units (on a fully diluted basis, assuming the exchange of all Holdings Class 1 Exchangeable LP Units and Wireline Exchangeable LP Units held by BCE and its affiliates)), on terms and conditions substantially similar to those set forth in the Information Circular is hereby approved; provided that, notwithstanding such approval, the Trustees of the Fund or directors of GP may determine, in their sole discretion, not to proceed to establish or amend such plans.

5. Aliant be and is hereby authorized to apply for a final order from the Court to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be or have been modified or amended and as described in the Circular).

6. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the holders of shares of Aliant or that the Arrangement has been approved by the Court, the directors of Aliant are authorized, subject to the terms of the Plan of Arrangement and the Arrangement Agreement, and without further notice to or approval of the holders of shares of Aliant: (i) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement, and (ii) not to proceed with the Arrangement and/or the Property Exchange Arrangements and related transactions.

7. Any officer or director of Aliant is authorized to execute articles of arrangement and such other documents as are necessary or desirable and deliver same to the Director under the CBCA in accordance with the Arrangement Agreement for filing.

8. Any officer or director of Aliant is authorized to execute and deliver all other documents and do all acts or things as may be necessary or desirable to give effect to this resolution.
APPENDIX “B”

SECTION 190 OF THE CANADA BUSINESS CORPORATIONS ACT

190. (1) Right to dissent — Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to

(a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;

(b) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;

(c) amalgamate otherwise than under section 184;

(d) be continued under section 188; or

(e) sell, lease or exchange all or substantially all of its property under section 189(3).

(2) Further right A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.

(3) Payment for shares In addition to any other right he may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which he dissents or an order made under subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares held by him in respect of which he dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

(4) No partial dissent A dissenting shareholder may only claim under this section with respect to all the shares of a class held by him on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

(5) Objection A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of his right to dissent.

(6) Notice of resolution The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed an objection referred to in subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn his objection.

(7) Demand for payment A dissenting shareholder shall, within twenty days after he receives a notice under subsection (6) or, if he does not receive such notice, within twenty days after he learns that the resolution has been adopted, send to the corporation a written notice containing

(a) his name and address;

(b) the number and class of shares in respect of which he dissents; and

(c) a demand for payment of the fair value of such shares.

(8) Share certificate A dissenting shareholder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which he dissents to the corporation or its transfer agent.

(9) Forfeiture A dissenting shareholder who fails to comply with subsection (8) has no right to make a claim under this section.

(10) Endorsing certificate A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificates to the dissenting shareholder.
(11) Suspension of rights  On sending a notice under subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of his shares as determined under this section except where

(a) the dissenting shareholder withdraws his notice before the corporation an offer under subsection (12);
(b) the corporation fails to make an offer in accordance with subsection (12) and the dissenting shareholder withdraws his notice; or
(c) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9),
in which case his rights as a shareholder are reinstated as of the date he sent the notice referred to in subsection (7).

(12) Offer to pay  A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (7), send to each dissenting shareholder who has sent such notice

(a) a written offer to pay for his shares in an amount considered by the directors of the corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined; or
(b) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for this shares.

(13) Same terms  Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.

(14) Payment  Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

(15) Corporation may apply to court  Where a corporation fails to make an offer under subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or without such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.

(16) Shareholder application to court  If a corporation fails to apply to a court under subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.

(17) Venue  An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.

(18) No security for costs  A dissenting shareholder is not required to give security for costs in an application made under subsection (15) or (16).

(19) Parties  On an application to a court under subsection (15) or (16)

(a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and
(b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of his right to appear and be heard in person or by counsel.

(20) Powers of court  On an application to a court under subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be jointed as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.

(21) Appraisers  A court may in his discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.
(22) **Final order** The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of his shares as fixed by the court.

(23) **Interest** A court may in his discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

(24) **Notice that subsection (26) applies** If subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

(25) **Effect where subsection (26) applies** If subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under subsection (24), may

- (a) withdraw notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to his full rights as a shareholder; or
- (b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

(26) **Limitation** A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

- (a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or
- (b) the realizable value of the corporation’s assets would thereby be less than the aggregate of its liabilities.
APPENDIX “C”
PLAN OF ARRANGEMENT MADE PURSUANT TO SECTION 192
OF THE CANADA BUSINESS CORPORATIONS ACT

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, capitalized terms used but not defined shall have the meaning ascribed thereto in the Arrangement Agreement and the following terms shall have the respective meanings set out below (and grammatical variations of such terms shall have corresponding meanings):

“Acquisitionco” means a corporation to be incorporated under the CBCA as a wholly-owned subsidiary of Holdings LP;

“Acquisitionco Notes” means unsecured subordinated notes of Acquisitionco to be issued to Holdings LP as contemplated herein;

“Aliant” means Aliant Inc., a corporation incorporated under the CBCA, and includes, as the context requires, its successors;

“Aliant Amalco” means the successor entity formed as a result of the amalgamation of Aliant and certain of its subsidiaries as contemplated by the Arrangement;

“Arrangement” means the arrangement pursuant to Section 192 of the CBCA on the terms and subject to the conditions set forth in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with Article 6 of the Arrangement Agreement or made at the direction of the Court in the Final Order (with the consent of both Aliant and BCE, each acting reasonably);

“Arrangement Agreement” means the property exchange and arrangement agreement dated March 6, 2006 among Aliant, BCE and Bell Canada with respect to the Arrangement, as it may be amended in accordance with its terms, as well as such other entities that may become party thereto in accordance with its terms;

“BCE” means BCE Inc., a corporation amalgamated under the CBCA, and includes its successors;

“Bell Canada” means Bell Canada or The Bell Telephone Company of Canada, a corporation amalgamated under the CBCA, and includes its successors;

“BNG” means Bell Nordiq Group Inc., a company incorporated under the laws of the Province of Québec;

“Business Day” means any day on which commercial banks are generally open for business in Toronto, Montreal and Halifax, other than a Saturday, a Sunday or a day observed as a holiday in Toronto, Montreal or Halifax under applicable laws;

“CBCA” means the Canada Business Corporations Act, including the regulations promulgated thereunder, in either case as amended;

“Circular” means the management information circular mailed to shareholders of Aliant in connection with the meeting of Aliant shareholders held to approve the Arrangement;

“Closing Date” has the meaning ascribed thereto in Section 3.1(f);

“Common Shares” means the common shares in the capital of Aliant;

“Common Shareholders” means the holders of Common Shares;

“Court” means the Supreme Court of Nova Scotia;

“Director” means the Director duly appointed under the CBCA;
“Dissent Rights” has the meaning ascribed thereto in Section 4.1;

“Dissenting Shareholder” means a registered Common Shareholder who validly exercises Dissent Rights;

“Effective Date” means the date on which the Articles of Arrangement are sent to the Director pursuant to the CBCA;

“Effective Time” means 12:01 a.m. (Toronto time) on the Effective Date;

“Exchange Rights” means the rights of BCE and Bell Canada (or any assignee thereof) to exchange, directly or indirectly, (i) Class B exchangeable limited partnership units of Wireline LP, or (ii) Holdings Class 1 Exchangeable LP Units together with GP Shares, for Fund Units;

“Final Order” means the final order of the Court approving the Arrangement, as such order may be amended by the Court at any time prior to the Effective Date (so long as such amendment has the consent of both Aliant and BCE, each acting reasonably) or, if appealed, then unless such appeal is withdrawn or denied, as affirmed;

“Fund” means Bell Aliant Regional Communications Income Fund, the trust formed under the laws of the Province of Ontario to participate in the Arrangement as contemplated herein and in the Arrangement Agreement;

“Fund Declaration” means the declaration of trust establishing and governing the Fund, as the same may be amended or amended and restated from time to time;

“Fund Units” means the units of the Fund to be designated as “Units” in the Fund Declaration, but does not include any securities convertible into or exchangeable for Fund Units that have not been so converted or exchanged at the relevant time;

“GP” means the corporation to be incorporated under the CBCA to act as the general partner of Holdings LP;

“GP Shares” means common shares of GP;

“holder” means, except where specified otherwise, when used with reference to any security described in this Plan of Arrangement, the registered holder of such security at the relevant time or, in the case of Options, the person to whom such Options were issued;

“Holdings Class 1 Exchangeable LP Units” means Class 1 exchangeable limited partnership units of Holdings LP;

“Holdings Class 2 LP Units” means Class 2 limited partnership units of Holdings LP;

“Holdings LP” means the limited partnership to be formed by GP and Holdings Trust under the laws of the Province of Québec to participate in the Arrangement as contemplated herein and in the Arrangement Agreement;

“Holdings Trust” means the trust to be formed under the laws of the Province of Québec as a subsidiary of the Fund to participate in the Arrangement as contemplated herein and in the Arrangement Agreement;

“Holdings Trust Declaration” means the declaration of trust that will establish and govern Holdings Trust, as the same may be amended or amended and restated from time to time;

“Holdings Trust Note Indenture” means the note indenture to be entered into between Holdings Trust and a Canadian trust company, as the Note Trustee, governing the Holdings Trust Notes as the same may be amended or amended and restated from time to time;

“Holdings Trust Notes” means the unsecured, subordinated notes to be issued by Holdings Trust from time to time under the Holdings Trust Note Indenture;

“Holdings Trust Units” means the units of Holdings Trust issued at any time, including the units issued initially to the Fund pursuant to the Arrangement;

“Interim Order” means the interim order of the Court, as it may be amended (with the consent of both Aliant and BCE, each acting reasonably), in connection with the Arrangement and related matters;
“Meeting” means the annual and special or special meeting of shareholders of Aliant, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider, among other things, the Arrangement;

“Non-Electing Small Lot Common Shareholder” means a Small Lot Common Shareholder who does not elect to receive Fund Units under the Arrangement as contemplated in Section 3.3 hereof;

“Non-Qualified U.S. Shareholder” means a registered or beneficial United States holder of Common Shares at 5:00 p.m. (Toronto time) on the Closing Date that is not a Qualified U.S. Shareholder or that does not deliver a Qualified Purchaser Certification as contemplated in Section 3.4;

“Non-Resident” means (i) a Person who is not a resident of Canada for the purposes of the Tax Act or (ii) a partnership that is not a Canadian partnership for the purposes of the Tax Act;

“Note Trustee” means a Canadian trust company that will act as trustee under the Holdings Trust Note Indenture;

“Options” means all options to purchase Common Shares of Aliant granted pursuant to the stock option plan of Aliant;

“Person” means and includes any individual, corporation, limited partnership, limited liability partnership, general partnership, joint stock company, limited liability corporation, unlimited liability company or corporation, joint venture, association, company, trust, bank, trust company, pension fund, business trust or other organization, whether or not a legal entity, and any government agency and political subdivision thereof;

“Plan of Arrangement” means this Plan of Arrangement, subject to any amendments or variations made in accordance with Article 6 of the Arrangement Agreement and this Plan of Arrangement or made at the direction of the Court in the Final Order (with the consent of both Aliant and BCE, each acting reasonably);

“Preference Shares” means the preference shares, Series 2 in the capital of Aliant and, for greater certainty, includes, if and as the context requires, the series 2 preference shares of Wireline GP, the successor to Aliant;

“Qualified U.S. Shareholder” means a registered or beneficial United States holder of Common Shares that is a “qualified person” within the meaning of Section 2(a)(51)(A) of the United States Investment Company Act of 1940 and the regulations issued thereunder;

“Small Lot Common Shareholder” means a registered holder of Common Shares holding 25 Common Shares or fewer as of the close of business in Halifax, Nova Scotia on the third Business Day preceding the Effective Date, who continues to hold such Common Shares as a registered holder through the Closing Date;

“Special Voting Units” means the units of the Fund to be designated as “Special Voting Units” in the Fund Declaration;

“subsidiary” means a subsidiary within the meaning of National Instrument 45-106 made under the Securities Act (Ontario) as in effect on the date of the Circular;

“Tax Act” means the Income Tax Act (Canada), including the regulations promulgated thereunder, in each case as amended;

“Transfer Agent” means CIBC Mellon Trust Company;

“Transmittal Letter” means a letter of transmittal pursuant to which a Common Shareholder is required to deliver certificates representing Common Shares in order to receive a certificate representing Fund Units issued to such Common Shareholder under the Arrangement;

“Trustees” means the trustees of the Fund from time to time;

“Wireline GP” means the successor entity formed as a result of the amalgamation of Aliant Amalco and Acquisitionco pursuant to the Arrangement;

“Wireline LP” means the limited partnership to be formed by Bell Canada and Aliant under the laws of the Province of Manitoba to participate in the Arrangement as contemplated herein and in the Arrangement Agreement; and
“Wireline Subco” means a newly formed corporation to be incorporated under the CBCA as a wholly-owned subsidiary of Aliant to participate in the Arrangement as contemplated herein and in the Arrangement Agreement.

1.2 Interpretation

In this Plan of Arrangement:

(a) **Headings** — The division of this Plan of Arrangement into Articles, Sections and Schedules and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.

(b) **References** — Unless otherwise indicated, all references to Articles and Sections are to Articles and Sections of this Plan of Arrangement.

(c) **Number and Gender** — Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing any gender include all genders.

(d) **Date for Any Action** — In the event that the date on which any action to be taken hereunder by any person hereunder is not a Business Day, such action shall be taken on the next succeeding Business Day.

(e) **Statutory References** — Unless otherwise indicated, references in this Plan of Arrangement to any statute includes all regulations made pursuant to such statute and the provisions of any statute or regulation which amends, supplements or supercedes any such statute or regulation.

(f) **Currency** — All references to money amounts are to the lawful currency of Canada.

**ARTICLE 2**

**PURPOSE AND EFFECT OF ARRANGEMENT**

2.1 Arrangement

This Plan of Arrangement is made pursuant to, is subject to the provisions of and forms part of, the Arrangement Agreement.

2.2 Binding Effect

The Arrangement will become effective at, and be binding at and after, the Effective Time in accordance with its terms on: (i) Aliant, Aliant Amalco, Wireline GP and their subsidiaries; (ii) the Fund and its subsidiaries; (iii) Holdings LP; (iv) BCE and Bell Canada; and (v) all holders and all beneficial holders of Common Shares, Preference Shares, Fund Units and Options without any further act or formality required on the part of any Person, except as expressly provided herein.

**ARTICLE 3**

**ARRANGEMENT**

3.1 The Arrangement

Commencing on the Effective Date, each of the events set out below shall occur and shall be deemed to occur in the following order and on the days and at the times specified without any further act or formality required on the part of any Person, except as expressly provided herein:

(a) The Common Shares held by Dissenting Shareholders who have exercised Dissent Rights which remain valid immediately before the Effective Time shall be deemed to have been transferred to Aliant and cancelled and shall cease to be outstanding at the Effective Time, and such Dissenting Shareholders will cease to have any rights as Common Shareholders other than the right to be paid the fair value for their Common Shares by Aliant.
(b) Aliant and its wholly-owned subsidiaries Aliant AdvanceCom Inc., Aliant Telecom Inc., MT&T Holdings Inc., 4213882 Canada Inc., MT&T Mobility Inc., NewTel Communications (2001) Inc. (or its successor), NewTel Mobility (2001) Inc. (or its successor), Aliant Horizons Inc., Xwave Solutions Inc., 515713 NB Inc. (or its successor), 3808921 Canada Inc. and Newfoundland Telephone (1996) Limited (or its successor) (hereinafter referred to in this paragraph (b) as “predecessor corporations”) shall be amalgamated to form Aliant Amalco with the effect that,

(i) all of the property of the predecessor corporations held immediately before the amalgamation (except any amounts receivable from any predecessor corporations or shares of any predecessor corporations) shall become the property of Aliant Amalco;

(ii) all of the liabilities of the predecessor corporations immediately before the amalgamation (except amounts payable to any predecessor corporations) shall become liabilities of Aliant Amalco;

(iii) all of the shares of the predecessor corporations held by Aliant or another of the predecessor corporations immediately before the amalgamation shall be cancelled;

(iv) the issued share capital of Aliant Amalco shall consist of the same number of Common Shares and, if the Effective Date occurs before June 30, 2006, Preference Shares having the same rights, privileges, restrictions and conditions as the pre-amalgamation Common Shares and Preference Shares, respectively;

(v) the directors of Aliant Amalco shall be the same persons who are directors of Aliant; and

(vi) the by-laws of Aliant Amalco, until repealed, amended or altered, shall be the by-laws of Aliant.

(c) At 4:00 p.m. (Toronto time) on the Effective Date, Wireline LP shall be formed, having Aliant Amalco as its general partner and Bell Canada as its initial limited partner, and upon the formation of Wireline LP, Bell Canada shall contribute the Tangible Rural Wireline Assets to Wireline LP in exchange for Class B exchangeable limited partnership units of Wireline LP, all in accordance with the terms of Exhibit I to Schedule K of the Arrangement Agreement.

(d) At 4:00 p.m. (Toronto time) on the Business Day following the contribution described in paragraph (c) above, Aliant Amalco shall contribute all of its assets (other than the excluded assets specified in Exhibit II to Schedule K of the Arrangement Agreement) to Wireline LP in exchange for:

(i) the assumption by Wireline LP of all of Aliant Amalco's liabilities (other than the excluded liabilities specified in such Exhibit II to Schedule K of the Arrangement Agreement), and

(ii) Class A limited partnership units of Wireline LP;

all in accordance with the terms of Exhibit II to Schedule K of the Arrangement Agreement.

(e) Aliant Amalco will transfer a nominal limited partnership interest in Wireline LP to Wireline Subco for such consideration as may be mutually determined by BCE and Aliant Amalco.

(f) At 4:00 p.m. (Toronto time) on the Business Day following the contribution described in paragraph (d) above, or such earlier or later date as BCE and Aliant may, having regard to tax matters, agree, each acting reasonably (the “Closing Date”), Bell Canada shall exchange the Other Rural Wireline Assets with Wireline LP for the Wireless Assets and the Purchased Retail Assets, and shall assume the Assumed Wireless Liabilities and Wireline LP shall:

(i) issue a non-interest bearing demand promissory note to Bell Canada as contemplated in Exhibit III to Schedule K of the Arrangement Agreement,

(ii) assume the Assumed Wireless Liabilities, and

(iii) issue Class B exchangeable limited partnership units of Wireline LP to Bell Canada as contemplated in Exhibit III to Schedule K of the Arrangement Agreement,

all in accordance with the terms of Exhibit III to Schedule K of the Arrangement Agreement. All transactions set forth in this Section 3.1 following the transaction set forth in this paragraph (f) shall
occur on the Closing Date in the order set forth below beginning at 5:01 p.m. (Toronto time) on the Closing Date.

(g) All outstanding Options shall be terminated (without payment) and cease to have any further force or effect.

(h) The Fund shall purchase each issued and outstanding Common Share (other than a number of Common Shares then held, directly or indirectly, by BCE and elected by BCE by written notice to the Fund, pursuant to the terms of the Arrangement Agreement, to be exchanged pursuant to paragraph (j), below), free of any claims, in return for one newly-issued Fund Unit for each Common Share; provided that, in the case of Non-Electing Small Lot Common Shareholders and Non-Qualified U.S. Shareholders, such Fund Units will be sold in the market as provided in Sections 3.3 and 3.4, respectively.

(i) Simultaneously with the transfers described in paragraphs (j) and (k) below, the Fund shall transfer the Common Shares acquired by it in paragraph (h), above to Holdings Trust in consideration for Holdings Trust Units and Holdings Trust Notes in such proportions as may be mutually determined by BCE and Aliant Amalco.

(j) Simultaneously with the transfers described in paragraph (i), above and paragraph (k), below, each remaining Common Share then held by BCE, directly or indirectly, shall be contributed by BCE to Holdings LP (free of any claims) in exchange for Holdings Class 1 Exchangeable LP Units and GP Shares on the basis of one Holdings Class 1 Exchangeable LP Unit and one GP Share for each Common Share (such GP Shares to be issued from treasury for such nominal consideration as is determined by the directors of GP).

(k) Simultaneously with the transfers described in paragraphs (i) and (j) above, BCE shall contribute or cause to be contributed all of the common shares of BNG to Holdings LP (free of any claims) in exchange for a number of Holdings Class 1 Exchangeable LP Units and GP Shares determined in accordance with the terms of the Arrangement Agreement (such GP Shares to be issued from treasury for such nominal consideration as is determined by the directors of GP).

(l) The Fund shall issue to BCE and Bell Canada a number of Special Voting Units equal to the number of Holdings Class 1 Exchangeable LP Units and Class B exchangeable limited partnership units of Wireline LP, respectively, held by them.

(m) The Exchange Rights shall be granted to BCE and Bell Canada.

(n) Holdings Trust shall contribute the Common Shares held by it to Holdings LP in return for Holdings Class 2 LP Units and GP Shares (such GP Shares to be issued from treasury for such nominal consideration as is determined by the directors of GP).

(o) Holdings LP shall transfer the Common Shares held by it to Acquisitionco in return for Acquisitionco Notes, series 1 preference shares of Acquisitionco and common shares of Acquisitionco in such proportions as may be mutually determined by BCE and Aliant Amalco.

(p) Aliant Amalco and Acquisitionco (hereinafter referred to in this paragraph (p) as “predecessor corporations”) shall be amalgamated to form Wireline GP with the effect that,

(i) all of the property of the predecessor corporations held immediately before the amalgamation (except any amounts receivable from any predecessor corporations or shares of any predecessor corporations) shall become the property of Wireline GP;

(ii) all of the liabilities of the predecessor corporations immediately before the amalgamation (except amounts payable to any predecessor corporations) shall become liabilities of Wireline GP;

(iii) all of the Common Shares held by Acquisitionco immediately before the amalgamation shall be cancelled;

(iv) the issued share capital of Wireline GP shall consist of the same number of common shares and series 1 preference shares having the same rights, privileges, restrictions and conditions as the
pre-amalgamation common shares and series 1 preference shares of Acquisitionco, and, if the
Effective Date occurs before June 30, 2006, a number of preference shares of a second series, to
be designated as “series 2 preference shares”, that is the same as the number of Preference Shares
that were outstanding prior to the amalgamation having the same rights, privileges, restrictions
and conditions as the pre-amalgamation Preference Shares;

(v) the directors of Wireline GP shall be the same persons who are directors of Aliant Amalco; and
(vi) the by-laws of Wireline GP, until repealed, amended or altered, shall be the by-laws of Aliant
Amalco.

(q) Holdings LP shall transfer the series 1 preference shares of Wireline GP held by it to BNG in return
for common shares of BNG and subordinated notes of BNG having a principal amount not more than
the redemption price of such series 1 preference shares and an interest rate and other terms mutually
agreed by BCE and Wireline GP, acting reasonably, in such proportions as may be mutually determined
by BCE and Wireline GP.

(r) Any redemption notice delivered by Aliant to a holder of Preference Shares prior to the Effective Date
shall continue to be valid and binding as against Wireline GP and holders of series 2 preference shares
of Wireline GP.

3.2 Transfers Free and Clear of Title Restrictions

Any transfer of any securities of a holder pursuant to the Arrangement shall be free and clear of any liens,
claims, encumbrances, charges, adverse interests or security interests.

3.3 Small Lot Common Shareholders

(a) A Small Lot Common Shareholder who wishes to receive Fund Units as part of the Arrangement must
so elect by submitting a properly completed Small Lot Common Shareholder retention of interest
form, to be provided by Aliant or the Transfer Agent, to the Transfer Agent so that it is received no
later than 5:00 p.m. (ADT) on the Business Day preceding the Effective Date. Each Small Lot
Common Shareholder who elects to receive Fund Units shall receive Fund Units as part of the
Arrangement pursuant to Section 3.1.

(b) Non-Electing Small Lot Common Shareholders shall not receive Fund Units. Instead, Fund Units that
would otherwise be distributable to Non-Electing Small Lot Common Shareholders will be sold in the
market (over the applicable stock exchange or by private sale), and each Non-Electing Small Lot
Common Shareholder will be entitled, upon delivery of such Common Shareholder’s certificate(s)
representing Common Shares to or as directed by Aliant, to receive a cash payment in lieu of Fund
Units representing such Small Lot Common Shareholder’s pro rata share of the net sale proceeds from
the sale of all such Fund Units and those Fund Units sold under Section 3.4, below (after any selling
expenses, including brokerage fees, and less any applicable withholding taxes).

3.4 United States Common Shareholders

(a) A registered or beneficial Common Shareholder in the United States who wishes to receive Fund Units
as part of the Arrangement must be a Qualified U.S. Shareholder and must submit a properly
completed Qualified Purchaser Certification form, to be provided by Aliant or the Transfer Agent,
confirming such U.S. Shareholder’s status as a Qualified U.S. Shareholder and electing to receive Fund
Units. Such form must be submitted to the Transfer Agent so that it is received no later than 5:00 p.m.
(ADT) on the Business Day preceding the Effective Date. Each Qualified U.S. Shareholder who
completes a Qualified Purchaser Certification and elects to receive Fund Units shall receive Fund
Units as part of the Arrangement pursuant to Section 3.1.

(b) Non-Qualified U.S. Shareholders shall not receive Fund Units. Instead, Fund Units that would
otherwise be distributable to Non-Qualified U.S. Shareholders will be sold in the market (over the
applicable stock exchange or by private sale), and each Non-Qualified U.S. Shareholder will be
entitled, upon delivery of such Common Shareholder’s certificate(s) (if any) representing Common Shares to or as directed by Aliant, to receive a cash payment in lieu of Fund Units representing such Non-Qualified U.S. Shareholder’s pro rata share of the net sale proceeds from the sale of all such Fund Units and those Fund Units sold under Section 3.3, above (after any selling expenses, including brokerage fees, and less any applicable withholding taxes).

3.5 Appointment of Agent and Sale of Certain Fund Units

On the Effective Date, the Fund shall appoint its transfer agent or another Person as agent for any holders of Common Shares in any non-Canadian jurisdiction other than the United States in which the distribution of Fund Units contemplated in this Plan of Arrangement would contravene applicable laws, to sell or cause to be sold Fund Units which such Non-Resident holders would otherwise have been entitled, and remit to such holders the net proceeds of such sale (after any selling expenses, including brokerage fees, and less any applicable withholding taxes).

ARTICLE 4
RIGHTS OF DISSENT

4.1 Rights of Dissent

Registered Common Shareholders may exercise rights of dissent with respect to their Common Shares pursuant to and in the manner set forth in section 190 of the CBCA as modified by the Interim Order and this Article 4 (the “Dissent Rights”), provided that written notice setting forth such a registered Common Shareholders’ objection to the Arrangement and exercise of Dissent Rights must be received by Aliant not later than 5:00 p.m. (Halifax time) on the second Business Day preceding the date of the Meeting. Dissenting Shareholders who duly exercise their rights of dissent and who:

(a) are ultimately entitled to be paid fair value for their Common Shares, shall be deemed to have transferred their Common Shares to Aliant as of the Effective Time as set out in Article 3 and will be entitled to be paid the fair value of such Common Shares, and will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights; or

(b) are ultimately not entitled, for any reason, to be paid fair value for their Common Shares shall be deemed to have participated in the Arrangement on the same basis as any non-Dissenting Shareholder.

4.2 Recognition of Dissenting Shareholders

From and after the Effective Time, neither Aliant nor Aliant Amalco nor any other Person shall be required to recognize a Dissenting Shareholder as a holder of Common Shares or as a holder of any securities of any of the Fund, Aliant, Aliant Amalco, Wireline GP or any of their respective subsidiaries and the names of the Dissenting Shareholders shall be deleted from the register of holders of Common Shares previously maintained or caused to be maintained by Aliant.

ARTICLE 5
OUTSTANDING CERTIFICATES

5.1 Former Share Certificates

From and after the Closing Date, certificates formerly representing Common Shares (other than certificates in the name of a Dissenting Shareholder that is ultimately entitled to be paid fair value in respect of the Common Shares represented by such certificates) shall represent only the right to receive the consideration to which the holders are entitled under the Arrangement.
5.2 Exchange of Share Certificates for Fund Unit Certificates

The Fund shall, as soon as practicable following the later of the Closing Date and the date of deposit by a former Common Shareholder of a duly completed Transmittal Letter and the certificates representing such Common Shareholder’s Common Shares, either:

(a) forward or cause to be forwarded by first class mail (postage prepaid) to such former Common Shareholder at the address specified in the Transmittal Letter; or

(b) if requested by such Common Shareholder in the Transmittal Letter, make available or cause to be made available at the office of the Transfer Agent or the Fund’s transfer agent, as applicable, for pickup by such former Common Shareholder;

certificates representing the number of Fund Units transferred to such former Common Shareholder pursuant to the Arrangement or, as applicable, a cheque in payment of any cash amount to which such former Common Shareholder is entitled pursuant to this Agreement.

The Fund or Aliant may send Transmittal Letters to former Common Shareholders before or after the Effective Date.

5.3 Lost, Stolen, Damaged or Destroyed Certificates

If any certificate, which immediately prior to the Closing Date represented an interest in outstanding Common Shares, has been lost, stolen, damaged or destroyed, the Transfer Agent or the Fund’s transfer agent, as applicable, will, upon:

(a) receipt by the Transfer Agent or the Fund’s transfer agent, as applicable, of an affidavit from the person claiming such certificate to have been lost, stolen, damaged or destroyed of that fact in form and substance satisfactory to the Fund and the Transfer Agent or the Fund’s transfer agent, as applicable; and

(b) delivery by such person to the Fund and the Transfer Agent or the Fund’s transfer agent, as applicable, of a bond in form and substance satisfactory to the Fund and the Transfer Agent or the Fund’s transfer agent, as applicable, or of such other means of indemnification satisfactory to the Fund and the Transfer Agent or the Fund’s transfer agent, as applicable, against any claim that may be made against either of them with respect to the certificate alleged to have been lost, stolen, damaged or destroyed, issue and deliver, in exchange for such lost stolen, damaged or destroyed certificate, Fund Units (and/or such other consideration to which the holder is entitled pursuant to the Arrangement) as determined in accordance with the Arrangement.

5.4 Extinguishment of Rights

From and after the Effective Time, certificates, agreements or other documents formerly representing Options shall no longer be of any force or effect.

5.5 No Fractional Fund Units

No fractional Fund Units shall be issued pursuant to the Arrangement. In the event that a registered holder of Common Shares would be entitled to a fractional Fund Unit, such fractional Fund Unit will not be issued and an amount in cash equal to the fair market value of such fractional Fund Unit, as determined by the Fund in good faith, will be paid to the applicable holder (less any applicable withholding taxes).

ARTICLE 6

AMENDMENTS AND OTHER MATTERS

6.1 Amendments to Plan of Arrangement

(a) Aliant and BCE, upon mutual agreement with each other, reserve the right to amend, modify and/or supplement this Plan of Arrangement from time to time at any time prior to the Effective Time
provided that any such amendment, modification or supplement must be contained in a written document that is: (i) filed with the Court and, if made following the Meeting, approved by the Court, and (ii) communicated to shareholders in any manner ordered by the Court.

(b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Aliant at any time prior to or at the Meeting with or without any other prior notice or communication and, if so proposed and accepted by BCE and the shareholders voting at the Meeting in the manner required by the Interim Order, shall become part of this Plan of Arrangement for all purposes.

(c) Any amendment, modification or supplement to this Plan of Arrangement which is approved by the Court following the Meeting shall be effective only: (i) if it is consented to by Aliant and BCE, and (ii) if required by the Court or applicable law, it is consented to by the shareholders of Aliant.

(d) Subject to applicable law, any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by the Fund (with the consent of BCE, not to be unreasonably withheld), provided that it concerns a matter which, in the reasonable opinion of the Fund, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of any Common Shareholder, holder of Preference Shares, holder of Fund Units or Special Voting Units, holder of partnership units of Holdings LP or partnership units of Wireline LP, or holder of GP Shares.

6.2 Limitation of Liability

The obligations of the Fund and Holdings Trust under this Plan of Arrangement shall not be personally binding upon any trustee of the Fund or Holdings Trust, otherwise than in his or her capacity as a trustee of the Fund or Holdings Trust, as applicable, or any registered or beneficial holder of units of the Fund or Holdings Trust or any beneficiary under a plan of which a holder of such units acts as a trustee or carrier, and resort shall not be had to, nor shall recourse be sought from, any of the foregoing or the private property of any of the foregoing in respect of any indebtedness, obligation or liability of the Fund or Holdings Trust arising hereunder, and recourse for such indebtedness, obligations or liabilities of the Fund or Holdings Trust shall be limited to, and satisfied only out of, the assets of the Fund or Holdings Trust, as applicable. Any obligation of the Fund or Holdings Trust set out in this Plan of Arrangement shall, to the extent necessary to give effect to such obligation, be deemed to constitute, subject to the provisions of the previous sentence, an obligation of the trustees of the Fund or Holdings Trust, as applicable, in their capacity as trustees of the Fund or Holdings Trust only.
<table>
<thead>
<tr>
<th>Index</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i)</td>
<td>Audited balance sheet of Bell Aliant Regional Communications Income Fund as at March 30, 2006</td>
</tr>
<tr>
<td>(ii)</td>
<td>Audited special purpose financial statements of the Bell Canada Regional Wireline Operation as at December 31, 2005 and 2004 and for the three-year period ended December 31, 2005</td>
</tr>
<tr>
<td>(iii)</td>
<td>Management’s discussion and analysis of financial condition and results of operations of the Bell Canada Regional Wireline Operation</td>
</tr>
<tr>
<td>(iv)</td>
<td>Unaudited pro forma combined financial statements of the combined operations of Bell Aliant Regional Communications Holdings, Limited Partnership as at and for the year ended December 31, 2005</td>
</tr>
<tr>
<td>(v)</td>
<td>Unaudited pro forma consolidated financial statements of Bell Aliant Regional Communications Income Fund as at and for the year ended December 31, 2005</td>
</tr>
</tbody>
</table>
AUDITORS’ REPORT

To the Trustee of
Bell Aliant Regional Communications Income Fund

We have audited the balance sheet of Bell Aliant Regional Communications Income Fund (the “Fund”) as at March 30, 2006. This financial statement is the responsibility of the Fund’s management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Fund as at March 30, 2006 in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP
Chartered Accountants

Halifax, Canada
April 12, 2006
BELL ALIANT REGIONAL COMMUNICATIONS INCOME FUND

BALANCE SHEET

As at March 30, 2006

<table>
<thead>
<tr>
<th>Assets</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Unitholders’ Equity</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unitholders’ equity (note 3)</td>
<td>100</td>
</tr>
</tbody>
</table>

Signed on behalf of the Trustee:

(signed) “Glen LeBlanc”

Trustee
1. **BASIS OF PRESENTATION**

   The balance sheet of Bell Aliant Regional Communications Income Fund (the “Fund”) has been prepared in accordance with Canadian generally accepted accounting principles.

2. **THE FUND**

   The Fund is a trust established under the laws of the Province of Ontario pursuant to a Declaration of Trust dated March 30, 2006.

3. **TRUST UNITS**

   An unlimited number of trust units (the “Units”) may be issued by the Fund pursuant to the Fund Declaration of Trust.

   The Units will each represent an equal fraction of undivided beneficial interest in the Fund. All Units are transferable and share equally in all distributions from the Fund whether of net income, net realized capital gains or other amounts, and in the net assets of the Fund in the event of its termination or winding-up. All Units shall rank among themselves equally and rateably without discrimination, preference or priority. Each Unit entitles the holder thereof to certain rights of redemption.
# TABLE OF CONTENTS

- Auditors’ report ............................................................ D-7
- Statements of operations ...................................................... D-8
- Statements of Bell Canada’s net investment ................................ D-8
- Balance sheets ............................................................. D-9
- Statements of cash flows ...................................................... D-10
- Notes to the financial statements ........................................ D-11-24
AUDITORS’ REPORT

To the Directors of Bell Canada

We have audited the accompanying special-purpose balance sheets of Bell Canada Regional Wireline Operation (the “Entity”), a carved-out component of Bell Canada, as at December 31, 2005 and 2004, and the statements of operations, Bell Canada’s net investment, and cash flows for each of the years in the three-year period ended December 31, 2005. These financial statements are the responsibility of Bell Canada’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Entity as at December 31, 2005 and 2004, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2005 in accordance with Canadian generally accepted accounting principles.

As described in Note 2, the accompanying special-purpose financial statements were prepared for inclusion in a prospective buyer’s proxy circular or prospectus for purposes of complying with the rules and regulations of various Canadian securities commissions. The Entity is a carved-out component of Bell Canada and has no separate legal status. The financial statements include allocations of certain indirectly attributable amounts on bases determined by Bell Canada’s management.

Deloitte & Touche LLP
Chartered Accountants
March 24, 2006
### BELL CANADA REGIONAL WIRELINE OPERATION

#### STATEMENTS OF OPERATIONS

For the years ended December 31,  
(in millions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>$1,197</td>
<td>$1,210</td>
<td>$1,210</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>503</td>
<td>514</td>
<td>517</td>
</tr>
<tr>
<td>Amortization expense</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot; Entity-owned capital assets</td>
<td>212</td>
<td>211</td>
<td>217</td>
</tr>
<tr>
<td>&quot; Allocated by Bell Canada</td>
<td>51</td>
<td>40</td>
<td>46</td>
</tr>
<tr>
<td>Net benefit plans cost</td>
<td>7</td>
<td>26</td>
<td>10</td>
</tr>
<tr>
<td>Restructuring charge</td>
<td>4</td>
<td>(6)</td>
<td>136</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>786</td>
<td>911</td>
<td>788</td>
</tr>
<tr>
<td>Operating income</td>
<td>411</td>
<td>299</td>
<td>422</td>
</tr>
<tr>
<td>Interest expense</td>
<td>60</td>
<td>65</td>
<td>76</td>
</tr>
<tr>
<td>Earnings before income taxes</td>
<td>351</td>
<td>234</td>
<td>346</td>
</tr>
<tr>
<td>Income taxes</td>
<td>5</td>
<td>123</td>
<td>82</td>
</tr>
<tr>
<td><strong>Net earnings</strong></td>
<td>$228</td>
<td>$152</td>
<td>$222</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.

### STATEMENTS OF BELL CANADA'S NET INVESTMENT

For the years ended December 31,  
(in millions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of year</td>
<td>$1,820</td>
<td>$1,840</td>
<td>$1,905</td>
</tr>
<tr>
<td>Net earnings</td>
<td>228</td>
<td>152</td>
<td>222</td>
</tr>
<tr>
<td>Net transfers to Bell Canada</td>
<td>(271)</td>
<td>(172)</td>
<td>(287)</td>
</tr>
<tr>
<td><strong>Balance, end of year</strong></td>
<td>$1,777</td>
<td>$1,820</td>
<td>$1,840</td>
</tr>
</tbody>
</table>


## BELL CANADA REGIONAL WIRELINE OPERATION

### BALANCE SHEETS

As at December 31,  
(in millions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>Note</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td></td>
<td>$117</td>
<td>$114</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td></td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Inventory</td>
<td></td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td>131</td>
<td>129</td>
</tr>
<tr>
<td>Capital assets</td>
<td></td>
<td>6</td>
<td>1,739</td>
</tr>
<tr>
<td>Accrued benefit plan assets</td>
<td></td>
<td>7</td>
<td>21</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>1,891</td>
<td>1,939</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td></td>
<td>$94</td>
<td>$94</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td>94</td>
<td>94</td>
</tr>
<tr>
<td>Accrued benefit plan liabilities</td>
<td></td>
<td>7</td>
<td>15</td>
</tr>
<tr>
<td>Other long-term liabilities</td>
<td></td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td>114</td>
<td>119</td>
</tr>
<tr>
<td>Commitments and contingencies</td>
<td></td>
<td></td>
<td>10</td>
</tr>
<tr>
<td><strong>Bell Canada’s net investment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bell Canada’s net investment</td>
<td></td>
<td>1,777</td>
<td>1,820</td>
</tr>
<tr>
<td><strong>Total liabilities and Bell Canada’s net investment</strong></td>
<td></td>
<td>1,891</td>
<td>1,939</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
BELL CANADA REGIONAL WIRELINE OPERATION

STATEMENTS OF CASH FLOWS

For the years ended December 31,  
(in millions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net earnings</td>
<td>$228</td>
<td>$152</td>
<td>$222</td>
</tr>
<tr>
<td>Adjustments to reconcile net earnings to cash flows from operating activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization expense — Entity-owned capital assets</td>
<td>212</td>
<td>211</td>
<td>217</td>
</tr>
<tr>
<td>Amortization expense — Allocated by Bell Canada</td>
<td>51</td>
<td>40</td>
<td>46</td>
</tr>
<tr>
<td>Settlement with Bell Canada for allocated amortization</td>
<td>(51)</td>
<td>(40)</td>
<td>(46)</td>
</tr>
<tr>
<td>Other items</td>
<td>(1)</td>
<td>10</td>
<td>—</td>
</tr>
<tr>
<td>Change in non-cash working capital items</td>
<td>(3)</td>
<td>5</td>
<td>37</td>
</tr>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td>436</td>
<td>378</td>
<td>476</td>
</tr>
</tbody>
</table>

| **Cash flows from investing activities** |      |      |      |
| Capital expenditures | (165) | (206) | (189) |
| **Cash flows used in investing activities** | (165) | (206) | (189) |

| **Cash flows from financing activities** |      |      |      |
| Net transfers to Bell Canada | (271) | (172) | (287) |
| **Cash flows used in financing activities** | (271) | (172) | (287) |
| Net change in cash | — | — | — |
| Cash, beginning of year | — | — | — |
| **Cash, end of year** | $— | $— | $— |

The accompanying notes are an integral part of these financial statements.
1. DESCRIPTION OF BUSINESS

Bell Canada Regional Wireline Operation (the “Entity”) is a carved-out component of specified operations of Bell Canada, which is a wholly-owned subsidiary of BCE Inc. The Entity is not a separate legal entity. The Entity offers a full suite of telecommunications services to residential and business customers, mainly outside of urban areas in the provinces of Ontario and Québec. The Entity provides local access services to approximately 1.6 million local telephone lines or network access services (“NAS”), as well as long-distance, Internet and data services, on its telecommunications infrastructure. As at December 31, 2005, the Entity provided local access services to approximately 1.2 million NAS related to residential customers and 400,000 NAS related to business customers in its territory. The Entity’s 1.6 million network access service lines represent approximately 16% of the total network access service lines of Bell Canada.

The Entity provides the following types of telecommunications products and services, all of which are included in the Entity’s operating revenues.

Local and access services

The Entity provides local and access telephone services over a telecommunications network to residential and business customers. Local telephone service for residential and business customers is the main source of local and access revenues. Other sources of local and access revenues include:

• value-added services, such as call display, call waiting and voicemail
• services provided to competitors accessing the Entity’s local network
• connections to and from the Entity’s local telephone service customers provided to competing long distance companies
• subsidies from the residential network access service subsidy mandated by the Canadian Radio-television and Telecommunications Commission (“CRTC”).

Rates for local telephone and value-added services in the incumbent territories are subject to regulation by the CRTC.

Long distance services

The Entity supplies long distance voice services to residential and business customers and receives settlement payments from other carriers for completing their customers’ long distance calls within the Entity’s territory.

Data services

The Entity offers low and high-speed Internet access services through digital subscriber line (“DSL”) technology, under the Bell Canada Sympatico™ brand name, for residential and business customers in its territory. A range of data services are provided to business customers, including Internet access, Internet protocol (“IP”) based services, value added services and equipment sales.

