



IMPORTANT TAX INFORMATION Regarding Tax Slips for 2006

The purpose of this letter is to provide important tax slip information to former Aliant Inc. (Aliant) shareholders and current Bell Aliant Regional Communications Income Fund (Bell Aliant) unit holders that will assist with filing your 2006 income tax returns.

Please note: unit holders should consult their own tax advisors for advice with respect to preparing their tax returns. Tax considerations applicable to holders of Bell Aliant units who are resident in jurisdictions other than Canada have not been addressed in this message and such holders are advised to consult their tax advisors.

Before you file your 2006 income tax return, please be aware of the following information:

- Former Aliant shareholders that earned a dividend on their common shares during the period from January 2006 to June 2006 will be sent a T5 Statement of Investment Income tax slip (T5). This will be mailed by February 28, 2007.
- Former Aliant shareholders that sold Aliant shares during the period from January 1, 2006 to July 7, 2006 will be sent a T5008 slip that will report proceeds received on any Aliant shares sold. This will be mailed by February 28, 2007.
- Bell Aliant unit holders that earned a cash distribution during the period from July 7th 2006 to December 31, 2006, will be sent a T3 Statement of Trust Income Allocations and Designations tax slip (T3). This will be mailed by March 31, 2007.
- Bell Aliant unit holders that sold Bell Aliant units between July 10, 2006, and December 31, 2006, will be sent a T5008 slip that will report proceeds received on any Bell Aliant units sold. This will be mailed by February 28, 2007.
- Bell Aliant unit holders or former Aliant shareholders who are resident in the Province of Quebec on December 31, 2006 will also receive a Relevé 16 slip.
- The T3 and Relevé 16 slips will provide sufficient detail as to the taxable portion of cash distributions paid to Canadian residents.
- A T5008 tax slip will not be issued to report the disposition of Aliant shares on July 7, 2006.

If you were a former Aliant shareholder that earned dividends in 2006 and also held Bell Aliant units that earned a distribution in 2006, you can expect to receive multiple income tax slips (T5, T3 and possibly T5008) that should be used in the preparation of your 2006 income tax return. If you have questions related to this, please contact our investor line at **1-877-248-3113**.

Bell Aliant Regional Communications Income Fund was created on July 7, 2006 upon completion of a Plan of Arrangement (the "Arrangement") as described in Aliant's Management Information Circular of April 14, 2006. As a result of the Arrangement you will generally have realized a capital gain (or a capital loss) equal to the amount by which the fair market value of the Bell Aliant Units received exceeds (or is less than) the aggregate of your adjusted cost base of the Aliant Common Shares and any reasonable costs of disposition.

If you held your Aliant common shares as of July 7, 2006 outside of a RRSP, RRIF or DPSP, this capital gain (or capital loss) must be reported. The Canadian tax authorities do not prescribe any specific methodology for determining such fair market value. Bell Aliant believes that the use of the volume weighted average trading price over the five trading days immediately preceding the commencement of the Arrangement provides an accurate indication of such value. Using this method, Bell Aliant has determined that the Bell Aliant Units had a value of \$33.36 per unit at the time of the disposition. However, Bell Aliant cannot guarantee that Canadian tax authorities will agree with the use of such method. Consequently, Bell Aliant shall not be responsible for any tax consequences (such as additional tax, interest or penalties assessed by Canadian tax authorities) incurred should you decide to use the above-mentioned estimate of the value of the Units.

A T5008 tax slip will not be issued to report the disposition of Aliant shares on July 7, 2006. Nor will any tax slip be issued providing information on the historical trading prices of Aliant shares for the purposes of calculating capital gains (or losses) incurred as a result of the disposition of Aliant shares on July 7, 2006 as a result of the Arrangement. Former Aliant shareholders shall be responsible to determine their estimated cost base for their Aliant shares that were disposed of. However, to assist with this process historical pricing information for Aliant shares can be found on the Bell Aliant website at <http://bell.aliant.ca/english/ir/archives.shtml>