Other

This category includes revenues from a number of other sources, including:

• renting, selling and maintaining telecommunications equipment
• technology support services which includes selling and installing computer hardware and related software, networking solutions, network security, maintenance plans, on-site personnel, installation and configuration of workstations and servers, customized training, web-site development and e-commerce services.

2. BASIS OF PRESENTATION

Historically, financial statements have not been prepared for the Entity as it had no separate legal status. These special-purpose financial statements (the “financial statements”) have been prepared on a carve-out basis from the non-consolidated financial statements of Bell Canada. The financial statements have been prepared by Bell Canada’s management in connection with a proposed sale of the operations and net assets of the Entity to another party. The financial statements and related notes have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). The financial statements have been prepared based on the definition of the Entity’s operating territory established by Bell Canada’s management as at February 18, 2006.
2. BASIS OF PRESENTATION (Continued)

In connection with the preparation of the financial statements, management made numerous assumptions, estimates and allocations. Management believes the assumptions, estimates and allocations used to determine selected amounts and disclosures in the financial statements are appropriate methods and reasonably reflect the related revenues, expenses, assets, liabilities and cash flows of the Entity on the basis of presentation as described herein. Because of the significant number of assumptions, estimates and allocations used to prepare the financial statements and because, in the future, the Entity would operate under a different operating and management structure, these financial statements may not necessarily reflect the financial position and results of operations of the Entity for the periods presented had the Entity been operated separately from Bell Canada, nor are they representative of future financial positions and operating results.

General basis of allocation

The financial statements have been prepared using location specific information where available (most operating revenues and capital asset related balances) and allocations and estimates where data is not maintained on a location specific basis (most operating expenses, assets other than capital assets, and liabilities).

The financial statements include only those assets, liabilities and related operations of the Entity as historically operated, incurred and conducted by Bell Canada. All other assets, liabilities and operations of Bell Canada not related to the Entity are excluded.

Operating revenues

Most operating revenues were identified using location specific billing system data. Where location specific data was unavailable, allocations and estimates were used.

Under the contemplated sale arrangement, it is expected that certain revenues included in the Entity's operating territory would be retained by Bell Canada subsequent to the sale. In addition, certain revenues included in Bell Canada, but outside of the Entity's operating territory, would be transferred to the Entity subsequent to the sale. Adjustments to revenues that would result from such arrangements are not reflected in the financial statements.

Operating expenses

The Entity's operating expenses include both direct operating expenses incurred primarily within its operating territory that relate directly to the services provided to customers, and indirect operating expenses incurred primarily in centralized Bell Canada service centers that support the Entity.

Direct operating expenses generally correspond with locally performed functions and include direct costs of revenues, direct salaries and wages and benefits (other than net benefit plans cost), real estate and facilities expenses, network planning and provisioning costs (including satellite leasing costs), field services costs, settlements with independent and national companies, and the Entity's contributions to the residential network access service subsidy mandated by the CRTC. Direct expenses were determined using location specific information when available. When location specific data was unavailable, allocations and estimates were used.

Indirect operating expenses generally include back-office support and administrative functions of Bell Canada and include service assurance, order processing, customer acquisition, customer care, information systems and information technology expenses, indirect selling, general and administrative expenses, corporate costs and portions of expenses and centralized activities not otherwise directly attributed to the Entity. The indirect operating expenses have been allocated to the Entity based on estimates of usage or benefits received from such services.

The amount of direct and indirect operating expenses may not be representative of ongoing expenses for these functions in the future or the expenses that may have been incurred had the Entity been operated separately from Bell Canada. In addition, it is expected that, under the contemplated sale, Bell Canada and the prospective buyer will enter into operating agreements for the provision of certain services to the Entity by Bell Canada. Any adjustments to operating expenses that would result from such arrangements are not reflected in the financial statements.

Amortization expense

The amortization expense with respect to capital assets owned by the Entity, and the amortization expense allocated by Bell Canada for assets owned by Bell Canada but utilized in providing the centralized services (as described under Operating expenses), were calculated using the related capital asset balances.
2. BASIS OF PRESENTATION (Continued)

Employee salaries and benefit costs

In general, costs related to employee salaries and benefit programs include the costs associated with employees directly associated with the operations of the Entity and with employees of Bell Canada who perform centralized activities that support the Entity (“retained Bell Canada employees”), as well as an allocation of the benefit costs associated with retired employees of Bell Canada. Most of the retained Bell Canada employees are expected to remain employees of Bell Canada. It is expected that the prospective buyer would only assume responsibility for assets and liabilities related to active direct employees expected to be transferred to the Entity. Accordingly, the balance sheet amounts related to employee salaries and benefit costs include only the amounts for active direct employees expected to be transferred. As a result, the amounts included in the statements of operations and balance sheets are not directly comparable and the amounts related to cash flows cannot be reasonably estimated. The net benefit plans cost is assumed to be a cash expenditure in the statements of cash flows.

Net benefit plans cost

The net benefit plans cost for the Entity includes the estimated cost of active direct employees associated with the operations of the Entity, and an allocation of the cost of retained Bell Canada employees and retired employees of Bell Canada. For direct active employees expected to be transferred to the Entity, amounts have been estimated using employee specific information when available. When employee specific information was unavailable, allocations were made based on ratios of headcounts, average costs and other factors. For retained Bell Canada employees, costs have been allocated based on the estimated level of activity supporting the Entity’s operations. For retained Bell Canada employees, costs have been allocated based on the ratio of Bell Canada’s cost for retired employees to active employees applied to the Entity’s cost of active direct and retained Bell Canada employees.

Restructuring charge

The restructuring charge, which related to an employee departure program, was attributed using employee specific information for direct employees, and an allocation for retained Bell Canada employees based on the estimated level of support activity provided to the Entity by Bell Canada.

Interest expense

Interest expense was allocated to the Entity based on the ratio of Bell Canada’s average net investment in the Entity during the year to Bell Canada’s total average notes payable and long-term debt plus shareholders’ equity. Due to the fact that interest expense is an allocation, interest paid information is not provided.

Income taxes

The Entity is not a separate legal entity and therefore is not taxable separately from Bell Canada. For purposes of these financial statements, income taxes were calculated assuming the Entity was a separate legal entity. Estimates of the effective tax rate, including provincial allocations, were made. Due to the long-term nature and size of capital asset classes of Bell Canada and the Entity, and because estimates of instalments of income taxes could not be made, the implied income taxes payable or receivable and future income taxes of the Entity are included in Bell Canada’s net investment. In addition, taxes paid are assumed to equal income tax expense in the statements of cash flows.

Accounts receivable

Third party accounts receivable were allocated based on Bell Canada’s average number of days’ sales outstanding by market segment applied to the Entity’s segment operating revenues. Accounts receivable from related parties were allocated based on the ratio of related party operating revenues of the Entity to those of Bell Canada.

Prepaid expenses

Prepaid expenses were allocated based on the ratio of operating expenses, excluding payroll related operating expenses, of the Entity to those of Bell Canada for prepaid expense account balances related to the Entity’s activities.
BELL CANADA REGIONAL WIRELINE OPERATION  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
For the years ended December 31, 2005, 2004 and 2003  
(Tabular amounts in millions of dollars)

2. BASIS OF PRESENTATION (Continued)

Inventory

Inventory was allocated based on the ratio of inventory related operating revenues of the Entity to those of Bell Canada for inventory account balances related to the Entity's activities.

Capital assets

Capital asset balances and capital expenditures were identified mainly using location specific data. Where location specific data was unavailable, allocations and estimates were used. Capital asset amounts in the financial statements do not include any allocations related to capital assets to be retained by Bell Canada that are located in the Entity's operating territory. Capital assets also do not include amounts related to capital assets used to provide the centralized services as described under Operating expenses and Amortization expense.

The amount of allocated capital expenditures may not be representative of future ongoing capital expenditures nor of the capital expenditures that may have been incurred had the Entity been operated separately from Bell Canada. In addition, it is expected that, under the contemplated sale, Bell Canada and the prospective buyer will enter into operating agreements for the provision of certain services to the Entity by Bell Canada. Any adjustments to operating expenses that would result from such arrangements are not reflected in the financial statements.

Accounts payable and accrued liabilities

In general, accounts payable and accrued liabilities, other than payroll related amounts, were allocated based on the ratio of activities of the Entity to those of Bell Canada. The activities were measured using operating expenses, excluding payroll related operating expenses, revenues, and other factors. Related party accounts payable were allocated based on the ratio of related party purchases of the Entity to those of Bell Canada. Payroll related accrued liabilities were allocated in proportion to the cost of direct active employees of the Entity to the cost of all employees of Bell Canada. The restructuring charge payable related to direct and retained Bell Canada employees has not been included in the balance sheet of the Entity as this liability is expected to be retained by Bell Canada.

Customer advances, deposits and deferred revenues were allocated based on the ratio of operating revenues of the Entity to those of Bell Canada, and are included in accounts payable and accrued liabilities.

Accrued benefit assets and liabilities

Accrued benefit assets and liabilities represent an allocation of Bell Canada's actuarially determined pension assets and obligations and other post-employment benefit liabilities. It is expected that the prospective buyer would only assume responsibility for assets and liabilities related to active direct employees expected to be transferred to the Entity. Accordingly, the balance sheet amounts related to accrued benefit assets and liabilities include only the amounts expected to be transferred, and do not include amounts related to retained Bell Canada and retired employees. Amounts have been prepared using employee specific information when available. When employee specific information was unavailable, allocations were made based on ratios of headcounts, average costs or other factors.

Other long-term liabilities

Other long-term liabilities consists primarily of the long-term portion of deferred revenues related to the Entity. These amounts were allocated based on the ratio of operating revenues of the Entity to those of Bell Canada.

Bell Canada's net investment

For the purpose of these financial statements, all funding requirements, including current and future income taxes, have been summarized as Bell Canada's net investment without regard as to whether the funding represents debt or equity. Net transfers to Bell Canada represent implied cash equity distributions to Bell Canada.

3. SIGNIFICANT ACCOUNTING POLICIES

The Entity's financial statements have been prepared using the same accounting policies as those used by Bell Canada, as applicable.
3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Using estimates

In addition to the estimates described in Note 2, when preparing financial statements according to GAAP, management makes estimates and assumptions relating to reported amounts of revenues and expenses, reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities. Estimates are based on a number of factors, including historical experience, current events and actions that the Entity may undertake in the future and other assumptions that management believes are reasonable under the circumstances. Actual results could differ from these estimates under different assumptions or conditions. The Entity uses estimates relating to items such as revenues, allowance for doubtful accounts, useful lives of capital assets, asset impairments, inventory provisions, employee benefit plans, and evaluation of minimum lease terms for operating leases.

Recognizing revenue

The Entity recognizes operating revenues when they are earned, specifically when all of the following conditions are met:

- services are provided or products are delivered to customers
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- the Entity's ability to collect is reasonably assured

In particular, the Entity recognizes:

- fees for long distance services when the services are provided
- other fees, such as network access fees, licence fees, hosting fees, maintenance fees and standby fees over the term of the contract
- subscriber revenues when customers receive the service
- revenue from the sale of equipment when the equipment is delivered to customers and accepted
- revenues on long-term contracts as services are provided, equipment is delivered and accepted or contract milestones are met
- rebates, allowances and payments to customers where the Entity does not receive an identifiable and separate benefit, as a reduction of revenue

The Entity enters into sales that may include a number of products and services. It separates each product or service in these sales and accounts for them separately according to the methods described above, if all of the following conditions are met:

- the product or service has value to the customer on a stand-alone basis
- there is objective and reliable evidence of the fair value of the product or service
- a general right of return, delivery or performance of any undelivered product or service is probable and substantially in the Entity’s control

If there is objective and reliable evidence of fair value for all products and services in a sale, the total price to the customer is allocated to the separate products and services based on their relative fair value. Otherwise, the total price is allocated to any undelivered products and services based on their full fair value and the remainder to any that have been delivered. If the conditions to separate the product or service are not met, the Entity generally recognizes revenue over the term of the sale agreement.

The Entity may enter into arrangements with subcontractors who provide services to its customers. When the Entity acts as the principal in these arrangements, it recognizes revenue based on the amounts billed to customers. Otherwise, the Entity recognizes the net amount that it keeps as revenue.

The Entity records payments it receives in advance as deferred revenues until it provides the service or delivers the product to customers. Deferred revenues are presented in accounts payable and accrued liabilities or in other long-term liabilities on the balance sheet.
3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventory is valued at the lower of cost and market value. Market value is determined using replacement cost. The Entity maintains inventory valuation provisions for obsolescence and slow moving inventory. These provisions are determined based on analysis of inventory aging.

Capital assets

The Entity carries capital assets at cost, less accumulated amortization. Most of the Entity's telecommunications assets are amortized using the group depreciation method. When the Entity retires assets in the ordinary course of business, it charges their original cost to accumulated amortization. In general, the Entity amortizes capital assets on a straight-line basis over the estimated useful lives of the assets. The Entity reviews the estimates of the useful lives of the assets every year and adjusts them if needed.

- Telecommunications assets ........................................................ 10 to 25 years
- Machinery and equipment ........................................................ 2 to 20 years
- Buildings ................................................................... 10 to 40 years
- Finite-life intangible assets — software ................................................. 3 to 7 years

The Entity capitalizes construction costs, labour and overhead related to assets it builds or develops.

The Entity capitalizes certain costs of developing or buying software for internal use. The Entity expenses software maintenance and training costs when they are incurred. The expense is included in Operating expenses in the statement of operations.

The Entity assesses capital assets for impairment when events or changes in circumstances indicate that the Entity may not be able to recover their carrying value. The Entity calculates impairment by deducting the asset's fair value based on discounted cash flows expected from their use and disposition, from their carrying value. Any excess is deducted from earnings.

Employee benefit plans

(i) Defined benefit plans

The Entity does not have separate defined benefit plans, however, employees in its territory participate in the plans of Bell Canada.

Bell Canada maintains a defined benefit (“DB”) plan that provides pension benefits for most of the Entity’s employees. Benefits are based on the employee’s length of service and average rate of pay during his or her last five years of service. Employees are not required to contribute to the DB plan. The plan provides increasing pension benefits to help protect a portion of the income of retired employees against inflation.

Bell Canada is responsible for adequately funding its DB pension plan. Bell Canada makes contributions to the plan based on various actuarial cost methods that are permitted by pension regulatory bodies. Contributions reflect actuarial assumptions about future investment returns, salary projections and future service benefits.

Bell Canada also provides other post-employment benefits to some of its employees, including:

- health-care and life insurance benefits during retirement
- other benefits, including various disability plans, workers’ compensation and medical benefits to former or inactive employees, their beneficiaries and dependants, from the time their employment ends until their retirement starts, under certain circumstances

Bell Canada does not fund the other future benefit plans.

Bell Canada accrues its obligations and related costs under employee benefit plans, net of the fair value of plan assets. Pension and other retirement benefit costs are determined using:

- the projected benefit method, prorated on years of service, which takes into account future pay levels
- a discount rate based on market interest rates of high-quality corporate bonds with maturities that match the timing and benefits expected to be paid by the plans
BELL CANADA REGIONAL WIRELINE OPERATION  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
For the years ended December 31, 2005, 2004 and 2003  
(Tabular amounts in millions of dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

   • management’s best estimate of the plans’ expected investment performance, pay increases, retirement ages of employees and  
     expected health-care costs

   Bell Canada values pension plan assets at fair value, which is determined using current market values. Bell Canada uses a market-  
   related value to calculate the expected return on plan assets. This value is based on a four-year weighted average of the fair value of  
   the pension plan assets.

   Bell Canada amortizes past service costs from plan amendments on a straight-line basis over the average remaining service period  
   of employees who were active on the day of the amendment. This represents the period in which Bell Canada expects to realize  
   economic benefits from the amendments.

   Transitional assets and obligations that arose upon implementation of new accounting standards for employee future benefits are  
   amortized on a straight-line basis over the average remaining service period of employees expected to receive benefits under  
   the plans.

   Bell Canada uses the corridor approach to recognize actuarial gains and losses into earnings. First, Bell Canada deducts 10% of the  
   benefit obligation or the market-related value of plan assets, whichever is greater, from the unamortized net actuarial gains or  
   losses based on a market-related value basis. Then, any excess is amortized over the average remaining service period of active  
   employees which is 12 years.

   When the restructuring of a benefit plan results in both a curtailment and a settlement of obligations, Bell Canada accounts for the  
   curtailment before it accounts for the settlement. A curtailment is a significant reduction in plan benefits that can result when a DB  
   pension plan is amended or restructured. Types of curtailments include a reduction in the expected number of years of future  
   service of active employees or the elimination of the right to earn defined benefits for some or all of the future service of  
   employees. A company makes a settlement when it substantially settles all or part of an accrued benefit obligation. An example of  
   this is a lump-sum cash payment to employees in exchange for their rights to receive future benefits.

   December 31 is the measurement date for most of Bell Canada’s employee benefit plans. Bell Canada’s actuaries perform a  
   valuation at least every three years to determine the actuarial present value of the accrued pension and other retirement benef  
   Its. An actuarial valuation was last performed on most of Bell Canada’s benefit plans on December 31, 2004.

   (ii) Defined contribution plans

   In January 2005, Bell Canada introduced a DC pension plan for its employees. Current employees had the option of retaining their  
   DB coverage or changing over to the new DC coverage. Since 2005, new employees will participate in the DC pension  
   arrangements only.

   Very few employees of the Entity participated in the Bell Canada DC plan in 2005, therefore the financial impact was negligible.

Income taxes

   The Entity is not a separate legal entity and therefore is not taxable separately from Bell Canada. For purposes of these financial  
   statements, income taxes were calculated assuming the Entity was a separate legal entity. Estimates of the effective tax rate, including  
   provincial allocations, were made. Due to the long-term nature and size of capital asset classes of Bell Canada and the Entity, and  
   because estimates of instalments of income taxes could not be made, the implied income taxes payable or receivable and future income  
   taxes of the Entity are included in Bell Canada’s net investment.

Stock-based compensation plans

   The Entity does not have any stock-based compensation plans. Employees of the Entity participate in stock-based compensation plans  
   of BCE Inc. and Bell Canada, which include employee savings plans, restricted share units, long-term incentive plans and deferred share  
   units. The impact of these plans on the Entity’s results is not significant and, accordingly, supplementary information is not provided.

Regulation of the telecommunications industry

   The Entity’s business is affected by CRTC decisions over the prices it charges for specific services, primarily local telephone services,  
   and other operating requirements. The CRTC ensures that Canadians have access to reliable telephone and other services at affordable  
   prices. The Entity, as part of Bell Canada, is regulated by the CRTC pursuant to the Telecommunications Act.
4. RESTRUCTURING CHARGE

In 2004, a pre-tax restructuring charge of $136 million was allocated to the Entity in relation to the employee departure program that Bell Canada announced in June 2004. The program consisted of two phases:

- an early retirement plan where employees chose to receive a package that included a cash allowance, immediate pension benefits, an additional guaranteed pension payable up to 65 years of age, career transition services and post-employment benefits
- a departure plan where employees chose to receive a special cash allowance

The charge included $2 million allocated to the Entity for relocating employees and closing real estate facilities that were no longer needed because of the employee departure program.

The employee departure program was completed in 2005, however, payments extend to 2007. These payments and other liabilities related to the restructuring initiatives will be retained by Bell Canada and are not reflected in the Entity’s balance sheets. The recovery of $6 million in 2005 relates to the reversal of amounts accrued in 2004 since actual payments were lower than estimated.

5. INCOME TAXES

The table below is a reconciliation of income tax expense at Canadian statutory rates of 34.4% in 2005, 34.4% in 2004 and 35.4% in 2003, and the amount of reported income tax expense in the statements of operations.

Income taxes included in the statements of operations differ from the statutory tax rates as follows:

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings before income taxes</td>
<td>$351</td>
<td>$234</td>
<td>$346</td>
</tr>
<tr>
<td>Statutory income tax rate</td>
<td>34.4%</td>
<td>34.4%</td>
<td>35.4%</td>
</tr>
<tr>
<td>Income taxes based on statutory income tax rate</td>
<td>121</td>
<td>80</td>
<td>122</td>
</tr>
<tr>
<td>Non-deductible expenses and other adjustments</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Income taxes</td>
<td>$123</td>
<td>$82</td>
<td>$124</td>
</tr>
</tbody>
</table>

As indicated in Note 2, future income tax balances could not reasonably be estimated and are included in Bell Canada’s net investment. Accordingly, future income tax information is not provided.

6. CAPITAL ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telecommunications assets</td>
<td>$5,465</td>
<td>$3,925</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>23</td>
<td>12</td>
</tr>
<tr>
<td>Buildings</td>
<td>299</td>
<td>178</td>
</tr>
<tr>
<td>Plant under construction</td>
<td>55</td>
<td>—</td>
</tr>
<tr>
<td>Land</td>
<td>8</td>
<td>—</td>
</tr>
<tr>
<td>Total property, plant and equipment</td>
<td>5,850</td>
<td>4,115</td>
</tr>
<tr>
<td>Finite-life intangible assets — software</td>
<td>12</td>
<td>8</td>
</tr>
<tr>
<td>Total capital assets</td>
<td>$5,862</td>
<td>$4,123</td>
</tr>
</tbody>
</table>

Additions to finite-life intangible assets were $2 million in 2005, and $2 million in 2004.
7. EMPLOYEE BENEFIT PLANS

The Entity is a carved-out component of Bell Canada which provides pension, other retirement and post-employment benefits for almost all of its employees. The Entity does not have employee benefit plans separate from Bell Canada. Bell Canada’s employee benefit plans include DB pension plans and plans that provide other employee future benefits.

The net benefit plans cost for the Entity includes the estimated cost of active direct employees associated with the operations of the Entity, and an allocation of the cost of retained Bell Canada employees and retired employees of Bell Canada. It is contemplated that the prospective buyer would only assume responsibility for assets and liabilities related to active direct employees expected to be transferred to the Entity. Accordingly, the balance sheet amounts related to accrued benefit assets and liabilities include only the amounts for active direct employees expected to be transferred, and do not include amounts related to retained Bell Canada and retired employees. As a result, the amounts included in the statements of operations and balance sheets are not directly comparable.

The table below shows the total net benefit plans cost allocated to the Entity.

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>DB plans cost (credit)</td>
<td>$17</td>
<td>$(2)</td>
<td>$(4)</td>
</tr>
<tr>
<td>Other future benefits</td>
<td>9</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td><strong>Net benefit plans cost</strong></td>
<td><strong>$26</strong></td>
<td><strong>$10</strong></td>
<td><strong>$8</strong></td>
</tr>
</tbody>
</table>

Components of defined benefit plans cost

The table below shows the Bell Canada DB plans cost allocated to the Entity, before and after recognizing its long term nature.

<table>
<thead>
<tr>
<th></th>
<th>Pension benefits</th>
<th>Other benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current service cost</td>
<td>$21</td>
<td>2</td>
</tr>
<tr>
<td>Interest cost on accrued benefit obligation</td>
<td>74</td>
<td>70</td>
</tr>
<tr>
<td>Actual return on plan assets</td>
<td>(137)</td>
<td>(118)</td>
</tr>
<tr>
<td>Past service costs arising during period</td>
<td>—</td>
<td>7</td>
</tr>
<tr>
<td>Actuarial loss (gain) on accrued benefit obligation</td>
<td>149</td>
<td>67</td>
</tr>
<tr>
<td><strong>Elements of employee future benefit plans cost, before recognizing its long-term nature</strong></td>
<td><strong>107</strong></td>
<td><strong>45</strong></td>
</tr>
<tr>
<td>Excess (deficiency) of actual return over expected return(1)</td>
<td>52</td>
<td>31</td>
</tr>
<tr>
<td>Deferral of amounts arising during period:</td>
<td>123</td>
<td>123</td>
</tr>
<tr>
<td>Past service costs</td>
<td>—</td>
<td>(7)</td>
</tr>
<tr>
<td>Actuarial (loss) gain on accrued benefit obligation</td>
<td>(149)</td>
<td>(67)</td>
</tr>
<tr>
<td>Amortization of previously deferred amounts:</td>
<td>149</td>
<td>(67)</td>
</tr>
<tr>
<td>Past service costs</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Net actuarial losses</td>
<td>5</td>
<td>—</td>
</tr>
<tr>
<td>Transitional (asset) obligation</td>
<td>1</td>
<td>(5)</td>
</tr>
<tr>
<td><strong>Adjustments to recognize long-term nature of employee future benefit plans expense (credit)</strong></td>
<td><strong>(90)</strong></td>
<td><strong>(47)</strong></td>
</tr>
<tr>
<td>Other</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>DB plans cost (credit), recognized</strong></td>
<td><strong>$17</strong></td>
<td><strong>(2)</strong></td>
</tr>
</tbody>
</table>

(1) The expected return on plan assets for a given year is calculated by Bell Canada based on the market-related value of plan assets at the beginning of that year. The market-related value of pension plan assets allocated to the Entity was $208 million at January 1, 2005, $252 million at January 1, 2004 and $255 million at January 1, 2003.
7. EMPLOYEE BENEFIT PLANS (Continued)

Components of accrued benefit asset (liability)

The table below shows the change in benefit obligations, change in fair value of plan assets and the funded status of the Bell Canada DB plan allocated to the Entity for the employees expected to be transferred to the Entity.

<table>
<thead>
<tr>
<th></th>
<th>Pension benefits</th>
<th>Other benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2005</td>
<td>2004</td>
</tr>
<tr>
<td>Accrued benefit obligation, beginning of the year</td>
<td>$216</td>
<td>$226</td>
</tr>
<tr>
<td>Current service cost</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Interest cost on accrued benefit obligation</td>
<td>14</td>
<td>15</td>
</tr>
<tr>
<td>Actuarial losses (gains)</td>
<td>16</td>
<td>19</td>
</tr>
<tr>
<td>Benefit payments</td>
<td>(50)</td>
<td>(53)</td>
</tr>
<tr>
<td>Accrued benefit obligation, end of the year</td>
<td>204</td>
<td>216</td>
</tr>
<tr>
<td>Fair value of plan assets, beginning of the year</td>
<td>209</td>
<td>242</td>
</tr>
<tr>
<td>Actual return on plan assets</td>
<td>24</td>
<td>20</td>
</tr>
<tr>
<td>Benefit payments</td>
<td>(50)</td>
<td>(53)</td>
</tr>
<tr>
<td>Fair value of plan assets, end of the year</td>
<td>183</td>
<td>209</td>
</tr>
<tr>
<td>Plan deficit</td>
<td>(21)</td>
<td>(7)</td>
</tr>
<tr>
<td>Unamortized net actuarial losses</td>
<td>41</td>
<td>35</td>
</tr>
<tr>
<td>Unamortized past service costs</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Unamortized transitional obligation</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Accrued benefit asset (liability), end of the year</td>
<td>$ 21</td>
<td>$ 29</td>
</tr>
</tbody>
</table>

The Bell Canada DB pension plan allocated to the Entity had an allocated accrued benefit obligation that was more than the allocated plan assets:

* the allocated accrued benefit obligation was $204 million at December 31, 2005, and $216 million at December 31, 2004

* the allocated fair value of plan assets was $183 million at December 31, 2005, and $209 million at December 31, 2004

Significant assumptions

Bell Canada used the following key assumptions to measure the accrued benefit obligation and the net benefit plan cost for its DB pension plans and its plan that provide other employee future benefits. The assumptions are long-term, which is consistent with the nature of employee benefit plans.

<table>
<thead>
<tr>
<th></th>
<th>Pension benefits</th>
<th>Other benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued benefit obligation, end of year</td>
<td>5.2%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Rate of compensation increase, end of year</td>
<td>3.0</td>
<td>3.5</td>
</tr>
<tr>
<td>Net benefit plans cost:</td>
<td>6.2</td>
<td>6.5</td>
</tr>
<tr>
<td>Expected return on plan assets, end of preceding year</td>
<td>7.5</td>
<td>7.5</td>
</tr>
<tr>
<td>Rate of compensation increase, end of preceding year</td>
<td>3.5</td>
<td>3.5</td>
</tr>
</tbody>
</table>

Bell Canada assumed the following trend rates in health-care costs:

* an annual rate of increase of 4.5% in the cost per person of covered health-care benefits for 2005 and the foreseeable future
7. EMPLOYEE BENEFIT PLANS (Continued)

- an annual rate of increase of 10.5% in the cost of medication for 2005 and a gradual decline to 4.5% over six years.

Assumed trend rates in health-care costs have a significant effect on the amounts reported for the health-care plans. The table below, for example, shows the estimated effect on the Entity of a 1% change in the assumed trend rates in health-care costs for employees associated with the operations of the Entity, as applicable.

<table>
<thead>
<tr>
<th>Effect on other benefits</th>
<th>1% increase</th>
<th>1% decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>total service and interest cost</td>
<td>$1</td>
<td>$(1)</td>
</tr>
<tr>
<td>accrued obligation</td>
<td>$3</td>
<td>$(2)</td>
</tr>
</tbody>
</table>

Pension plan assets

The table below shows the allocation of Bell Canada’s total pension plan assets at December 31, 2005 and 2004, target allocation for 2005 and the expected long-term rate of return by asset class.

<table>
<thead>
<tr>
<th>Asset category</th>
<th>Weighted average target allocation</th>
<th>Percentage of plan assets at December 31</th>
<th>Weighted average expected long-term rate of return</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2005</td>
<td>2005</td>
<td>2004</td>
</tr>
<tr>
<td>Equity securities</td>
<td>45-65%</td>
<td>59%</td>
<td>57%</td>
</tr>
<tr>
<td>Debt securities</td>
<td>35-55</td>
<td>41</td>
<td>43</td>
</tr>
<tr>
<td>Total/average</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Equity securities allocated to the Entity included approximately $1 million of BCE Inc. common shares or 0.4% of total allocated plan assets at December 31, 2005, and approximately $1 million of BCE Inc. common shares or 0.7% of total allocated plan assets at December 31, 2004.

Cash flows

As described previously, the amounts included in the statements of operations and balance sheets are not directly comparable and the amounts related to cash flows cannot be reasonably estimated. In the statements of cash flows, the net benefit plans cost is assumed to be a cash expenditure.

8. RELATED PARTY TRANSACTIONS AND BALANCES

The Entity is not a separate legal entity and as such does not enter directly into related party transactions with Bell Canada or the affiliated companies of Bell Canada.

The transactions allocated to the Entity were part of Bell Canada’s regular business and were recorded at exchange amounts that were agreed to by Bell Canada and the related parties. Affiliated companies of Bell Canada are those companies under common control of Bell Canada’s parent company, BCE Inc. In general, related party revenues and purchases were attributed using location specific information. Balance sheet amounts were allocated based on the ratio of related party revenues and purchases of the Entity to those of Bell Canada.
8. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

The table below shows the type and amount of transactions allocated to the Entity that Bell Canada had with its related parties.

<table>
<thead>
<tr>
<th>For the year ended December 31</th>
<th>2005 $</th>
<th>2004 $</th>
<th>2003 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subsidiary companies</td>
<td>5</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Affiliated companies</td>
<td>1</td>
<td>1</td>
<td>—</td>
</tr>
<tr>
<td>Purchase of equipment, supplies and services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subsidiary companies</td>
<td>86</td>
<td>86</td>
<td>93</td>
</tr>
<tr>
<td>Affiliated companies</td>
<td>15</td>
<td>15</td>
<td>14</td>
</tr>
<tr>
<td>Interest expense</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subsidiary companies</td>
<td>1</td>
<td>1</td>
<td>4</td>
</tr>
</tbody>
</table>

The table below shows the type and amount of balances allocated to the Entity that Bell Canada had with its related parties.

<table>
<thead>
<tr>
<th>As at December 31</th>
<th>2005 $</th>
<th>2004 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts receivable — subsidiary companies</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Accounts payable — subsidiary companies</td>
<td>10</td>
<td>14</td>
</tr>
</tbody>
</table>

9. FINANCIAL INSTRUMENTS

Derivatives

The Entity is not a separate legal entity and does not use derivative financial instruments. The impact on the Entity of the use of financial instruments by Bell Canada is not significant.

Credit risk

The Entity is exposed to credit risk from its customers, but the concentration of this risk is minimized because it has a large and diverse customer base.

Currency exposure

The Entity does not have significant exposures to fluctuations of foreign currencies.

Interest rate exposure

The Entity does not have significant directly attributable long-term debt. To the extent of its allocation of interest expense from Bell Canada, the Entity has exposure to interest rate fluctuations.

Fair value

The carrying values of the Entity's financial assets and liabilities approximate their fair values.

10. COMMITMENTS AND CONTINGENCIES

Contractual obligations

The Entity is not a separate legal entity and as such does not enter directly into contractual obligations with third parties. Commitments made by Bell Canada are generally central and are not specifically attributable to the Entity.
10. COMMITMENTS AND CONTINGENCIES (Continued)

The table below presents an allocation of Bell Canada’s contractual obligations at December 31, 2005 that are related to the operations of the Entity and that are due in each of the next five years and after 2010. The allocation was based on the proportion of the activities of the Entity to those of Bell Canada.

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>After 2010</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating leases</td>
<td>16</td>
<td>16</td>
<td>15</td>
<td>15</td>
<td>6</td>
<td>21</td>
<td>89</td>
</tr>
<tr>
<td>Commitments for capital expenditures</td>
<td>6</td>
<td>3</td>
<td>1</td>
<td>—</td>
<td>—</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Purchase obligations</td>
<td>82</td>
<td>74</td>
<td>51</td>
<td>16</td>
<td>7</td>
<td>9</td>
<td>239</td>
</tr>
<tr>
<td>Total</td>
<td>104</td>
<td>93</td>
<td>67</td>
<td>31</td>
<td>13</td>
<td>30</td>
<td>338</td>
</tr>
</tbody>
</table>

Rental expense relating to operating leases was $23 million in 2005, $27 million in 2004 and $23 million in 2003.

Bell Canada’s commitments for capital expenditures related to the Entity include investments to expand and update networks and to meet customer demand. Purchase obligations made by Bell Canada related to the Entity consist mainly of contractual obligations under service contracts.

Commitment under the deferral account

The Entity is not a separate legal entity and as such does not have separate legal commitments with respect to Bell Canada’s deferral account that was established pursuant to Telecom Decision CRTC 2002-34, Regulatory framework for second price cap period, issued on May 30, 2002.

On February 16, 2006, the CRTC issued Telecom Decision 2006-9, in which it estimated incumbent telephone companies’ deferral account amounts, on an accumulated balance and future annualized commitment basis, at May 31, 2006. Bell Canada’s estimated accumulated balance at May 31, 2006 is expected to be $480.5 million with an estimated future annualized commitment of $81.5 million.

The CRTC noted that the incumbent telephone company (“ILEC”) deferral account balances cannot be finalized at this time due to certain outstanding proceedings that may have an impact on these balances. The CRTC directed each ILEC to file, by 15 May 2006, its updated deferral account schedule, reflecting in part, the impact of any subsequent CRTC decisions that impact the ILEC deferral account balances.

In Telecom Decision 2006-9, the CRTC made the following orders to clear the accumulated balances in the deferral accounts:

- The CRTC first directed each ILEC to allocate a minimum of 5% of the accumulated balance in its deferral account to improve access to telecommunication services for persons with disabilities.

- As to the remaining 95% of the funds in the deferral account, the CRTC addressed both broadband service investments and subscriber rebates. The CRTC concluded that each ILEC could use funds in its deferral accounts for initiatives to expand broadband services to rural and remote communities. Those ILECs who choose to invest in broadband are required to file a proposal with the CRTC by June 30, 2006, for approval to draw down qualified expenditures from their deferral accounts. If an ILEC chooses not to invest in broadband expansion, or invests in such expansion but has money left over in its deferral account, the remaining funds will be rebated to the ILEC’s residential local subscribers in non-high cost serving areas.

Telecom Decision 2006-9 also indicates that the future annual deferral account obligations of ILECs are to be eliminated by reducing monthly prices for primary exchange service and optional local services for residential customers in non-high cost serving areas. Bell Canada, Aliant and certain other ILECs have been directed to file their rate proposals, along with their updated deferral account balances, by May 15, 2006. These rate changes are to become effective on June 1, 2006. Telecom Decision 2006-9 also notes that the extension of the Second Price Cap Period to May 31, 2007 will result in an additional annual deferral account obligation.

The deferral account obligation will change as amounts are added to the account or the CRTC approves initiatives that serve to reduce the deferral account obligation, and any amounts remaining in the deferral accounts will bear interest at the ILEC’s short-term cost of debt each year until disposition.

On March 17, 2006, Bell Canada filed an application for leave to appeal this decision to the Federal Court of Appeal, to the extent that it requires Bell Canada to give rebates in respect of rates that the CRTC had made final in 2003. A broader application for leave to appeal was also filed on behalf of two consumer groups.
10. COMMITMENTS AND CONTINGENCIES (Continued)

Upon completion of the proposed sale of the Entity, it will operate as an ILEC within a new legal entity and therefore be subject to the CRTC rules governing the deferral account. The impact could vary significantly from the impact on Bell Canada.

Litigation

The Entity is not a separate legal entity and as such does not become directly involved in the various claims and litigation that may arise as a part of the normal course of its business.

Bell Canada becomes involved in various claims and litigation during the normal course of its business. All legal claims will remain the responsibility of Bell Canada and therefore have no effect on the Entity.

11. GUARANTEES

The Entity is not a separate legal entity and as such does not enter directly into agreements that provide for indemnifications and guarantees to third parties. However, the Entity’s activities include the following types of guarantees entered into by Bell Canada.

As a regular part of Bell Canada’s business, it enters into agreements that provide for indemnifications and guarantees to counterparties that may require it to pay for costs and losses incurred in various types of transactions. Bell Canada cannot reasonably estimate the maximum potential amount it could be required to pay counterparties. While some of the agreements specify a maximum potential exposure, many do not specify a maximum amount or limited period. The amount also depends on the outcome of future events and conditions, which cannot be predicted. Historically, Bell Canada has not made any significant payments under these indemnifications or guarantees.

Sales of services

As part of transactions involving sales of services, Bell Canada may be required to pay counterparties for costs and losses incurred as a result of breaches of representations and warranties, and changes in, or in the interpretation of, laws and regulations (including tax legislation).

No amount has been accrued in Bell Canada’s or the Entity’s balance sheets relating to this type of indemnification at December 31, 2005. Historically, Bell Canada has not made any significant payments under such indemnifications or guarantees.

Purchases and development of assets

As part of transactions involving purchases and development of assets, Bell Canada may be required to pay counterparties for costs and losses incurred as a result of breaches of representations and warranties, loss or damages to property, changes in, or in the interpretation of, laws and regulations (including tax legislation).

No amount has been accrued in Bell Canada’s or the Entity’s balance sheets relating to this type of indemnification or guarantee at December 31, 2005. Historically, Bell Canada has not made any significant payments under such indemnifications or guarantees.

Other transactions

As part of other transactions, such as operating leases, Bell Canada may be required to pay counterparties for costs and losses incurred as a result of breaches of representations and warranties, loss or damages to property, changes in, or in the interpretation of, laws and regulations (including tax legislation).

No amount has been accrued in Bell Canada’s or the Entity’s balance sheets relating to this type of indemnification or guarantee at December 31, 2005. Historically, Bell Canada has not made any significant payments under such indemnifications or guarantees.
This management’s discussion and analysis of financial condition and results of operations (“MD&A”) comments on the operations, performance and financial condition of the Bell Canada Regional Wireline Operation (the “Entity”) for the year ended December 31, 2005 in comparison with the year ended December 31, 2004, and the year ended December 31, 2004 in comparison with the year ended December 31, 2003.

The Entity is not a separate legal entity and is a carved-out component comprised of specified operations of Bell Canada, which is an indirect subsidiary of BCE Inc (“BCE”). BCE is the Entity’s ultimate parent company. BCE owns indirectly 100% of Bell Canada. Bell Canada Holdings Inc. (“BCH”) is the Entity’s parent company. BCH owns 100% of Bell Canada.

Please refer to the audited special-purpose financial statements (the “financial statements”) of the Entity when reading this MD&A. The reader should also refer to both the most recent audited financial statements and MD&A of the Entity’s ultimate parent company, BCE, and those of Bell Canada.

Historically, financial statements have not been prepared for the Entity as it had no separate legal status. The Entity’s financial statements have been prepared on a carve-out basis from the non-consolidated financial statements of Bell Canada. The financial statements have been prepared by Bell Canada’s management in connection with a proposed sale of the operations and net assets of the Entity to another party. The financial statements and related notes have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). The financial statements have been prepared based on the definition of the Entity’s operating territories established by Bell Canada’s management as at February 18, 2006.

In connection with the preparation of the financial statements, management made numerous assumptions, estimates and allocations. Management believes the assumptions, estimates and allocations used to determine selected amounts and disclosures in the financial statements are appropriate methods to reasonably reflect the related revenues, expenses, assets, liabilities and cash flows of the Entity on the basis of presentation as described in note 2 to the financial statements. Because of the significant number of assumptions, estimates and allocations used to prepare the financial statements and because, in the future, the Entity would operate under a different operating and management structure, these financial statements may not necessarily reflect the financial position and results of operations of the Entity for the periods presented had the Entity been operated separately from Bell Canada, nor are they representative of future financial positions and operating results.

All amounts in this MD&A are in millions of Canadian dollars, except where otherwise noted.

About Forward-Looking Statements

A statement the Entity makes is forward-looking when it uses what is known and expected today to make a statement about the future. Forward-looking statements may include words such as anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, seek, should, strive, target and will. Actual results could differ materially from what the Entity expects if known or unknown risks affect the Entity’s business, or if estimates or assumptions turn out to be inaccurate. As a result, the Entity cannot guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place undue reliance on these forward-looking statements. The Entity disclaims any intention and assumes no obligation to update any forward-looking statement even if new information becomes available as a result of future events or for any other reason.

Risks that could cause actual results to differ materially from current expectations are discussed throughout this MD&A and in this Information Circular under the heading “Risk Factors.”
Non-GAAP Financial Measures

This section describes the non-GAAP financial measures used in the MD&A to explain the Entity’s financial results. It also provides reconciliations of the non-GAAP financial measures to the most comparable Canadian GAAP financial measures.

EBITDA

The Entity defines EBITDA (earnings before interest, taxes, depreciation and amortization) as operating revenues less operating expenses, meaning it represents operating income before amortization expense, net benefit plans cost, and restructuring charges.

The term EBITDA does not have any standardized meaning according to Canadian GAAP. It is therefore unlikely to be comparable to similar measures presented by other companies. EBITDA is presented on a consistent basis from period to period.

The Entity uses EBITDA, among other measures, to assess the operating performance of its ongoing businesses without the effects of amortization expense, net benefit plans cost, and restructuring charges. The Entity excludes amortization expense and net benefit plans cost because they depend largely on the accounting methods and assumptions a company uses, as well as non-operating factors such as the historical cost of capital assets and the fund performance of a company’s pension plans. Excluding restructuring charges does not necessarily imply they are non-recurring.

EBITDA allows a comparison of the Entity’s operating performance on a consistent basis. The Entity believes that certain investors and analysts use EBITDA to measure a company’s ability to service debt and to meet other payment obligations, or as a common measurement to value companies in the telecommunications industry.

The most comparable Canadian GAAP financial measure is operating income. The table below is a reconciliation of operating income to EBITDA.

<table>
<thead>
<tr>
<th>Reconciliation of Operating Income to EBITDA</th>
<th>2005</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>411</td>
<td>299</td>
<td>422</td>
</tr>
<tr>
<td>Amortization expense</td>
<td>263</td>
<td>251</td>
<td>263</td>
</tr>
<tr>
<td>Net benefit plans cost</td>
<td>26</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>Restructuring charge</td>
<td>(6)</td>
<td>136</td>
<td>—</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td><strong>694</strong></td>
<td><strong>696</strong></td>
<td><strong>693</strong></td>
</tr>
</tbody>
</table>

Operating Income before Restructuring Charges

The term operating income before restructuring charges does not have any standardized meaning according to Canadian GAAP. It is therefore unlikely to be comparable to similar measures presented by other companies.

The Entity uses operating income before restructuring charges, among other measures, to assess the operating performance of its ongoing business without the effects of restructuring charges. The Entity excludes these items because they affect the comparability of its financial results and could potentially distort the analysis of trends in business performance. Excluding these items does not necessarily imply they are non-recurring.
The most comparable Canadian GAAP financial measure is operating income. The table below is a reconciliation of operating income to operating income before restructuring charges.

<table>
<thead>
<tr>
<th>Reconciliation of Operating Income to Operating Income before Restructuring Charges</th>
<th>2005</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>411</td>
<td>299</td>
<td>422</td>
</tr>
<tr>
<td>Restructuring charge</td>
<td>(6)</td>
<td>136</td>
<td>—</td>
</tr>
<tr>
<td>Operating income before restructuring charges</td>
<td>405</td>
<td>435</td>
<td>422</td>
</tr>
</tbody>
</table>

Net Earnings before Restructuring Charges

The term net earnings before restructuring charges does not have any standardized meaning according to Canadian GAAP. It is therefore unlikely to be comparable to similar measures presented by other companies.

The Entity uses net earnings before restructuring charges, among other measures, to assess the operating performance of its ongoing business without the effects of after-tax restructuring charges. The Entity excludes these items because they affect the comparability of its financial results and could potentially distort the analysis of trends in business performance. Excluding these items does not necessarily imply they are non-recurring.

The most comparable Canadian GAAP financial measure is net earnings. The following table is a reconciliation of net earnings to net earnings before restructuring charges.

<table>
<thead>
<tr>
<th>Reconciliation of Net Earnings to Net Earnings before Restructuring Charges</th>
<th>2005</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net earnings</td>
<td>228</td>
<td>152</td>
<td>222</td>
</tr>
<tr>
<td>Restructuring charge (after tax)</td>
<td>(4)</td>
<td>88</td>
<td>—</td>
</tr>
<tr>
<td>Net earnings before restructuring charges</td>
<td>224</td>
<td>240</td>
<td>222</td>
</tr>
</tbody>
</table>

About The Entity's Business

For a description of the Entity's business, refer to Note 1 to the Entity's financial statements.

Overall Performance

Competition remained relatively low in the Entity’s traditional wireline telephone business in 2003, 2004 and 2005, mainly due to low competition from cable telephony. In all three years, the Entity continued to benefit from a strong regional market presence, well established brands, strong relationships with its customers and strong growth in its high-speed Internet service offerings.

Operating Revenues

*Year ended December 31, 2005 compared to the year ended December 31, 2004*

Operating revenue for 2005 was $1,197 million, which represents a decrease of $13 million or 1.1% compared to 2004. This decrease was driven primarily by a decline in long distance revenues and an unfavourable rate change in subsidy revenue. These factors were partially offset by a moderate increase in local and access revenue and strong growth in Internet & data revenue.
Year ended December 31, 2004 compared to the year ended December 31, 2003

Operating revenue for 2004 was $1,210 million which is comparable to 2003. Declines in long distance revenues and other revenues were offset by increases in local and access and Internet and data revenues.

Operating Income and EBITDA

Year ended December 31, 2005 compared to the year ended December 31, 2004

2005 operating income increased by $112 million, or 37.5%, to $411 million compared to 2004, due mainly to restructuring charges of $136 million recorded in the previous year.

Operating income before restructuring charges decreased by 6.9%, or $30 million, to $405 million in 2005. This was driven primarily by higher amortization expense allocated to the Entity by Bell Canada, higher net benefit plans cost as well as an overall decrease in revenue. These factors were partially offset by a reduction in operating expenses.

Operating expenses were $503 million in 2005, which represents a decrease of $11 million or 2.1% from the $514 million recorded in 2004. Operating expenses were favourably impacted by productivity initiatives implemented by Bell Canada at the beginning of 2005, including a decrease in labour expense due to workforce reduction efforts initiated by Bell Canada in 2004. In addition, a reduction in Small Incumbent Local Exchange Carrier ("SILEC") settlement expenses occurred due mainly to price changes. These improvements were partially offset by higher customer acquisition costs, order processing and customer care costs due to the increased proportion of growth products in the revenue mix. Product development and centralized network provisioning expenses also increased as the Entity continued to develop and enhance current products in order to satisfy customer needs. In addition, operating expenses were unfavourably impacted by the labour dispute with technicians at Bell Technical Solutions Inc. (formerly Entourage Technology Solutions Inc.) in Ontario, including additional costs incurred to restore service levels subsequent to the resolution of the labour dispute.

EBITDA decreased marginally by $2 million to $694 million, or by 0.3%, compared to 2004. This decrease was driven primarily by decreases in long distance revenue and an unfavourable rate change in subsidy revenue. These factors were partially offset by a moderate increase in local and access revenue, strong growth in Internet and data revenue and an overall reduction in operating expenses.

Year ended December 31, 2004 compared to the year ended December 31, 2003

2004 operating income decreased by $123 million, or 29.1%, to $299 million compared to 2003. This was driven primarily by the restructuring charge of $136 million, offset by a slight reduction in operating expenses and a reduction in the Entity’s amortization expense in 2004, as compared to 2003.

Operating income before restructuring charges was $435 million, $13 million or 3.1% higher than the previous year. This was driven primarily by a slight reduction in operating expenses and a reduction in the Entity’s amortization expense in 2004, as compared to 2003.

Operating expenses at $514 million in 2004 represents a small decrease of $3 million or 0.6% versus the comparable period in 2003. Increased costs associated with the change in product mix towards growth products were more than offset by lower costs as a result of productivity initiatives, including a decrease in labour expense due to workforce reduction efforts initiated by Bell Canada in 2004.

2004 EBITDA increased by $3 million to $696 million, or by 0.4%, compared to 2003. This reflects a slight reduction in operating expenses.
Net Earnings

Year ended December 31, 2005 compared to the year ended December 31, 2004

In 2005, net earnings were $228 million, 50.0% or $76 million higher than net earnings of $152 million for 2004, driven primarily by the absence of the net restructuring charge of $88 million included in net earnings in the prior year, partly offset by increases in the 2005 amortization expense allocated to the Entity by Bell Canada and the 2005 net benefit plans cost, as compared to 2004.

Net earnings before restructuring charges were $224 million, $16 million or 6.7% lower than in 2004. This was primarily due to the net impact of lower operating income before restructuring charges of approximately $19 million in 2005, offset by lower interest expense, as compared to 2004.

Year ended December 31, 2004 compared to the year ended December 31, 2003

In 2004, net earnings were $152 million, 31.5% or $70 million lower than net earnings of $222 million for 2003. This was primarily as a result of the net impact of the restructuring charge included in net earnings in 2004 of $88 million, offset by decreases in both the 2004 total amortization expense and 2004 interest expense, as compared to 2003.

Net earnings before restructuring charges were $240 million, $18 million or 8.1% higher than in 2003. This was primarily the result of the net impact of higher operating income before restructuring charges of $8 million in 2004, as well as the net impact of lower total amortization expense and interest expense in 2004, as compared to 2003.

Customer Connections

The following table shows the number of net activations during each of the years ended December 31, 2003, 2004 and 2005, and the number of connections as at December 31, 2005.

<table>
<thead>
<tr>
<th>In thousands</th>
<th>Net activations (deactivations)</th>
<th>Connections as at December 31, 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2003</td>
<td>2004</td>
</tr>
<tr>
<td>Network Access Services</td>
<td>(1)</td>
<td>2</td>
</tr>
<tr>
<td>High-speed Internet</td>
<td>34</td>
<td>43</td>
</tr>
<tr>
<td>Dial-up Internet</td>
<td>(4)</td>
<td>(10)</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
<td>35</td>
</tr>
</tbody>
</table>

The total number of customer connections increased by 1.4%, or by approximately 27,000 connections, to 1.936 million connections at December 31, 2005, compared with December 31, 2004. The total number of customer connections increased by 1.9%, or by approximately 35,000 connections, to 1.909 million connections at December 31, 2004, compared with December 31, 2003.

Network Access Services

NAS in service declined marginally by approximately 2,000 connections in 2005, or by 0.1%, to 1,654 million connections at December 31, 2005. This offset the slight gain of 2,000 net connections in 2004. The marginal rate of change in NAS reflects the Entity’s wireline customer base and the low level of competition in the Entity’s traditional wireline business.

High-speed Internet

The Entity experienced strong growth in high-speed Internet connections in 2003, 2004 and 2005. In 2005, the net number of connections increased by 43,000, or by 33%, increasing to approximately 175,000 as at
December 31, 2005. This strong growth followed the net addition of approximately 43,000 or 48% new high-speed Internet connections in 2004. Strong subscriber growth in both 2004 and 2005 was driven mainly by the introduction of new services, DSL footprint expansion, focused selling efforts, improved retention strategies and conversion of existing dial-up subscribers to high-speed Internet service, as well as continued growth in computers per household and the growing popularity of email and the Internet.

**Dial-up Internet**

The Entity’s dial-up Internet customer base eroded in 2005 by approximately 14,000 net connections, a decline of 11.6% compared to December 31, 2004, reducing to approximately 107,000 connections as at December 31, 2005. This followed a net decline of approximately 10,000 or 7.6% dial-up Internet connections in 2004, as compared to December 31, 2003. The decrease in dial-up connections in both years is primarily due to existing dial-up customers switching to high-speed Internet service.

**Selected Annual Information**

This section shows selected financial data. The table below shows selected financial data for each year from 2003 to 2005. The Entity discusses the factors that caused its results to vary over the past three years throughout this MD&A.

<table>
<thead>
<tr>
<th>Selected Financial Data</th>
<th>2005</th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operational data</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating revenues</td>
<td>1,197</td>
<td>1,210</td>
<td>1,210</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>503</td>
<td>514</td>
<td>517</td>
</tr>
<tr>
<td>EBITDA</td>
<td>694</td>
<td>696</td>
<td>693</td>
</tr>
<tr>
<td>Amortization expense:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entity-owned capital assets</td>
<td>212</td>
<td>211</td>
<td>217</td>
</tr>
<tr>
<td>Allocated by Bell Canada</td>
<td>51</td>
<td>40</td>
<td>46</td>
</tr>
<tr>
<td>Net benefit plans cost</td>
<td>26</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>Restructuring charge</td>
<td>(6)</td>
<td>136</td>
<td>—</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>411</td>
<td>299</td>
<td>422</td>
</tr>
<tr>
<td>Interest expense</td>
<td>60</td>
<td>65</td>
<td>76</td>
</tr>
<tr>
<td>Income taxes</td>
<td>123</td>
<td>82</td>
<td>124</td>
</tr>
<tr>
<td><strong>Net earnings</strong></td>
<td>228</td>
<td>152</td>
<td>222</td>
</tr>
<tr>
<td><strong>Balance sheet and cash flow data</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>1,891</td>
<td>1,939</td>
<td>n/p</td>
</tr>
<tr>
<td>Bell Canada’s net investment in the Entity</td>
<td>1,777</td>
<td>1,820</td>
<td>1,840</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>165</td>
<td>206</td>
<td>189</td>
</tr>
</tbody>
</table>

*n/p = not provided*

**Results of Operations**

The following sections provide detailed information about the Entity’s results of operations for 2005 compared to 2004, and 2004 compared to 2003.
Operating Revenues

The following table shows operating revenues by product line.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Local and access</td>
<td>703</td>
<td>0.7%</td>
<td>698</td>
<td>1.3%</td>
<td>689</td>
</tr>
<tr>
<td>Long distance</td>
<td>262</td>
<td>(11.2%)</td>
<td>295</td>
<td>(3.6%)</td>
<td>306</td>
</tr>
<tr>
<td>Internet and data</td>
<td>188</td>
<td>10.6%</td>
<td>170</td>
<td>4.3%</td>
<td>163</td>
</tr>
<tr>
<td>Other</td>
<td>44</td>
<td>(6.4%)</td>
<td>47</td>
<td>(9.6%)</td>
<td>52</td>
</tr>
<tr>
<td>Total</td>
<td>1,197</td>
<td>(1.1%)</td>
<td>1,210</td>
<td>0.0%</td>
<td>1,210</td>
</tr>
</tbody>
</table>

Year ended December 31, 2005 compared to the year ended December 31, 2004

In 2005, operating revenue was $1,197 million, which represents a decrease of $13 million or 1.1% from the $1,210 million reported for the comparable year ended December 31, 2004.

Local and access

Local and access revenue increased 0.7% or $5 million to $703 million in 2005, compared to 2004. This increase was primarily as a result of slight growth in sales of maintenance plans to residential customers, rate increases and continued take-up of enhanced services for business customers. These positive impacts were offset by a slight reduction in revenue from payphones, an unfavourable rate change in subsidy revenue, and by a slight decrease in NAS of 0.1% from 2004 to 2005.

Long distance

Long distance revenue declined 11.2% or $33 million to $262 million in 2005, compared to the year ended December 31, 2004. This decline was primarily as a result of lower average revenue per minute ("ARPM") for residential customers, due in part to the impact of the $5 Long Distance Bundle implemented by Bell Canada which was terminated on July 3, 2005, and lower volume of conversation minutes.

Internet and data

Internet and data revenue increased 10.6% or $18 million to $188 million in 2005, compared to 2004. The strong growth is attributable primarily to increased high-speed Internet access services and expansion of the DSL footprint available to residential customers, and increased availability of high-speed Internet solutions and products to business customers, partly offset by declining legacy data and dial-up Internet revenues. In addition, revenue growth resulted from increased tariffs for network access and growth in value-added network services, such as hosting and security.

Other

Other revenue, consisting primarily of renting, selling and maintaining telecommunications equipment, was $44 million for 2005, representing a small decrease of $3 million, or 6.4% versus the comparable period in 2004, mainly as a result of lower unit sales of terminals to residential customers.

Year ended December 31, 2004 compared to the year ended December 31, 2003

Operating revenue for the year ended December 31, 2004 was $1,210 million, flat against the same amount reported for the comparable year ended December 31, 2003.
Local and access

Local and access revenue increased 1.3%, or $9 million, to $698 million in 2004, compared to 2003. This increase was a result of a slight growth in residential NAS and higher average rate per unit (“ARPU”) due primarily to growth in sales of insurance and maintenance plans to residential customers, and an increase in voice revenues from business customers driven by rate increases and take-up of enhanced services. These increases were partially offset by a slight decrease in business NAS, revenue from SmartTouch services provided to business customers and payphones revenue.

Long distance

Long distance revenue declined 3.6%, or $11 million, to $295 million in 2004, compared to 2003. This decline was a result of lower ARPM from residential customers, due in part to the impact of increased take-up of the $5 Long Distance Bundle implemented by Bell Canada, and lower volume of conversation minutes. The decline in long distance revenue also resulted from lower prices charged to business customers; however stable volumes limited the decline.

Internet and data

Internet and data revenue increased 4.3%, or $7 million, to $170 million in 2004, compared to 2003. This increase is primarily attributable to increased residential high-speed Internet penetration and expansion of the DSL footprint, and increased availability and take-up of high-speed Internet solutions by business customers, partly offset by declining legacy data and dial-up Internet revenues.

Other

Other revenue declined by $5 million, or by 9.6%, to $47 million in 2004, primarily as a result of lower unit sales of terminals to residential and business customers, compared to 2003.

Operating Income, EBITDA and Net Earnings

For a discussion of operating income, EBITDA and net earnings, refer to Overall Performance.

Amortization Expense

The Entity’s amortization expense includes two components: amortization expense with respect to capital assets owned by the Entity, and amortization expense allocated by Bell Canada for assets owned and utilized by Bell Canada in providing centralized services to the Entity (see Note 2 to the Entity’s financial statements for further information).

The amount of amortization expense in any year is affected by:

- how much both the Entity and Bell Canada invested in new capital assets in previous years
- how many assets both the Entity and Bell Canada retired during the year
- changes in accounting rules and estimates.

Each year, the Entity reviews its estimates of the useful lives of its capital assets.

Year ended December 31, 2005 compared to the year ended December 31, 2004

Amortization expense of capital assets owned by the Entity increased marginally by $1 million, or by 0.5%, to $212 million in 2005 as compared to 2004. This was primarily as a result of increases in the Entity’s capital asset base driven mainly by investment in growth areas of the business, as well as overall capital spending which continues to be higher than asset retirements.
Amortization expense allocated to the Entity by Bell Canada for assets owned by Bell Canada but utilized in providing centralized services to the Entity was $51 million in 2005, representing an increase of $11 million or 27.5% as compared to 2004. This was primarily as a result of an increase in Bell Canada’s capital asset base from higher investment in the growth areas of Bell Canada’s business and overall capital spending by Bell Canada that continues to be higher than its assets retirements, which increased the amount of Bell Canada’s amortization expense allocated to the Entity.

Year ended December 31, 2004 compared to the year ended December 31, 2003

Amortization expense of capital assets owned by the Entity decreased 2.8%, or by $6 million, to $211 million in 2004 as compared to 2003, due mainly to increased retirements in the year.

Amortization expense allocated to the Entity by Bell Canada for assets owned by Bell Canada but utilized in providing centralized services to the Entity was $40 million in 2004, representing a decrease of $6 million or 13.0% as compared to 2003. This decrease was primarily as a result of a reduction in Bell Canada’s depreciation expense, leading to a decrease in the amount allocated to the Entity.

Net Benefit Plans Cost

The Entity’s net benefit plans cost is an allocation of Bell Canada’s net benefit plans cost, as described more fully in Note 2 to the Entity’s financial statements.

The amount of Bell Canada’s net benefit plans cost allocated to the Entity in a year mainly depends on:

- the return on pension plan assets that Bell Canada expects to be generated during the year — the lower the return, the higher the cost
- the present value of future pension benefit payments to Bell Canada employees — the lower the present value, the lower the cost
- actuarial gain (loss) — the difference between the actual funded status of Bell Canada’s pension plans and the amount calculated using Bell Canada’s accounting assumptions. Bell Canada amortizes this into its earnings over time.

Year ended December 31, 2005 compared to the year ended December 31, 2004

The net benefit plans cost allocated to the Entity increased $16 million to $26 million in 2005. This increase resulted mainly from:

- a reduction in the discount rate used by Bell Canada from 6.5% to 6.2%, which increased the accrued benefit obligation of Bell Canada’s pension plans
- a reduction in Bell Canada’s pension plan asset base due to the amortization of investment losses in 2001 and 2002
- fully amortizing in 2004 the savings relating to the transitional asset that arose when Bell Canada adopted new accounting rules in 1987
- an increase in Bell Canada’s pension obligations from its early retirement program implemented in 2004.

In 2006, Bell Canada’s net benefit plans cost is expected to increase mainly due to a further reduction in the discount rate from 6.2% to 5.2%, resulting in an increase in the accrued benefit obligation of its pension plans. This is most likely to increase the net benefit plans cost attributable to the Entity in 2006.
Year ended December 31, 2004 compared to the year ended December 31, 2003

The net benefit plans cost allocated to the Entity increased $2 million, or by 25.0%, to $10 million in 2004, compared to 2003. The increase resulted mainly from Bell Canada’s higher accrued benefit obligation based on its most recent actuarial valuation. This was partly offset by Bell Canada’s positive fund performance in 2003, which resulted in an actuarial gain and increased the fair value of Bell Canada’s plan assets.

Restructuring Charge

This category includes activities that are not directly related to the operating revenues generated during the year.

In 2004, a pre-tax restructuring charge of $136 million was allocated to the Entity in relation to the employee departure program that Bell Canada announced in June 2004. The program consisted of two phases:

- an early retirement plan where employees chose to receive a package that included a cash allowance, immediate pension benefits, an additional guaranteed pension payable up to 65 years of age, career transition services and post-employment benefits
- a departure plan where employees chose to receive a special cash allowance.

The charge included $2 million allocated to the Entity for relocating employees and closing real estate facilities that were no longer needed because of the employee departure program.

The Bell Canada employee departure program was completed in 2005, however payments extend to 2007. These payments and other liabilities related to the restructuring initiatives will be retained by Bell Canada and are not reflected in the Entity’s balance sheet.

The recovery allocated to the Entity of $6 million in 2005 relates to the reversal of amounts previously accrued in 2004 since actual payments were lower than estimated.

Interest Expense

Year ended December 31, 2005 compared to the year ended December 31, 2004

Interest expense allocated to the Entity declined $5 million to $60 million in 2005, a decrease of 7.7% from 2004. This was as a result of lower average interest rates on Bell Canada’s debt resulting from the refinancing of debt at lower rates.

Year ended December 31, 2004 compared to the year ended December 31, 2003

Interest expense allocated to the Entity declined $11 million to $65 million in 2004, a decrease of 14.5% from 2003. This was as a result of Bell Canada’s lower average debt during 2004.

Income Taxes

Year ended December 31, 2005 compared to the year ended December 31, 2004

Income taxes increased $41 million to $123 million in 2005, an increase of 50.0% over 2004. This was mainly as a result of higher pre-tax earnings of $117 million in 2005, compared to 2004.

Year ended December 31, 2004 compared to the year ended December 31, 2003

Income taxes decreased $42 million to $82 million in 2004, a decrease of 33.9% over 2004. This was mainly as a result of lower pre-tax earnings of $112 million in 2004, compared to 2003, and a decrease in the Entity’s statutory tax rate of 1.0 percentage point from 35.4% in 2003 to 34.4% in 2004.
Cash Flows

The table below is a summary of the flow of cash into and out of the Entity for each of the years in the three year period ended December 31, 2005.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td>436</td>
<td>378</td>
<td>476</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>(165)</td>
<td>(206)</td>
<td>(189)</td>
</tr>
<tr>
<td>Net transfers to Bell Canada</td>
<td>(271)</td>
<td>(172)</td>
<td>(287)</td>
</tr>
<tr>
<td>Net change in cash</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

Cash flows from Operating Activities

Year ended December 31, 2005 compared to the year ended December 31, 2004

Cash flows from operating activities increased $58 million to $436 million in 2005, an increase of 15.3% from 2004. This was primarily as a result of the net impact of the restructuring charge of $88 million included in net earnings in 2004, partially offset by increases in the 2005 amortization expense allocated to the Entity by Bell Canada and the 2005 net benefit plans cost, as compared to 2004.

Year ended December 31, 2004 compared to the year ended December 31, 2003

Cash from operating activities decreased $98 million to $378 million in 2004, a decrease 20.6% from 2003. This was primarily as a result of the net impact of the restructuring charge of $88 million included in net earnings in 2004.

Capital Expenditures

Year ended December 31, 2005 compared to the year ended December 31, 2004

Capital expenditures were $165 million in 2005, a decrease of $41 million or 19.9% compared to $206 million in 2004. Capital spending in 2005 related to continued improvements in the Entity's network and the deployment of high-speed Internet access services.

The decrease in 2005 capital spending, as compared to 2004, resulted from lower spending related to the deployment of high-speed Internet service, and lower spending related to the CRTC-mandated Service Improvement Program ("SIP").

Year ended December 31, 2004 compared to the year ended December 31, 2003

Capital expenditures in the year ended December 31, 2004 were $206 million, an increase of $17 million or 9.0% compared to $189 million in 2003. The increase in capital spending was primarily due to increases related to the CRTC-mandated SIP, as compared to 2003.

Commitment under the CRTC Deferral Mechanism

The Entity is not a separate legal entity and as such does not have separate legal commitments with respect to Bell Canada’s deferral account that was established pursuant to Telecom Decision CRTC 2002-34, Regulatory framework for second price cap period, issued on May 30, 2002.

On February 16, 2006, the CRTC issued Telecom Decision 2006-9, in which it estimated incumbent telephone companies’ deferral account amounts, on an accumulated balance and future annualized commitment
basis, at May 31, 2006. Bell Canada’s estimated accumulated balance at May 31, 2006 is expected to be $480.5 million with an estimated future annualized commitment of $81.5 million.

The CRTC noted that the incumbent local telephone company (“ILEC”) deferral account balances cannot be finalized at this time due to certain outstanding proceedings that may have an impact on these balances. The CRTC directed each ILEC to file, by 15 May 2006, its updated deferral account schedule, reflecting in part, the impact of any subsequent CRTC decisions that impact the ILEC deferral account balances.

In Telecom Decision 2006-9, the CRTC made the following orders to clear the accumulated balances in the deferral accounts:

The CRTC first directed each ILEC to allocate a minimum of 5% of the accumulated balance in its deferral account to improve access to telecommunication services for persons with disabilities.

As to the remaining 95% of the funds in the deferral account, the CRTC addressed both broadband service investments and subscriber rebates. The CRTC concluded that each ILEC could use funds in its deferral accounts for initiatives to expand broadband services to rural and remote communities. Those ILECs who choose to invest in broadband are required to file a proposal with the CRTC by June 30, 2006, for approval to draw down qualified expenditures from their deferral accounts. If an ILEC chooses not to invest in broadband expansion, or invests in such expansion but has money left over in its deferral account, the remaining funds will be rebated to the ILEC’s residential local subscribers in non-high cost serving areas.

Telecom Decision 2006-9 also indicates that the future annual deferral account obligations of ILECs are to be eliminated by reducing monthly prices for primary exchange service and optional local services for residential customers in non-high cost serving areas. Bell Canada, Aliant and certain other ILECs have been directed to file their rate proposals, along with their updated deferral account balances, by May 15, 2006. These rate changes are to become effective on June 1, 2006. Telecom Decision 2006-9 also notes that the extension of the Second Price Cap Period to May 31, 2007 will result in an additional annual deferral account obligation.

The deferral account obligation will change as amounts are added to the account or the CRTC approves initiatives that serve to reduce the deferral account obligation, and any amounts remaining in the deferral accounts will bear interest at the ILEC’s short-term cost of debt each year until disposition.

On March 17, 2006, Bell Canada filed an application for leave to appeal this decision to the Federal Court of Appeal, to the extent that it requires Bell Canada to give rebates in respect of rates that the CRTC had made final in 2003. A broader application for leave to appeal was also filed on behalf of two consumer groups.

Upon completion of the proposed sale of the Entity, it will operate as an ILEC within a new legal entity and therefore be subject to the CRTC rules governing the deferral account. The impact could vary significantly from the impact on Bell Canada.

Risks That Could Affect the Entity’s Business

The earnings and cash flows of the Entity will be affected by certain risks described elsewhere in this Circular. See “Risk Factors”.

The Entity’s Accounting Policies

This section discusses key estimates and assumptions that management has made and how they affect the amounts reported in the Entity’s financial statements and notes. It also describes the key changes in accounting standards and the Entity’s accounting policies, and how they affect the Entity’s financial statements.

The Entity has prepared its financial statements according to Canadian GAAP and uses the same accounting policies as those used by Bell Canada, as applicable. See Note 1 to the Entity’s financial statements for more information about the accounting principles that the Entity used to prepare its financial statements.
Critical Accounting Estimates

Historically, financial statements have not been prepared for the Entity as it had no separate legal status. The carve-out special-purpose financial statements (the “financial statements”) have been prepared on a carve-out basis from the non-consolidated financial statements of Bell Canada. The financial statements have been prepared by Bell Canada’s management in connection with a proposed transfer or sale of the operations and net assets of the Entity to another party. The financial statements and related notes have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). The financial statements have been prepared based on the definition of the Entity’s operating territories established by Bell Canada’s management as at February 18, 2006.

In connection with the preparation of the financial statements, management made numerous assumptions, estimates and allocations. Management believes the assumptions, estimates and allocations used to determine selected amounts and disclosures in the financial statements are appropriate methods to reasonably reflect the related revenues, expenses, assets, liabilities and cash flows of the Entity on the basis of presentation as described herein. Because of the significant number of assumptions, estimates and allocations used to prepare the financial statements and because, in the future, the Entity would operate under a different operating and management structure, these financial statements may not necessarily reflect the financial position and results of operations of the Entity for the periods presented had the Entity been operated separately from Bell Canada, nor are they representative of future financial positions and operating results. Since these financial statements are based on historic information, they do not include any pro forma adjustments to reflect changes to how the Entity may operate following completion of the Arrangement. Readers should refer to the pro forma financial statements of the combined operations of Bell Aliant Regional Communications Holdings, Limited Partnership for a description of the adjustments set out therein.

Further details with respect to the basis of preparation of the Entity’s financial statements can be found in Note 2 to the Entity’s financial statements.

Under Canadian GAAP, the Entity is required to make estimates when it accounts for and reports assets, liabilities, revenues and expenses, and to disclose contingent assets and liabilities in its financial statements. The Entity is also required to continually evaluate the estimates that it uses.

In addition to the estimates described in Note 2 to the Entity’s financial statements, management makes estimates and assumptions relating to reported amounts of revenues, expenses, assets and liabilities, and disclosure of contingent assets and liabilities. Estimates are based on a number of factors, including historical experience, current events and actions that the Entity may undertake in the future and other assumptions management believes are reasonable under the circumstances. The Entity uses estimates when accounting for certain items such as revenues, allowance for doubtful accounts, useful lives of capital assets, asset impairments, inventory provisions, employee benefit plans cost, and evaluation of minimum lease terms for operating leases.

The Entity bases its estimates on past experience and on other factors that it believes are reasonable under the circumstances. Because this involves varying degrees of judgment and uncertainty, the amounts currently reported in the financial statements could, in the future, prove to be inaccurate.

The Entity considers the estimates described in this section of its MD&A to be an important part of understanding its financial statements because they rely heavily on management’s judgment and are based on factors that are highly uncertain.

Employee Benefit Plans

The Entity is a carved-out component of Bell Canada, which provides pension, other retirement and post-employment benefits for almost all of its employees. The Entity does not have employee benefit plans separate from Bell Canada. Bell Canada’s employee benefit plans include defined benefit pension plans, plans that provide other employee future benefits and defined contribution pension plans.
In general, costs related to employee salaries and benefit programs include the costs associated with
employees directly associated with the operations of the Entity and with employees of Bell Canada who perform
centralized activities that support the Entity (“retained Bell Canada employees”), as well as an allocation of the
benefit costs associated with retired employees of Bell Canada. Most of the retained Bell Canada employees are
expected to remain employees of Bell Canada. It is expected that the prospective buyer would only assume
responsibility for assets and liabilities related to active direct employees expected to be transferred to the Entity.
Accordingly, the balance sheet amounts related to employee salaries and benefit costs include only the amounts
for active direct employees expected to be transferred. As a result, the amounts included in the statements of
operations and balance sheets are not directly comparable and the amounts related to cash flows cannot be
reasonably estimated. The net benefit plans cost is assumed to be cash expenditure in the statements of
cash flows.

The net benefit plans cost for the Entity includes the estimated cost of active direct employees associated
with the operations of the Entity, and an allocation of the cost of retained Bell Canada employees and retired
employees of Bell Canada. For direct active employees expected to be transferred to the Entity, amounts have
been estimated using employee specific information when available. When employee specific information was
unavailable, allocations were made based on ratios of headcounts, average costs and other factors. For retained
Bell Canada employees, costs have been allocated based on the estimated level of activity supporting the Entity’s
operations. For retired employees, costs have been allocated based on the ratio of Bell Canada’s cost for retired
employees to active employees applied to the Entity’s cost of active direct and retained Bell Canada employees.

Bell Canada performs a valuation at least every three years to determine the actuarial present value of the
accrued pension and other retirement benefits. The valuation uses management’s assumptions for the discount
rate, expected long-term rate of return on plan assets, rate of compensation increase, trends in health-care costs
and expected average remaining years of service of employees. While Bell Canada believes that these
assumptions are reasonable, differences in actual results or changes in assumptions could materially affect
employee benefit obligations and future net benefit plans costs.

Bell Canada accounts for differences between actual and assumed results by recognizing differences in
benefit obligations and plan performance over the working lives of the employees who benefit from the plans.
The two most significant assumptions used to calculate the net employee benefit plans cost are the discount rate
and the expected long-term rate of return on plan assets. The Entity’s results of operations are affected by these
assumptions.

Discount Rate

The discount rate is the interest rate used to determine the present value of the future cash flows that Bell
Canada expects will be needed to settle employee benefit obligations. It is based on the yield on long-term
high-quality corporate fixed income investments, with maturities matching the estimated cash flows from the plan.

Bell Canada determines the appropriate discount rate at the end of every year. Bell Canada’s discount rate
was 5.2% at December 31, 2005, a decrease from 6.2% at December 31, 2004. The table below shows the impact
of a 0.5% increase and a 0.5% decrease in discount rate on the Entity’s net benefit plans cost for 2005 and on the
Entity’s net accrued benefit asset at December 31, 2005.

<table>
<thead>
<tr>
<th>Discount rate (current)</th>
<th>Impact on the Entity’s net benefit plans cost for 2005</th>
<th>Impact on the Entity’s net accrued benefit asset at December 31, 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.7% (6.2%)</td>
<td>(10)</td>
<td>3</td>
</tr>
<tr>
<td>5.7% (6.2%)</td>
<td>10</td>
<td>(3)</td>
</tr>
</tbody>
</table>
Although there is no immediate impact on the Entity’s balance sheet, a lower discount rate results in a higher accrued benefit obligation and a lower pension surplus. This means that Bell Canada, and the Entity, may have to increase cash contributions to Bell Canada’s plans.

*Expected Long-Term Rate of Return*

The expected long-term rate of return is a weighted average rate of Bell Canada’s forward-looking view of long-term returns on each of the major plan asset categories in its funds.

Bell Canada determines the appropriate expected long-term rate of return at the end of every year. Bell Canada assumed an expected long-term rate of return on plan assets of 7.5% in 2005, which is the same as it was in 2004. The table below shows the impact of a 0.5% increase and a 0.5% decrease in the expected rate of return on the Entity’s net benefit plans cost for 2005 and the Entity’s net accrued benefit asset at December 31, 2005.

<table>
<thead>
<tr>
<th></th>
<th>Impact on the Entity’s net benefit plans cost for 2005</th>
<th>Impact on the Entity’s net accrued benefit asset at December 31, 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected rate of return increased to 8.0% (currently 7.5%)</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>Expected rate of return decreased to 7.0% (currently 7.5%)</td>
<td>6</td>
<td>(1)</td>
</tr>
</tbody>
</table>

Although there is no immediate impact on the Entity’s balance sheet, poor fund performance results in a lower fair value of plan assets and a lower pension surplus. This means that Bell Canada, and the Entity, may have to increase cash contributions to Bell Canada’s plans.

*Income Taxes*

The Entity is not a separate legal entity and therefore is not taxable separately from Bell Canada. For purposes of the Entity’s financial statements, income taxes were calculated assuming the Entity was a separate legal entity. Estimates of the effective tax rate, including provincial allocations, were made. Due to the long-term nature and size of capital asset classes of Bell Canada and the Entity, and because estimates of instalments of income taxes could not be made, the implied income taxes payable or receivable and future income taxes of the Entity are included in Bell Canada’s net investment. In addition, taxes paid are assumed to equal income tax expense in the Entity’s statements of cash flows.

The Entity believes that it has adequately provided for income taxes based on all of the information that is currently available.
PRO FORMA FINANCIAL STATEMENTS

COMPILED REPORT ON

PRO FORMA COMBINED FINANCIAL STATEMENTS

To the Trustee of
Bell Aliant Regional Communications Income Fund

We have read the accompanying unaudited pro forma combined balance sheet of the combined operations of Bell Aliant Regional Communications Holdings, Limited Partnership ("Holdings LP") as at December 31, 2005 and unaudited pro forma combined statement of earnings for the year then ended, and have performed the following procedures:

1. Compared the figures in the columns captioned "Aliant Inc.", "DownEast Ltd." and "Bell Nordiq Group Inc." to the audited consolidated financial statements of Aliant Inc., DownEast Ltd. and Bell Nordiq Group Inc., respectively, as at December 31, 2005 and for the year then ended and found them to be in agreement.

2. Compared the figures in the column "Bell Canada Regional Wireline Operation" and "Aliant Wireless" to the Bell Canada Regional Wireline Operation Special Purpose Financial Statements and the Aliant Wireless Special Purpose Report, respectively, as at December 31, 2005 and for the year then ended and found them to be in agreement.

3. Made enquiries of certain officials of Holdings LP who have responsibility for financial and accounting matters about:
   (a) the basis for determination of the pro forma adjustments; and
   (b) whether the pro forma combined financial statements comply as to form in all material respects with National Instrument 51-102 — Continuous Disclosure Obligations.

The officials:
   (a) described to us the basis for determination of the pro forma adjustments, and
   (b) stated that the pro forma combined financial statements comply as to form in all material respects with National Instrument 51-102 — Continuous Disclosure Obligations.

4. Read the notes to the pro forma combined financial statements, and found them to be consistent with the basis described to us for determination of the pro forma adjustments.

5. Recalculated the application of the pro forma adjustments to the aggregate of the amounts in the columns captioned "Aliant Inc.", "Aliant Wireless", "DownEast Ltd.", "Bell Canada Regional Wireline Operation", and "Bell Nordiq Group Inc." as at December 31, 2005 and for the year then ended and found the amounts in the column captioned "Combined Entity" to be arithmetically correct.

A pro forma financial statement is based on management assumptions and adjustments which are inherently subjective. The foregoing procedures are substantially less than either an audit or a review, the objective of which is the expression of assurance with respect to management’s assumptions, the pro forma adjustments, and the application of the adjustments to the historical financial information. Accordingly, we express no such assurance. The foregoing procedures would not necessarily reveal matters of significance to the pro forma combined financial statements, and we therefore make no representation about the sufficiency of the procedures for the purposes of a reader of such statements.

Halifax, Canada
April 12, 2006

Ernst & Young LLP
Chartered Accountants
## COMBINED OPERATIONS OF BELL ALIANT REGIONAL COMMUNICATIONS HOLDINGS, LIMITED PARTNERSHIP

### PRO FORMA COMBINED BALANCE SHEET

(UNAUDITED)

As at December 31, 2005

<table>
<thead>
<tr>
<th>Assets to be transferred in</th>
<th>Bell Canada Regional Wireline Operation</th>
<th>Bell Nordiq Group Inc.</th>
<th>Pro forma adjustments (note 2)</th>
<th>Combined entity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$195</td>
<td>$—</td>
<td>$50</td>
<td>$(1,256)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$(175)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$(1,086)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$2,483</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$(28)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$(55)</td>
</tr>
<tr>
<td>Accounts receivable (a)</td>
<td>409</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory (b)</td>
<td>31</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepayments (c)</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Future income tax asset (d)</td>
<td>19</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income taxes receivable (e)</td>
<td>19</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital investments</td>
<td>1,076</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Note receivable (f)</td>
<td>30</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred charges (g)</td>
<td>25</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Future income tax (h)</td>
<td>16</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued benefit asset (i)</td>
<td>28</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indefinite-life intangibles</td>
<td>17</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unallocated purchase price adjustment</td>
<td>55</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,866</strong></td>
<td><strong>$308</strong></td>
<td><strong>$1,891</strong></td>
<td><strong>$12,381</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the pro forma financial statements.
## COMBINED OPERATIONS OF
BELL ALIANT REGIONAL COMMUNICATIONS HOLDINGS, LIMITED PARTNERSHIP

PRO FORMA COMBINED BALANCE SHEET (Continued)
(Unaudited)
As at December 31, 2005

<table>
<thead>
<tr>
<th>Liabilities and Equity</th>
<th>Assets to be sold</th>
<th>Bell Canada Regional Wireline Operation</th>
<th>Bell Nordiq Group Inc.</th>
<th>Pro forma adjustments (note 2)</th>
<th>Combined entity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Aliant Inc.</td>
<td>Aliant Wireless Ltd.</td>
<td>DownEast Ltd.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>LIABILITIES AND EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes payable and bank advances</td>
<td>11</td>
<td>$—</td>
<td>$—</td>
<td>$—</td>
<td>$11</td>
</tr>
<tr>
<td>Payables and accruals</td>
<td>195</td>
<td>(36)</td>
<td>(4)</td>
<td>94</td>
<td>60</td>
</tr>
<tr>
<td>Dividends payable</td>
<td>37</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>7</td>
</tr>
<tr>
<td>Income tax payable</td>
<td>78</td>
<td>(6)</td>
<td>—</td>
<td>—</td>
<td>2</td>
</tr>
<tr>
<td>Future income tax liability</td>
<td>9</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Long-term debt due within one year</td>
<td>7</td>
<td>—</td>
<td>—</td>
<td>4</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>337</td>
<td>(42)</td>
<td>(4)</td>
<td>94</td>
<td>73</td>
</tr>
<tr>
<td>Future income tax liability</td>
<td>20</td>
<td>—</td>
<td>—</td>
<td>9</td>
<td>—</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>898</td>
<td>—</td>
<td>—</td>
<td>213</td>
<td>(10)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(885)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,508</td>
</tr>
<tr>
<td>Accrued benefit liability</td>
<td>182</td>
<td>—</td>
<td>—</td>
<td>15</td>
<td>—</td>
</tr>
<tr>
<td>Deferred credits</td>
<td>11</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other long term liabilities</td>
<td>—</td>
<td>—</td>
<td>(1)</td>
<td>5</td>
<td>12</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>6</td>
<td>—</td>
<td>—</td>
<td>90</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>1,454</td>
<td>(42)</td>
<td>(5)</td>
<td>114</td>
<td>397</td>
</tr>
<tr>
<td>Capital stock</td>
<td>1,176</td>
<td>—</td>
<td>(4)</td>
<td>192</td>
<td>(1,192)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(172)</td>
</tr>
<tr>
<td>Contributed surplus</td>
<td>1</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(1)</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>235</td>
<td>(266)</td>
<td>(10)</td>
<td>1,777</td>
<td>273</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(3)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(203)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(28)</td>
</tr>
<tr>
<td>Combined capital</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>8,850</td>
</tr>
<tr>
<td></td>
<td>2,866</td>
<td>$ (308)</td>
<td>$ (19)</td>
<td>$1,891</td>
<td>$862</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the pro forma combined financial statements.
### COMBINED OPERATIONS OF
**BELL ALIANT REGIONAL COMMUNICATIONS HOLDINGS, LIMITED PARTNERSHIP**

**PRO FORMA COMBINED STATEMENT OF EARNINGS**

(Unaudited)

For the year ended December 31, 2005

<table>
<thead>
<tr>
<th>Assets to be transferred in</th>
<th>Bell Canada Regional Wireline Operation</th>
<th>Bell Nordiq Group Inc. (note 2)</th>
<th>Pro forma adjustments</th>
<th>Combined entity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aliant Inc.</td>
<td>Aliant Wireless</td>
<td>DownEast Ltd.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating revenues</td>
<td>$2,097</td>
<td>$(443)</td>
<td>$(52)</td>
<td>$1,197</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>1,311</td>
<td>(238)</td>
<td>(42)</td>
<td>523</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>391</td>
<td>(44)</td>
<td>(1)</td>
<td>263</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>1,702</td>
<td>(282)</td>
<td>(43)</td>
<td>786</td>
</tr>
<tr>
<td>Operating income</td>
<td>395</td>
<td>(161)</td>
<td>(9)</td>
<td>411</td>
</tr>
<tr>
<td>Other income (expenses)</td>
<td>(3)</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Interest expense</td>
<td>74</td>
<td>—</td>
<td>—</td>
<td>60</td>
</tr>
<tr>
<td>Income taxes</td>
<td>116</td>
<td>(61)</td>
<td>(3)</td>
<td>123</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>3</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Net income(1)</td>
<td>$199</td>
<td>$(100)</td>
<td>$(6)</td>
<td>$228</td>
</tr>
</tbody>
</table>

**Note:**

(1) Refer to note 2(a).

---

The accompanying notes are an integral part of the pro forma combined financial statements.
1. BASIS OF PRESENTATION

Bell Aliant Regional Communications Holdings, Limited Partnership (“Holdings LP”) is a limited partnership to be established under the laws of the Province of Québec. Holdings LP is authorized to issue an unlimited number of various limited partnership units. Each holder of units participates pro rata in any distributions by Holdings LP, after a nominal amount is distributed to the General Partner, except that holders of Holdings LP and Bell Aliant Regional Communications, Limited Partnership (“Wireline LP”) exchangeable units are entitled to receive per-unit distributions that are equal to the distributions paid by Bell Aliant Regional Communications Income Fund (the “Fund”) to the holders of its units. The Fund is a trust and will hold an indirect interest in Holdings LP through its 100% interest in Holdings Trust.

Holdings LP will be created to hold an indirect interest in certain operations currently operated or held by BCE Inc. (“BCE”), Bell Canada and Aliant Inc. (including its successors, “Aliant”), subject to obtaining shareholder, court and certain regulatory approvals. Specifically, the following transactions will occur as part of the proposed arrangement transaction (the “Arrangement”):

- The combination of Aliant’s wireline telecommunications and related operations in the Atlantic Provinces (the “Aliant Operation”) with Bell Canada’s wireline telecommunications operation in certain of its regional territories in Ontario and Québec (the “Bell Canada Regional Wireline Operation”) into Wireline LP, of which Aliant will be the general partner and the holder of an approximate 63.7% limited partnership interest, and Bell Canada will be the holder of an approximate 36.3% limited partnership interest;
- The acquisition by Holdings LP of all of the common shares of Aliant;
- The acquisition by Holdings LP from BCE of all of the common shares of Bell Nordiq Group Inc., which holds a 63.4% interest in the Bell Nordiq Partnerships; and
- The acquisition by Bell Canada of Aliant’s wireless operations and all of the shares of DownEast Ltd.

As consideration for the assets and operations to be contributed by them as part of the Arrangement, including their common shares of Aliant, BCE and Bell Canada will receive a combination of limited partnership units of Holdings LP and Wireline LP that are exchangeable for Fund units, a non-interest bearing demand promissory note, Aliant’s wireless operations and all of the shares of DownEast Ltd., and holders of common shares of Aliant (other than BCE and its affiliates) will exchange each common share held for one Fund unit. In addition, BCE and Bell Canada will have certain rights with respect to the appointment of a majority of the directors of the General Partner of each of Holdings LP and Wireline LP and the nominees for election as trustees of the Fund, as well as approval rights over certain transactions and activities for so long as they collectively have certain specified levels of ownership of Fund units on a fully-diluted basis.

It is expected that immediately following completion of the Arrangement, BCE will own approximately 60.9% of Holdings LP and the Fund will indirectly own approximately 39.1% through its 100% interest in Holdings Trust. On a fully-diluted basis, assuming the exchange by BCE and Bell Canada of all of their exchangeable limited partnership units of Holdings LP and Wireline LP for Fund units, BCE and Bell Canada would collectively own 73.5% of the Fund units and other former holders of common shares of Aliant would own 26.5% of the Fund units.

Holdings LP will consolidate its 100% interest in Bell Nordiq Group Inc. and equity account for its indirect interest in Wireline LP, which will hold the combined Bell Canada Regional Wireline Operation and Aliant Operation. These special purpose pro forma combined financial statements have been prepared to show the results of operations and financial position of the wireline telecommunications and related operations in the Atlantic Provinces and certain regional territories in Ontario and Québec, and Bell Nordiq Group Inc., (the “combined operations of Holdings LP”) as though they had operated as a single entity.

The accompanying unaudited pro forma combined balance sheet and combined statement of earnings of the combined operations of Holdings LP have been prepared by management of Aliant on behalf of Holdings LP in accordance with National Instrument 51-102-Continuous Disclosure Obligations, respecting the preparation of pro forma financial statements. The unaudited pro forma combined financial statements give effect to the proposed acquisitions by Holdings LP as contemplated in the Arrangement.

The unaudited pro forma combined financial statements should be read in conjunction with the description of the Arrangement contained in this Information Circular, which explains how Holdings LP will acquire the various operations. These unaudited pro forma combined financial statements have been derived from, and should also be read in conjunction with, the audited financial statements of the Bell Canada Regional Wireline Operation, the audited financial statements of Aliant, and the audited financial statements of Bell Nordiq Group Inc., disclosed elsewhere or incorporated by reference in this Information Circular.
COMBINED OPERATIONS OF
BELL ALIANT REGIONAL COMMUNICATIONS HOLDINGS,
LIMITED PARTNERSHIP
NOTES TO PRO FORMA COMBINED FINANCIAL STATEMENTS (Continued)
(Continued)
As at and for the year ended December 31, 2005

1. BASIS OF PRESENTATION (Continued)

The underlying assumptions for the pro forma adjustments provide a reasonable basis for presenting the significant financial effect directly attributable to such transactions. These pro forma adjustments are tentative and are based on available financial information and certain estimates and assumptions. The actual adjustments to the combined financial statements of Holdings LP will depend on a number of factors. Therefore, the actual adjustments will differ from the pro forma adjustments.

The unaudited pro forma combined financial statements are not intended to reflect the results of operations which would have actually resulted had the pro forma transactions and adjustments reflected therein been completed on the dates indicated. Further, the unaudited pro forma combined statement of earnings is not necessarily indicative of the results of operations that may be obtained by the combined operations of Holdings LP in the future.

2. ASSUMPTIONS MADE IN THE PRO FORMA COMBINED FINANCIAL STATEMENTS

The following pro forma information presents the assumptions and adjustments included in the unaudited pro forma combined financial statements. For purposes of the unaudited pro forma combined balance sheet the transactions and adjustments have been assumed to have occurred on December 31, 2005. For purposes of the unaudited pro forma combined statement of earnings the transactions and adjustments have been assumed to have occurred on January 1, 2005.

(a) Aliant and certain of its wholly-owned subsidiaries will be amalgamated with all the assets and liabilities of the predecessor companies becoming the property of the amalgamated company. Substantially all of the wireline and wireless operations and assets of the amalgamated company will be contributed to Wireline LP under an agreement in exchange for assumption of substantially all of the wireline and wireless operations' liabilities and Wireline LP units.

Bell Canada will contribute certain tangible regional wireline assets to Wireline LP in exchange for Wireline exchangeable LP units, and will exchange certain other regional wireline assets and liabilities with Wireline LP in return for the Aliant wireless operation and Aliant’s interest in DownEast Ltd., additional Wireline exchangeable LP units and a non-interest bearing demand promissory note in the amount of $1.256 billion.

BCE will exchange the issued and outstanding Aliant common shares held by BCE on a one-for-one basis for Holdings LP Class 1 exchangeable units and common shares of the general partner of Holdings LP and will contribute all of the common shares of Bell Nordiq Group Inc. to Holdings LP in exchange for additional Holdings LP Class 1 exchangeable units and common shares of the general partner of Holdings LP.

As a condition precedent to the Arrangement, Bell Nordiq Group Inc.’s note receivable from Bell Canada for $308 million will be repaid, and long-term debt owed by Bell Nordiq Group Inc. to BCE of $10 million will be repaid, outstanding preferred shares of Bell Nordiq Group Inc. will be redeemed for $60 million and a distribution in the form of a return of capital and a dividend on its common shares in the aggregate amount of $238 million will be paid.
COMBINED OPERATIONS OF
BELL ALIANT REGIONAL COMMUNICATIONS HOLDINGS,
LIMITED PARTNERSHIP

NOTES TO PRO FORMA COMBINED FINANCIAL STATEMENTS (Continued)
(Unaudited)
As at and for the year ended December 31, 2005

2. ASSUMPTIONS MADE IN THE PRO FORMA COMBINED FINANCIAL STATEMENTS (Continued)

The acquisitions are accounted for at estimated fair values as the transactions are between related parties and there has been a substantive change in ownership. The allocation of the consideration paid to the assets and liabilities acquired is as follows:

<table>
<thead>
<tr>
<th>Assets and liabilities acquired</th>
<th>(millions of dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ (159)</td>
</tr>
<tr>
<td>Other current assets</td>
<td>553</td>
</tr>
<tr>
<td>Capital investments</td>
<td>4,015</td>
</tr>
<tr>
<td>Accrued benefit asset</td>
<td>290</td>
</tr>
<tr>
<td>Other long term assets</td>
<td>25</td>
</tr>
<tr>
<td>Indefinite-life intangibles</td>
<td>20</td>
</tr>
<tr>
<td>Future income tax</td>
<td>34</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>(473)</td>
</tr>
<tr>
<td>Accrued benefit liability</td>
<td>(197)</td>
</tr>
<tr>
<td>Other long-term liabilities</td>
<td>(124)</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>(1,123)</td>
</tr>
<tr>
<td>Unallocated purchase price adjustment</td>
<td>9,516</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,861</strong></td>
</tr>
<tr>
<td><strong>Consideration paid</strong></td>
<td><strong>$12,377</strong></td>
</tr>
</tbody>
</table>

Consideration paid includes a non-interest bearing demand promissory note, the fair value of Aliant’s wireless assets and liabilities and all the shares of DownEast Ltd., and 127,324,443 Wireline LP Class A units, 72,571,518 Wireline LP exchangeable units, 25,271,310 Holdings LP exchangeable units and General Partner shares.

The calculation and allocation of the consideration paid to the assets and liabilities acquired, as noted in the above table, is based on the book value of assets and liabilities with the remainder being allocated to unallocated purchase price adjustment. The consideration paid was based on the fair value of net assets being acquired as part of the Arrangement and was calculated using a variety of methods including the income trust trading analysis method, the discounted cash flow method and the precedent transaction method. When the actual calculation and allocation of the consideration paid to the assets and liabilities acquired is performed, it will be based on the assets acquired and liabilities assumed at the effective date of the transaction and other information at that date to support the allocation of the fair values to the respective assets and liabilities. Accordingly, the actual amounts for each of the assets and liabilities will vary from the pro forma amounts and the variations may be material. As well, a portion of the amount allocated to unallocated purchase price adjustment, when the calculation and allocation of the consideration paid is carried out, could result in allocations to assets subject to amortization and thus impact net income by a material amount. Approximately $4 million of the unallocated purchase price adjustment acquired is expected to be deductible for tax purposes.

Current assets of $65 million, long-term assets of $262 million, current liabilities of $46 million, long-term liabilities of $1 million and unallocated purchase price adjustment of $1,991 million related to Aliant’s wireless operation and DownEast Ltd. were disposed of.

(b) Prior to the Arrangement, Aliant’s outstanding preference shares, series 2 will be redeemed for $175 million, reducing the stated value of the preference shares by $172 million and retained earnings in Aliant by $3 million.

(c) Prior to the Arrangement, existing credit facilities for Aliant will cease, requiring the repayment of $885 million in long-term debt and the termination of certain existing derivative contracts. This will result in the payment of $169 million in redemption premiums and the reversal of $2 million in unamortized debt issue costs included in deferred charges and the payment of $32 million in termination fees, which together reduced retained earnings in Aliant.
2. ASSUMPTIONS MADE IN THE PRO FORMA COMBINED FINANCIAL STATEMENTS (Continued)

(d) New credit facilities with financial institutions will be arranged and $2,508 million of long-term debt obtained to fund operations and the transaction. The terms of the new credit facilities are outlined in the following table:

<table>
<thead>
<tr>
<th>Credit facility</th>
<th>Available</th>
<th>Drawn</th>
<th>Term</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revolving</td>
<td>$ 550</td>
<td>$ 8</td>
<td>5 years</td>
<td>Banker’s acceptance + 50 basis points</td>
</tr>
<tr>
<td>Non-revolving term</td>
<td>1,250</td>
<td>1,250</td>
<td>3 years</td>
<td>Banker’s acceptance + 50 basis points</td>
</tr>
<tr>
<td>Non-revolving pension reserve utilization</td>
<td>450</td>
<td>—</td>
<td>5 years</td>
<td>Banker’s acceptance + 50 basis points</td>
</tr>
<tr>
<td>Non-revolving bond bridge</td>
<td>1,250</td>
<td>1,250</td>
<td>18 months</td>
<td>Banker’s acceptance + 50 basis points</td>
</tr>
<tr>
<td></td>
<td>$3,500</td>
<td>$2,508</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In relation to the new credit facilities, $25 million in debt issue costs will be incurred, which have been included in deferred charges. The debt issue costs will be amortized over the term of the related long-term debt.

(e) The pro forma long-term debt interest expense will increase by $12 million, which represents an increase in the long-term debt outstanding offset by lower interest rates on the new debt as disclosed above in (d) compared to the debt repaid and amortization on the debt issue costs included in deferred charges.

(f) Immediately prior to the Arrangement, Aliant will pay holders of options under the Aliant stock option plan the amount by which the Aliant common share trading price exceeds the option exercise price, resulting in a $28 million payment, which reduced retained earnings in Aliant.

(g) Costs related to the third party incremental charges to facilitate the Arrangement of $40 million and deed transfer tax of $15 million are assumed to require payments, which has increased unallocated purchase price adjustment. Additional one-time transition costs are estimated in the amount of $39 million but have not been included in the pro forma adjustments.

(h) The impact of the commercial agreements negotiated as a part of the Arrangement would increase operating revenues by $19 million and increase operating expenses by $79 million. Allocated amortization expense in the amount of $51 million and pension expenses in the amount of $17 million has been reversed as they are included in the increase in operating expenses relative to the commercial agreements.

(i) The pro forma tax expense will require a reversal of income taxes of $193 million and federal capital taxes of $11 million will be recorded. Provincial capital taxes would increase other expenses by $6 million. As well, $8 million of provincial capital taxes included in operating expenses will be reclassified to other expenses.

(j) Administration fees in the amount of $1 million have been reversed from operating expenses, which represents costs in Bell NorDiq Group Inc. related to being a public filer by virtue of its issued and outstanding preferred shares.

(k) The reversal of intercompany eliminations for the cost of wireless usage of $11 million, the cost of traditional settlement arrangements to provide network and customer support to Bell Canada of $78 million and the cost of retail sales between DownEast Ltd. and Aliant’s wireless operation of $24 million will collectively increase operating revenues and operating expenses by $113 million.
COMPILATION REPORT ON
PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

To the Trustee of
Bell Aliant Regional Communications Income Fund

We have read the accompanying unaudited pro forma consolidated balance sheet of Bell Aliant Regional Communications Income Fund (the “Fund”) as at December 31, 2005 and unaudited pro forma consolidated statement of earnings for the year then ended, and have performed the following procedures:

1. Compared the figures in the columns captioned “Bell Aliant Regional Communications Income Fund Historical” to the audited financial statement of the Fund as at March 30, 2006 and found them to be in agreement.

2. Made enquiries of certain officials of the Fund who have responsibility for financial and accounting matters about:
   (a) the basis for determination of the pro forma adjustments; and
   (b) whether the pro forma consolidated financial statements comply as to form in all material respects with National Instrument 51-102 — Continuous Disclosure Obligations.

   The officials:
   (a) described to us the basis for determination of the pro forma adjustments, and
   (b) stated that the pro forma consolidated financial statements comply as to form in all material respects with National Instrument 51-102 — Continuous Disclosure Obligations.

3. Read the notes to the pro forma consolidated financial statements, and found them to be consistent with the basis described to us for determination of the pro forma adjustments.

4. Recalculated the application of the pro forma adjustments to the aggregate of the amounts in the columns captioned “Bell Aliant Regional Communications Income Fund Historical” as at December 31, 2005 and for the year then ended and found the amounts in the column captioned “Pro forma” to be arithmetically correct.

A pro forma financial statement is based on management assumptions and adjustments which are inherently subjective. The foregoing procedures are substantially less than either an audit or a review, the objective of which is the expression of assurance with respect to management’s assumptions, the pro forma adjustments, and the application of the adjustments to the historical financial information. Accordingly, we express no such assurance. The foregoing procedures would not necessarily reveal matters of significance to the pro forma consolidated financial statements, and we therefore make no representation about the sufficiency of the procedures for the purposes of a reader of such statements.

Halifax, Canada
April 12, 2006

Ernst & Young LLP
Chartered Accountants
**BELL ALIANT REGIONAL COMMUNICATIONS INCOME FUND**

**PRO FORMA CONSOLIDATED BALANCE SHEET**

(Unaudited)

As at December 31, 2005

<table>
<thead>
<tr>
<th></th>
<th>Bell Aliant Regional Communications Income Fund Historical (millions of dollars)</th>
<th>Pro forma adjustments (note 2)</th>
<th>Pro forma</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in Bell Aliant Regional Communications Holdings, Limited Partnership</td>
<td>$—</td>
<td>$2,345</td>
<td>$2,345</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unitholders’ equity</td>
<td>$—</td>
<td>$2,345</td>
<td>$2,345</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the pro forma consolidated financial statements.
The accompanying notes are an integral part of the pro forma consolidated financial statements.
1. BASIS OF PRESENTATION

Bell Aliant Regional Communications Income Fund (the “Fund”) is a trust governed by the laws of the Province of Ontario and created pursuant to the Fund Declaration of Trust dated March 30, 2006, as it may be amended and/or restated from time to time. It is intended that the Fund will qualify as a “mutual fund trust” for the purposes of the Tax Act. As such, income tax obligations related to the distributions of the Fund are the obligations of the unitholders or of the Fund as to withholding taxes.

The Fund was created to hold an indirect interest in certain operations currently operated or held by BCE Inc. ("BCE"), Bell Canada and Aliant Inc. (including its successors, “Aliant”). Subject to obtaining shareholder, court and certain regulatory approvals, these operations will be acquired and held indirectly through a limited partnership, Bell Aliant Regional Communications Holdings, Limited Partnership (“Holdings LP”). As consideration for the net assets and operations to be contributed by them as part of the proposed arrangement transaction (the “Arrangement”), including their common shares of Aliant, BCE and Bell Canada will receive a combination of limited partnership units of Holdings LP and Bell Aliant Regional Communications, Limited Partnership (“Wireline LP”) that are exchangeable for Fund units, a non-interest bearing demand promissory note, Aliant’s wireless operations and all of the shares of DownEast Ltd., and holders of common shares of Aliant (other than BCE and its affiliates) will exchange each common share held for one Fund unit. In addition, BCE and Bell Canada will have certain rights with respect to the appointment of a majority of the directors of the General Partner of each of Holdings LP and Wireline LP and the nominees for election as trustees of the Fund, as well as approval rights over certain transactions and activities for so long as they collectively have certain specified levels of ownership of Fund units on a fully-diluted basis.

It is expected that immediately following completion of the Arrangement, BCE will own approximately 60.9% of Holdings LP and the Fund will own approximately 39.1% through its 100% interest in Holdings Trust. On a fully-diluted basis, assuming the exchange by BCE and Bell Canada of all of their exchangeable limited partnership units of Holdings LP and Wireline LP for Fund units, BCE and Bell Canada would collectively own 73.5% of the Fund units and other former holders of common shares of Aliant would own 26.5% of the Fund units. The Fund’s indirect interest in Holdings LP is calculated on a fully-diluted basis for accounting purposes as the holders of Holdings LP and Wireline LP exchangeable units are entitled to receive distributions that are equal on a per-unit basis to the distributions paid by the Fund to the holders of its units.

The Fund will consolidate its investment in Holdings Trust, which in turn will account for its investment in Holdings LP using the equity method.

The accompanying unaudited pro forma consolidated balance sheet and consolidated statement of earnings of the Fund have been prepared by management of Aliant on behalf of the Fund in accordance with National Instrument 51-102 — Continuous Disclosure Obligations, respecting the preparation of pro forma financial statements. The accompanying unaudited pro forma consolidated financial statements give effect to the proposed acquisition by the Fund of an indirect 26.5% interest in Holdings LP (on a fully diluted basis).

The unaudited pro forma consolidated financial statements should be read in conjunction with the description of the Arrangement contained in this Information Circular, which explains how the Fund will acquire an indirect 39.1% interest (26.5% indirect interest on a fully-diluted basis) in Holdings LP, and the audited balance sheet of the Fund as at March 30, 2006, disclosed elsewhere in this Information Circular.

The underlying assumptions for the pro forma adjustments provide a reasonable basis for presenting the significant financial effects directly attributable to such transactions. These pro forma adjustments are tentative and are based on available financial information and certain estimates and assumptions. The actual adjustments to the consolidated financial statements of the Fund will depend on a number of factors. Therefore, the actual adjustments will differ from the pro forma adjustments.

The unaudited pro forma consolidated financial statements are not intended to reflect the results of operations which would have actually resulted had the pro forma transactions and adjustments reflected therein been completed on the dates indicated. Further, the unaudited pro forma consolidated statement of earnings is not indicative of the results of operations that may be obtained by the Fund or the combined operations of Holdings LP in the future.

2. ASSUMPTIONS MADE IN THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

(a) The unaudited pro forma balance sheet of the Fund as at December 31, 2005, is based on the audited balance sheet of the Fund as at March 30, 2006, and has been prepared as if the following proposed transactions had been completed as at December 31, 2005:

- The purchase by the Fund of the issued and outstanding Aliant common shares (other than Aliant common shares held by BCE and its affiliates) in exchange for, on a one to one basis, 59,699,327 units of the Fund having a value of $2,345 million;
BELL ALIANT REGIONAL COMMUNICATIONS INCOME FUND

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Continued)

As at and for the year ended December 31, 2005

2. ASSUMPTIONS MADE IN THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

The purchase of 100% of the Holdings Trust Units and Trust Notes by the Fund in return for the issued and outstanding Aliant common shares (other than Aliant common shares held by BCE and its affiliates); and

The purchase by Holdings Trust of common shares of the General Partner of Holdings LP and Holdings LP partnership units representing an approximate 39.1% interest (26.5% interest on a fully-diluted basis) in Holdings LP in return for the issued and outstanding Aliant common shares (other than Aliant common shares held by BCE and its affiliates).

The unaudited pro forma statement of earnings of the Fund for the year ended December 31, 2005, is based on the assumption that the Fund was established and the proposed transactions had occurred on January 1, 2005. Equity earnings in Holdings LP in an amount equivalent to its diluted ownership interest of 26.5% were recorded for $143 million.

(b) An unlimited number of trust units (the "Units") and special voting units will be issuable by the Fund pursuant to the Fund Declaration of Trust.

The Units will each represent an equal fraction of undivided beneficial interest in the Fund. All Units are transferable and share equally in all distributions from the Fund whether of net income, net realized capital gains or other amounts, and in the net assets of the Fund in the event of its termination or winding-up. All units shall rank among themselves equally and rateably without discrimination, preference or priority. Each Unit will entitle the holder thereof to certain rights of redemption and to one vote at all meetings of Unitholders. Non-residents of Canada (as defined in the Income Tax Act) cannot be the beneficial owners of more than 45% of the issued and outstanding or fully diluted Units.

Special voting units will not be entitled to any beneficial interest in any distribution from the Fund whether of net income, net realized capital gains or other amounts, or in the net assets of the Fund in the event of its termination or winding. Special voting units may be redeemed by the holder at any time for no consideration. Special voting units will only be issued in connection with or in relation to the Holdings LP exchangeable units, the Wireline LP exchangeable units and, if the Trustees so determine, other exchangeable securities, in each case for the sole purpose of providing voting rights with respect to the Fund to the holders of such securities. Unless the Trustees determine otherwise in their discretion, special voting units will not be transferable separately from the related exchangeable securities. Each special voting unit will entitle the holder to one vote at any meeting of voting Unitholders. Upon the exchange of a Holdings LP exchangeable unit or Wireline LP exchangeable unit (or other exchangeable security) for a Unit, the special voting unit issued in connection with such exchangeable securities will immediately be cancelled for no consideration, and the former holder of such special voting unit will cease to have voting rights.

(c) Supplemental Schedule

Bell Aliant Regional Communications Income Fund’s interest in the

Pro forma combined operations of Bell Aliant Regional Communications Holdings, Limited Partnership

Unaudited

As at and for the year ended December 31, 2005

(millions of dollars)

Bell Aliant Regional Communications Income Fund’s investment in the combined operations of Holdings LP

Pro forma capital of combined operations of Holdings LP ........................................ $8,850
Bell Aliant Regional Communications Income Fund’s interest (fully diluted) .................. 26.5%

$2,345

Bell Aliant Regional Communications Income Fund’s equity earnings in the combined operations of Holdings LP

Pro forma net income of combined operations of Holdings LP ........................................ $ 539
Bell Aliant Regional Communications Income Fund’s interest (fully diluted) .................. 26.5%

$ 143

(d) Earnings per Unit are calculated as follows:

Pro forma net earnings (millions of dollars) ........................................ $ 143
Divided by pro forma number of issued and outstanding Units .................................. 59,699,327
Earnings per Unit — basic and diluted ........................................ $ 2.40
March 2, 2006

The Independent Committee of the Board of Directors
Aliant Inc.
18th Floor, Brunswick Square
Saint John, New Brunswick
E2L 4L4

To the Independent Committee:

Scotia Capital Inc. (“Scotia Capital”) understands that BCE Inc. (together with its wholly-owned subsidiary, Bell Canada, and their respective affiliates, “BCE”), 53.2% shareholder of Aliant Inc. (“Aliant”), has made a proposal to Aliant consisting of a series of transactions involving BCE, Bell Canada and Bell Nordiq Group Inc. (“BNG”) that, if completed, will result in a significant transformation of Aliant. We understand that the contemplated transaction involves the combination of Aliant’s operations with Bell Canada’s wireline telecommunications operations located in its regional territories in Ontario and Québec (“Bell Communications”), Bell Canada’s ownership stake in BNG, a holding company whose primary assets comprise Bell Canada’s 63.4% interest in each of NorthernTel, Limited Partnership and Télébec, Limited Partnership (together, the “Bell Nordiq Stake”), the sale by Aliant of its wireless telecom operations including customers, associated network and other assets and Aliant’s 43 retail store operations, DownEast Ltd., (collectively, “Aliant Mobility”) to BCE, and the recapitalization and conversion of Aliant to an income trust (the “Fund”).

The terms of the Property Exchange and Arrangement Agreement to be entered into between Aliant and BCE (the “Agreement”) provide for (i) the creation of a new limited partnership to which Bell Canada will contribute Bell Communications and the Bell Nordiq Stake and to which Aliant will contribute substantially all of its assets; (ii) the transfer of Aliant Mobility to Bell Canada and the issuance of securities providing BCE with 73.5% (fully-diluted) ownership interest in the Fund and the payment of $1.256 billion in cash to BCE; and (iii) the conversion of Aliant into an income trust. In addition, as part of the Agreement, BCE would acquire certain governance rights with respect to the Fund such as, among other things, prior approval rights regarding certain material transactions or corporate events and the authority to appoint the majority of the board of directors provided, in all cases, that BCE, maintains its ownership in the Fund above certain thresholds. We also understand that it is BCE’s intention to subsequently complete a distribution of a portion of its ownership stake in the Fund to BCE’s shareholders by way of a distribution of units in conjunction with a reduction of BCE common shares outstanding, but such distribution is not a condition of completion of the Agreement.

The above-mentioned series of transactions including the conversion of Aliant to an income trust, shall, for the purposes of this letter, be collectively referred to as the “Transaction”.

The Transaction will be implemented by way of plan of arrangement (the “Plan of Arrangement”) and will be subject to approval by a special resolution of Aliant shareholders and the approval of a majority of the Aliant Minority Shareholders (as defined below) voting at the annual and special meeting of Aliant shareholders. We understand from legal counsel to the Independent Committee (as defined below) that the Transaction is a
“related party transaction” under Ontario Securities Commission Rule 61-501 and the corresponding policy of the Québec Securities Commission (collectively, “Rule 61-501”). Scotia Capital understands that a special committee of independent directors (the “Independent Committee”) of the board of directors of Aliant (the “Board”) has been appointed to consider the Transaction and to make recommendations thereon to the Board. The Independent Committee retained Scotia Capital to act as its financial advisor in respect of the Transaction and in the context of such engagement has asked Scotia Capital to prepare an opinion (the “Opinion”) as to the fairness of the Transaction from a financial point of view to Aliant shareholders other than BCE (“Aliant Minority Shareholders”). The Independent Committee instructed Scotia Capital not to prepare, and Scotia Capital has not prepared, a formal valuation of Bell Communications, the Bell Nordiq Stake, Aliant Mobility, the Fund or any of their respective securities or assets for purposes of Rule 61-501, and the Opinion should not be construed as such. Scotia Capital has, however, conducted such analyses as it considered necessary in the circumstances. This Opinion has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of the Investment Dealers Association of Canada but the Association has not been involved in the preparation or review of this Opinion.

We understand that TD Securities Inc. has been engaged by the Independent Committee as the independent valuator and will be delivering a formal valuation report and an opinion as to the fairness of the Transaction from a financial point of view to the Aliant Minority Shareholders.

Asset Overview

As a result of the Transaction, Aliant will acquire, directly or indirectly, from BCE:

• Bell Communications. Bell Canada’s wireline telecommunications operations located in lower population density areas in Ontario and Québec comprising approximately 1.65 million local access lines of which approximately 1.25 million are residential and approximately 0.4 million are business. As part of this acquisition, Aliant will enter into a series of outsourcing and other agreements whereby Bell Canada or its affiliates will continue to provide certain operational services to the Fund as they relate to Bell Communications.

• Bell Nordiq Stake. BCE’s 63.4% ownership stakes in each of NorthernTel, Limited Partnership and Télébec Limited Partnership. The Bell Nordiq Stake will be acquired indirectly by way of the purchase of 100% of the common shares of BNG, a holding company whose primary assets comprise units of the above-mentioned limited partnerships. Such limited partnerships comprise telecommunications operations (wireline, wireless and cable) located in rural regions of Ontario and Québec including in excess of 250,000 local access lines, approximately 68,000 wireless customers and approximately 34,000 cable customers.

As a result of the Transaction, Aliant will sell, directly or indirectly, to BCE:

• Aliant Mobility. As part of the sale of Aliant Mobility, Aliant will enter into a series of outsourcing and other agreements whereby Aliant will provide certain operational services to Bell Canada’s wireless operations as they relate to the Atlantic Canadian territory.

Engagement of Scotia Capital

Scotia Capital was initially contacted regarding the Transaction on December 2, 2005. Scotia Capital was engaged by the Independent Committee following its formation on December 7, 2005; and such engagement was confirmed pursuant to an agreement between the Independent Committee, Aliant and Scotia Capital dated as of February 25, 2006 (the “Engagement Agreement”).

The terms of the Engagement Agreement provide that Scotia Capital is to be paid a fee of $1,000,000 upon delivery of this Opinion. In addition, in respect of the financial advisory and other services to be provided by it, Scotia Capital is to be paid an engagement fee of $500,000 payable at the time of engagement and a success fee payable upon completion of the Transaction. Aliant has also made certain undertakings to Scotia Capital in respect of financing and refinancing arrangements and other transactions associated with or related to the Transaction and Scotia Capital has made certain commitments to Aliant in respect to acquisition financing. In addition, Scotia Capital is to be reimbursed for its out-of-pocket expenses and to be indemnified by Aliant in certain circumstances.
Credentials of Scotia Capital

Scotia Capital represents the global corporate and investment banking businesses and capital markets platform of Scotiabank Group (“BNS”), one of North America’s premier financial institutions. In Canada, Scotia Capital is one of the country's largest investment banking firms with operations in all facets of corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading and investment research. Scotia Capital has participated in a significant number of transactions involving private and public companies and has extensive experience in preparing fairness opinions.

The Opinion expressed herein represents the opinion of Scotia Capital and the form and content thereof have been approved for release by a committee of directors and other professionals of Scotia Capital, each of whom is experienced in merger, acquisition, divestiture, fairness opinion and valuation matters.

Relationship with Parties to the Transaction

Scotia Capital is a wholly owned subsidiary of BNS. None of Scotia Capital or any of its affiliated entities is an insider, associate or affiliate (as such terms are defined in the Securities Act (Ontario)) of Aliant, BCE, Bell Nordiq Income Fund (“Bell Nordiq”), BNG or any of their respective associates or affiliates.

BNS provides and has provided banking services in the normal course of business to Aliant, BCE, Bell Canada and several of their respective associates and affiliates. The fees received by BNS in connection with the above activities are not material to BNS or its affiliates. In addition, Scotia Capital has provided in the normal course of business other investment banking and related services to Aliant, BCE, Bell Canada, Bell Nordiq and some of their respective associates or affiliates. The fees received in connection with such activities are not material to Scotia Capital and BNS as a whole. Since January 1, 2005, Scotia Capital has provided advisory services to Bell Canada with respect to the acquisition of Nexxlink Technologies Inc. and to BCE with respect to its stake in CGI Group Inc. Scotia Capital also led or participated in several offerings of Medium-Term Notes for Aliant Telecom, BCE and Telébec Limited Partnership.

Other than commitments made in Scotia Capital’s engagement with regards to the Transaction, there are no understandings, agreements or commitments between Scotia Capital, or any affiliated entity of Scotia Capital, on the one hand, and Aliant, BCE, Bell Canada, BNG or Bell Nordiq or any of their respective associates or affiliates on the other hand, with respect to any future business dealings. Scotia Capital may, in the future, in the ordinary course of its business, perform financial advisory, investment banking or corporate lending services for Aliant, BCE, Bell Canada, BNG or Bell Nordiq or for any of their respective associates or affiliates.

Scotia Capital acts as a trader and dealer, both as principal and agent, in the financial markets in Canada, the United States and elsewhere and, as such, it and BNS may have had and may have positions in the securities of the Aliant, BCE, Bell Canada, Bell Nordiq or any of their associates or affiliates from time to time and may have executed or may execute transactions on behalf of such companies or clients for which it receives compensation. As an investment dealer, Scotia Capital conducts research on securities and may, in the ordinary course of business, provide research reports and investment advice to its clients on investment matters, including with respect to the Aliant, BCE, Bell Canada, Bell Nordiq or any of their affiliates, or with respect to the Transaction.

Scope of Review

In preparing the Opinion, Scotia Capital has reviewed, considered and relied upon (without attempting to verify independently the completeness or accuracy thereof), among other things:

(a) publicly-available financial statements and other business and financial information of Aliant, BCE, Bell Nordiq and BNG, where applicable;

(b) selected internal financial statements and other business and financial information of Aliant and Aliant Mobility, including audited and unaudited historical financial statements, forward-looking projections including synergies analysis in connection with the Transaction prepared by management of Aliant, provided to us by Aliant;

(c) selected internal financial statements and other business and financial information of Bell Communications, including audited historical financial statements, forward-looking projections
prepared by management of Bell Communications and its affiliates and advisors, and other materials provided through the transaction data room as provided to us in connection with the Transaction;

(d) selected internal financial statements and other business and financial information of Bell Nordiq, including forward-looking projections prepared by management of Bell Nordiq;

(e) meetings and discussions with representatives and the senior management of Aliant, BCE, Bell Canada, Bell Nordiq and their financial advisors, consultants and affiliates to discuss the business, operations, historical and forecast financial position and certain other financial and operating data of such entities;

(f) meetings and discussions with representatives, advisors and management of Aliant, BCE and Bell Canada to discuss the structuring of the Transaction including, but not limited to, the tax and financial structuring of the Transaction;

(g) the Property Exchange and Arrangement Agreement, financing term sheets and other related Transaction documents;

(h) the draft Management Information Circular including the various appendices thereto;

(i) public information relating to the business, operations, financial performance of Aliant, BCE, Bell Canada, Bell Nordiq and BNG and securities trading history of Aliant, BCE, Bell Canada, Bell Nordiq and other selected public companies considered by us to be relevant;

(j) selected publicly traded income trusts and analyses of trading yields and other performance metrics considered relevant as valuation benchmarks for Bell Communications, Bell Nordiq, Aliant Mobility and the Fund;

(k) public information with respect to other transactions of a comparable nature considered by us to be relevant;

(l) representations contained in certificates addressed to Scotia Capital, as of the date hereof, from senior officers of Aliant as to the completeness, accuracy and fair presentation of the information upon which the Opinion is based; and

(m) such other corporate, industry and financial market information, investigations and analyses as Scotia Capital considered necessary or appropriate in the circumstances.

Scotia Capital has not, to the best of its knowledge, been denied access by Aliant or Bell Communications to any information requested by Scotia Capital. Scotia Capital has had limited access to supporting documentation relating to the Bell Nordiq financial projections.

Assumptions and Limitations

The Opinion is subject to the assumptions, explanations and limitations set forth below.

Scotia Capital has relied, without independent verification, upon the completeness, accuracy and fair presentation of all of the financial and other information, data, advice, opinions and representations obtained by it from public sources or that was provided to us by Aliant, BCE, Bell Canada and Bell Nordiq and their respective associates and affiliates and their respective advisors or otherwise, including for greater certainty, without limiting the generality of the foregoing, any third-party reports and opinions referred to under “Scope of Review” (collectively, the “Information”), and we have assumed that this Information did not omit to state any material fact or any fact necessary to be stated to make that Information not misleading. The Opinion is conditional upon the completeness, accuracy and fair presentation of such Information. Subject to the exercise of professional judgment and except as described herein, Scotia Capital has not attempted to verify independently the completeness, accuracy or fair presentation of any of the Information. With respect to the financial forecasts and budgets provided to Scotia Capital and used in the analyses supporting the Opinion, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of management of Aliant, BCE, Bell Canada, Bell Communications, BNG and Bell Nordiq, as the case may be, as to the matters covered thereby and in rendering the Opinion we express no view as to the reasonableness of such forecasts or budgets or the assumptions on which they are based.
Senior management of Aliant have represented to Scotia Capital in a separate certificate delivered as at the date hereof, among other things, that to the best of their knowledge: (a) Aliant has no information or knowledge of any facts public or otherwise not specifically provided to Scotia Capital relating to Aliant, Bell Communications, BNG or Bell Nordiq, or any of their respective subsidiaries or affiliates (including Aliant Mobility and DownEast Ltd.) which would reasonably be expected to affect materially this Opinion; (b) with the exception of forecasts, projections or estimates referred to in paragraph (d) below, the written information and data provided to Scotia Capital, written by or on behalf of Aliant, or otherwise provided or made available to Scotia Capital in connection with the Transaction in respect of Aliant, Bell Communications, BNG or Bell Nordiq, or any of their respective subsidiaries or affiliates is or, in the case of historical information or data, was, at the date of preparation, true and accurate in all material respects and no additional material, data or information would be required to make the data provided to Scotia Capital not misleading in light of the circumstances in which it was prepared; (c) to the extent that any of the information or data identified in paragraph (b) is historical, there have been no changes in material facts or new material facts since the respective dates thereof which have not been disclosed to Scotia Capital or updated by more current information or data disclosed; and (d) any portions of the information or data provided to Scotia Capital which constitute forecasts, projections or estimates were prepared using the assumptions identified therein, which, in the reasonable opinion of Aliant, are (or were at the time of preparation) reasonable in the circumstances.

The Opinion is rendered on the basis of the securities markets, economic, financial and general business conditions prevailing as at the date hereof and the conditions and prospects, financial and otherwise, of Aliant, Bell Communications, Aliant Mobility and Bell Nordiq and their respective subsidiaries and affiliates, as they were reflected in the Information and as they were represented to Scotia Capital in discussions with the respective management teams of Aliant, Bell Canada (on behalf of Bell Communications) and Bell Nordiq or otherwise certified to us, as at the date hereof. In its analyses and in preparing the Opinion, Scotia Capital made numerous assumptions with respect to industry performance, general business and economic conditions and other matters which Scotia Capital believes to be reasonable and appropriate in the exercise of its professional judgment, many of which are beyond the control of Scotia Capital or any party involved in the Transaction.

The Opinion has been provided for the use of the Independent Committee and may not be used by any other person or relied upon by any other persons, other than the Independent Committee, without the express prior written consent of Scotia Capital. Scotia Capital specifically disclaims any opinion as to the fairness of the Transaction to BCE or Bell Nordiq or any of their related or affiliated entities (other than Aliant). The Opinion is given as of the date hereof and Scotia Capital disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Opinion which may come or be brought to the attention of Scotia Capital after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Opinion after the date hereof, Scotia Capital reserves the right to, but has no obligation to, change, modify or withdraw the Opinion.

Scotia Capital has assumed that all conditions precedent to the completion of the Transaction can be satisfied in due course, without any waivers, and that all consents, permissions, exemptions or orders of third parties and relevant authorities will be obtained, without adverse condition or qualification and without material cost to Aliant, Bell Communications, BNG, or Bell Nordiq. Scotia Capital has also assumed that all draft documents referred to under “Scope of Review” above are accurate reflections, in all material respects, of the final form of such documents.

The Opinion is not to be construed as a recommendation to any Aliant shareholder as to whether to exercise rights in connection with the Transaction or otherwise. The Opinion does not address the merits of the underlying decision of Aliant to engage in the Transaction, as compared to other business strategies which might be available. In that regard, we were not retained to, and did not, consider the feasibility of alternative transactions. Furthermore, this Opinion does not express, and should not be construed to express, a view as to the price at which the income trust units of the Fund may trade following completion of the Transaction.

The preparation of the Opinion is a complex process and is not necessarily capable of being partially analyzed or summarized. Scotia Capital believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create an incomplete view of the process underlying the Opinion. As such, the Opinion should be read in its entirety.
Value Considerations

In support of the Opinion, Scotia Capital has performed certain financial analyses on Aliant, Aliant Mobility, Bell Communications and the Bell Nordiq Stake, based on the methodologies and assumptions that Scotia Capital considered appropriate in the circumstances for the purposes of providing this Opinion. As part of the analyses and investigations carried out in the preparation of the Opinion, Scotia Capital reviewed and considered the items outlined under “Scope of Review” including, but not limited to, the historical and projected financial statements of the above-mentioned entities and business segments.

Value Considerations — Bell Communications

In performing the analysis for Bell Communications, Scotia Capital focused principally on the following methodologies:

(i) Income Trust Approach;
(ii) Discounted Cash Flow Approach (“DCF Approach”); and
(iii) Comparable Trading Approach.

Income Trust Approach

Scotia Capital considered the value of Bell Communications as an income trust. This approach involved the calculation of sustainable distributable cash (“Distributable Cash”). Distributable Cash is defined as EBITDA less the following: sustainable capital expenditures, interest on third-party debt, capital and other taxes and any other ongoing cash charges not captured in EBITDA. In determining the equity value of Bell Communications, a yield is applied to Distributable Cash. In determining the appropriate yield, Scotia Capital reviewed the yield of several comparable public income trusts.

DCF Approach

The DCF Approach employed by Scotia Capital involved the calculation of the enterprise value of Bell Communications, by discounting to a present value the unlevered free cash flows (“UFCFs”) expected to be generated between January 1, 2006 and December 31, 2010 as well as a terminal value, determined as at December 31, 2010, such value also having been discounted to a present value. The projected UFCFs of Bell Communications were discounted at the estimated weighted average cost of capital for Bell Communications, calculated based upon Bell Communications after-tax cost of debt and equity and weighted based upon an assumed capital structure for Bell Communications.

Scotia Capital also employed a DCF Approach involving the calculation of the equity value of Bell Communications, by discounting to a present value the Distributable Cash expected to be generated between January 1, 2006 and December 31, 2010 as well as a terminal value, determined as at December 31, 2010, such value also having been discounted to a present value. The projected Distributable Cash of Bell Communications was discounted at the estimated Bell Communications’ cost of equity. In determining the appropriate cost of equity capital, Scotia Capital reviewed trading yields of comparable public income trusts, and reviewed the implied cost of equity of such comparable income trusts and utilized the capital asset pricing model.

Comparable Trading Approach

Scotia Capital also compared the proposed financial terms of the Transaction to trading multiples of selected public companies in the telecommunications industry. When employing the Comparable Trading Approach, Scotia Capital considered enterprise value to EBITDA to be the primary metric.

Scotia Capital also considered potential synergies that Aliant could realize from the acquisition of Bell Communications including, but not limited to, benefits arising from revenue enhancement, cost savings, and capital expenditure reductions.

Value Considerations — Bell Nordiq Stake

In performing the analysis for the Bell Nordiq Stake, Scotia Capital focused principally on the following methodologies:

(i) DCF Approach; and
Market Trading Approach

In performing the Market Trading Approach, Scotia Capital reviewed and considered the trading history of the Bell Nordiq units on the TSX for various time periods over the last 12 months, including, among other things, the closing price of Bell Nordiq units as at March 1, 2006.

Scotia Capital also considered the potential value enhancements that Aliant could realize from the acquisition of the Bell Nordiq Stake including, but not limited to, benefits arising from revenue enhancements, cost savings, and capital expenditure reductions as a 63.4% unitholder.

For the purpose of assessing the value of the Bell Nordiq Stake, we have assumed that Aliant will not assume any material liabilities or operational expenses within BNG and as such have valued the Bell Nordiq Stake based on the 63.4% indirect interest in each of NorthernTel Limited Partnership and Télécinq, Limited Partnership.

Value Considerations — Aliant Mobility

In performing the analysis for Aliant Mobility, Scotia Capital focused principally on the following methodologies:

(i) DCF Approach;
(ii) Comparable Trading Approach; and
(iii) Precedent Transactions Approach.

DCF Approach

The DCF Approach employed by Scotia Capital involved the calculation of the enterprise value of Aliant wireless assets and operations by discounting to a present value UFCFs expected to be generated between January 1, 2006 and December 31, 2010 as well as a terminal value, determined as at December 31, 2010, such value also having been discounted to a present value. The projected UFCFs of Aliant wireless assets were discounted at the estimated weighted average cost of capital, calculated based upon Aliant wireless’ after-tax cost of debt and equity and weighted based upon an optimal capital structure.

Comparable Trading Approach

Scotia Capital also compared the proposed financial terms of the Transaction to trading multiples of selected public companies in the wireless telecommunications and the consumer electronic retail industries in North America. The primary valuation multiples utilized in analyzing these transactions were enterprise value multiples to EBITDA.

Precedent Transactions Approach

Scotia Capital also compared the proposed financial terms of the Transaction to corresponding financial terms, to the extent publicly available, of selected transactions in the wireless telecommunications and the consumer electronic retail industries in North America. The primary valuation multiples utilized in analyzing these transactions were enterprise value multiples to EBITDA. The Precedent Transactions Approach was the primary approach used to determine the value of DownEast Ltd.
Scotia Capital also considered the potential synergies that BCE could realize from the acquisition of Aliant Mobility, including, but not limited to, benefits arising from revenue enhancement, cost savings and capital expenditure reductions.

**Value Considerations — the Fund**

In considering the value of the unit consideration paid to BCE, Scotia Capital considered the equity value of Aliant, *pro forma* the Transaction. This analysis involved the calculation of Distributable Cash for the Fund. In determining the equity value of the Fund, a yield is applied to Distributable Cash. Such analysis was performed with and without consideration of the estimated synergies realizable as a result of the Transaction. In determining the appropriate yield, Scotia Capital reviewed the yields of several comparable public income trusts as well as other financial metrics.

**Fairness Considerations**

In addition to the information and analyses referred to above, Scotia Capital reviewed, considered and relied upon a number of factors in reaching its conclusion in the Opinion, including, but not limited to, the following:

(a) the range of aggregate values estimated for Bell Communications and the Bell Nordiq Stake relative to the value attributed to the consideration paid by Aliant to BCE;

(b) the 73.5% aggregate *pro forma* ownership of BCE in the Fund relative to the range of values for Bell Communications and the Bell Nordiq Stake contributed by BCE to the Fund;

(c) the level of synergies that could be achieved by combining Aliant, Bell Communications and the Bell Nordiq Stake; and

(d) the estimated value impact of the Transaction on the unit price of the Fund as compared to the current share price of Aliant.

**Conclusion**

Based upon and subject to the foregoing and such other matters as we considered relevant, Scotia Capital is of the opinion that, as of the date hereof, the Transaction is fair from a financial point of view to the Aliant Minority Shareholders.

Yours very truly,

[Signature]

SCOTIA CAPITAL INC.
APPENDIX “F”

VALUATION AND FAIRNESS OPINION OF TD SECURITIES INC.

TD Securities
TD Securities Inc.
TD Tower
66 Wellington Street West, 8th Floor
Toronto, Ontario M5K 1A2

February 27, 2006

The Independent Committee of the Board of Directors of Aliant Inc.
c/o Aliant Inc.
6 South Maritime Centre
1505 Barrington Street
P.O. Box 880 Central
Halifax, NS
B3J 2W3

To the Independent Committee:

TD Securities Inc. (“TD Securities”) understands that Aliant Inc. (“Aliant” or the “Company”) is currently contemplating a proposed reorganization pursuant to a plan of arrangement under which Aliant will combine its wireline telecommunications and related operations in the Atlantic provinces with certain of The Bell Telephone Company of Canada’s (“Bell Canada”) wireline telecommunications operations in certain regional territories in Ontario and Québec (“Communications”) and 100% of the shares of Bell Nordiq Group Inc. (“Bell Nordiq Group”), a holding company whose primary assets comprise 63.4% stakes in each of NorthernTel, Limited Partnership (“NorthernTel”) and Télébec, Limited Partnership (“Télébec”), and convert Aliant from a corporate entity into an income trust to form New Aliant. As part of the proposed reorganization, Bell Canada will receive Aliant’s wireless telecommunications operations and shares of DownEast Ltd. (together, “Mobility”), $1,256.0 million in cash and trust units representing an additional 43.4% interest in New Aliant (together the “Consideration”). The forgoing is referred to in this letter as the “Transaction”. TD Securities also understands that Bell Canada is a wholly-owned subsidiary of BCE Inc. (“BCE”) and that BCE, indirectly through a wholly-owned subsidiary, currently owns 67,655,116, or 53.2%, of the outstanding common shares of Aliant (the “Common Shares”). The above description is summary in nature. The specific terms and conditions of the Transaction are to be described in the information circular (the “Circular”) which is to be mailed by Aliant to holders of Common Shares in connection with the Transaction.

TD Securities also understands that a committee of the board of directors of Aliant (the “Independent Committee”), which is independent of BCE and the Company’s management, has been constituted to consider the implications for Aliant of the Transaction and make recommendations thereon to the board of directors of the Company (the “Board”). The Independent Committee has retained TD Securities to prepare and deliver a formal valuation (the “Valuation”) of the non-cash assets involved in the Transaction in accordance with the requirements of Ontario Securities Commission Rule 61-501 and Policy Statement No. Q-27 of the Commission des valeurs mobilières du Québec (collectively, the “Policies”) and a written opinion (the “Fairness Opinion”) as to the fairness of the Transaction, from a financial point of view, to the holders of Common Shares other than BCE and its affiliates (the “Minority Shareholders”).

ENGAGEMENT OF TD SECURITIES BY THE INDEPENDENT COMMITTEE

TD Securities was first contacted by representatives of the Independent Committee on January 10, 2006 and was engaged by the Independent Committee pursuant to an engagement agreement (the “Engagement...
Subject to the terms of the Engagement Agreement, TD Securities consents to the inclusion of the Valuation and the Fairness Opinion in the Circular, with a summary thereof, in a form acceptable to TD Securities, and to the filing thereof by Aliant with the applicable Canadian securities regulatory authorities.

CREDENTIALS OF TD SECURITIES

TD Securities is a Canadian investment banking firm with operations in a broad range of investment banking activities, including corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading, investment management and investment research. TD Securities has participated in a significant number of transactions involving public and private companies and has extensive experience in preparing valuations and fairness opinions.

The Valuation and the Fairness Opinion represent the opinion of TD Securities and its form and content have been approved by a committee of senior investment banking professionals of TD Securities, each of whom is experienced in merger, acquisition, divestiture, valuation and fairness opinion matters. The Valuation and the Fairness Opinion have been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of the Investment Dealers Association of Canada (the “Association”) but the Association has not been involved in the preparation or review of the Valuation or the Fairness Opinion.

INDEPENDENCE OF TD SECURITIES

Neither TD Securities, nor any of its affiliates is an insider, associate or affiliate (as those terms are defined in the Securities Act (Ontario)) of the Company, BCE, Bell Nordiq Income Fund (“Bell Nordiq”) or any of their respective associates or affiliates (collectively, the “Interested Parties”). Except as financial advisor to the Independent Committee, neither TD Securities nor any of its associates or affiliates is an advisor to any of the Interested Parties with respect to the Transaction.

TD Securities has not, in the 24-month period preceding the Engagement Agreement, been engaged to provide any evaluation, appraisal or financial advisory services nor has it participated in any financing or lending arrangement, or had a material financial interest in any transaction involving the Company or any Interested Party, except as described herein. TD Securities participated as a syndicate member in the following financings involving Aliant within the past two years: i) $150 million medium term note issue in May 2005; and ii) $50 million credit facility. TD Securities has been engaged to provide the following financial advisory services and participated in the following financings involving BCE within the past two years: i) financial advisory services to the Independent Committee of BCE Emergis Inc. (“Emergis”) with respect to certain alternatives proposed by BCE regarding its interest in Emergis in April 2004; ii) a syndicate member with respect to BCE’s sale of its 63.8% interest in Emergis through a secondary
offering of subscription receipts in May 2004; iii) a syndicate member with respect to three medium term note issues completed by Bell Canada; iv) a syndicate member in certain credit facilities of BCE and its affiliates; and v) certain cash management and foreign exchange management contracts with BCE and its associates. The fees associated with the aforementioned assignments are not, in the aggregate, financially material to TD Securities.

TD Securities acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have and may in the future have positions in the securities of any Interested Party and, from time to time, may have executed or may execute transactions on behalf of such companies or other clients for which it may have received or may receive compensation. As an investment dealer, TD Securities conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including matters with respect to the Transaction, Aliant, BCE, Bell Nordiq, or other Interested Parties.

Having reviewed all such circumstances, TD Securities believes that it is independent within the meaning of the Policies in the preparation of the Valuation and the Fairness Opinion. The fees paid to TD Securities in connection with the Engagement Agreement do not give TD Securities any financial incentive in respect of the conclusions reached in the Valuation or the Fairness Opinion or the outcome of the Transaction, and are not financially material to TD Securities. No understandings or agreements exist between TD Securities and Aliant, BCE, Bell Nordiq or any other Interested Party with respect to future financial advisory or investment banking business. TD Securities may in the future, in the ordinary course of its business, perform financial advisory or investment banking services for the Company or any Interested Party, and The Toronto-Dominion Bank, parent company of TD Securities, may provide banking services to the Company or any Interested Party. Neither TD Securities nor any of its affiliates has a material financial interest in the completion of the Transaction.

SCOPE OF REVIEW

In connection with the Valuation and the Fairness Opinion, TD Securities reviewed and relied upon (without attempting to verify independently the completeness or accuracy of) or carried out, among other things, the following:

1. audited financial statements of Aliant for the three years ended December 31, 2003, 2004 and 2005;

2. audited special-purpose schedule of selected financial information of Communications for the three years ended December 31, 2003, 2004 and 2005;

3. audited financial statements for Bell Nordiq, Bell Nordiq Group and Télécè and NorthernTel for the three years ended December 31, 2002, 2003 and 2004 and unaudited financial statements for Bell Nordiq and Télécè and NorthernTel for the year ended December 31, 2005;

4. quarterly reports to shareholders and unaudited interim financial statements of Aliant and Bell Nordiq Group for the three month periods ended March 31, June 30, and September 30, in each of fiscal years 2003, 2004 and 2005;

5. quarterly report to shareholders of Aliant for the year ended December 31, 2005;

6. quarterly reports to unitholders and unaudited interim financial statements of Bell Nordiq and Télécè and NorthernTel for the three month periods ended March 31, June 30, and September 30, in each of fiscal years 2003, 2004 and 2005;

7. annual reports of Aliant, Bell Nordiq and Bell Nordiq Group for the three years ended December 31, 2002, 2003 and 2004;
8. annual information forms of Aliant, Bell Nordiq and Bell Nordiq Group for the three years ended December 31, 2002, 2003 and 2004;

9. notices of annual meetings and management information circulars of Aliant and Bell Nordiq for the three years ended December 31, 2002, 2003 and 2004;

10. the prospectus of Bell Nordiq regarding its initial public offering dated April 9, 2002;

11. the confidential information memorandum dated December 5, 2005 prepared by BCE with respect to Communications;

12. unaudited segmented historical operating and financial information for each of Aliant, Communications and Bell Nordiq Group;

13. unaudited segmented projected operating and financial information for each of Aliant, Communications and Bell Nordiq Group for the years ending December 31, 2006 through to December 31, 2010 as prepared by the management of Aliant, BCE and Bell Nordiq Group, respectively;

14. presentations by BCE to TD Securities with respect to the carve-out methodology used in the preparation of the financial statements of Communications, the historical and forecast operating and financial performance of Communications;

15. presentations by the management of Aliant to the Independent Committee with respect to the Transaction;

16. discussions with the auditors of Communications with respect to the carve-out methodology used in the preparation of the financial statements of Communications and their audit of Communications;

17. discussions with the senior management of BCE and Bell Nordiq Group regarding the historical and forecast financial performance of Communications and Bell Nordiq Group, respectively;

18. discussions with senior management of the Company and its advisors with respect to the information referred to above and other issues deemed relevant including the historical and forecast operating and financial information with respect to each of the Company’s business units, Communications and Bell Nordiq Group;

19. discussions with the senior management of the Company with respect to the operating agreements to be entered into between BCE and New Aliant upon completion of the Transaction;

20. representations contained in a certificate dated February 27, 2006 from the senior officers of the Company;

21. discussions with the auditors and legal counsel of Aliant;

22. discussions with members of the Independent Committee;

23. discussions with Blake, Cassels & Graydon LLP, legal counsel to the Independent Committee, with respect to various legal matters relating to the Company and other matters considered relevant;

24. press release dated February 1, 2006, issued by BCE with respect to creation of a new trust to own and manage Communications;
25. various research publications prepared by research analysts regarding the telecommunications industry, Aliant, BCE, Bell Nordiq and other selected public companies considered relevant;

26. public information relating to the business, operations, financial performance and stock trading history of Aliant, BCE, Bell Nordiq and other selected public companies considered relevant;

27. public information with respect to certain other transactions of a comparable nature considered relevant; and

28. such other corporate, industry, and financial market information, investigations and analyses as TD Securities considered necessary or appropriate in the circumstances.

TD Securities has not, to the best of its knowledge, been denied access by the Company to any information requested by TD Securities. As Bell Nordiq is not a direct participant in the Transaction, TD Securities did not have the opportunity to meet with the auditors or legal counsel of Bell Nordiq, Bell Nordiq Group, Télébec and NorthernTel. TD Securities has assumed the accuracy and fair presentation of and relied upon the audited financial statements of Bell Nordiq, Bell Nordiq Group, Télébec and NorthernTel and the reports of the auditors thereon.

PRIOR VALUATIONS

The Company has represented to TD Securities that, among other things, it has no knowledge of any prior valuations, as defined in the Policies, of Aliant, its securities, or any material assets of the Company or any of its subsidiaries (or to their knowledge, Communications or Bell Nordiq Group) made in the past 24 months.

ASSUMPTIONS AND LIMITATIONS

With the Independent Committee’s acknowledgement and agreement as provided for in the Engagement Agreement, TD Securities has relied upon the accuracy and completeness of all data and other information obtained by it from public sources or provided to it by the Company, BCE, Bell Canada or Bell Nordiq Group or their respective personnel, advisors, or otherwise, including the certificate identified below (collectively, the “Information”). The Valuation and the Fairness Opinion are conditional upon such accuracy and completeness. Subject to the exercise of professional judgment, and except as expressly described herein, TD Securities has not attempted to verify independently the accuracy or completeness of any of the Information.

With respect to the budgets, forecasts, projections or estimates provided to TD Securities and used in its analyses, TD Securities notes that projecting future results is inherently subject to uncertainty. TD Securities has assumed, however, that such budgets, forecasts, projections and estimates of Aliant, Communications and Bell Nordiq Group were prepared using the assumptions identified therein and on bases reflecting the best currently available estimates and judgments of management of those companies as to the matters covered thereby and which, in the opinion of the respective management of those companies, are (or were at the time of preparation and continue to be) reasonable in the circumstances.

Senior officers of the Company have represented to TD Securities in a certificate dated February 27, 2006, among other things, to the best of their knowledge, information and belief after due inquiry (but with respect to Bell Nordiq Group and Bell Nordiq to the best of their knowledge, information and belief), as follows: (a) that Aliant has no information or knowledge of any facts public or otherwise not specifically provided to TD Securities relating to Aliant, New Aliant, Bell Nordiq, Communications, Bell Nordiq Group, or Mobility which would reasonably be expected to affect materially the Valuation or the Fairness Opinion to be given by TD Securities; (b) with the exception of forecasts, projections or estimates referred to in subparagraph (d) below, the Information provided to TD Securities by or on
behalf of Aliant or its representatives in respect of Aliant and its subsidiaries, New Aliant, Bell Nordiq, Communications, Bell Nordiq Group, or Mobility in connection with the Transaction is or, in the case of historical Information was, at the date of preparation, true, complete and accurate and did not and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the Information not misleading in the light of circumstances in which it was presented; (c) to the extent that any of the Information identified in subparagraph (b) above is historical, there have been no changes in any material facts or new material facts since the respective dates thereof which have not been disclosed to TD Securities or updated by more current information not provided to TD Securities by Aliant and there has been no material change, financial or otherwise in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of Aliant, New Aliant, Bell Nordiq, Communications, Bell Nordiq Group, or Mobility and no material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to have a material effect on the Valuation or the Fairness Opinion; (d) any portions of the Information provided to TD Securities which constitute forecasts, projections, estimates or strategic plans were prepared using the assumptions identified therein, which, in the reasonable opinion of Aliant, are (or were at the time of preparation and continue to be) reasonable in the circumstances; (e) there have been no valuations or appraisals relating to Aliant or any subsidiary or any of their respective material assets or liabilities (or to their knowledge, Communications or Bell Nordiq Group) made in the preceding 24 months and in the possession or control of Aliant other than those which have been provided to TD Securities or, in the case of valuations known to Aliant which it does not have within its possession or control, notice of which has not been given to TD Securities; (f) there have been no verbal or written offers or serious negotiations for or transactions involving any material property of Aliant or any of its subsidiaries (or to their knowledge, Bell Nordiq Group, Bell Nordiq or Communications) during the preceding 24 months which have not been disclosed to TD Securities. For the purposes of subparagraphs (e) and (f), “material assets”, “material liabilities” and “material property” shall include assets, liabilities and property of Aliant or its subsidiaries having a gross value greater than or equal to $100,000,000; (g) since the dates on which the Information was provided to TD Securities, no material transaction has been entered into by Aliant or any of its subsidiaries and Aliant is not aware of any circumstances or developments (other than the Transaction) that would reasonably be expected to have a material effect on the assets, liabilities, financial condition, prospects or affairs of Aliant, New Aliant, Bell Nordiq, Communications, Bell Nordiq Group, or Mobility. (h) other than as disclosed in the Information, neither Aliant nor any of its subsidiaries (or to their knowledge, Bell Nordiq Group, Bell Nordiq or Communications) has any material contingent liabilities and there are no actions, suits, claims, proceedings, investigations or inquiries pending or threatened against or affecting the Transaction, Aliant or any of its subsidiaries, New Aliant, Bell Nordiq, Communications, Bell Nordiq Group, or Mobility, at law or in equity or before or by any federal, national, provincial, state, municipal or other governmental department, commission, bureau, board, agency or instrumentality which may, in any way, materially adversely affect Aliant or its subsidiaries, the Transaction, New Aliant, Bell Nordiq, Communications, Bell Nordiq Group, or Mobility; (i) all financial material, documentation and other data concerning the Transaction, Aliant and its subsidiaries, New Aliant, Bell Nordiq, Communications, Bell Nordiq Group, or Mobility, including any projections or forecasts provided to TD Securities, were prepared on a basis consistent in all material respects with the accounting policies applied in the most recent audited consolidated financial statements of Aliant (and, to their knowledge, with respect to Bell Nordiq Group, Bell Nordiq or Communications); (j) there are no agreements, undertakings, commitments or understandings (whether written or oral, formal or informal) relating to the Transaction, except as have been disclosed in complete detail to TD Securities; (k) the contents of any and all documents prepared in connection with the Transaction for filing with regulatory authorities or delivery or communication to securityholders of Aliant (collectively, the “Disclosure Documents”) have been, are and will be true, complete and correct in all material respects and have not and will not contain any misrepresentation (as defined in the Securities Act (Ontario)) and the Disclosure Documents have complied, comply and will comply with all requirements under applicable laws; (l) Aliant has complied in all material respects with the Engagement Agreement; (m) to the best of its knowledge, information and belief after due inquiry, there is no plan or proposal for any material change (as defined in the Securities Act (Ontario)) in the affairs of Aliant which have not been disclosed to TD Securities; (n) there are no facts or circumstances known to the undersigned that relate to Aliant, New

F-6

Member of TD Bank Financial Group
Aliant, Bell Nordiq, Communications, Bell Nordiq Group, or Mobility that have not been disclosed by Aliant to TD Securities that could reasonably be expected to affect the Valuation or the Fairness Opinion, including the assumptions used, procedures adopted, the scope of review undertaken or the conclusions reached by TD Securities; (o) the contents of Aliant’s public disclosure documents (and to their knowledge, the public disclosure documents of Bell Nordiq) are true and correct in all material respects and do not contain any misrepresentation (as such term is defined in the Securities Act (Ontario)), and such disclosure documents comply with all requirements under applicable laws; and (p) they have no knowledge of any facts not contained in or referred to in the Information provided to TD Securities that could reasonably be expected to affect the Valuation or the Fairness Opinion, including the assumptions used, procedures adopted, the scope of the review undertaken or the conclusions reached.

In preparing the Valuation and the Fairness Opinion, TD Securities has made several assumptions, including that all final versions of all agreements and documents to be executed and delivered in respect of or in connection with the Transaction will conform in all material respects to the summaries provided to TD Securities, that all conditions precedent to be satisfied to complete the Transaction can be satisfied, that all approvals, authorizations, consents, permissions, exemptions or orders of relevant regulatory authorities required in respect of or in connection with the Transaction will be obtained, without adverse condition or qualification, that all steps or procedures being followed to implement the Transaction are valid and effective, that the Circular will be distributed to the holders of Common Shares in accordance with applicable laws, and that the disclosure in the Circular will be accurate in all material respects and will comply, in all material respects, with the requirements of all applicable laws. In its analysis in connection with the preparation of the Valuation and the Fairness Opinion, TD Securities made numerous assumptions with respect to industry performance, general business and economic conditions, and other matters, many of which are beyond the control of TD Securities or the Company. All financial figures in the Valuation and the Fairness Opinion are in Canadian dollars unless otherwise stated.

The Valuation and the Fairness Opinion have been provided for the use of the Independent Committee and the Board and are not intended to be, and do not constitute, a recommendation that any Minority Shareholder of the Company vote in favour of or in opposition to the Transaction. The Valuation and the Fairness Opinion may not be used by any other person or relied upon by any other person other than the Independent Committee and the Board without the express prior written consent of TD Securities. The Valuation and the Fairness Opinion are rendered as of February 27, 2006, on the basis of securities markets, economic and general business and financial conditions prevailing on that date and the condition and prospects, financial and otherwise, of the Company, Communications and Bell Nordiq Group and their respective subsidiaries and affiliates as they were reflected in the Information provided to TD Securities. Any changes therein may affect the Valuation or the Fairness Opinion and, although TD Securities reserves the right to change or withdraw the Valuation and the Fairness Opinion in such event, it disclaims any undertaking or obligation to advise any person of any such change that may come to its attention, or update the Valuation or the Fairness Opinion after such date. In preparing the Valuation and the Fairness Opinion, TD Securities was not authorized to solicit, and did not solicit, interest from any other party with respect to the acquisition of Common Shares or other securities of the Company, or any business combination or other extraordinary transaction involving the Company, nor did TD Securities negotiate with any other party in connection with any such transaction involving the Company.

The preparation of a valuation or a fairness opinion is a complex process and is not necessarily amenable to partial analysis or summary description. TD Securities believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create an incomplete view of the process underlying the Valuation or the Fairness Opinion. Accordingly, this Valuation and Fairness Opinion should be read in their entirety.

**OVERVIEW OF ALIANT**

Aliant operates through two segments, telecommunications and information technology. Through its telecommunications segment Aliant provides wireline and wireless communications services, Internet
access, data services and video services to residential and business customers, principally in Atlantic Canada. Through its information technology segment Aliant provides IT services such as systems integration, software engineering, application development and maintenance, infrastructure managed services and other IT consulting services. The information technology segment generates fulfillment revenue through the sale of computer hardware and peripherals and packaged software. Aliant employs approximately 8,400 people. A summary of the services provided by Aliant is presented in the following table:

<table>
<thead>
<tr>
<th>Service</th>
<th>Description of Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Service</td>
<td>Network access service, enhanced service features, data access</td>
</tr>
<tr>
<td>Long Distance</td>
<td>Toll service, data network service, long distance terminating</td>
</tr>
<tr>
<td>Mobility</td>
<td>Cellular, paging and mobile services; text and video messaging; wireless data</td>
</tr>
<tr>
<td>Internet</td>
<td>High-speed and dial-up Internet access, Internet security services</td>
</tr>
<tr>
<td>Other</td>
<td>Telephone directory advertising, product sale, e-learning and new revenue services such as network management and e-Commerce</td>
</tr>
<tr>
<td>Information Technology</td>
<td>Systems integration, software engineering, infrastructure services, information technology consulting</td>
</tr>
</tbody>
</table>

As at February 17, 2006, Aliant had 127,195,112 Common Shares outstanding.
Common Share Trading Information

The Common Shares are listed on the Toronto Stock Exchange (the “TSX”) under the symbol AIT. The following table sets forth, for the periods indicated, the high and low closing prices quoted on the TSX and the volume traded on the TSX:

<table>
<thead>
<tr>
<th>Period</th>
<th>High</th>
<th>Low</th>
<th>Volume (000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>February, 2005</td>
<td>29.11</td>
<td>27.57</td>
<td>2,179</td>
</tr>
<tr>
<td>March, 2005</td>
<td>29.24</td>
<td>28.51</td>
<td>2,015</td>
</tr>
<tr>
<td>April, 2005</td>
<td>28.90</td>
<td>26.17</td>
<td>1,628</td>
</tr>
<tr>
<td>May, 2005</td>
<td>27.24</td>
<td>26.52</td>
<td>1,791</td>
</tr>
<tr>
<td>June, 2005</td>
<td>27.75</td>
<td>26.40</td>
<td>2,378</td>
</tr>
<tr>
<td>July, 2005</td>
<td>27.49</td>
<td>26.50</td>
<td>1,716</td>
</tr>
<tr>
<td>August, 2005</td>
<td>27.67</td>
<td>26.70</td>
<td>1,829</td>
</tr>
<tr>
<td>September, 2005</td>
<td>29.63</td>
<td>27.28</td>
<td>3,389</td>
</tr>
<tr>
<td>October, 2005</td>
<td>28.62</td>
<td>26.08</td>
<td>2,177</td>
</tr>
<tr>
<td>November, 2005</td>
<td>29.48</td>
<td>27.32</td>
<td>3,900</td>
</tr>
<tr>
<td>December, 2005</td>
<td>30.96</td>
<td>28.76</td>
<td>6,849</td>
</tr>
<tr>
<td>January, 2006</td>
<td>30.53</td>
<td>28.26</td>
<td>3,726</td>
</tr>
<tr>
<td>February 1, 2006 to 24, 2006</td>
<td>29.24</td>
<td>27.51</td>
<td>2,370</td>
</tr>
<tr>
<td>February 1, 2005 to 24, 2006</td>
<td>30.96</td>
<td>26.08</td>
<td>35,947</td>
</tr>
</tbody>
</table>

Source: Bloomberg.

The closing price of the Common Shares on the TSX on February 24, 2006, the last trading day prior to the delivery of the Valuation, was $27.51.

OVERVIEW OF WIRELINE

Pursuant to the Transaction, Aliant will divest Mobility to BCE and retain its interest in its remaining businesses including local service, long distance, Internet access, data services and other. Aliant will also retain its information technology businesses including IT services and fulfillment. In addition, Aliant will enter into a wireless resale agreement with BCE allowing Aliant to bundle wireless communications services with its wireline service offerings. Aliant pro forma for the sale of Mobility is referred to herein as “Wireline”. At December 31, 2005, Wireline had 1,459,432 network access service subscribers.

OVERVIEW OF MOBILITY

Mobility provides cellular, paging and mobile services; text and video messaging; and wireless data services to approximately 715,500 customers throughout the provinces of Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland & Labrador over an integrated analog and digital wireless network. Mobility is Canada’s fourth largest wireless communications provider and its digital network covers approximately 90% of Atlantic Canada’s population. Through DownEast Ltd., Mobility is one of Atlantic Canada’s leading retailers of communication solutions with 51 retail locations in Nova Scotia, Newfoundland & Labrador and New Brunswick.

OVERVIEW OF COMMUNICATIONS

Communications is Canada’s third largest incumbent local exchange carrier and is a wholly-owned indirect subsidiary of BCE. Communications offers a full suite of telecommunications services to residential and business customers in regional and rural areas located in Ontario and Québec. Communications provides local and access services to approximately 1.6 million local telephone lines, as well as long-distance, Internet and data services, on its state-of-the-art telecommunications infrastructure. Communications will act as an agent for the distribution of Bell Mobility™ and ExpressVu™ services provided by BCE, and will have the ability to bundle these services with its own products.
Communications will retain small-medium business ("SMB") and enterprise customers with headquarters located within its operating region. At December 31, 2005, Communications currently serviced 1,654,291 network access lines including approximately 1.2 million residential, 66,000 SMB customers and less than 50 enterprise customers.

**OVERVIEW OF BELL NORDIQ GROUP**

The Bell Nordiq Group is a holding company whose primary assets comprise 63.4% indirect interests in Télébec and NorthernTel. Télébec provides integrated telecommunications solutions to customers in 300 municipalities across Québec. Télébec’s territory spans 750,000 square kilometers and extends as far north as James Bay, south to Venice-en-Québec near the United States border, West to Shawville in the Outaouais, and east to the Magdalen Islands. NorthernTel provides integrated telecommunications solutions to customers across northeastern Ontario. NorthernTel’s service territory spans more than 83,000 square kilometers and stretches from Calstock to Latchford and from Virginiatown to Timmins. Together, Télébec and NorthernTel provide local and access services to approximately 252,000 local telephone lines, dial-up and high-speed Internet services to approximately 60,000 Internet subscribers and wireless voice services to approximately 68,000 wireless subscribers.

Given that Bell Nordiq holds an indirect 36.6% interest in each of Télébec and NorthernTel, and TD Securities understands that, at closing of the Transaction, Bell Nordiq Group will exclude any material liabilities or ongoing expenses other than those associated with Télébec and NorthernTel, TD Securities considered the historical trading of the units of Bell Nordiq to be relevant in its analysis of Bell Nordiq Group.

As at December 31, 2005, Bell Nordiq had 32,699,669 units outstanding.
**Bell Nordiq Trading Information**

The units of Bell Nordiq are listed on the TSX under the symbol BNQ.UN. The following table sets forth, for the periods indicated, the high and low closing prices quoted on the TSX and the volume traded on the TSX:

<table>
<thead>
<tr>
<th>Period</th>
<th>TSX Closing Prices ($)</th>
<th>Volume (000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>February, 2005</td>
<td>16.80</td>
<td>15.95</td>
</tr>
<tr>
<td>March, 2005</td>
<td>17.47</td>
<td>15.81</td>
</tr>
<tr>
<td>April, 2005</td>
<td>16.92</td>
<td>16.00</td>
</tr>
<tr>
<td>May, 2005</td>
<td>17.52</td>
<td>16.73</td>
</tr>
<tr>
<td>June, 2005</td>
<td>18.35</td>
<td>17.12</td>
</tr>
<tr>
<td>July, 2005</td>
<td>19.47</td>
<td>18.00</td>
</tr>
<tr>
<td>August, 2005</td>
<td>18.95</td>
<td>17.93</td>
</tr>
<tr>
<td>September, 2005</td>
<td>19.15</td>
<td>16.36</td>
</tr>
<tr>
<td>October, 2005</td>
<td>17.70</td>
<td>15.20</td>
</tr>
<tr>
<td>November, 2005</td>
<td>18.50</td>
<td>14.95</td>
</tr>
<tr>
<td>December, 2005</td>
<td>19.42</td>
<td>17.35</td>
</tr>
<tr>
<td>January, 2006</td>
<td>19.00</td>
<td>17.25</td>
</tr>
<tr>
<td>February 1, 2006 to February 24, 2006</td>
<td>17.74</td>
<td>16.45</td>
</tr>
<tr>
<td>February 1, 2005 to February 24, 2006</td>
<td>19.47</td>
<td>14.95</td>
</tr>
</tbody>
</table>

Source: Bloomberg.

The closing price of the units of Bell Nordiq on the TSX on February 24, 2006, the last trading day prior to the delivery of the Valuation, was $17.30.

**DEFINITION OF FAIR MARKET VALUE**

For purposes of the Valuation, fair market value is defined as the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay a prudent and informed seller, each acting at arm’s length with the other and under no compulsion to act. TD Securities has made no downward adjustment to the fair market value of Communications, Bell Nordiq Group, New Aliant, or Mobility (the “Non-cash Assets”) to reflect the liquidity of the Non-cash Assets, the effect of the Transaction on the Non-cash Assets, or the fact that the Common Shares held by the Minority Shareholders do not form part of a controlling interest.

While TD Securities was not directed to conduct a formal valuation (as defined in the Policies) of Wireline, TD Securities has conducted an analysis of Wireline for the purposes of the Fairness Opinion. TD Securities has presented the analysis of Wireline within the valuation portion of this letter given the significance of Wireline to New Aliant and to aid in the comparison of Wireline to Communications and Bell Nordiq Group. TD Securities has not conducted a formal valuation (as defined in the Policies) of Wireline.
APPRAOCH TO VALUE

The Valuation is based upon techniques and assumptions that TD Securities considers appropriate in the circumstances for the purposes of arriving at an opinion as to the range of fair market value of the Non-cash Assets involved in the Transaction. Fair market value of the Non-cash Assets involved in the Transaction was analyzed on a going-concern basis.

VALUATION OF WIRELINE, COMMUNICATIONS, NEW ALIANT AND BELL NORDIQ GROUP

Valuation Methodologies

In determining the fair market value of Wireline, Communications, New Aliant and Bell Nordiq Group, TD Securities relied primarily upon the following two valuation methodologies:

1. income trust trading analysis; and
2. discounted cash flow (“DCF”) analysis.

In preparing the valuation of Wireline, Communications, New Aliant and Bell Nordiq Group, TD Securities also reviewed the multiples implied by precedent transactions within the telecommunications industry that it considered relevant to determine whether a precedent transaction analysis might imply values which exceed values determined by the income trust trading analysis or the DCF analysis. TD Securities identified and reviewed 16 precedent acquisition transactions involving incumbent local exchange carriers in Canada and regional local exchange carriers in the United States. Based on this review, TD Securities concluded that the precedent transaction analysis implied values that were below the values determined by the income trust trading analysis and the DCF analysis. Given the forgoing, TD Securities did not rely on the precedent transaction methodology in determining the fair market value of Wireline, Communications, New Aliant or Bell Nordiq Group.

TD Securities also reviewed the market trading multiples of Aliant and selected publicly-traded companies in the telecommunications industry that it considered relevant to determine whether a public market trading analysis under a corporate legal structure might imply values which exceed values determined by the income trust trading analysis or the DCF analysis. Based on this review, TD Securities concluded that the public market trading analysis of companies under a corporate legal structure implied values that were below the values determined by the income trust trading analysis and the DCF analysis. Given the forgoing, TD Securities did not rely on the market trading multiples analysis under a corporate legal structure in determining the fair market value of Wireline, Communications, New Aliant or Bell Nordiq Group.

Income Trust Trading Analysis

Given the current market demand for quality income trust securities in Canada, TD Securities considered it appropriate to analyze the value of Wireline, Communications, New Aliant and Bell Nordiq Group under an income trust structure. TD Securities considered cash-on-cash yield to be the primary valuation metric when applying the income trust trading methodology. TD Securities also considered the multiple of enterprise value to EBITDA implied by the selected yield range to assess the reasonableness of the value implied by the income trust analysis. Given TD Securities’ view that investors value income trusts primarily on the basis of yield rather than DCF analysis, TD Securities placed greater emphasis on the income trust trading approach than on the DCF approach in determining the fair market value of the Wireline, Communications, New Aliant and Bell Nordiq Group.
Discounted Cash Flow Analysis

The DCF methodology reflects the growth prospects and risks inherent in each of the businesses of Wireline, Communications, New Aliant and Bell Nordiq Group by taking into account the amount, timing and relative certainty of projected unlevered free cash flows expected to be generated by each business. The DCF approach requires that certain assumptions be made regarding, among other things, future unlevered free cash flows, discount rates and terminal values. The possibility that some of the assumptions will prove to be inaccurate is one factor involved in the determination of the discount rates to be used in establishing a range of values. TD Securities’ DCF analysis involved discounting to a present value projected unlevered free cash flows from January 1, 2006 until December 31, 2010, including terminal values determined as at December 31, 2010. Given that the highest value alternative for Wireline, Communications, New Aliant and Bell Nordiq Group was determined to be within an income trust structure, TD Securities discounted the projected unlevered free cash flows on a pre-tax basis.

Income Trust Trading Analysis

In determining appropriate yields for Wireline, Communications, New Aliant and Bell Nordiq Group, TD Securities identified and reviewed several publicly-traded income trusts which were selected based upon relative size, market position and regulatory environment, including the trusts summarized in the table below:

<table>
<thead>
<tr>
<th>Trust Name</th>
<th>Market Cap. ($ millions)</th>
<th>EV / LTM EBITDA</th>
<th>LTM EBITDA Margin</th>
<th>Net Debt (LTM EBITDA)</th>
<th>Cash on Cash Yield</th>
<th>FY2006E Payout Ratio</th>
<th>Distr. Cash Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yellow Pages Income Fund (7)</td>
<td>8,431</td>
<td>15.3x</td>
<td>53.6%</td>
<td>2.8x</td>
<td>6.2%</td>
<td>86.8%</td>
<td>7.1%</td>
</tr>
<tr>
<td>Pembina Pipeline Income Fund</td>
<td>2,305</td>
<td>16.4x</td>
<td>59.1%</td>
<td>2.8x</td>
<td>6.4%</td>
<td>95.8%</td>
<td>6.6%</td>
</tr>
<tr>
<td>EPCOR Power LP</td>
<td>1,695</td>
<td>11.4x</td>
<td>62.1%</td>
<td>2.2x</td>
<td>7.1%</td>
<td>93.3%</td>
<td>7.6%</td>
</tr>
<tr>
<td>Bell Nordiq Income Fund</td>
<td>1,544</td>
<td>9.7x</td>
<td>49.6%</td>
<td>0.9x</td>
<td>6.6%</td>
<td>93.2%</td>
<td>7.1%</td>
</tr>
<tr>
<td>CML Healthcare Income Fund</td>
<td>1,290</td>
<td>12.4x</td>
<td>41.2%</td>
<td>1.1x</td>
<td>6.4%</td>
<td>85.3%</td>
<td>7.4%</td>
</tr>
<tr>
<td>Great Lakes Hydro Income Fund</td>
<td>917</td>
<td>14.0x</td>
<td>69.9%</td>
<td>5.4x</td>
<td>6.5%</td>
<td>104.3%</td>
<td>6.3%</td>
</tr>
<tr>
<td>The Consumers’ Waterheater IF</td>
<td>792</td>
<td>9.6x</td>
<td>87.9%</td>
<td>3.6x</td>
<td>7.2%</td>
<td>88.1%</td>
<td>8.2%</td>
</tr>
<tr>
<td>UE Waterheater Income Fund (8)</td>
<td>736</td>
<td>8.6x</td>
<td>46.9%</td>
<td>3.2x</td>
<td>6.4%</td>
<td>99.3%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Innergex Power Income Fund (9)</td>
<td>338</td>
<td>16.7x</td>
<td>78.5%</td>
<td>3.8x</td>
<td>7.0%</td>
<td>96.5%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Amtelecom Income Fund (10)</td>
<td>82</td>
<td>7.1x</td>
<td>51.1%</td>
<td>2.3x</td>
<td>8.7%</td>
<td>92.0%</td>
<td>9.5%</td>
</tr>
</tbody>
</table>

| Mean                                    | 12.1x                    | 60.0%           | 2.8x              | 6.8%                  | 93.4%             | 7.4%                |
| Mean (Excluding High/Low)               | 12.2x                    | 58.8%           | 2.7x              | 6.7%                  | 93.1%             | 7.2%                |

(1) Unit prices as of February 24, 2006, the last trading day before the date of this letter.
(2) EBITDA is net of pension expense.
(3) Net debt excludes the money convertible debentures.
(4) Current announced distribution annualized.
(5) Based on consensus estimates for distributable cash flow per unit.
(6) Cash yield divided by 2006E payout ratio.
(7) Pro forma ADS and Trader acquisitions.
(8) Pro forma Protectron Holdings acquisition.
(9) Pro forma Rutherford Creek power station acquisition.
(10) Pro forma People's Communications acquisition.

The process of analyzing yields implied by publicly-traded income trusts and applying these yields to each of Wireline, Communications, New Aliant and Bell Nordiq Group involves certain judgments concerning the financial and operating characteristics of the publicly-traded trusts relative to the business being valued. Given differences in the business mix, operational profile, growth prospects and risks inherent in the comparable publicly-traded income trusts identified, TD Securities did not consider any
specific income trust to be directly comparable to Wireline, Communications, or New Aliant. However, TD Securities made the following observations:

1. TD Securities considered Bell Nordiq to be directly comparable to Bell Nordiq Group given that Bell Nordiq holds an indirect 36.6% interest in each of Télébec and NorthernTel, and TD Securities understands that, at closing of the Transaction, Bell Nordiq Group will exclude any material liabilities or ongoing expenses other than those associated with Télébec and NorthernTel.

2. Based upon revenue mix, operational profile, historical and forecast financial performance, TD Securities considered Bell Nordiq to be most comparable to Wireline, Communications, New Aliant and Bell Nordiq Group. Bell Nordiq closed at a unit price implying a yield of 6.6% and a multiple of last-twelve months (“LTM”) EBITDA of 9.7x on the last trading day prior to the date of the Valuation and the Fairness Opinion. In the twelve month period before the date of this letter Bell Nordiq traded at a price implying a yield that ranged from a low of 5.5% and a high of 7.2%, and had a mean of 6.2%. The EBITDA multiples implied by the trading of Bell Nordiq over the same twelve month period ranged from a low of 8.4x to a high of 10.9x, and had a mean of 9.8x. TD Securities considered the impact of the federal government announcements regarding the taxation of income trusts and speculation regarding the potential acquisition of ThunderBay Telecom on the unit price of Bell Nordiq. TD Securities also noted that Bell Nordiq had lower leverage at 0.9x net debt to normalized EBITDA relative to Wireline, Communications and New Aliant at approximately 2.0x net debt (before pension reserves) to normalized EBITDA.

3. Relative to Wireline, Communications and New Aliant, Bell Nordiq: i) generally operates in regions subject to less competition; ii) has greater exposure to higher growth services including wireless and cable; iii) has an established track record of strong performance as an income trust; iv) has lower financial leverage; v) has a relatively smaller float; vi) lacks significant opportunities for growth through acquisition, and relative to New Aliant, lacks integration risk associated with a relatively large transaction. In addition, Communications and New Aliant have the opportunity to realize the benefits associated with a focused management team in much the same way that Bell Nordiq did following its initial public offering.

4. Although Wireline generally operates in regions subject to greater competition from cable companies relative to Communications, its financial and operating results already reflect the loss of a significant number of access lines where Communications has yet to face meaningful competition from the cable companies. TD Securities also noted that Wireline has greater exposure to higher growth revenue services through Innovatia and xwave and lower exposure to long distance revenues relative to Communications.

Based upon the forgoing, TD Securities concluded that Wireline, Communications and New Aliant should be valued at a higher range of yields than those implied by the historical Bell Nordiq unit price. TD Securities also concluded that investors in the income trust market would value Wireline, Communications and New Aliant within the same range of yields. TD Securities believes that for the purposes of the income trust trading analysis the appropriate yield for Wireline, Communications and New Aliant is in the range of 6.75% to 7.75%. TD Securities selected a payout ratio of 90% of distributable cash flow, consistent with the average of the selected peer group and representative of a higher level of competition relative to Bell Nordiq.

Based upon the forgoing, TD Securities concluded that for the purposes of the income trust trading analysis the appropriate yield for Bell Nordiq Group is in the range of 6.00% to 7.00%. TD Securities selected a payout ratio of 94.5% of distributable cash flow and leverage of 0.9x LTM EBITDA, consistent with the actual payout ratio and leverage of Bell Nordiq.

**Income Trust Trading Analysis Summary**
The following table provides a summary of the value of each of Wireline, Communications, New Aliant and Bell Nordiq Group resulting from the income trust trading analysis:

<table>
<thead>
<tr>
<th>($) millions</th>
<th>Wireline</th>
<th>Communications</th>
<th>Bell Nordiq</th>
<th>New Aliant (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normalized EBITDA (2)</td>
<td>618.2</td>
<td>637.0</td>
<td>176.0</td>
<td>1,255.2</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>(96.5)</td>
<td>(67.7)</td>
<td>(14.5)</td>
<td>(165.4)</td>
</tr>
<tr>
<td>Maintenance Capital Exp (3)</td>
<td>(294.1)</td>
<td>(163.2)</td>
<td>(53.6)</td>
<td>(457.3)</td>
</tr>
<tr>
<td>Annual Cash Taxes (LCT)</td>
<td>0.0</td>
<td>(2.8)</td>
<td>0.0</td>
<td>(6.4)</td>
</tr>
<tr>
<td>Other Cash Charges</td>
<td>0.0</td>
<td>0.0</td>
<td>0.2</td>
<td>0.0</td>
</tr>
<tr>
<td>Available Distributable Income</td>
<td>227.6</td>
<td>403.3</td>
<td>107.7</td>
<td>626.2</td>
</tr>
<tr>
<td>Payout Ratio</td>
<td>90.0%</td>
<td>90.0%</td>
<td>94.5%</td>
<td>90.0%</td>
</tr>
<tr>
<td>Distributable Income</td>
<td>204.9</td>
<td>363.0</td>
<td>101.8</td>
<td>563.6</td>
</tr>
<tr>
<td>BNQ Distributable Inc. (63.4%)</td>
<td>64.5</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) New Aliant will incur certain costs that differ from those contained in the historical financial statements of Aliant, Bell Nordiq Group and Communications. New Aliant’s Enterprise Value includes 100% of Bell Nordiq. New Aliant assumed to increase accounts receivable securitization by $60 million versus that incurred at Wireline.

(2) Adjusted for non-recurring items and Pension and Other Post Employment Benefits on a cash basis. Wireline EBITDA includes $2.7 million to reflect a normalized level of services to be provided to Wireless by Wireline upon completion of the Transaction and proportionately consolidates Wireline’s interest in Atlantic Mobility Products Ltd. (“AMP”).

(3) Wireline capital expenditures reduced by $12.0 million to reflect Aliant management’s estimate of the annual level of maintenance capital expenditures required under a trust structure.

(4) Includes accounts receivable securitization for Wireline and New Aliant.

The table below provides the selected enterprise value range and equity value range of each of Wireline, Communications, New Aliant and Bell Nordiq Group as of February 27, 2006 resulting from the income trust trading analysis:

<table>
<thead>
<tr>
<th>($) millions</th>
<th>Enterprise Value</th>
<th>Equity Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Wireline</td>
<td>4,514.6</td>
<td>4,906.2</td>
</tr>
<tr>
<td>Communications</td>
<td>5,962.8</td>
<td>6,656.8</td>
</tr>
<tr>
<td>Bell Nordiq Group (1)</td>
<td>1,615.6</td>
<td>1,857.9</td>
</tr>
<tr>
<td>New Aliant (2)</td>
<td>11,948.7</td>
<td>13,238.1</td>
</tr>
</tbody>
</table>

(1) Represents 100% of enterprise value and 63.4% of equity value of Bell Nordiq.

(2) Includes 100% of enterprise value and 63.4% of equity value of Bell Nordiq.
Discounted Cash Flow Analysis

Wireline Base Case Forecast

As a basis for the development of the projected future unlevered pre-tax free cash flows for Wireline, TD Securities reviewed the fiscal 2006 to 2010 forecast for Wireline prepared by Aliant management (the “Wireline Management Forecast”) and relevant underlying assumptions, including but not limited to, segmented revenue growth and operating margins, local access lines, average revenue per access line, Internet subscribers, and capital expenditures. These assumptions were reviewed in comparison to industry research reports, forecasts by equity research analysts and other sources considered relevant including detailed discussions with the senior management of Aliant and the management forecasts for Communications and Bell Nordiq Group. From this review, TD Securities developed its own base case forecast for the five-year period starting January 1, 2006 and ending December 31, 2010 (the “Wireline Base Case Forecast”). The Wireline Base Case Forecast was formed independently with the benefit of TD Securities’ understanding of the assumptions behind the Wireline Management Forecast. The following is a summary of the Wireline Base Case Forecast and certain key assumptions:

<table>
<thead>
<tr>
<th>Financial Projections ($ millions)</th>
<th>Year Ended December 31 (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>1,659.8 1,678.0 1,723.0 1,768.6 1,816.9</td>
</tr>
<tr>
<td>EBITDA (2)</td>
<td>613.5 601.8 608.9 619.1 629.2</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>37.0% 35.9% 35.3% 35.0% 34.6%</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>302.9 287.7 289.5 296.2 285.0</td>
</tr>
<tr>
<td>Capital Intensity</td>
<td>18.2% 17.1% 16.8% 16.7% 15.7%</td>
</tr>
</tbody>
</table>

(1) Interest in AMP included on a proportionately consolidated basis.
(2) Adjusted for Pension and Other Post-Employment Benefit Costs on a cash basis.

Local Access Revenue

The Wireline Base Case Forecast reflects the assumption that local access revenue is anticipated to decline at a compound annual growth rate of approximately 4% between 2005 and 2010. The decline in local access revenue is partially driven by anticipated continued local access line losses due to competition from cable telephony and wireless substitution. Aliant management estimates that approximately 48% of its residential local access customers are unlikely to face cable competition in the near future. TD Securities noted that Wireline’s operating region is generally recognized as one of the most competitive local telephone markets in Canada as a result of local telephone service competition from EastLink, the local cable service provider in Nova Scotia and Prince Edward Island. TD Securities also noted that since EastLink launched local access service in Halifax in the late fall of 1999, Aliant’s market share of residential local access lines in Halifax has decreased to approximately 70%, implying a compound annual growth rate of approximately negative 7%. Under the Wireline Base Case Forecast residential network access lines are forecast to decline at a compound annual growth rate of approximately 6% between 2005 and 2008. Wireline management attributes a portion of the forecast continued decline in access lines to the anticipated launch of telephone services by Rogers Communications Inc. in its cable service areas in New Brunswick and Newfoundland. Wireline management anticipates increased penetration of value-added services from approximately 68% at the end of 2005 to between 75% and 80% will partially offset the impact of the declining access lines on revenue growth going forward.
Long Distance Revenue

Under the Wireline Base Case Forecast, long distance revenue is forecast to decline at a compound annual growth rate of approximately 11% between 2005 and 2010. The decline in long distance revenue under the Wireline Base Case Forecast is attributable to the forecast decline in access lines and limited continued pricing pressure going forward, including the influence of bundling of long distance plans on revenue per minute statistics.

Internet & Data Revenue

Internet and data revenue under the Wireline Base Case Forecast is anticipated to increase at a compound annual growth rate of approximately 6% between 2005 and 2010. Internet and data revenue is forecast to grow under the Wireline Base Case forecast as Wireline’s high-speed Internet footprint is increased from approximately 82% of homes in Atlantic Canada currently to between 90% and 95% by the end of the forecast period, and the penetration of personal computers in Atlantic Canada increases to levels more in line with the Canadian average.

Capital Expenditures

The Wireline Base Case Forecast assumes that capital expenditures as a percentage of revenue (capital intensity) will decline from approximately 18% in 2005 to approximately 16% in 2010 and average approximately 17% throughout the forecast period. Capital intensity under the Wireline Base Case Forecast is anticipated to decline as growth capital expenditures are reduced following the roll-out of Internet Protocol Television.

Wireline Unlevered Pre-tax Free Cash Flow

A summary of the Wireline Base Case Forecast unlevered pre-tax free cash flow projections used for the DCF analysis is presented below:

<table>
<thead>
<tr>
<th>Year Ended December 31 (1),</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free Cash Flow ($ millions)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA (2)</td>
<td>613.5</td>
<td>601.8</td>
<td>608.9</td>
<td>619.1</td>
<td>629.2</td>
</tr>
<tr>
<td>Capital Taxes</td>
<td>(7.1)</td>
<td>(5.2)</td>
<td>(2.7)</td>
<td>(0.9)</td>
<td>0.0</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>(302.9)</td>
<td>(287.7)</td>
<td>(289.5)</td>
<td>(296.2)</td>
<td>(285.0)</td>
</tr>
<tr>
<td>Changes in Non-cash Working Capital</td>
<td>(0.1)</td>
<td>1.9</td>
<td>(1.4)</td>
<td>(1.7)</td>
<td>(1.6)</td>
</tr>
<tr>
<td>Unlevered Pre-tax Free Cash Flow</td>
<td>303.5</td>
<td>310.9</td>
<td>315.2</td>
<td>320.4</td>
<td>342.5</td>
</tr>
</tbody>
</table>

(1) Interest in AMP included on a proportionately consolidated basis.
(2) Adjusted for Pension and Other Post-Employment Benefit Costs on a cash basis.

Discount Rates

Projected unlevered pre-tax free cash flows for Wireline developed from the Wireline Base Case Forecast were discounted based on the weighted average cost of capital (“WACC”). The WACC for Wireline was calculated based upon the Company’s pre-tax cost of debt and equity, weighted based upon an assumed optimal capital structure. The assumed optimal capital structure was determined based upon a review of the capital structures of comparable businesses operating under both an income trust and corporate structure in addition to the risks inherent in Wireline and the telecommunications industry. The cost of debt for Wireline was calculated based on the risk free rate of return and an appropriate borrowing spread to reflect credit risk at the assumed optimal capital structure. TD Securities used the capital asset pricing model (“CAPM”) approach to determine the appropriate cost of equity. The CAPM approach calculates the cost of equity with reference to the risk-free rate of return, the volatility of equity prices relative to a benchmark (“beta”) and the equity risk premium. TD Securities reviewed a range of unlevered betas for
Aliant and a select group of comparable companies that have risks similar to Wireline in order to select the appropriate beta for Wireline. The selected unlevered beta was levered using the assumed optimal capital structure and was then used to calculate the cost of equity.

The base assumptions used by TD Securities in estimating the WACC for Wireline were as follows:

**Cost of Debt**
- Risk Free Rate (10-Year Government of Canada Bonds) ................................................................. 4.15%
- Borrowing Spread ......................................................................................................................... 1.00%
- Tax Rate ........................................................................................................................................ 0.00%
- After-tax Cost of Debt .................................................................................................................... 5.15%

**Cost of Equity**
- Risk Free Rate (10-Year Government of Canada Bonds) ................................................................. 4.15%
- Equity Risk Premium ..................................................................................................................... 5.00%
- Unlevered Beta ............................................................................................................................. 0.50
- Levered Beta ................................................................................................................................. 0.63
- After-Tax Cost of Equity .................................................................................................................. 7.28%

**WACC**
- Optimal Capital Structure (% Debt)............................................................................................... 20.00%
- WACC ........................................................................................................................................... 6.85%

Based upon the forgoing and taking into account sensitivity analyses on the variables discussed above and the assumptions used in the Wireline Base Case Forecast, TD Securities determined the appropriate WACC for Wireline to be in the range of 6.5% to 7.5%.

**Terminal Value**

TD Securities developed terminal enterprise values at the end of the forecast period using two approaches: (i) growth rate into perpetuity of unlevered free cash flow in the terminal year and (ii) multiple of EBITDA in the terminal year.

The growth rate into perpetuity of the free cash flow methodology capitalized terminal year free cash flow at the WACC less a growth factor determined by reference to the expected free cash flow growth beyond the forecast period of 0.5% to 1.0%, per annum. In selecting this range of growth rates, TD Securities took into consideration, the growth prospects and risks for Wireline’s operations beyond the terminal year, the outlook for the wireline telecommunications industry beyond the terminal year and the outlook for long-term inflation.

The multiple of EBITDA in the terminal year methodology utilized multiples in the range of 9.5x to 10.5x EBITDA in the terminal year to calculate the enterprise value of Wireline. This range was developed based upon our analysis of the growth prospects and risks for Wireline’s operations beyond the terminal year, the outlook for the wireline telecommunications industry beyond the terminal year and EBITDA multiples implied by the historical income trust trading analysis with particular focus on Bell Nordiq.

**Wireline Discounted Cash Flow Value**

The following is a summary of the value of Wireline resulting from the DCF analysis:

<table>
<thead>
<tr>
<th>Assumptions</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>WACC</td>
<td>7.5%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Free Cash Flow Growth Rate</td>
<td>0.50%</td>
<td>1.00%</td>
</tr>
<tr>
<td>Terminal Value EBITDA Multiple</td>
<td>9.5x</td>
<td>10.5x</td>
</tr>
</tbody>
</table>

**DCF Analysis ($ millions)**

*Free Cash Flow Growth Rate Approach*
Net Present Value
Unlevered Pre-tax Free Cash Flows ........................................... 1,283.6  1,319.1
Terminal Value ................................................................. 3,425.6  4,591.1
Enterprise Value ............................................................. 4,709.1  5,910.2

EBITDA Multiple Approach
Net Present Value
Unlevered Pre-tax Free Cash Flows ........................................... 1,283.6  1,319.1
Terminal Value ................................................................. 4,163.5  4,821.9
Enterprise Value ............................................................. 5,447.1  6,141.0
Selected Enterprise Value ..................................................  5,078.1  6,025.6

Wireline Sensitivity Analysis

As part of the DCF analysis, TD Securities performed sensitivity analysis on certain key assumptions as outlined below:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Sensitivity</th>
<th>Impact on Enterprise Value (1) ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>WACC</td>
<td>+0.5%</td>
<td>-393</td>
</tr>
<tr>
<td>Free Cash Flow Growth Rate</td>
<td>-0.5%</td>
<td>+462</td>
</tr>
<tr>
<td>Annual Revenue Growth</td>
<td>+0.5%</td>
<td>+364</td>
</tr>
<tr>
<td>Terminal EBITDA Margin</td>
<td>-0.5%</td>
<td>-310</td>
</tr>
<tr>
<td>EBITDA Margin Change</td>
<td>+1.0%</td>
<td>+236</td>
</tr>
<tr>
<td>Capital Intensity Change</td>
<td>-1.0%</td>
<td>-227</td>
</tr>
<tr>
<td></td>
<td>+/-1.0%</td>
<td>+/-209</td>
</tr>
<tr>
<td></td>
<td>+/-1.0%</td>
<td>+/-279</td>
</tr>
<tr>
<td></td>
<td>+/-1.0%</td>
<td>-/+279</td>
</tr>
</tbody>
</table>

(1) Impact on enterprise value calculated using free cash flow growth rate approach, a free cash flow growth rate of 0.75% and a WACC of 7.0%.

Based upon the forgoing, TD Securities’ selected value range for Wireline using the DCF analysis was $5,078.1 million to $6,025.6 million as at February 27, 2006.

Communications Base Case Forecast

As a basis for the development of the projected future unlevered pre-tax free cash flows for Communications, TD Securities reviewed the fiscal 2006 to 2010 forecast for Communications prepared by BCE management (the “Communications Management Forecast”) and relevant underlying assumptions, including but not limited to, segmented revenue growth and operating margins, local access lines, average revenue per access line, value-added services penetration, Internet subscribers, expenses and capital expenditures. These assumptions were reviewed in comparison to industry research reports, forecasts by equity research analysts and other sources considered relevant including detailed discussions with the senior management of BCE and Aliant as well as the management forecasts for Wireline and Bell Nordiq Group. From this review, TD Securities developed its own base case forecast for the five-year period starting January 1, 2006 and ending December 31, 2010 (the “Communications Base Case Forecast”). The Communications Base Case Forecast was formed independently with the benefit of TD Securities’ understanding of the assumptions behind the Communications Management Forecast. A summary of the Communications Base Case Forecast, certain key assumptions as well as the major differences between the Communications Base Case Forecast and the Communications Management Forecast are outlined below:

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Financial Projections ($ millions)

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>1,212.7</td>
<td>1,196.0</td>
<td>1,194.1</td>
<td>1,205.9</td>
<td>1,225.4</td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>640.9</td>
<td>633.9</td>
<td>638.2</td>
<td>654.3</td>
<td>674.6</td>
<td></td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>52.9%</td>
<td>53.0%</td>
<td>53.4%</td>
<td>54.3%</td>
<td>55.1%</td>
<td></td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>163.9</td>
<td>161.7</td>
<td>161.4</td>
<td>163.0</td>
<td>165.5</td>
<td></td>
</tr>
<tr>
<td>Capital Intensity</td>
<td>13.5%</td>
<td>13.5%</td>
<td>13.5%</td>
<td>13.5%</td>
<td>13.5%</td>
<td></td>
</tr>
</tbody>
</table>

(1) Adjusted for Pension and Other Post-Employment Benefit Costs on a cash basis.

### Carve-out Methodology

Historically, financial statements had not been prepared for Communications, as it had no separate legal status or existence. TD Securities understands that BCE has prepared the historical and forecast results of Communications to reflect the impact of the proposed operating model and associated commercial agreements to be entered into between Bell Canada and New Aliant. TD Securities noted historical and forecast operating expenses of Communications include both amounts incurred within Communications’ operating region (direct product and segment specific operating expenses) and amounts incurred in centralized service centres that support Communications (indirect operating expenses). Indirect operating expenses at Communications represented over two-thirds of total Communications’ operating expenses in 2005. TD Securities also noted that a significant portion of the indirect operating expenses of Communications going forward are subject to long-term contracts with BCE structured on a cost plus basis and that New Aliant will have the ability to insource the services provided under the long-term contracts if it is able to provide such services on a more cost effective basis. Furthermore, TD Securities noted the existing strong working relationship and interdependence of Aliant and BCE provides evidence of the parties’ ability to work together on a cooperative basis.

### Local Access Revenue

Under the Communications Management Forecast, total local access revenue is anticipated to remain relatively stable between 2005 and 2010, exhibiting a compound annual growth rate of approximately 0%. This compares to a compound annual growth rate of approximately 1% between 2003 and 2005. The management forecast assumes that consumer local access revenues will decline at a compound annual growth rate of approximately 1% between 2005 and 2010 as declines in local access revenue (excluding value-added service revenue) are partially offset by growth in value-added service revenue. Growth in value-added services revenue is anticipated to result from increased penetration of value-added services, defined as the percentage of customers that have at least one value-added service feature, in Communications’ territory from 59% towards the current levels of penetration enjoyed by Aliant at approximately 68%.

The Communications Management Forecast assumes that consumer local access lines will grow at a compound annual growth rate of negative 6.5% and positive 0.8% between 2005 and 2010 in competitive and minimally competitive regions, respectively. Communications management estimates that approximately two-thirds of the residential access lines in its service territory are minimally competitive in that there is no cable, no digital cable or the number of customers per headend will not justify the deployment of voice over Internet protocol technology (“VoIP”). TD Securities noted that the forecast decline in access lines in Communications’ competitive regions was comparable to that experienced by Aliant in regions in which it faced competition from EastLink. TD Securities accepted the Communications Management Forecast assumption with respect to the forecast decline in access lines in service areas likely to face competition from VoIP. TD Securities compared the forecast growth in access lines in Communications’ minimally competitive regions with the decline forecast by the management of each of Bell Nordiq Group and Aliant over the same time period. TD Securities noted that Bell Nordiq generally operates in rural areas which are anticipated to continue to face limited local competition due to its position as a regulated monopoly in certain markets, cable service provider in certain markets and the
prohibitive cost of deploying VoIP technology in rural markets. TD Securities also noted that, although Aliant has already experienced significant access line losses, the Wireline Base Case Forecast anticipates residential network access lines will decline at a compound annual growth rate of approximately 6% between 2005 and 2008. Based upon the forgoing, TD Securities assumed no growth in consumer network access lines within Communications’ minimally competitive regions under the Communications Base Case Forecast.

**Long Distance Revenue**

Under the Communications Management Forecast, long distance revenue is forecast to decline at a compound annual growth rate of approximately 7% between 2005 and 2010. This compares to a compound annual growth rate normalized for impact of the one-time $5 LD bundle of negative 7% between 2003 and 2005. The forecast decline in long distance revenue in the Communications Management Forecast is primarily driven by the decline in average revenue per minute. To arrive at the Communications Base Case forecast, TD Securities accepted the assumptions underlying the long distance revenue included in the Communications Management Forecast as adjusted for the decreased number of consumer network access lines.

**Internet & Data Revenue**

Internet and data revenue under the Communications Management Forecast is anticipated to increase at a compound annual growth rate of approximately 9% between 2005 and 2010. This compares to a compound annual growth rate of 7% between 2003 and 2005. Communications management anticipates that Internet revenue in Communications’ operating region will continue to grow as Internet penetration increases from approximately 59%, towards the national average of approximately 78%, and as dial-up customers switch to higher priced high-speed access. TD Securities accepted the Internet and data revenue included in the Communications Management Forecast as reasonable.

**Capital Expenditures**

The Communications Management Forecast assumes that capital intensity will remain constant at approximately 14% of revenue throughout the forecast period. TD Securities noted that Communications’ capital intensity in each of 2003, 2004 and 2005 was approximately 16%, 17% and 14%, respectively. TD Securities also noted that the average capital intensity under each of the Wireline Management Forecast and the Bell Nordiq Group Management Forecast was 16% during the 2006 through 2010 forecast period. TD Securities accepted the level of capital intensity included in the Communications Management Forecast as reasonable for the years 2006 through 2010. However, TD Securities increased the capital intensity by 1.0% to 14.5% in the terminal year under the Communications Base Case Forecast to reflect TD Securities’ view that Communications would not be able to maintain a capital intensity ratio significantly below that of Wireline and Bell Nordiq Group into perpetuity.

**Communications Unlevered Pre-tax Free Cash Flow**

A summary of the Communications Base Case Forecast unlevered pre-tax free cash flow projections used for the DCF analysis is presented below:

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free Cash Flow ($ millions)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA (^{(1)(2)})</td>
<td>645.3</td>
<td>651.5</td>
<td>666.1</td>
<td>683.6</td>
<td>704.3</td>
</tr>
<tr>
<td>Capital Taxes</td>
<td>(7.7)</td>
<td>(5.9)</td>
<td>(4.5)</td>
<td>(3.6)</td>
<td>(2.8)</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>(163.9)</td>
<td>(161.7)</td>
<td>(161.4)</td>
<td>(163.0)</td>
<td>(165.5)</td>
</tr>
<tr>
<td>Changes in Non-cash Working Capital</td>
<td>(1.0)</td>
<td>(1.1)</td>
<td>(1.5)</td>
<td>(2.3)</td>
<td>(2.1)</td>
</tr>
</tbody>
</table>

F-21

Member of TD Bank Financial Group
Unlevered Pre-tax Free Cash Flow ........................................................ 472.7  482.8  498.7  514.8  533.8

(1) Adjusted for Pension and Other Post-Employment Benefit Costs on a cash basis.
(2) Includes estimated synergies.

Distinctive Material Value Accruing from the Transaction

In accordance with the Policies, TD Securities considered whether any distinctive material value would accrue to New Aliant as a result of the Transaction. TD Securities specifically addressed whether there were any material operating or financial benefits that would accrue to such a purchaser including, but not limited to enhanced revenues, cost savings and capital expenditure reductions resulting from the combination of operations.

In assessing the amount of synergies to include in the valuation of Communications, TD Securities considered the synergies that could be achieved by New Aliant or any other third-party purchaser of Communications and the amount of synergies that such acquirer might pay for in an open auction for Communications. Aliant management estimated that the potential revenue enhancement and cost savings resulting from the acquisition of Communications by New Aliant would reach approximately $59 million per annum by the end of the forecast period. For the purposes of the valuation of Communications, TD Securities assumed that a purchaser of Communications would be willing to pay for 50% of the value of these synergies in an open auction for Communications. TD Securities reflected this amount in the DCF analysis.

Discount Rates

TD Securities viewed the optimal capital structure and the risks inherent in Communications’ operations to be similar to those of Wireline. Based upon this view, TD Securities used the same methodology as discussed above under Wireline in arriving at a range of discount rates of 6.5% to 7.5% for the DCF analysis of Communications.
Terminal Value

TD Securities developed terminal enterprise values at the end of the forecast period using two approaches (i) growth rate into perpetuity of unlevered free cash flow in the terminal year and (ii) multiple of EBITDA in the terminal year.

TD Securities viewed the growth prospects and risks for Communications’ operations beyond the terminal year, the outlook for the wireline telecommunications industry beyond the terminal year and the outlook for long-term inflation to be similar to those of Wireline. Based upon this view, TD Securities used the same methodology as discussed above under Wireline in arriving at an expected free cash flow growth beyond the forecast period of 0.5% to 1.0% per annum and a multiple of EBITDA in the terminal year methodology in the range of 9.5x to 10.5x EBITDA.

Communications Discounted Cash Flow Value

The following is a summary of the value of Communications resulting from the DCF analysis:

<table>
<thead>
<tr>
<th>Assumptions</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
</tr>
<tr>
<td>WACC</td>
<td>7.5%</td>
</tr>
<tr>
<td>Free Cash Flow Growth Rate</td>
<td>0.50%</td>
</tr>
<tr>
<td>Terminal Value EBITDA Multiple</td>
<td>9.5x</td>
</tr>
</tbody>
</table>

**DCF Analysis ($ millions)**

**Free Cash Flow Growth Rate Approach**

<table>
<thead>
<tr>
<th>Net Present Value</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlevered Pre-tax Free Cash Flows</td>
<td></td>
</tr>
<tr>
<td>Terminal Value</td>
<td></td>
</tr>
<tr>
<td>Enterprise Value</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>2,016.3</td>
<td>2,072.2</td>
</tr>
<tr>
<td>5,216.1</td>
<td>6,990.9</td>
</tr>
</tbody>
</table>

**EBITDA Multiple Approach**

<table>
<thead>
<tr>
<th>Net Present Value</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlevered Pre-tax Free Cash Flows</td>
<td></td>
</tr>
<tr>
<td>Terminal Value</td>
<td></td>
</tr>
<tr>
<td>Enterprise Value</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>4,660.5</td>
<td>5,397.5</td>
</tr>
<tr>
<td>6,676.7</td>
<td>7,469.6</td>
</tr>
</tbody>
</table>

Selected Enterprise Value

| Low                                                       | High     |
| 6,954.6                                                   | 8,266.3  |

Communications Sensitivity Analysis

As part of the DCF analysis, TD Securities performed sensitivity analysis on certain key assumptions as outlined below:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Sensitivity</th>
<th>Impact on Enterprise Value ($) (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>WACC</td>
<td>+0.5%</td>
<td>-600</td>
</tr>
<tr>
<td></td>
<td>-0.5%</td>
<td>+704</td>
</tr>
<tr>
<td>Free Cash Flow Growth Rate</td>
<td>+0.5%</td>
<td>+554</td>
</tr>
<tr>
<td></td>
<td>-0.5%</td>
<td>-472</td>
</tr>
<tr>
<td>Annual Revenue Growth</td>
<td>+1.0%</td>
<td>+356</td>
</tr>
<tr>
<td></td>
<td>-1.0%</td>
<td>-343</td>
</tr>
<tr>
<td>Terminal EBITDA Margin</td>
<td>+/-1.0%</td>
<td>+/-143</td>
</tr>
<tr>
<td>EBITDA Margin Change</td>
<td>+/-1.0%</td>
<td>+/-193</td>
</tr>
<tr>
<td>Capital Intensity Change</td>
<td>+/-1.0%</td>
<td>+/-190</td>
</tr>
</tbody>
</table>

(1) Impact on enterprise value calculated using free cash flow growth rate approach, a free cash flow growth rate of 0.75% and a WACC of 7.0%.
Based upon the forgoing, TD Securities’ selected value range for Communications using the DCF analysis was $6,954.6 million to $8,266.3 million as at February 27, 2006.

**New Aliant Base Case Forecast**

Aliant Management developed a forecast for New Aliant (excluding Bell Nordiq Group) for the five-year period starting January 1, 2006 and ending December 31, 2010 (the “New Aliant Management Forecast”) based upon the combination of the Wireline Management Forecast and the Communications Management Forecast adjusted for anticipated net synergies. TD Securities reviewed the New Aliant Management Forecast and developed the New Aliant Base Case Forecast (excluding Bell Nordiq Group) for the five-year period starting January 1, 2006 and ending December 31, 2010 based on the combination of the Wireline Base Case Forecast and the Communications Base Case Forecast. The New Aliant Base Case Forecast was formed independently with the benefit of TD Securities’ understanding of the assumptions behind the New Aliant Management Forecast. The assumptions underlying the New Aliant Base Case Forecast are detailed above under the headings Wireline Base Case Forecast and Communications Base Case Forecast.

The following is a summary of the New Aliant Base Case Forecast:

<table>
<thead>
<tr>
<th>Financial Projections ($ millions)</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>2,884.9</td>
<td>2,904.7</td>
<td>2,948.3</td>
<td>3,000.3</td>
<td>3,069.1</td>
</tr>
<tr>
<td>EBITDA (1)(2)</td>
<td>1,259.0</td>
<td>1,267.4</td>
<td>1,300.0</td>
<td>1,330.0</td>
<td>1,361.9</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>43.6%</td>
<td>43.6%</td>
<td>44.1%</td>
<td>44.3%</td>
<td>44.4%</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>466.8</td>
<td>449.4</td>
<td>450.9</td>
<td>459.2</td>
<td>450.6</td>
</tr>
<tr>
<td>Capital Intensity</td>
<td>16.2%</td>
<td>15.5%</td>
<td>15.3%</td>
<td>15.3%</td>
<td>14.7%</td>
</tr>
</tbody>
</table>

(1) Adjusted for Pension and Other Post-Employment Benefit Costs on a cash basis.
(2) Includes estimated synergies.

**New Aliant Unlevered Pre-tax Free Cash Flow**

A summary of the New Aliant Base Case Forecast unlevered pre-tax free cash flow projections used for the DCF analysis is presented below:

<table>
<thead>
<tr>
<th>Free Cash Flow ($ millions)</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA (1)(2)</td>
<td>1,259.0</td>
<td>1,267.4</td>
<td>1,300.0</td>
<td>1,330.0</td>
<td>1,361.9</td>
</tr>
<tr>
<td>Capital Taxes</td>
<td>(27.0)</td>
<td>(21.6)</td>
<td>(14.7)</td>
<td>(9.4)</td>
<td>(6.2)</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>(466.8)</td>
<td>(449.4)</td>
<td>(450.9)</td>
<td>(459.2)</td>
<td>(450.6)</td>
</tr>
<tr>
<td>Changes in Non-cash Working Capital</td>
<td>0.5</td>
<td>(0.7)</td>
<td>(2.6)</td>
<td>(1.0)</td>
<td>0.1</td>
</tr>
<tr>
<td>Unlevered Pre-tax Free Cash Flow</td>
<td>765.7</td>
<td>795.7</td>
<td>831.8</td>
<td>860.5</td>
<td>905.2</td>
</tr>
</tbody>
</table>

(1) Adjusted for Pension and Other Post-Employment Benefit Costs on a cash basis.
(2) Includes estimated synergies.

**Distinctive Material Value Accruing from the Transaction**

In assessing the amount of synergies to include in the valuation of New Aliant, TD Securities included 100% of the net synergies estimated by Aliant management upon the combination of Wireline and Communications as BCE will remain a significant unitholder in the units of New Aliant.
Discount Rates

TD Securities viewed the optimal capital structure and the risks inherent in New Aliant’s operations to be similar to those of Wireline and Communications. Based upon this view, TD Securities used the same methodology as discussed above under Wireline in arriving at a range of discounts rates 6.5% to 7.5% for our DCF analysis of New Aliant.

Terminal Value

TD Securities developed terminal enterprise values at the end of the forecast period using two approaches (i) growth rate into perpetuity of unlevered free cash flow in the terminal year and (ii) multiple of EBITDA in the terminal year.

TD Securities viewed the growth prospects and risks for New Aliant’s operations beyond the terminal year, the outlook for the wireline telecommunications industry beyond the terminal year and the outlook for long-term inflation to be similar to those of Wireline and Communications. Based upon this view, TD Securities used the same methodology as discussed above under Wireline in arriving at an expected free cash flow growth rate beyond the forecast period of 0.5% to 1.0%, per annum and a multiple of EBITDA in the terminal year methodology in the range of 9.5x to 10.5x EBITDA in the terminal year.

New Aliant Discounted Cash Flow Value

The following is a summary of the value of New Aliant (excluding Bell Nordiq Group) resulting from the DCF analysis:

<table>
<thead>
<tr>
<th>Assumptions</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>WACC ..................................................</td>
<td>7.5%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Free Cash Flow Growth Rate ..........................</td>
<td>0.50%</td>
<td>1.00%</td>
</tr>
<tr>
<td>Terminal Value EBITDA Multiple ..................</td>
<td>9.5x</td>
<td>10.5x</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DCF Analysis ($ millions)</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free Cash Flow Growth Rate Approach</td>
<td></td>
</tr>
<tr>
<td>Net Present Value</td>
<td></td>
</tr>
<tr>
<td>Unlevered Pre-tax Free Cash Flows</td>
<td>3,345.2</td>
</tr>
<tr>
<td>Terminal Value</td>
<td>8,929.9</td>
</tr>
<tr>
<td>Enterprise Value</td>
<td>12,275.1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EBITDA Multiple Approach</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Present Value</td>
<td></td>
</tr>
<tr>
<td>Unlevered Pre-tax Free Cash Flows</td>
<td>3,345.2</td>
</tr>
<tr>
<td>Terminal Value</td>
<td>9,012.2</td>
</tr>
<tr>
<td>Enterprise Value</td>
<td>12,357.4</td>
</tr>
<tr>
<td>Selected Enterprise Value</td>
<td>12,316.2</td>
</tr>
</tbody>
</table>
New Aliant Sensitivity Analysis

As part of the DCF analysis, TD Securities performed sensitivity analysis on certain key assumptions as outlined below:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Sensitivity</th>
<th>Impact on Enterprise Value (1) ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>WACC</td>
<td>+0.5%</td>
<td>-1,025</td>
</tr>
<tr>
<td></td>
<td>-0.5%</td>
<td>+1,204</td>
</tr>
<tr>
<td>Free Cash Flow Growth Rate</td>
<td>+0.5%</td>
<td>+948</td>
</tr>
<tr>
<td></td>
<td>-0.5%</td>
<td>-807</td>
</tr>
<tr>
<td>Annual Revenue Growth</td>
<td>+1.0%</td>
<td>+673</td>
</tr>
<tr>
<td></td>
<td>-1.0%</td>
<td>-649</td>
</tr>
<tr>
<td>Terminal EBITDA Margin</td>
<td>+/-1.0%</td>
<td>+/-355</td>
</tr>
<tr>
<td>EBITDA Margin Change</td>
<td>+/-1.0%</td>
<td>+/-477</td>
</tr>
<tr>
<td>Capital Intensity Change</td>
<td>+/-1.0%</td>
<td>+/-477</td>
</tr>
</tbody>
</table>

(1) Impact on enterprise value calculated using free cash flow growth rate approach, a free cash flow growth rate of 0.75% and a WACC of 7.0%.

Based upon the foregoing, TD Securities’ selected value range for New Aliant (excluding Bell Nordiq Group) using the DCF analysis was $12,316.2 million to $14,641.4 million as at February 27, 2006.

Bell Nordiq Group Base Case Forecast

As a basis for the development of the projected future unlevered pre-tax free cash flows for Bell Nordiq Group, TD Securities reviewed the fiscal 2006 to 2010 forecast for Bell Nordiq Group prepared by the management of Bell Nordiq Group and adjusted by the management of Aliant (the “Bell Nordiq Group Management Forecast”) and relevant underlying assumptions, including but not limited to, segmented revenue growth and operating margins, local access lines and capital expenditures. These assumptions were reviewed in comparison to industry research reports, forecasts by equity research analysts and other sources considered relevant including detailed discussions with the senior management of Aliant as well as the management forecasts for Wireline and Communications. From this review, TD Securities developed its own base case forecast for the five-year period starting January 1, 2006 and ending December 31, 2010 (the “Bell Nordiq Group Base Case Forecast”). The Bell Nordiq Group Base Case Forecast was formed independently with the benefit of TD Securities’ understanding of the assumptions behind the Bell Nordiq Group Management Forecast.

As Bell Nordiq is not a direct participant in the Transaction, the Bell Nordiq Group Management Forecast was provided to TD Securities on the condition that the forecast and its assumptions would not be publicly disclosed in the Valuation or the Fairness Opinion. As there are no material differences between the Bell Nordiq Group Management Forecast and the Bell Nordiq Group Base Case forecast developed by TD Securities, TD Securities has been directed by the Independent Committee not to disclose the Bell Nordiq Group Base Case Forecast and the unlevered pre-tax cash flow used in the Bell Nordiq Group DCF analysis.

Benefits to a Purchaser of Acquiring 100% of Bell Nordiq Group

TD Securities reviewed and considered whether any distinctive material value would accrue to New Aliant or any other purchaser of Bell Nordiq Group through the acquisition of 100% of Bell Nordiq Group. TD Securities specifically addressed whether there were any material operating or financial benefits that would accrue to such a purchaser including, but not limited to enhanced revenues, cost savings and capital expenditure reductions resulting from the combination of operations.

In assessing the amount of synergies to include in the valuation of Bell Nordiq Group, TD Securities considered the synergies that could be achieved by New Aliant or any other third-party purchaser of Bell
Nordiq Group and the amount of synergies that such acquirer might pay for in an open auction for Bell Nordiq Group. Aliant management estimated that the potential revenue enhancement, cost savings and capital expenditure reductions resulting from the acquisition of Bell Nordiq Group by New Aliant would be approximately $7.0 million per annum. For the purposes of the valuation of Bell Nordiq Group, TD Securities assumed that a purchaser of Bell Nordiq Group would be willing to pay for 50% of the value of these synergies in an open auction for Bell Nordiq Group. TD Securities reflected this amount in the DCF analysis.

Discount Rates

TD Securities viewed the optimal capital structure and the risks inherent in Bell Nordiq Group’s operations to be similar to those of Wireline, Communications and New Aliant. Based upon this view, TD Securities used the same methodology as discussed above under Wireline in arriving at a range of discount rates of 6.5% to 7.5% for our DCF analysis of Bell Nordiq Group.

Terminal Value

TD Securities developed terminal enterprise values at the end of the forecast period using two approaches (i) growth rate into perpetuity of unlevered free cash flow in the terminal year and (ii) multiple of EBITDA in the terminal year.

TD Securities viewed the growth prospects and risks for Bell Nordiq Group’s operations beyond the terminal year, the outlook for the wireline telecommunications industry beyond the terminal year and the outlook for long-term inflation to be similar to those of Wireline, Communications and New Aliant. Based upon this view, TD Securities used the same methodology as discussed above under Wireline in arriving at an expected free cash flow growth beyond the forecast period of 0.5% to 1.0%, per annum and a multiple of EBITDA in the terminal year methodology in the range of 9.5x to 10.5x EBITDA in the terminal year.
Bell Nordiq Group Discounted Cash Flow Value

The following is a summary of the value of Bell Nordiq Group resulting from the DCF analysis:

### Assumptions

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>WACC</td>
<td>7.5%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Free Cash Flow Growth Rate</td>
<td>0.50%</td>
<td>1.00%</td>
</tr>
<tr>
<td>Terminal Value EBITDA Multiple</td>
<td>9.5x</td>
<td>10.5x</td>
</tr>
</tbody>
</table>

### DCF Analysis ($ millions)

#### Free Cash Flow Growth Rate Approach

<table>
<thead>
<tr>
<th>Net Present Value</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlevered Pre-tax Free Cash Flows</td>
<td>505.7</td>
<td>519.7</td>
</tr>
<tr>
<td>Terminal Value</td>
<td>1,334.3</td>
<td>1,788.3</td>
</tr>
<tr>
<td>Enterprise Value</td>
<td>1,840.0</td>
<td>2,308.0</td>
</tr>
</tbody>
</table>

#### EBITDA Multiple Approach

<table>
<thead>
<tr>
<th>Net Present Value</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlevered Pre-tax Free Cash Flows</td>
<td>505.7</td>
<td>519.7</td>
</tr>
<tr>
<td>Terminal Value</td>
<td>1,310.6</td>
<td>1,517.8</td>
</tr>
<tr>
<td>Enterprise Value</td>
<td>1,816.2</td>
<td>2,037.5</td>
</tr>
</tbody>
</table>

Selected Enterprise Value................. 1,828.1  2,172.8

### Bell Nordiq Group Sensitivity Analysis

As part of the DCF analysis, TD Securities performed sensitivity analysis on certain key assumptions as outlined below:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Sensitivity</th>
<th>Impact on Enterprise Value (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>WACC</td>
<td>+/-0.5%</td>
<td>-$153</td>
</tr>
<tr>
<td>Free Cash Flow Growth Rate</td>
<td>+/-0.5%</td>
<td>+/-142</td>
</tr>
<tr>
<td>Annual Revenue Growth</td>
<td>+/-1.0%</td>
<td>+89</td>
</tr>
<tr>
<td>Terminal EBITDA Margin</td>
<td>+/-1.0%</td>
<td>+/-46</td>
</tr>
<tr>
<td>EBITDA Margin Change</td>
<td>+/-1.0%</td>
<td>+/-62</td>
</tr>
<tr>
<td>Capital Intensity Change</td>
<td>+/-1.0%</td>
<td>+/-62</td>
</tr>
</tbody>
</table>

(1) Impact on enterprise value calculated using free cash flow growth rate approach, a free cash flow growth rate of 0.75% and a WACC of 7.0%.

Based upon the forgoing, TD Securities’ selected value range for Bell Nordiq Group using the DCF analysis was $1,828.1 million to $2,172.8 million as at February 27, 2006.
DISCOUNTED CASH FLOW VALUATION SUMMARY

The table below provides the selected enterprise value range and equity value range for each of Wireline, Communications, New Aliant and Bell Nordiq Group as of February 27, 2006 resulting from the DCF analysis:

<table>
<thead>
<tr>
<th></th>
<th>Enterprise Value</th>
<th></th>
<th>Equity Value</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Wireline</td>
<td>5,078.1</td>
<td>6,025.6</td>
<td>3,206.9</td>
<td>4,154.4</td>
</tr>
<tr>
<td>Communications (no synergies)</td>
<td>6,624.0</td>
<td>7,867.0</td>
<td>5,345.0</td>
<td>6,588.0</td>
</tr>
<tr>
<td>Communications (50% synergies)</td>
<td>6,954.6</td>
<td>8,266.3</td>
<td>5,675.6</td>
<td>6,987.3</td>
</tr>
<tr>
<td>New Aliant (excluding Bell</td>
<td>12,316.2</td>
<td>14,641.4</td>
<td>9,166.0</td>
<td>11,491.2</td>
</tr>
<tr>
<td>Nordiq Group)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bell Nordiq Group (3)</td>
<td>1,828.1</td>
<td>2,172.8</td>
<td>1,056.2</td>
<td>1,274.6</td>
</tr>
</tbody>
</table>

(1) Assumes no synergies available to a purchaser.
(2) Assumes 50% of estimated potential synergies available to a purchaser.
(3) Represents 100% of enterprise value and 63.4% of equity value of Bell Nordiq.

VALUATION CONCLUSION - COMMUNICATIONS, NEW ALIANT AND BELL NORDIQ GROUP

In arriving at its opinion as to the fair market value of Communications, New Aliant and Bell Nordiq Group, TD Securities placed greater emphasis on the income trust trading analysis than the DCF analysis for the reasons discussed above under “Valuation Methodologies – Wireline, Communications, New Aliant and Bell Nordiq Group”.

Based upon and subject to the forgoing, the table below provides TD Securities’ opinion of the fair market value of Communications, Bell Nordiq Group and the equity interest in New Aliant as of February 27, 2006.

($ millions)

<table>
<thead>
<tr>
<th></th>
<th>Selected Value Range</th>
<th></th>
<th>Primary Methodology</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Communications Enterprise Value</td>
<td>5,962.8</td>
<td>6,656.8</td>
<td>Income Trust</td>
</tr>
<tr>
<td>Bell Nordiq Group Equity Value</td>
<td>921.5</td>
<td>1,075.1</td>
<td>Income Trust</td>
</tr>
<tr>
<td>New Aliant Equity Value (including Bell Nordiq Group)</td>
<td>8,104.8</td>
<td>9,305.5</td>
<td>Income Trust</td>
</tr>
<tr>
<td>BCE Incremental Interest</td>
<td>43.4%</td>
<td>43.4%</td>
<td></td>
</tr>
<tr>
<td>Equity Interest in New Aliant</td>
<td>3,516.5</td>
<td>4,037.5</td>
<td></td>
</tr>
</tbody>
</table>
VALUATION OF MOBILITY

Valuation Methodologies

In determining the fair market value of Mobility, TD Securities relied primarily upon the following two valuation methodologies:

1. DCF analysis; and

2. precedent transaction analysis.

TD Securities also reviewed the market trading multiples of selected public companies in the wireless industry that it considered relevant to determine whether a public market trading analysis might imply values that exceed values determined by the DCF or comparable precedent transactions analysis. Based on this review, TD Securities concluded that the public market trading analysis implied values that were below the values determined by the DCF and comparable precedent transaction analysis. Given the foregoing and the fact that market trading prices generally reflect minority discount values, TD Securities did not rely on this methodology in determining the fair market value of Mobility.

TD Securities also considered whether the income trust trading analysis might be appropriate with respect to the valuation of Mobility. Given the differences in the business composition, size, growth prospects, risks and other factors differentiating Mobility from the publicly-traded income trusts identified, TD Securities did not consider any specific income trust to be sufficiently comparable to Mobility and, as a consequence, TD Securities did not rely on this methodology in determining the fair market value of Mobility. However, TD Securities did consider the yields implied by the selected value range for Mobility to be reasonable compared to those of publicly-traded high growth income trusts.

Discounted Cash Flow Analysis

The DCF methodology reflects the growth prospects and risks inherent in Mobility by taking into account the amount, timing and relative certainty of projected unlevered free cash flows expected to be generated by the business. The DCF approach requires that certain assumptions be made regarding, among other things, future unlevered free cash flows, discount rates and terminal values. The possibility that some of the assumptions will prove to be inaccurate is one factor involved in the determination of the discount rates to be used in establishing a range of values. TD Securities’ DCF analysis involved discounting to a present value projected unlevered free cash flows from January 1, 2006 until December 31, 2010 under the Mobility Base Case Forecast, including terminal values determined as at December 31, 2010. Given that the highest value purchaser of Mobility was considered by TD Securities to be a corporation subject to income tax, TD Securities discounted the projected unlevered free cash flows on an after-tax basis.

Comparable Precedent Transactions Analysis

TD Securities considered the comparable precedent transactions approach in determining the fair market value of Mobility. TD Securities identified and reviewed 5 comparable precedent transactions involving wireless service providers since July 1999 in Canada and 10 comparable precedent transactions involving wireless service providers in the United States since March 2002 which were pending or had been concluded and for which there was sufficient public information to derive valuation multiples. TD Securities considered enterprise value to EBITDA to be the primary valuation multiple when applying the comparable precedent transactions methodology.
Mobility Base Case Forecast

As a basis for the development of the projected future unlevered after-tax free cash flows, TD Securities reviewed the fiscal 2006 to 2010 forecast for Mobility prepared by Aliant management (the “Mobility Management Forecast”) and relevant underlying assumptions, including but not limited to, subscriber growth, market share, average revenue per subscriber, churn, the cost associated with adding a wireless subscriber and capital expenditures. The Mobility Management Forecast is derived from detailed operating assumptions for the years 2006, 2007 and 2008 following which Aliant management made higher level assumptions regarding revenue growth and margins. The assumptions underlying the Mobility Management Forecast were reviewed in comparison to industry research reports, forecasts by equity research analysts and other sources considered relevant including detailed discussions with the senior management of Aliant. From this review, TD Securities developed its own base case forecast for the five-year period starting January 1, 2006 and ending December 31, 2010 (the “Mobility Base Case Forecast”). The Mobility Base Case Forecast was formed independently with the benefit of TD Securities’ understanding of the assumptions behind the Mobility Management Forecast. A summary of the Mobility Base Case Forecast and certain key assumptions are outlined below:

<table>
<thead>
<tr>
<th>Financial Projections ($ millions)</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>560.6</td>
<td>632.3</td>
<td>695.1</td>
<td>748.2</td>
<td>805.7</td>
</tr>
<tr>
<td>EBITDA (1)</td>
<td>238.6</td>
<td>281.8</td>
<td>312.6</td>
<td>337.9</td>
<td>365.4</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>42.6%</td>
<td>44.6%</td>
<td>45.0%</td>
<td>45.2%</td>
<td>45.4%</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>64.8</td>
<td>75.0</td>
<td>68.2</td>
<td>68.3</td>
<td>68.5</td>
</tr>
<tr>
<td>Capital Intensity</td>
<td>11.6%</td>
<td>11.9%</td>
<td>9.8%</td>
<td>9.1%</td>
<td>8.5%</td>
</tr>
</tbody>
</table>

(1) Adjusted for Pension and Other Post-Employment Benefit Costs on a cash basis.

Mobility Market Penetration

The Mobility Base Case Forecast anticipates that wireless penetration in the operating region is forecast to increase from approximately 43% in 2005, materially below the national average estimated at 52%, to approximately 63% in 2008. Mobility management attributes the lower penetration of wireless services within its operating territory to later introduction of wireless services.

Market Share of Subscribers

The Mobility Base Case Forecast anticipates that Mobility’s share of the overall wireless market within its operating region will decline from approximately 70% in 2005 to 64% in 2008. The Mobility Base Case Forecast assumes that Mobility’s subscriber base will grow at approximately 10% per year as lower growth in postpaid subscribers is supported by higher growth in prepaid subscribers. TD Securities noted that the wireless market in Atlantic Canada is currently a three player market with Aliant competing against Rogers Communications Inc. and TELUS Corporation. Management believes that Mobility has traditionally enjoyed a more robust network relative to Rogers and TELUS. However, recent expansions to Rogers’ network and TELUS’ recent ability to roam on Mobility’s network have resulted in an increased competitive environment and are expected to contribute to the forecast decline in Mobility’s market share.
Average Revenue Per User ("ARPU")

The Mobility Base Case Forecast projects that ARPU will increase at a compound annual growth rate of approximately 3% between 2005 and 2008. Mobility management anticipates that declines in voice ARPU will be offset by significant growth in revenue from data services (such as ring-tones, Internet browsing and Blackberry service) and push-to-talk services. TD Securities compared the total compound annual revenue growth of approximately 10% anticipated under the Mobility Base Case Forecast with the wireless revenue growth forecast by third-party analysts for Aliant and other Canadian wireless providers.

Operating Expenditures

Under the Mobility Base Case Forecast, total operating expenses are forecast to grow at a compound annual growth rate of 9% between 2005 and 2010. During the forecast period operating expenses are projected to decline slightly from 56% of revenue in 2005 to 54% of revenue by 2010. TD Securities considered the improvement in EBITDA margin over the forecast period to be reasonable relative to that forecast by third-party analysts for Aliant and other Canadian wireless providers.

Capital Expenditures

Capital expenditures are anticipated to increase at a compound annual growth rate of approximately 4% between 2005 and 2010 under the Mobility Base Case Forecast. Capital intensity is forecast to increase marginally from 11% in 2005 before declining to 9% by 2010. In addition to capital expenditures associated with network and new service developments, Mobility management has forecast significant capital expenditures associated with replacement of Mobility’s customer care and billing system and preparation for wireless number portability.

Benefits to a Purchaser of Acquiring 100% of Mobility

TD Securities reviewed and considered whether any distinctive material value would accrue to BCE or any other purchaser of Mobility through the acquisition of 100% of Mobility. TD Securities specifically addressed whether there were any material operating or financial benefits that would accrue to such a purchaser including, but not limited to enhanced revenues, cost savings and capital expenditure reductions resulting from the combination of operations.

In assessing the amount of synergies to include in the valuation of Mobility, TD Securities considered the synergies that could be achieved by BCE or any other third-party purchaser of Mobility and the amount of synergies that such acquirer might pay for in an open auction for Mobility. Aliant management estimated that the potential revenue enhancement, cost savings and capital expenditure reductions resulting from the acquisition of Mobility by BCE would be approximately $27 million per annum. For the purposes of the valuation of Mobility, TD Securities assumed that a purchaser of Mobility would be willing to pay for 50% of the value of these synergies in an open auction for Mobility. TD Securities reflected this amount in the DCF analysis.
Mobility Unlevered After-tax Free Cash Flow

A summary of the Mobility Base Case Forecast unlevered after-tax free cash flow projections used for the DCF analysis is presented below:

<table>
<thead>
<tr>
<th>Year Ended December 31,</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free Cash Flow ($ millions)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>243.1</td>
<td>290.6</td>
<td>324.0</td>
<td>349.3</td>
<td>376.8</td>
</tr>
<tr>
<td>Unlevered Cash Taxes</td>
<td>(72.1)</td>
<td>(87.8)</td>
<td>(97.2)</td>
<td>(105.6)</td>
<td>(115.0)</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>(62.5)</td>
<td>(73.1)</td>
<td>(66.3)</td>
<td>(66.5)</td>
<td>(66.7)</td>
</tr>
<tr>
<td>Changes in Non-cash Working Capital</td>
<td>5.2</td>
<td>(3.2)</td>
<td>(1.6)</td>
<td>(1.4)</td>
<td>(1.6)</td>
</tr>
<tr>
<td>Unlevered After-tax Free Cash Flow</td>
<td>113.7</td>
<td>126.4</td>
<td>158.9</td>
<td>175.8</td>
<td>193.6</td>
</tr>
</tbody>
</table>

(1) Adjusted for Pension and Other Post-Employment Benefit Costs on a cash basis.
(2) Includes synergies.

Mobility Discount Rates

Projected unlevered after-tax free cash flows for Mobility developed from the Mobility Base Case Forecast were discounted based on the WACC. The WACC for Mobility was calculated based upon the Company’s after-tax cost of debt and equity, weighted based upon an assumed optimal capital structure. The assumed optimal capital structure was determined based upon a review of the capital structures of comparable companies and the risks inherent in Mobility and the wireless telecommunications industry. The cost of debt for Mobility was calculated based on the risk free rate of return and an appropriate borrowing spread to reflect credit risk at the assumed optimal capital structure. TD Securities used the CAPM approach to determine the appropriate cost of equity. The CAPM approach calculates the cost of equity with reference to the risk-free rate of return, the beta and the equity risk premium. TD Securities reviewed a range of unlevered betas for Mobility and a select group of comparable companies that have risks similar to Mobility in order to select the appropriate beta for Mobility. The selected unlevered beta was levered using the assumed optimal capital structure and was then used to calculate the cost of equity.

The base assumptions used by TD Securities in estimating the WACC for Mobility were as follows:

**Cost of Debt**
- Risk Free Rate (10-Year Government of Canada Bonds) .................................................. 4.15%
- Borrowing Spread ........................................................................................................ 2.00%
- Pre-tax Cost of Debt ..................................................................................................... 6.15%
- Tax Rate ...................................................................................................................... 35.90%
- After-tax Cost of Debt .................................................................................................. 3.94%

**Cost of Equity**
- Risk Free Rate (10-Year Government of Canada Bonds) .................................................. 4.15%
- Equity Risk Premium ................................................................................................... 5.00%
- Unlevered Beta ............................................................................................................. 1.10
- Levered Beta ................................................................................................................ 1.40
- After-Tax Cost of Equity ............................................................................................... 11.16%

**WACC**
- Optimal Capital Structure (% Debt) ............................................................................ 30.00%
- WACC ......................................................................................................................... 9.00%

Based upon the forgoing and taking into account sensitivity analysis on the variables discussed above and the assumptions used in the Mobility Management Forecast, TD Securities determined the appropriate WACC for Mobility to be in the range of 8.5% to 9.5%.

Mobility Terminal Value
TD Securities developed terminal enterprise values at the end of the forecast period using two approaches (i) growth rate into perpetuity of unlevered free cash flow in the terminal year and (ii) multiple of EBITDA in the terminal year.

The growth rate into perpetuity of free cash flow methodology capitalized terminal year free cash flow at the WACC less a growth factor determined by reference to the expected free cash flow growth beyond the forecast period of 2.25% to 2.75%, per annum. In selecting this range of growth rates, TD Securities took into consideration the growth prospects and risks for Mobility’s operations beyond the terminal year, the outlook for the wireless telecommunications industry beyond the terminal year and the outlook for long-term inflation.

The multiple of EBITDA in the terminal year methodology utilized multiples in the range of 8.0x to 9.0x EBITDA in the terminal year to calculate the enterprise value of Mobility. This range was developed based upon our analysis of the growth prospects and risks for Mobility’s operations beyond the terminal year, the outlook for the wireless telecommunications industry beyond the terminal year and EBITDA multiples implied by reviewing historical trading values and precedent transactions.

**Mobility Discounted Cash Flow Value**

The following is a summary of the value of Mobility resulting from the DCF analysis:

<table>
<thead>
<tr>
<th>Assumptions</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>WACC</td>
<td>9.5%  8.5%</td>
</tr>
<tr>
<td>Free Cash Flow Growth Rate</td>
<td>2.25%  2.75%</td>
</tr>
<tr>
<td>Terminal Value EBITDA Multiple</td>
<td>8.0x  9.0x</td>
</tr>
</tbody>
</table>

**DCF Analysis ($ millions)**

**Free Cash Flow Growth Rate Approach**

<table>
<thead>
<tr>
<th>Net Present Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlevered After-tax Free Cash Flows</td>
</tr>
<tr>
<td>Terminal Value</td>
</tr>
<tr>
<td>Enterprise Value</td>
</tr>
</tbody>
</table>

**EBITDA Multiple Approach**

<table>
<thead>
<tr>
<th>Net Present Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlevered After-tax Free Cash Flows</td>
</tr>
<tr>
<td>Terminal Value</td>
</tr>
<tr>
<td>Enterprise Value</td>
</tr>
</tbody>
</table>

| Selected Enterprise Value | 2,400.0  2,870.0 |
Mobility Sensitivity Analysis

As part of the DCF analysis, TD Securities performed sensitivity analysis on certain key assumptions as outlined below:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Sensitivity</th>
<th>Impact on Enterprise Value (1) ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>WACC</td>
<td>+0.5%</td>
<td>-192</td>
</tr>
<tr>
<td></td>
<td>-0.5%</td>
<td>+224</td>
</tr>
<tr>
<td>Free Cash Flow Growth Rate</td>
<td>+0.5%</td>
<td>+176</td>
</tr>
<tr>
<td></td>
<td>-0.5%</td>
<td>-151</td>
</tr>
<tr>
<td>Annual Revenue Growth</td>
<td>+1.0%</td>
<td>+97</td>
</tr>
<tr>
<td></td>
<td>-1.0%</td>
<td>-93</td>
</tr>
<tr>
<td>Terminal EBITDA Margin</td>
<td>+/-1.0%</td>
<td>+/-52</td>
</tr>
<tr>
<td>EBITDA Margin Change</td>
<td>+/-1.0%</td>
<td>+/-69</td>
</tr>
<tr>
<td>Capital Intensity Change</td>
<td>+/-1.0%</td>
<td>+/-88</td>
</tr>
</tbody>
</table>

(1) Impact on enterprise value calculated using free cash flow growth rate approach, a free cash flow growth rate of 2.5% and a WACC of 9.0%.

Based upon the forgoing, TD Securities’ selected value range for Mobility using the DCF analysis was $2,400.0 million to $2,870.0 million as at February 27, 2006.
**Mobility – Comparable Precedent Transaction Analysis**

TD Securities reviewed the available public information with respect to comparable transactions in the wireless industry for which there was public information sufficient to derive valuation multiples. For the purposes of its analysis, TD Securities reviewed the transactions set forth in the table below:

<table>
<thead>
<tr>
<th>Ann. Date</th>
<th>Target</th>
<th>Acquiror</th>
<th>EV (1) (in millions)</th>
<th>Adj. EV (2) / LTM EBITDA (3)</th>
<th>Adj. EV (2) / Subs. ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov-04</td>
<td>Rogers Wireless Communications</td>
<td>Rogers Communications Inc.</td>
<td>$10,795</td>
<td>11.0x</td>
<td>$2,037</td>
</tr>
<tr>
<td>Sep-04</td>
<td>Microcell Telecommunications Inc.</td>
<td>Rogers Wireless Communications</td>
<td>$1,498</td>
<td>17.4x</td>
<td>$1,249</td>
</tr>
<tr>
<td>Sep-04</td>
<td>Rogers Wireless Communications</td>
<td>Rogers Communications Inc.</td>
<td>$7,517</td>
<td>8.9x</td>
<td>$1,915</td>
</tr>
<tr>
<td>Aug-00</td>
<td>Clearnet Communications Inc.</td>
<td>TELUS Corporation</td>
<td>$6,617</td>
<td>n/a</td>
<td>$8,030</td>
</tr>
<tr>
<td>Jul-99</td>
<td>BCE Mobile Communications</td>
<td>BCE Inc.</td>
<td>$5,006</td>
<td>16.0x</td>
<td>$2,310</td>
</tr>
</tbody>
</table>

**Canadian Precedent Transactions (C$)**

| Mean (Excluding High/Low) | 13.3x | $3,108 |
| Mean                          | 13.5x | $2,087 |

<table>
<thead>
<tr>
<th>Ann. Date</th>
<th>Target</th>
<th>Acquiror</th>
<th>EV (1) (in millions)</th>
<th>Adj. EV (2) / LTM EBITDA (3)</th>
<th>Adj. EV (2) / Subs. ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec-05</td>
<td>Nextel Partners Inc. (4)</td>
<td>Sprint Nextel Corp.</td>
<td>$9,970</td>
<td>18.9x</td>
<td>$5,214</td>
</tr>
<tr>
<td>Nov-05</td>
<td>Alamosa Holdings Inc.</td>
<td>Sprint Nextel Corp.</td>
<td>$4,353</td>
<td>13.8x</td>
<td>$2,941</td>
</tr>
<tr>
<td>Nov-05</td>
<td>Midwest Wireless Holdings</td>
<td>Alltel Corp.</td>
<td>$1,075</td>
<td>10.8x</td>
<td>$2,688</td>
</tr>
<tr>
<td>Aug-05</td>
<td>Gulf Coast Wireless Limited</td>
<td>Sprint Nextel Corp.</td>
<td>$288</td>
<td>9.2x</td>
<td>$3,026</td>
</tr>
<tr>
<td>Aug-05</td>
<td>IWO Holdings</td>
<td>Sprint Nextel Corp.</td>
<td>$427</td>
<td>10.8x</td>
<td>$1,800</td>
</tr>
<tr>
<td>Jul-05</td>
<td>US Unwired Inc.</td>
<td>Sprint Nextel Corp.</td>
<td>$1,325</td>
<td>15.7x</td>
<td>$2,626</td>
</tr>
<tr>
<td>Jan-05</td>
<td>Western Wireless Corp.</td>
<td>Alltel Corp.</td>
<td>$5,914</td>
<td>10.2x</td>
<td>$2,013</td>
</tr>
<tr>
<td>Nov-04</td>
<td>AirGate PCS Inc.</td>
<td>Alamosa Holdings Inc.</td>
<td>$569</td>
<td>9.1x</td>
<td>$1,481</td>
</tr>
<tr>
<td>Feb-04</td>
<td>A&amp;T Wireless</td>
<td>Cingular Wireless</td>
<td>$46,087</td>
<td>10.3x</td>
<td>$2,097</td>
</tr>
<tr>
<td>Mar-02</td>
<td>CenturyTel's Wireless Unit</td>
<td>Alltel Corp.</td>
<td>$1,570</td>
<td>8.8x</td>
<td>$1,969</td>
</tr>
</tbody>
</table>

**United States Precedent Transactions (US$)**

| Mean (Excluding High/Low) | 11.8x | $2,586 |
| Mean                          | 11.2x | $2,395 |
| Mean (CS)                     | 11.2x | $2,395 |
| Mean (Excluding High/Low) (CS) | 11.8x | $2,754 |

(1) Based on 100% acquisition of company.
(2) Canadian precedents' enterprise values have been adjusted for the estimated net present value of net operating losses to the purchaser.
(3) EBITDA figures have been normalized, and figures are pro forma for acquisitions.
(4) Transaction is pending.
(5) FX rate of 1.150 C$/US$ as of February 24, 2006.

The process of analyzing valuation multiples implied by comparable precedent transactions and applying these valuation multiples to Mobility involved certain judgments concerning the financial and operating characteristics of the companies acquired in these transactions compared to Mobility. Given differences in the business mix, market characteristics, growth prospects and risks inherent in the comparable precedent transactions identified, TD Securities did not consider any specific transaction to be directly comparable to Mobility. However, TD Securities made the following observations:

1. Given the different market characteristics of the wireless telecommunications industry in the United States, including differences in industry regulation, wireless penetration, competitive environment and profitability, TD Securities placed significantly greater emphasis on precedent acquisitions of Canadian wireless providers.

2. The EBITDA multiple implied by Rogers Wireless’ acquisition of Microcell reflects the significant EBITDA growth anticipated for Microcell at the time of the transaction as it had recently emerged from a restructuring process under the Companies Creditors Arrangement Act. The subscriber
multiple implied by the Microcell transaction reflects the high percentage of Microcell customers who purchased prepaid services, were not subject to a long-term subscriber contract and reflects the relatively low blended ARPU and high churn associated with Microcell subscribers.

3. TD Securities considered Rogers Communications’ acquisition of the minority interest in Rogers Wireless, announced in November 2004, to be the most comparable to Mobility as it represents the most recent transaction in Canada, the acquisition of an established wireless provider and, pursuant to the Policies, was determined by an independent valuator to be consistent with an arms length purchase price in an acquisition of control transaction. TD Securities did not consider the acquisition of the minority interest in Rogers Wireless from AT&T Wireless announced in September 2004 by Rogers Communications to be directly comparable to Mobility given the transaction did not represent a change of control and was subject to restrictions pursuant to a shareholders agreement. TD Securities noted that the following factors suggest that Mobility should be valued at higher range of multiples relative to the acquisition of the minority interest in Rogers Wireless: the high percentage of Mobility’s customer base that subscribe to postpaid services, Mobility’s low customer churn, the relatively low wireless penetration within Mobility’s operating region and the potential for material synergies upon the purchase of wireless by a national wireless provider. TD Securities also noted that these factors are partially offset by the regional scope of Mobility’s operations and the absence of upside associated with the integration of Microcell that Rogers possessed in November 2004.

Given the above mentioned factors, TD Securities believes that for the purposes of the precedent transaction analysis the appropriate enterprise value to LTM EBITDA multiple for Mobility is in the range of 10.0x to 12.0x.

Comparable Precedent Transaction Value

The following is a summary of the value of Mobility resulting from the comparable precedent transaction analysis:

<table>
<thead>
<tr>
<th>Value Driver ($ millions)</th>
<th>Base Amount (1)</th>
<th>Selected Multiple Range</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Enterprise Value/LTM EBITDA</td>
<td>211.8</td>
<td>10.0x 12.0x</td>
<td>2,117.9</td>
</tr>
<tr>
<td>Less: Net Debt</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selected Equity Value Range</td>
<td>2,117.9</td>
<td>2,541.5</td>
<td></td>
</tr>
<tr>
<td>Implied Subscriber Multiple ($)</td>
<td>2,960.1</td>
<td>3,552.1</td>
<td></td>
</tr>
</tbody>
</table>

(1) LTM is for the 12-month period ended December 31, 2005, includes DownEast Ltd. and is net of $2.7 million representing the normalized level of services to be provided to Wireless by Wireline.

Based upon the forgoing, TD Securities’ selected value for Mobility using the precedent transaction analysis is $2,117.9 million to $2,541.5 million as of February 27, 2006.
The following table provides a summary of the range of fair market values of Mobility resulting from the DCF analysis and the comparable precedent transactions analysis:

<table>
<thead>
<tr>
<th>($) millions</th>
<th>Value of Mobility Using DCF Analysis</th>
<th>Value of Mobility Using Comparable Precedent Transactions Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Enterprise Value</td>
<td>2,400.0</td>
<td>2,870.0</td>
</tr>
</tbody>
</table>

In arriving at its opinion as to the fair market value of the Mobility, TD Securities gave equal weighting to each of the discounted cash flow analysis and the precedent transaction analysis.

Based upon and subject to the forgoing, TD Securities is of the opinion that, as of February 27, 2006, the fair market value of Mobility is in the range of $2,259.0 million to $2,705.8 million.

**Valuation Conclusion - Communications and Bell Nordiq Group relative to the Consideration**

Pursuant to the Transaction, BCE will contribute Communications and Bell Nordiq Group (the “BCE Contribution”) to New Aliant and BCE will receive consideration comprised of $1,256.0 million in cash, 100.0% of the equity of Mobility, free of debt, and an equity interest in New Aliant (incremental to BCE’s current 53.2% equity interest in Aliant). BCE’s ownership interest in New Aliant of 73.5% implies that BCE will receive an incremental equity interest in New Aliant of 43.4%. BCE’s existing interest of 53.2% in Aliant will be diluted to 30.1% upon completion of the Transaction as BCE will retain 53.2% of the 56.6% (equal to 100% less 43.4%) ownership interest provided to all pre-transaction Aliant shareholders. The following table compares the value of the BCE Contribution to the value of the Consideration paid to BCE.

<table>
<thead>
<tr>
<th>($) millions</th>
<th>Selected Range</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
</tr>
<tr>
<td>Communications</td>
<td>5,962.8</td>
</tr>
<tr>
<td>Bell Nordiq Group</td>
<td>921.5</td>
</tr>
<tr>
<td>BCE Contribution to New Aliant</td>
<td>6,884.4</td>
</tr>
<tr>
<td>Equity Value of New Aliant&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>8,104.8</td>
</tr>
<tr>
<td>BCE Incremental Interest</td>
<td>43.4%</td>
</tr>
<tr>
<td>New Aliant&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>3,516.5</td>
</tr>
<tr>
<td>Mobility</td>
<td>2,259.0</td>
</tr>
<tr>
<td>Cash</td>
<td>1,256.0</td>
</tr>
<tr>
<td>Total Consideration Paid to BCE</td>
<td>7,031.5</td>
</tr>
</tbody>
</table>

<sup>(1)</sup> Includes Bell Nordiq Group.
FAIRNESS OPINION

The assessment of fairness, from a financial point of view, must be determined in the context of a particular transaction. In considering the fairness of the Transaction, from a financial point of view, to the Minority Shareholders, TD Securities principally considered a number of matters including, but not limited to, the following:

1. a comparison of the value of Communications and Bell Nordiq Group to the value of the Consideration paid to BCE;

2. a comparison of the value of the net assets contributed to New Aliant by BCE to BCE’s proposed ownership interest in New Aliant; and

3. a comparison of the estimated value per Common Share of New Aliant to the estimated value per Common Share of Aliant after conversion to an income trust.

Comparison of the Value of Communications and Bell Nordiq Group to the Value of the Consideration paid to BCE

TD Securities believes that when comparing the value of the BCE Contribution to the value of the Consideration paid to BCE it is important to recognize that a significant portion of the value of both the BCE Contribution and the Consideration (in the form of additional New Aliant ownership) arises from the underlying value of Communications and Bell Nordiq Group. In addition, TD Securities believes that the income trust valuation parameters used to value Communications, Bell Nordiq Group, Wireline and New Aliant are closely related. As a result, TD Securities believes that it is inconsistent to compare the value of the BCE Contribution at the low end of the value range with the value of New Aliant at the high end of the value range as the BCE Contribution comprises a significant portion of the value of New Aliant and the other significant business within New Aliant, being Wireline, will be valued by the market on a similar basis to Communications and Bell Nordiq Group.

Any such comparison of the BCE Contribution to the Consideration should therefore be done on the basis of consistent values for Communications, Bell Nordiq Group and New Aliant as part of the value of the BCE Contribution and the Consideration, where applicable. TD Securities has therefore compared the value of the BCE Contribution at the low and high ends of the range to the value of the Consideration with consistent low and high values for the additional 43.4% interest in New Aliant while varying the value of Mobility. This approach produces the theoretical least favourable and most favourable outcomes from the perspective of the Minority Shareholders.
Based upon the forgoing, the range of the values of the BCE Contribution is within the range of values of the Consideration paid to BCE.

**Comparison of the Value of the Net Assets contributed to New Aliant by BCE to BCE’s Proposed Ownership Interest in New Aliant**

Pursuant to the Transaction BCE will contribute a 100% equity interest in Communications, free of debt, in addition to Bell Nordiq Group to New Aliant. In order to examine the net contribution of BCE to New Aliant, BCE’s contribution must be considered net of the value of Mobility and cash received by BCE. Given that BCE will retain a significant equity interest in New Aliant and participate in the benefit of the synergies to be realized by New Aliant, TD Securities has considered the relative contributions of BCE and Aliant to New Aliant and the resulting ownership percentages assuming zero synergies. The following table compares the value of the net assets contributed by BCE to New Aliant relative to BCE’s proposed ownership interest in New Aliant.
$ millions)

<table>
<thead>
<tr>
<th></th>
<th>Income Trust</th>
<th>Discounted Cash Flow</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Communications (1)</td>
<td>5,962.8</td>
<td>6,656.8</td>
</tr>
<tr>
<td>Equity Value of Bell Nordiq Group (1)</td>
<td>921.5</td>
<td>1,075.1</td>
</tr>
<tr>
<td><strong>Less:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mobility (2)</td>
<td>(2,705.8)</td>
<td>(2,259.0)</td>
</tr>
<tr>
<td>Cash (3)</td>
<td>(1,279.0)</td>
<td>(1,279.0)</td>
</tr>
<tr>
<td><strong>BCE Net Contribution</strong></td>
<td>2,899.6</td>
<td>4,193.9</td>
</tr>
<tr>
<td>Wireline</td>
<td>4,514.6</td>
<td>4,906.2</td>
</tr>
<tr>
<td>Mobility (2)</td>
<td>2,705.8</td>
<td>2,259.0</td>
</tr>
<tr>
<td><strong>Net Debt (4)</strong></td>
<td>(1,871.4)</td>
<td>(1,871.4)</td>
</tr>
<tr>
<td><strong>Aliant Net Contribution</strong></td>
<td>5,348.9</td>
<td>5,293.8</td>
</tr>
<tr>
<td>BCE Net Contribution</td>
<td>2,899.6</td>
<td>4,193.9</td>
</tr>
<tr>
<td>Aliant Net Contribution</td>
<td>5,348.9</td>
<td>5,293.8</td>
</tr>
<tr>
<td><strong>Total Contribution to Transaction</strong></td>
<td>8,248.6</td>
<td>9,487.7</td>
</tr>
<tr>
<td>Incremental BCE Ownership</td>
<td>35.2%</td>
<td>44.2%</td>
</tr>
<tr>
<td>Existing BCE Ownership</td>
<td>53.2%</td>
<td>53.2%</td>
</tr>
<tr>
<td><strong>Pro Forma BCE Ownership</strong></td>
<td>69.6%</td>
<td>73.9%</td>
</tr>
</tbody>
</table>

(1) Discounted cash flow analysis does not include synergies.
(2) Values of Mobility reflect average of discounted cash flow and precedent transaction analysis under income trust scenario.
(3) Includes $1,256 million cash and $23 million of estimated pension deficit.
(4) Includes $350 million of estimated transaction costs and $415 million of estimated pension deficit.

Based upon the foregoing, the BCE proposed ownership interest in New Aliant of 73.5% is within the range of BCE ownership interests implied by the value of net assets contributed by BCE to New Aliant.

**Comparison of the Value per Common Share of New Aliant to the Value per Common Share of Aliant after Conversion to an Income Trust**

TD Securities considered whether an alternative transaction may be available to Aliant which could result in a higher value for the Minority Shareholders. TD Securities specifically considered the potential value to Minority Shareholders resulting from a conversion of Aliant to an income trust.

In determining an appropriate yield range for Aliant, TD Securities analyzed the list of publicly-traded income trusts described above under Income Trust Trading Analysis. Given differences in the business mix, operational profile, growth prospects and risks inherent in the comparable publicly-traded income trusts identified, TD Securities did not consider any specific income trust to be directly comparable to Aliant. However, TD Securities made the following observations:

1. Based upon revenue mix, operational profile, historical and forecast financial performance, TD Securities considered Bell Nordiq to be most comparable publicly-traded income trust to Aliant. An overview of Bell Nordiq’s trading analysis is provided above under Income Trust Trading Analysis.

2. Relative to Bell Nordiq, Aliant: i) generally operates in regions subject to greater competition; ii) has a higher growth profile due to greater exposure to higher growth services including wireless, Internet, xwave and Innovatia; iii) would have greater financial leverage as a trust; and v) would have a significantly larger float and thus offer investors greater liquidity.

3. Relative to Communications and New Aliant, Aliant: i) generally operates in regions subject to greater competition; ii) has significantly greater exposure to the high growth wireless sector; and iii) lacks integration risk associated with New Aliant.
Based upon the forgoing, TD Securities concluded that Aliant should be valued at a higher range of yields and lower implied multiples of EBITDA than that implied by the historical Bell Nordiq share price and should be valued at a lower range of yields and higher implied multiples of EBITDA than Wireline and New Aliant. TD Securities believes that for the purposes of the income trust trading analysis the appropriate yield for Aliant is in the range of 6.25% to 7.25%. TD Securities selected a payout ratio of 90% of distributable cash flow, consistent with the average of the selected peer group. TD Securities assumed a leverage ratio of 2.0x normalized trailing EBITDA (excluding pension reserve), a level higher than current leverage of the Canadian incumbent local exchange carriers but below that of the select peer group and consistent with that proposed for New Aliant. TD Securities assumed that Aliant would pay a one-time special cash dividend to its shareholders upon leveraging Aliant at 2.0x normalized trailing EBITDA.

The following is a summary of the value of Aliant resulting from the Income Trust analysis:

<table>
<thead>
<tr>
<th>Assumptions ($ millions)</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normalized EBITDA (^{1})</td>
<td>830.4</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>(114.5)</td>
</tr>
<tr>
<td>Maintenance Capital Expenditure (^{2})</td>
<td>(351.0)</td>
</tr>
<tr>
<td>Annual Cash Taxes (LCT)</td>
<td>0.0</td>
</tr>
<tr>
<td>Available Distributable Income</td>
<td>365.0</td>
</tr>
<tr>
<td>Payout Ratio</td>
<td>90.0%</td>
</tr>
<tr>
<td>Distributable Income</td>
<td>328.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.25%</td>
<td>6.25%</td>
</tr>
<tr>
<td>4,531.0</td>
<td>5,256.0</td>
</tr>
<tr>
<td>1,660.9</td>
<td>1,660.9</td>
</tr>
<tr>
<td>535.0</td>
<td>535.0</td>
</tr>
<tr>
<td>417.3</td>
<td>417.3</td>
</tr>
<tr>
<td>7,144.2</td>
<td>7,869.2</td>
</tr>
<tr>
<td>8.6x</td>
<td>9.5x</td>
</tr>
</tbody>
</table>

\(^{1}\) Adjusted for Pension and Other Post-Employment Benefit Costs on a cash basis, and non-controlling interest in AMP.
\(^{2}\) Capital expenditures pro forma for Aliant management’s estimate of level of maintenance capital expenditures under a trust structure.

TD Securities compared the range of values per Common Share of Aliant under the above income trust conversion analysis to the range of values per Common Share in New Aliant pursuant to the Transaction.

<table>
<thead>
<tr>
<th>($ millions, except per share values)</th>
<th>New Aliant</th>
<th>Old Aliant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Aliant Equity Value</td>
<td>8,104.8</td>
<td>9,305.5</td>
</tr>
<tr>
<td>Special Dividend</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Total Equity Value</td>
<td>8,104.8</td>
<td>9,305.5</td>
</tr>
<tr>
<td>Aliant Minority (%)</td>
<td>26.5%</td>
<td>26.5%</td>
</tr>
<tr>
<td>Aliant Minority ($)</td>
<td>2,147.8</td>
<td>2,466.0</td>
</tr>
<tr>
<td>Value per Common Share (^{1})</td>
<td>36.07</td>
<td>41.42</td>
</tr>
</tbody>
</table>

\(^{1}\) Based on 59.5 million Common Shares held by Minority Shareholders.

Based upon the forgoing, the range of the values per Common Share of Aliant under the above income trust conversion analysis is within the range of values per Common Share in New Aliant pursuant to the Transaction.
FAIRNESS CONCLUSION

Based upon and subject to the foregoing and such other matters as we considered relevant, TD Securities is of the opinion that, as of February 27, 2006, the Transaction is fair, from a financial point of view, to the Minority Shareholders.

Yours very truly,

TD Securities Inc.

TD Securities Inc.
IN THE SUPREME COURT OF NOVA SCOTIA

In the matter of:

An Application of Aliant Inc. for approval of a plan of
arrangement pursuant to Section 192 of the Canada Business
Corporations Act, R.S.C. 1985, c-44

ORIGINATING NOTICE
(APPLICATION INTER PARTES)

TAKE NOTICE that an application will be made on behalf of the Applicant, Aliant Inc., to the Judge
presiding in Chambers at The Law Courts, 1815 Upper Water Street, in Halifax, Nova Scotia, on Thursday,
May 18, 2006, at 2:00 o’clock in the afternoon or so soon thereafter as the application can be made for:

a) An order pursuant to section 192 of the Canada Business Corporations Act, R.S.C. 1985, Chap. C-44, as
amended (the “CBCA”) approving a Plan of Arrangement (the “Arrangement”) proposed by the
Applicant substantially in the form described in the Management Information Circular (the “Circular”) attached as Exhibit “A” to the Affidavit of Glen LeBlanc to be filed in support of this
Application; and

b) Such further and other relief as this Court may deem just.

AND TAKE NOTICE that in support of the application will be read the Affidavit of Glen LeBlanc, and such
other supplementary material as counsel may advise, a true copy of which will be filed.

AND FURTHER TAKE NOTICE that on the hearing of the application, the Judge may make an order in
favour of the Applicant in your absence and without further notice unless you or your solicitor:

a) cause to be delivered to the solicitor of the Applicant at the address named herein for service, not later
than two (2) clear days before the hearing of the application, a true copy of any affidavit or other
material that you or your solicitor intend to read on the hearing of the application; and

b) appear on the hearing of the application at the time and place appointed for the hearing.

ISSUED at Halifax, Nova Scotia this 3rd day of April, 2006.
“DANIEL M. CAMPBELL”
Daniel M. Campbell, Q.C.
COX HANSON O’REILLY MATHESON
1100 - 1959 Upper Water Street
P.O. Box 2380 Central
Halifax, Nova Scotia B3J 3E5
Canada
Tél: 902.491.4105
Fax: 902.421.3130

“BRAD BERG” for
Jeff Galway
BLAKE, CASSELS & GRAYDON LLP
Barristers & Solicitors
Box 25, Commerce Court West
Toronto, Ontario M5L 1A9
Canada
Tél: 416.863.3859
Fax: 416.863.2653

Solicitors for the Applicant,
Aliant Inc.

TO: The Prothonotary

AND TO: The Director appointed pursuant to section 260 of the Canada Business Corporations Act

Director, Compliance Branch
Corporations Directorate
Industry Canada
9th Floor, Jean Edmonds Tower South
365 Laurier Avenue West
Ottawa, ON K1A 0C8

Attention: Alexander Lavoie

AND TO: Stikeman Elliott LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Ontario
M5L 1B9

Attention: Eliot N. Kolers
Counsel to: BCE Inc.
Bell Canada
APPENDIX “H”
INTERIM ORDER

IN THE SUPREME COURT OF NOVA SCOTIA

An Application of Aliant Inc. for approval of a plan of arrangement pursuant to Section 192 of the Business Corporations Act, R.S.C. 1985, c-44

INTERIM ORDER

Before the Honourable Justice Arthur J. LeBlanc, in chambers

THIS INTERLOCUTORY APPLICATION, made by the Applicant Aliant Inc. ("Aliant"), for an interim order for advice and directions of the Court in connection with an application (the "Application") to approve an arrangement under section 192 of the Canada Business Corporations Act, R.S.C. 1985, Chap. C-44, as amended (the "CBCA"), was heard this day, at the Law Courts, 1815 Upper Water Street, Halifax, Nova Scotia.

ON READING the Originating Notice issued April 3, 2006, the Interlocutory Notice dated April 6, 2006, the Affidavit of Glen LeBlanc sworn on April 6, 2006 (the "Affidavit") and the exhibits thereto, and on hearing the submissions of counsel for Aliant, no one appearing for the Director appointed pursuant to section 260 of the CBCA although served with this Notice and, on being advised of a property exchange and arrangement agreement dated March 6, 2006 (the "Arrangement Agreement") between Aliant, BCE Inc. ("BCE") and Bell Canada (the "Arrangement Agreement Parties"), and on being advised of the consent to this Interim Order of each of the Arrangement Agreement Parties,

IT IS ORDERED THAT:

1. Aliant is authorized to call, hold and conduct an annual and special meeting (the "Aliant Meeting") of the holders of common shares of Aliant (the "Aliant Common
Shares”) and a special meeting of the holders of the preference shares, series 2, of Aliant (the “Aliant Preferred Shares” and, together with the Aliant Common Shares, the “Aliant Shares”) to, among other things, consider and, if deemed advisable, to pass, with or without variation, a special resolution (the “Arrangement Resolution”) to approve a plan of arrangement (the “Plan of Arrangement”) substantially in the form set forth as Exhibit “B” to the Affidavit.

2. The Aliant Meeting shall be called, held and conducted in accordance with the CBCA and the articles and by-laws of Aliant, subject to the terms of this Interim Order and any further Order of this Court.

3. Aliant is authorized to make such amendments, revisions or supplements to the Arrangement as it may determine are appropriate, subject to the terms of the Arrangement Agreement and this Interim Order and without any additional notice to the holders of the Aliant Common Shares (the “Common Shareholders”) and the holders of the Aliant Preferred Shares (the “Preferred Shareholders”), and the Arrangement as so amended, revised or supplemented shall be the Arrangement submitted to the Common Shareholders and Preferred Shareholders at the Aliant Meeting and shall be the subject of the Arrangement Resolution.

4. The Aliant Meeting is to be held on Wednesday, May 17, 2006 provided that Aliant, if it deems it advisable, is specifically authorized to adjourn or postpone the Aliant Meeting on one or more occasions, without the necessity of first convening the Aliant Meeting or first obtaining any vote of Common Shareholders or Preferred Shareholders respecting the adjournment or postponement, subject to the terms of the Arrangement Agreement and notice of any such adjournment or postponement may be given by press release, newspaper advertisement or by notice to the Common Shareholders and Preferred Shareholders by one of the methods specified herein, as determined by the Board of Directors of Aliant.

5. The Originating Notice, the Notice of Annual and Special Meeting, the Aliant Management Information Circular (the “Circular”), and the forms of proxy (collectively referred to as the “Meeting Materials”) in substantially the same form as contained in Exhibits “C” and “D” to the Affidavit (with such amendments thereto, or additional communications or documents as counsel for Aliant may consider are necessary or desirable, provided that
such amendments, communications or documents are not inconsistent with the terms of this Interim Order), together with this Interim Order, shall be distributed to the Common Shareholders and Preferred Shareholders as at the Record Date (as established in paragraph 9 below), the holders of options to purchase Aliant Common Shares ("Aliant Options"), the directors of Aliant and the auditors of Aliant by one or more of the following methods not less than twenty-one (21) days before the date of the Aliant Meeting, excluding the date of delivery and the date of the Aliant Meeting:

(a) in the case of the registered holders of Aliant Shares, by prepaid ordinary mail, by courier, by delivery in person, or by electronic means, addressed to each such holder at his, her or its last known address, as shown on the books or records of Aliant;

(b) in the case of non-registered holders of Aliant Shares, by providing sufficient copies of the Meeting Materials to intermediaries and registered nominees to facilitate the broad distribution of the Meeting Materials to non-registered holders of Aliant Shares;

(c) in the case of holders of Aliant Options, by prepaid ordinary mail, by courier, by delivery in person, or by electronic means, addressed to each such holder at his, her or its last known address, as shown on the books or records of Aliant;

(d) in the case of the directors of Aliant, by courier or by delivery in person, or by electronic means, addressed to the individual directors; and

(e) in the case of the auditors of Aliant, by courier or by delivery in person, or by electronic means, addressed to the firm of auditors,

and such distribution shall constitute good and sufficient notice of the Application, the Aliant Meeting and the hearing in respect of the Application upon such persons.

6. The Meeting Materials shall be deemed, for the purposes of this Interim Order and the Application, to have been received:

(a) in the case of distribution by ordinary prepaid mail, three (3) business days after delivery thereof to the post office;

(b) in the case of distribution by courier, one (1) business day after receipt by the courier;

(c) in the case of distribution by delivery in person, on receipt thereof by the intended addressee; and
(d) in the case of distribution by facsimile transmission or by electronic means, upon the transmission thereof.

7. Notice of any amendments, updates or supplements to any of the information provided in the Meeting Materials may be communicated to the Common Shareholders, the Preferred Shareholders and the other persons entitled to receive notice under paragraph 5 above by press release, newspaper advertisement or notice by one of the methods specified in paragraph 5 above as determined by the Board of Directors of Aliant. Any amendments, updates or supplements to any of the Meeting Materials, and any notice or any adjournment or postponement of the Meeting, will be deemed to have been received by such shareholders in the case of mailing, courier, delivery in person, facsimile transmission or transmission by electronic means, within the times provided in paragraph 6 above and, in the case of advertisement or press release, at the time of publication of the advertisement or issuance of the press release.

8. The accidental failure or omission to give notice of the Aliant Meeting, or the non-receipt of such notice, shall not invalidate the giving of notice under paragraph 5 above or any resolution passed or proceedings taken at the Aliant Meeting and shall not constitute a breach of this Interim Order.

9. The record date for determining the Common Shareholders and the Preferred Shareholders entitled to receive the Meeting Materials and to vote at the Aliant Meeting shall be the close of business (ADT) on Wednesday, March 29, 2006, as previously approved by the Board of Directors of Aliant and published by Aliant (the “Record Date”).

10. Aliant is authorized to use the forms of proxy (the “Forms of Proxy”) in substantially the same form attached as Exhibit “D” to the Affidavit, subject to Aliant’s ability to insert dates and other relevant information in the final Forms of Proxy. Aliant is authorized, at its expense, to solicit proxies, directly and through its officers, directors and employees, and through such agents or representatives as it may retain for the purpose, and by mail or such other forms of personal or electronic communication as it may determine, subject to the terms of the Arrangement Agreement and this Interim Order.
11. Aliant may, in its discretion, waive generally the time limits for the deposit of proxies by the Common Shareholders and the Preferred Shareholders, if Aliant deems it advisable to do so.

12. In accordance with Aliant’s By-laws, the quorum required at the Meeting shall be at least two persons, each being a holder of Aliant Common Shares and entitled to vote at the Meeting, present in person or represented by proxy.

13. The votes shall be taken at the Aliant Meeting on the basis that each holder of Aliant Shares is entitled to one vote for each Aliant Share held and, subject to further Order of this Court, the vote required to pass and approve the Arrangement Resolution shall be the affirmative vote of not less than (i) 66 2/3% of the votes cast at the Meeting by Common Shareholders and Preferred Shareholders, voting together as a single class and (ii) a simple majority of the votes cast by the Minority Shareholders (being all Common Shareholders other than BCE and Bell Canada and their respective related parties, and the officers and directors of BCE, Bell Canada, Aliant and its subsidiaries), in each case present in person or represented by proxy at the Aliant Meeting. For the purposes of this Interim Order, any spoiled votes, illegible votes, defective votes and abstentions shall be deemed not to be votes cast.

14. The only persons entitled to attend the Aliant Meeting shall be: (a) the Common Shareholders and Preferred Shareholders, or their respective proxies; (b) the officers, directors, auditors and advisors of Aliant; (c) representatives of the other Arrangement Agreement Parties; (d) the Director under the CBCA; and (e) other persons with the permission of the Chair of the Aliant Meeting.

15. Only registered Common Shareholders shall be entitled to exercise rights of dissent, and to seek payment of the fair value for their Aliant Common Shares, in accordance with and in compliance with section 190 of the CBCA and the Arrangement, provided that any registered Common Shareholder who wishes to dissent (a) must have as a condition precedent thereto provided a written dissent notice objecting to the Arrangement Resolution to Aliant at 6 South Maritime Centre, 1505 Barrington Street, Halifax, Nova Scotia, B3J 2W3 (Attention: Corporate Secretary) at or before 5:00 p.m. (ADT) on May 15, 2006 (or on the
day that is two Business Days immediately preceding any adjournment or postponed Aliant Meeting), and (b) must otherwise strictly comply with section 190 of the CBCA.

16. Upon approval by the Common Shareholders and Preferred Shareholders of the Arrangement in the manner set forth in this Order, Aliant may apply to this Court on Thursday, May 18, 2006, or such later date as the Application may be adjourned to, for approval of the Arrangement. The distribution and delivery of the Originating Notice herein, in accordance with paragraphs 5 and 6 of this Order, shall constitute good and sufficient service of such Originating Notice pursuant to this Order and no other form of service need be made and no other material need be served on such persons in respect of these proceedings, unless responding materials are served on Aliant’s solicitors as set out below, not later than two days before the hearing of the Application. Aliant is hereby authorized to file supplementary affidavit material pertaining to the conduct and results of the Aliant Meeting on the day of the hearing of the Application for approval of the Arrangement, as provided by Rule 37.08(3) of the Civil Procedure Rules of Nova Scotia.

17. The only persons entitled to notice of any further proceedings herein, including the hearing to approve the Arrangement, and entitled to appear and to be heard thereon, shall be (a) solicitors for Aliant, (b) solicitors for BCE and Bell Canada, and (c) persons who have delivered responding materials herein in accordance with the Civil Procedure Rules of Nova Scotia and this Interim Order, including service of said responding materials on Aliant’s solicitors: Cox Hanson O’Reilly Matheson, 1100-1959 Upper Water Street, P.O. Box 2380 Central, Halifax, Nova Scotia, B3J 3E5, or by fax to 1-902-421-3130, Attention Daniel M. Campbell, Q.C.; or Blake, Cassels & Graydon LLP, P.O. Box 25, 199 Bay Street, Commerce Court West, Toronto, Ontario M5L 1A9, or by fax to 1-416-863-2653, Attention: Jeffrey Galway and Bradley Berg.

18. Aliant shall be entitled, at any time, subject to the terms of the Arrangement Agreement, to seek leave to vary this Order.

19. The Circular will not be placed in the public record until the Circular in final form is filed with the appropriate securities regulators, or pending any further order of this Court.
20. To the extent of any inconsistency or discrepancy with respect to the matters provided for in this Interim Order, as between this Interim Order and terms of any instrument creating, governing or collateral to the Aliant Shares or the articles or by-laws of Aliant, this Interim Order shall govern.

Dated at Halifax, Nova Scotia this 13th day of April, 2006

[Signature]

Prothonotary

[Signature]

Confirmed to be a true and correct copy of original document herein

Date: ____________________

[Signature]

GEORGE GHOSN
Deputy Prothonotary

GEDRago
APPENDIX “I”

ALIANT CORPORATE GOVERNANCE MATTERS

Part I — Roles, Responsibilities and Position Descriptions

The following information is taken from the Aliant Inc. corporate governance manual.

(i) Chairman of the Board Responsibilities

The Dey Report provides a general description of the Chairman of the Board’s role as responsible for managing the processes of the Board and for ensuring the Board discharges its responsibilities. More specifically, the following are the responsibilities of the Chairman of the Board of Directors:

- Provide leadership to the Board;
- Ensure the Board can function independently of management;
- Establish procedures to govern the Board’s work, working with the Corporate Governance Committee;
- Ensure the Board’s full discharge of its duties;
- Schedule meetings of the full Board and work with committee Chairs to coordinate the schedule of meetings for committees;
- Ensure the appropriate agenda for regular or special Board meetings based on input from Directors and the CEO;
- Ensure proper flow of information to the Board, reviewing adequacy and timing of documented material in support of management’s proposals;
- Ensure adequate lead time for effective study and discussion of business under consideration;
- Oversee the preparation and distribution of proxy material to shareholders, customers, employees and the community;
- Help the Board fulfill the goals set by assigning specific tasks to members of the Board where necessary;
- Act as liaison between the Board and management;
- In support of the CEO, and when requested by the CEO or the Board, represent the Corporation to external groups as required;
- Working with the Corporate Governance Committee, ensures proper committee structure, including assignments of members and committee Chairs;
- Chair regular and special meetings of the Board of Directors;
- Carry out other duties as required by the CEO and the Board as a whole, depending on need and circumstances.

(ii) Individual Director Responsibilities

There are general duties and responsibilities of Directors in common law and in the Canada Business Corporations Act (the “CBCA”), as well as the Corporation’s by-laws.

The relationship of the Director to the corporation is a fiduciary one. A fiduciary is defined as a person who in law, by his or her position, is able to affect the legal rights of others and has some power of control over the property of others.

The Corporation Directors are “trustees” in the sense that in performance of their duties, they stand in a fiduciary relationship to the Corporation and are bound by all the rules of fairness, morality and honesty in purpose that the law imposes. From this fiduciary role comes the stewardship responsibility to preserve and enhance shareholder value and as such the Board of Directors serve as trustees for the investment of the shareholders.
As a group, the Board of Directors’ role is to oversee the performance of executive management. In summary, this consists of selecting a successful management team, overseeing corporate strategy and performance, acting as a resource for management and ensuring effective shareholder communication. Individual Directors share this responsibility collectively with the other members of the Board of Directors.

Also individually, Directors must, in connection with the powers and duties of their office, exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstance. Part of this care and diligence is for all Directors to attend and participate in Board discussion.

The duties of a Director as established by the CBCA and as interpreted by the Courts may be summarized as follows:

A. Duty of Honesty — In their dealings with fellow Directors, Directors must tell the whole truth and in good faith. Secret profits are forbidden to Directors.

B. Duty of Loyalty — A Director is required to give individual loyalty to the corporation. Each Director must exercise his or her powers honestly and for the benefit of the corporation as a whole.

C. Duty of Care — A Director is required to exercise prudence and diligence. The duty of care requires prudence based on common sense.

D. Duty of Diligence — The statutory requirement of diligence involves making those inquiries, which a person of ordinary care in their position or in managing their own affairs would make.

E. Duty of Skill — Originally in common law a Director was required to exercise no greater degree of skill than could be reasonably expected from a person with their knowledge and experience. The CBCA now requires every Director to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

F. Duty of Prudence — The duty of prudence requires Directors to use common sense. Acting prudently is acting carefully, deliberately, cautiously, trying to foresee consequences.

Directors must also keep the following guidelines in mind in the exercise of their individual responsibilities:

• to exercise powers properly for the purpose for which they are conferred;
• to be sensitive to any sort of conflict of interest whether real or perceived. Where conflict cannot be avoided, declare the conflict and, based on the specifics of the conflict either refrain from voting and/or be excused from the meeting;
• not to misuse information or position; to ensure that appropriate records are kept and maintained and that proper distributions or payments are made;
• with regard to Corporation goals and objectives, to fulfill legal requirements and obligations of a Director, represent the interest of all shareholders in the governance of the Corporation, participate in review of Corporate policies and strategies and monitor their progress;
• with regard to Board activity, to exercise good judgment and act with integrity, use abilities and experience and influence constructively, be an available resource to management and Board, respect confidentiality, govern rather than manage, be aware of potential conflict areas, evaluate the CEO and corporation performance, assist in maximizing shareholder value;
• with regard to preparation and attendance, to read mail-out materials, maintain good attendance record, acquire adequate information for decision making;
• with regard to communication, to participate fully and frankly in meetings, encourage free and open discussion, ask probing questions;
• with regard to independence, demonstrate interest in long term success of the Corporation, speak and act independently;
• establish an effective, independent and respected presence and a collegial relationship with other Board members;
• with regard to committee work, become knowledgeable about the purpose and goals of the committee, understand the process and the role of management and staff supporting the committee;

• with regard to business, Corporation and industry knowledge, remain knowledgeable of the Corporation’s services, facilities and industry, understand the Corporation’s role in the community, understand regulatory, legislative, business, social and political environments of the Corporation, become acquainted with corporate officers. Be an effective ambassador of the Corporation.

This is a very brief summary of the duties of a Director. Further information can be found in “Guidelines for Corporate Directors in Canada” published by the Institute of Corporate Directors.

(iii) **President and Chief Executive Officer Responsibilities**

Aliant’s by-laws define the duties of the CEO (President) as exercising general control of and supervision over the Corporation’s affairs. More specifically, the following are the responsibilities of the CEO:

• Fosters a corporate culture that promotes ethical practices, encourages individual integrity and fulfills social responsibility;

• Maintains a positive and ethical work climate that is conducive to attracting, retaining and motivating a diverse group of top-quality employees at all levels;

• Develops and recommends to the Board, a long term strategy and vision for the Corporation that leads to the creation of shareholder wealth;

• Develops and recommends to the Board, annual business plans and budgets that support the Corporation’s long term strategy;

• Determines the appropriate use of technology;

• Develops and recommends to the Board, the allocation of capital necessary to achieve the Corporation’s business plan;

• Ensures that the day-to-day business affairs of the Corporation are appropriately managed including evaluation of the Corporation’s operating performance and initiating appropriate action where required;

• Consistently strives to achieve the Corporation’s financial and operating goals and objectives;

• Ensures fair presentation of the financial condition of the Corporation in continuous disclosure documents, and oversight and assessment of internal and disclosure controls of the Corporation;

• Ensures that the Corporation builds and maintains a strong positive relationship with its customers;

• Ensures continuous improvement in the quality and value of the products and services provided by the Corporation;

• Ensures that the Corporation achieves and maintains a satisfactory competitive position within the industry;

• Ensures that the Corporation builds and maintains a strong positive relationship with its employees;

• Ensures that the Corporation has an effective management team below the level of CEO and has an active plan for its development and succession;

• Ensures, in cooperation with the Board, that there is an effective succession plan in place for the CEO position;

• Formulates and oversees the implementation of major corporate policies; Serves as the chief spokesperson for the Corporation;

• Builds and maintains strong relationships with the corporate and public community;

• Ensures management support for Board Committees.
(iv) **Committee Chair Responsibilities**

**Audit Committee Chair Responsibilities**
- Develop the agenda for each meeting of the Audit Committee; Preside over Audit Committee meetings;
- Oversee the Audit Committee’s compliance with its terms of reference;
- Work with management to develop the Audit Committee’s annual work plan;
- Provide leadership in assessing the effectiveness of the internal control structure and procedures for financial reporting;
- Together with the CFO, evaluate the external auditor;
- Report regularly to the Board on the business of the Committee.

**Corporate Governance Committee Chair Responsibilities**
- Develop the agenda for each meeting of the Corporate Governance Committee;
- Preside over Corporate Governance Committee meetings;
- Oversee the Corporate Governance Committee’s compliance with its terms of reference;
- Work with management to develop the Corporate Governance Committee’s annual work plan;
- Provide leadership in assessing the effectiveness of Aliant’s system of corporate governance with respect to the discharge of Aliant’s obligations to its shareholders, customers and employees, other stakeholders and the public;
- Together with the Corporate Secretary, identify, review and evaluate matters of corporate governance as they may pertain to the Board or the Corporation;
- Report regularly to the Board on the business of the Committee.

**Human Resources and Compensation Committee Chair Responsibilities**
- Develop the agenda for each meeting of the Human Resources and Compensation Committee;
- Preside over Human Resources and Compensation Committee meetings;
- Oversee the Human Resources and Compensation Committee’s compliance with its terms of reference;
- Work with management to develop the Human Resources and Compensation Committee’s annual work plan;
- Provide leadership in assessing the effectiveness of Aliant’s strategies for management succession, development and competitive executive compensation;
- Report regularly to the Board on the business of the Committee.

**Defined Benefit Pension Investment Committee Chair Responsibilities**
- Develop the agenda for each meeting of the Pension Investment Committee;
- Preside over Pension Committee meetings;
- Oversee the Pension Committee’s compliance with its terms of reference;
- Work with management to develop the Pension Committee’s annual work plan;
- Provide leadership in assessing the effectiveness of investment managers’ performance;
- Report regularly to the Board on the business of the Committee.
Defined Contribution Pension Investment Committee Chair Responsibilities

- Develop the agenda for each meeting of the Pension Investment Committee; Preside over Pension Committee meetings;
- Oversee the Pension Committee’s compliance with its terms of reference;
- Work with management to develop the Pension Committee’s annual work plan;
- Provide leadership in assessing the effectiveness of investment managers’ performance and/or the performance of investment options offered to employees;
- Report regularly to the Board on the business of the Committee.

Investment Committee Chair Responsibilities

- Develop the agenda for each meeting of the Investment Committee;
- Preside over Investment Committee meetings;
- Oversee the Investment Committee’s compliance with its terms of reference;
- Work with management to develop the Investment Committee’s work plan, as circumstances warrant;
- Provide leadership in assessing investment proposals and strategies;
- Report regularly to the Board on the business of the Committee.

(v) Director Selection Process

I. Search Process

When a vacancy occurs on the board and such vacancy is to be filled by an independent director, the Corporate Governance Committee (the “Committee”) will follow the following process:

A. Corporate Strategic Objectives

The Committee will review the company’s current strategic objectives to determine the implications of such objectives for the composition of the board of directors.

B. Current Skill, Experience and Board Dynamics Analysis

The Committee will review the background, experience and skills of each director along with the current board dynamics to determine current board strengths and needs. For this purpose, the Committee will develop a matrix of existing directors’ skills, knowledge and experience.

C. Divergence Analysis

The Committee will review the information it has assembled about existing skills and dynamics in light of the company’s strategic objectives. This information will be used to assess whether the current board represents a mix of skills, experience and individual characteristics required for collective effectiveness.

D. Development of Criteria

Bearing in mind the divergence analysis, the Committee will develop the criteria for the selection of new directors to ensure it complements the current board composition and fills any gaps. Using the results of the divergence analysis, the Committee will develop a profile of skills, knowledge and experience required of potential candidates, that is consistent with the general selection criteria outlined below and that reflects Aliant’s values.

E. Search Process

The Committee may in its discretion identify candidates for consideration as potential directors. The Committee may use the services of outside consultants in searching for candidates. In identifying candidates, the Committee shall determine whether an individual fits the general selection criteria and
the profile developed by the Committee. The Committee will consider the interplay of the candidate’s attributes with the experience and attributes of other board members.

F. Selection Process

The board chair and the chief executive officer, together with the chair of the Committee, will interview the candidates. The Committee will review the reports of the interviews and make the recommendation it deems appropriate to the board.

The formal invitation to join the board will be extended, on behalf of the board, by the chair of the board after discussion with and approval by the Committee and the full board of directors.

II. General Selection Criteria

Individual Qualifications

In general, the board will consider individuals prominent and active in any of a broad variety of businesses, institutions or professions and who would bring a diversity of views and experience to the board;

A. with knowledge of/experience relevant to the success of a publicly-traded company;
B. familiar with the Atlantic region and the telecommunications and information technology industries;
C. who demonstrate the ability to take into account and incorporate many perspectives at once, who are incisive and exercise sound business judgment and who demonstrate independence of mind;
D. who demonstrate integrity, honesty and the ability to generate public confidence and maintain the goodwill and confidence of the Corporation’s shareholders whom they represent;
E. with the ability to provide thoughtful and experienced counsel on a broad range of issues and to develop a depth of knowledge of the business of the Corporation;
F. who are collegial and respectful of, but not deferential to, others views; and
G. possess adequate time, capability and willingness to fulfill the responsibilities of director.

Composition of the Board as a Whole

A. a diversity of background, perspective and skills related to the corporation’s strategic objectives;
B. a diversity of race, gender and age.

Part II — Board and Committee Mandates

(i) Board of Directors Mandate

The Corporation is owned by the shareholders who delegate supervision of management to the Board, who in turn delegate management responsibility to the management of the Corporation. The objective of the Corporation is to conduct its business activities so as to enhance corporate profit and shareholder value.

The primary responsibility of the Board of Directors is to foster the long-term success of the Corporation consistent with its fiduciary responsibility to the shareholders to maximize shareholder value. The Aliant Board is empowered by the Corporation’s act of incorporation, by-laws and articles of incorporation. Article 4 of the Corporation’s by-laws gives the Board of Directors the power to accomplish that objective. It states that “The board shall manage the business and affairs of the Corporation”.

The Board operates by delegating certain of its authorities, including spending authorizations, to management and by reserving certain powers to itself. Subject to the act of incorporation and by-laws or the articles of incorporation of the Corporation, the Board retains the responsibility for managing its own affairs, including planning its composition, selecting its Chairman, nominating candidates for election of the Board, appointing committees and determining Director compensation.
A Director’s responsibility is that of a fiduciary and individually and collectively is founded in legal imperatives. (See Section 2 Individual Director Responsibilities). In its fiduciary capacity, the Board of Directors is responsible for the stewardship of the Corporation (preserving and enhancing shareholder value) and as such, is accountable for the success of the Corporation by taking responsibility for management. In summary, the Board serves as the trustee for the investment of the shareholders.

The Directors have determined that the Corporation is to be managed by its senior executives and that the role of the Board is to oversee their performance. In general, this role consists of selecting a successful corporate management team, overseeing corporate strategy and performance, acting as a resource for management in matters of planning and policy, and ensuring effective shareholder communication.

For Aliant, the principal duties of the Board can be organized into six major categories as follows:

I. Selection of Management

The Board has the responsibility for:

A. the appointment and replacement of a Chief Executive Officer (“CEO”), for monitoring CEO performance, approving CEO compensation and providing advice and counsel to the CEO in the execution of his duties;

B. approving the appointment, replacement and remuneration of all senior corporate officers upon the advice of the CEO, and the recommendation of the Human Resources and Compensation Committee;

C. ensuring that plans have been made for management succession.

II. Strategy Determination

The Board has the responsibility to:

A. review with management the mission of the business, its objectives and goals;

B. review and approve management’s strategic and business plans and develop a depth of knowledge of the business, understand and question the assumptions upon which the plans are based, and reach an independent judgment as to whether the plans can be realized;

C. review and approve the Corporation’s financial objectives, plans and actions including significant capital allocations, expenditures, and raising of capital.

III. Monitoring and Acting

The Board has the responsibility for:

A. monitoring corporate performance against strategic and business plans and overseeing the operating results to evaluate whether the business is being properly managed;

B. approving any payment of dividends;

C. ensuring the implementation and integrity of the Corporation’s internal control and management information systems;

D. reviewing and approving material transactions not in the ordinary course of business;

E. ensuring ethical corporate behaviour and compliance with all laws and regulations, auditing and accounting procedures, and the Corporation’s corporate governance processes;

F. ensuring the fullest communications with the shareholders and approving all proposals to be submitted to the shareholders, including nomination of Directors;

G. ensuring implementation of the appropriate systems to identify and manage the principal risks of the Corporation’s business;
H. managing the Board’s own affairs and assessing the Board’s own effectiveness in fulfilling these and other Board responsibilities.

IV. Policies and Procedures

The Board has the responsibility to:

A. approve and ensure there is monitoring of compliance with all significant policies and procedures by which the Corporation is operated;

B. ensure that policies and procedures are in place so that the Corporation operates at all times within applicable laws and regulations, and to the highest ethical and moral standards.

V. Reporting

The Board has the responsibility to:

A. ensure that the financial performance of the Corporation is adequately reported to shareholders, other security holders and regulators on a timely and regular basis;

B. ensure that the financial results are reported fairly and in accordance with generally accepted accounting principles;

C. ensure the timely reporting of any other developments that have a significant and material impact on the value of the Corporation;

D. report annually to shareholders on its stewardship for the preceding year;

E. ensure the Corporation has systems in place which accommodate feedback from shareholders, customers, employees and the community.

VI. Legal Requirements

A. The Board is responsible for ensuring that policies and procedures are in place and that legal requirements have been met, and documents and records have been properly prepared, approved and maintained.

B. Canadian law identifies the following legal requirements for the Board:

   i) to manage the business and affairs of the Corporation;
   
   ii) to act honestly and in good faith with a view to the best interests of the Corporation;
   
   iii) to exercise the care, diligence and skill that reasonable prudent people would exercise in comparable circumstances;
   
   iv) to act in accordance with its obligations contained in the Securities Act of each province and territory of Canada, other relevant legislation and regulations, and the individual Corporation’s act of incorporation and by-laws or articles of incorporation;
   
   v) in particular, it should be noted that the following matters must be considered by the Board as a whole and may not be delegated to a committee:

      a) any submission to the shareholders of a question or matter requiring the approval of the shareholders;
      
      b) the filling of a vacancy among the Directors or in the office of the external auditor;
      
      c) the manner and the term for the issuance of securities;
      
      d) the declaration of dividends;
      
      e) the purchase, redemption or any other form of acquisition of shares issued by the Corporation;
f) the payment of a commission to any person in consideration of the purchase or agreement to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares;

g) the approval of management proxy circulars;

h) the approval of any take-over bid circular or Directors’ circular;

i) the approval of the interim and annual financial statements and management’s discussion and analysis of the financial condition and results of operations (“MD&A”) of the Corporation;

j) the adoption, amendment or repeal of by-laws of the Corporation.

VII. Miscellaneous Requirements

The Board has the responsibility for the implementation of a policy prohibiting personal loans to executive officers or directors of the Corporation. (See Appendix “M” for the detailed policy)

(ii) Corporate Governance Committee Mandate

Purpose

At Aliant, “Corporate Governance” means the process and structure used to oversee the management of the business affairs of the Corporation with the objective of enhancing shareholder value, which includes insuring the financial viability of the business. The process and structure define the division of power and establish mechanisms for achieving accountability by the Board of Directors and Management.

The purpose of the Corporate Governance Committee (the “Committee”) is to provide a focus on Board governance that will enhance the Corporation’s performance. The Committee’s purpose is to assess and make recommendations regarding Board effectiveness and to establish a process for identifying, recruiting, appointing and providing ongoing development for Directors.

Composition, Term of Office and Frequency of Meetings

The Committee shall consist of three (3) or more Directors, each of whom shall be External Directors.

The Committee shall serve as a standing Committee of the Board. Members of the Committee are eligible for reappointment at the will of the Board. A quorum shall consist of not less than two (2) members of the Committee. The Corporate Secretary or his/ her authorized representative shall serve as secretary of the Committee.

The Committee shall meet not less than two (2) times each year as called by the Chair of the Committee.

Duties and Responsibilities

The Board of Directors of Aliant hereby delegate to the Committee certain powers and duties to be performed by the Committee on behalf of, for and in the name of each Board. The Committee shall perform the following functions:

A. annually develop, and update a long term plan for the composition of the Board of Directors that takes into consideration the current strengths, skills and experience of the Board, retirement dates and the strategic direction of Aliant;

B. provide, on an annual basis, a written outline describing essential and desired experiences and skills for potential Directors;

C. in consultation with the CEO, recommend to the Board nominees for election as members of the Board of Directors of the Corporation;

D. review, monitor and make recommendations regarding new Director orientation and the ongoing development of existing Directors;
E. present, for Board approval, a Corporate Governance Manual that includes policies regarding the following:
   i) the size and composition of the Board;
   ii) general responsibilities and functions of the Board and its members;
   iii) the organization and responsibilities of Board committees; and
   iv) the operations and procedures for Board meetings.
F. recommend, for Board approval, a Code of Business Conduct and Ethics, applicable to directors, officers and employees of the corporation, constituting written standards that are reasonably designed to deter wrongdoing and address the following issues:
   i) conflicts of interest;
   ii) protection and proper use of corporate assets and opportunities;
   iii) confidentiality of corporate information;
   iv) fair dealing with the Corporation’s security holders, customers, suppliers, competitors and employees;
   v) compliance with laws, rules and regulations; and
   vi) reporting of any illegal or unethical behaviour;
and monitor compliance with the Code;
G. recommend to the Board an appropriate evaluation process for the Board as a whole and Directors individually;
H. recommend to the Board the remuneration (fees and retainer) and benefits to be provided or paid to Directors;
I. recommend to the Board policies regarding ownership of shares in the Corporation by the Directors (see Appendix L for detailed policy);
J. function as a forum for concerns of individual Directors about matters that are not readily or easily discussed at full Board meetings. This ensures the Board can operate independently of management when necessary;
K. prepare recommendations to the Board regarding any reports required or recommended on corporate governance (e.g. public reports required to meet TSX guidelines);
L. review matters of a corporate governance nature, including but not restricted to corporate governance matters that are handled by the various committees of the Board and, where required, prepare in consultation with the relevant committee, recommendations to the Board;
M. recommend to the Board the members to serve on the various committees;
N. review the terms of reference for the Board of Directors, the committees of the Board and the Chairman and CEO;
O. conduct an annual review and assessment of the performance of the Chairman of the Board and in conjunction with the Chairman review annually the performance of the Directors;
P. review the Directors and officers’ liability insurance coverage;
Q. develop on an annual basis a forward agenda that outlines the important issues that must be covered by the Board of Directors;
R. have such other powers and duties as delegated to it by the Board in order to carry out its responsibilities.
Accountability
The Committees shall report to the Board of Directors at their next regular meeting all such action it has taken since the previous report.

Committee Timetable
The major annual activities of the Committee are outlined in the schedule on the following page.

(iii) Human Resources and Compensation Committee Mandate

Purpose
The purpose of the Aliant Human Resources and Compensation Committee (the “Committee” or the “HRCC”) is to establish: 1) a plan of continuity for executives and other key employees for each of the Corporation and its subsidiaries; 2) a broad plan of executive compensation that is competitive and motivating in order to attract, hold and inspire the Executive Management and other key employees; 3) an annual review of the performance of each member of the Executive Management and recommend individual Executive Management compensation; 4) procedures for the review and oversight of benefit plans, perquisite arrangements, and enhancements to or detractions from employee pension plans.

For the purposes hereof, “Executive Management” means all officers of the Corporation (other than assistant officers) and such other officers of subsidiaries of the Corporation as designated by the CEO.

Composition, Term of Office and Frequency of Meetings
The Committee shall consist of three (3) or more Directors, each of whom shall be external Directors.

A quorum shall consist of not less than two (2) members of the Committee. The Chairman of the Corporation shall be a member of the Committee. The CEO shall attend by invitation. The Corporate Secretary or her/his authorized representative shall serve as secretary of the Committee.

The Committee shall meet not less than four (4) times per year.

Duties and Responsibilities
Subject to the powers and duties of the Board, the Board hereby delegates to the Committee the following powers and duties to be performed by the Committee on behalf of and for the Board:

- The Committee shall develop a compensation policy and guidelines for Executive Management for recommendation to the Board for their consideration and approval.
- The Committee shall, on an annual basis, be responsible for reviewing any proposed organizational changes and report them to the Board.
- The Committee shall approve the appointment of officers for recommendation to the Board.
- The Committee shall review and, approve annually, or more frequently as required, management's succession plans for Executive Management, including specific development plans and career planning for potential successors, and recommend them to the Board.
- The Committee shall review and determine the compensation of each member of Executive Management, and recommend individual Executive compensation to the Board for their consideration and approval.
- The Committee shall recommend to the Board for consideration, approval, and establishment by the Board, employee benefit plans to be granted to Executive Management and guidelines with respect thereto.
- Following the approval of and establishment by the Board of a long-term incentive plan and within any guidelines established by the Board with respect to the granting of stock options and share units, the Committee shall:
(i) subject to confirmation by the Board, approve the grants under the long-term incentive plan of the Corporation and its subsidiaries;

(ii) suggest and review any amendments which the Committee considers necessary to the long-term incentive plan and make recommendations to the Board with respect to any amendments to such long-term incentive plan; provided however, that all amendments to such plan shall be subject to the consideration and approval of the Board; and

(iii) oversee all other administrative requirements with regard to the long-term incentive plan.

Within any guidelines established by the Board:

- administer the incentive compensation plans for Executive Management of the Corporation;
- designate key employees as Executive Management for the purposes of receiving incentive compensation; and
- suggest and review any amendments which the Committee consider for the incentive compensation plan and make recommendations to the Board for the consideration and approval of the Board; provided however, that all amendments to such plans shall be subject to the consideration and approval of the Board.

Subject to the Board’s approval of the establishment of all employee benefit plans and perquisites and within any guidelines established by the Board with respect thereto, the Committee shall review and approve benefits and perquisites to be granted under all employee benefit plans including levels and types of benefits.

The Committee shall review and approve all proposed enhancements to or detractions from the benefits accruing to employees under the pension plans.

The Committee shall oversee the selection of and the terms of reference of outside consultants to review the Executive Management compensation program as appropriate.

Under the authority of the Board, the Committee shall, with respect to boards of Directors of unrelated corporations which operate for profit and which compensate members of their board:

- establish a limit on the number of such boards on which individual members of Executive Management may participate; and
- receive notice of proposed membership by a member of Executive Management and, upon consultation with the CEO, have a right to object to such membership.

The Committee shall also have such other powers and duties as delegated to them by the Board.

**Accountability**

The Committee shall report to the Board at the next regular meeting of the Board all such material action it has taken since the previous report.

**Committee Timetable**

The major annual activities of the Committee are outlined in the schedule on the following pages.

(iv) **Investment Committee**

*Composition, Term of Office and Frequency of Meetings*

The Investment Committee (the “Committee”) shall consist of four (4) Directors, each of whom shall be an external Director.

A quorum shall consist of not less than two (2) members of the Committee. The Chairman of the Corporation shall be a member of the Committee, as long as the Chairman is not the CEO. The CEO shall attend by invitation. The Corporate Secretary or her/his authorized representative shall serve as secretary of the Committee.
Committee Responsibilities

a) The Committee will provide guidance and support to management during the development stages of investment proposals.

For investment proposals in excess of $5M in value, the Committee will be responsible for reviewing and analyzing potential investments and providing advice and direction to the Board on the following matters:

- the final terms and conditions of an investment;
- the proposed organization structure;
- the necessary documentation and authorization to proceed.

For investment proposals of less than $5M in value, (for companies which operate within the core lines of Aliant’s business) the committee shall have, in its discretion, authority to review, analyze and approve all potential investments by the Company. Such approved investments shall be reviewed by the Board at their next meeting.

2. The Committee shall review and advise on additions to and dispositions of existing investments.

3. Annual reviews shall be carried out for existing investments ensuring that proper business plans and strategies are in place and effective.

4. The Vice-President — Corporate Development (or the Vice-President responsible for this function) shall provide support staff for the Committee.

5. The Committee shall meet as requested by the CEO.

(v) Defined Contribution Pension Committee Mandate

I. Purpose

The purpose of the Aliant Defined Contribution Pension Investment Committee (the “Committee” or the “DCPIC”) is to assist the Corporation in carrying out its responsibilities regarding the defined contribution provisions of the pension plans of the Aliant group of companies. The Committee will: 1) evaluate, select and monitor the performance of the investment managers and the investment options offered employees; 2) provide input to the Corporation on establishing educational programs for plan participants; and 3) provide input to the Corporation on the performance of the recordkeeper.

II. Composition, Term of Office and Frequency of Meetings

The Committee shall consist of the following members: the members of the Defined Benefit Pension Investment Committee and two (2) elected employee representatives.

The employee representatives shall be elected once every three years by members of the Aliant Defined Contribution Pension Plans in such a manner as management deems fair and expedient. An employee representative shall serve in that capacity until resignation or he or she ceases to be an Aliant employee and member of an Aliant Defined Contribution Pension Plan or until his or her successor is elected. Any vacancy in the employee representatives shall be filled by an appointment of a qualified employee by the remaining members of the Committee, and will serve until the next election of employee representatives.

A quorum shall consist of not less than three (3) members of the Committee, at least two of which shall be external Directors of the Corporation and one of which shall be an employee member. In the event of a tie vote, the Committee Chair shall cast the deciding vote. The Corporate Secretary or her/his authorized representative shall serve as secretary of the Committee.

The Corporation shall provide, as it deems appropriate, support staff to assist the Committee in performing its purpose.
III. Committee Responsibilities

Setting the investment policy of the plan, including selecting the various assets classes within which the funds are invested.

Appointing investment counsel and investment managers, including establishing written mandates for each.

Establishing performance objectives for the investment managers and monitoring their performance.

Providing guidance to the Corporation to assist in establishing reporting guidelines and educational communication processes for employees.

IV. Accountability

The Committee shall report to the Board at the next regular meeting of the Board on all such material action it has taken since the previous report. This report shall be provided by a Director of the Corporation.

V. Committee Timetable

Regular meetings of the Committee shall occur at least three (3) times per year. The major annual activities of the Committee are outlined below:

- Approval of Annual Financial Statements (audited if required by law);
- Review of Manager Performance (twice annually);
- Review of Statement of Investment Policies and Procedures; and
- Review of Terms of Reference of the Committee.

(vi) Defined Benefit Pension Investment Committee Mandate

Purpose

The purpose of the Aliant Defined Benefit Pension Investment Committee (the “Committee” or the “DBPIC”) is to invest and administer the relevant pension funds (the “funds”) in accordance with the trust agreements of the defined benefit provisions of the pension plans of the Aliant group of companies.

Composition, Term of Office and Frequency of Meetings

The Committee shall consist of a minimum of two (2) Directors, each of whom shall be external Directors.

A quorum shall consist of not less than two (2) members of the Committee. The Chairman of the Corporation shall be a member of the Committee. The CEO or CFO shall attend by invitation. The Corporate Secretary or her/his authorized representative shall serve as secretary of the Committee.

The Corporation shall provide support staff for the Committee. The Committee may rely upon the advice of the lawyers, actuaries and auditors of the Corporation and may employ other advisors appropriate to carrying out its responsibilities.

Committee Responsibilities

The Committee shall establish broad asset mix parameters within which the funds may be invested. The Committee, in establishing such parameters, considers the actuarial characteristics of the plan(s), the risk/return characteristics inherent in the various markets for securities and the financial requirements of the Corporation.

The Committee shall be responsible to select the various assets classes within which the funds are invested.

The Committee shall appoint investment counsel, investment managers and a custodian(s) for the funds. The Committee may delegate any of the rights, powers and authority vested in the Committee pursuant to the trust agreement(s) to enable the investment counsel, investment managers and custodian(s) to invest, reinvest and administer all or part of the funds. The custodian(s) is responsible to receive and hold the assets of the fund in safekeeping.
The Committee shall establish performance objectives for the investment managers and monitor their performance.

The Committee shall review and approve the actuarial assumptions proposed by the actuary for the pension plans for purposes of carrying out any funding valuations that may be required.

Accountability

The Committee shall report to the Board at the next regular meeting of the Board on all such material action it has taken since the previous report.

Committee Timetable

Regular meetings of the Committee shall occur at least twice per year. The major annual activities of the Committee are outlined below:

1. Approval of Annual Financial Statements (audited if required by law);
2. Review of Fund Performance (twice annually);
4. Review of Terms of Reference of the Committee;
5. Approval of Actuarial Assumptions for Funding Valuations (if a valuation is required).
Please direct all inquiries to:

Questions and Further Assistance
If you have any questions about the information contained in this document or require assistance in completing your proxy form, please contact Aliant’s proxy solicitation agent, at:

Georgeson Shareholder

100 University Avenue
11th Floor, South Tower
Toronto, Ontario
M5J 2Y1

North American Toll Free Number:

1-866-746-7670