

# Supplementary Financial Information

June 30, 2006

***Aliant***



	Page
<b>Highlights</b>	3
<b>Consolidated</b>	
Growth	4
Shareholder Value	5
Capital Investments and Depreciation and Amortization	7
<b>Operating Segments</b>	
Telecommunications	
Financial Highlights	8
Operating Statistics - Local & Long Distance	9
Operating Statistics - Wireless	10
Operating Statistics - Internet	11
Information Technology	
Financial Highlights	12
<b>Accompanying Notes</b>	13
<b>Corporate Information</b>	14

**ALIAN T INC.**  
**Supplementary Financial Information (unaudited)**

**Highlights**

(Thousands of dollars, except as otherwise indicated)

FINANCIAL	Six Months Ended June 30			Three Months Ended June 30		
	2006	2005	% Change	2006	2005	% Change
<b>Operating revenues</b>	<b>\$1,079,201</b>	<b>\$1,038,771</b>	<b>3.9%</b>	<b>\$534,252</b>	<b>\$515,310</b>	<b>3.7%</b>
Cost of operating revenues	156,778	148,009	5.9%	67,819	65,048	4.3%
Other operating expenses	477,297	457,484	4.3%	241,641	227,615	6.2%
Pension and other post-employment benefit costs	49,147	50,181	(2.1%)	24,321	24,846	(2.1%)
Depreciation and amortization	190,833	197,576	(3.4%)	91,937	98,986	(7.1%)
Restructuring and other charges <sup>(1)</sup>	9,195	-	n.m.	8,884	-	n.m.
<b>Operating income</b>	<b>195,951</b>	<b>185,521</b>	<b>5.6%</b>	<b>99,650</b>	<b>98,815</b>	<b>0.8%</b>
Other expenses <sup>(2)</sup>	14,049	2,248	n.m.	1,250	1,287	(2.9%)
Interest charges	33,395	35,850	(6.8%)	15,964	18,465	(13.5%)
Income taxes	53,956	52,982	1.8%	28,621	28,609	-
Non-controlling interest	1,150	1,072	7.3%	593	669	(11.4%)
<b>Net income</b>	<b>\$93,401</b>	<b>\$93,369</b>	<b>-</b>	<b>\$53,222</b>	<b>\$49,785</b>	<b>6.9%</b>
Preferred share dividends	4,768	4,769	-	2,384	2,385	-
<b>Net income applicable to common shares</b>	<b>\$88,633</b>	<b>\$88,600</b>	<b>-</b>	<b>\$50,838</b>	<b>\$47,400</b>	<b>7.3%</b>
<b>EPS</b>	<b>\$0.70</b>	<b>\$0.67</b>	<b>4.5%</b>	<b>\$0.40</b>	<b>\$0.36</b>	<b>11.1%</b>
<b>Cash from operating activities</b> <sup>(3)</sup>	<b>\$219,960</b>	<b>\$200,992</b>	<b>9.4%</b>	<b>\$120,240</b>	<b>\$168,477</b>	<b>(28.6%)</b>
<b>Capital investments</b> <sup>(4)</sup>	<b>\$185,286</b>	<b>\$186,000</b>	<b>(0.4%)</b>	<b>\$104,339</b>	<b>\$104,323</b>	<b>-</b>
<b>SHARE CAPITAL</b>						
Weighted average number of common shares outstanding in the period <sup>(5)</sup>	127,275,408	131,628,739	(3.3%)	127,349,319	130,928,405	(2.7%)
Trading hi-low	\$37.00 - \$27.18	\$29.73 - \$25.75		\$37.00 - \$32.25	\$29.00 - \$25.75	
<b>As at June 30:</b>						
Number of common shares outstanding <sup>(5)</sup>	127,160,867	130,023,484	(2.2%)			
Common share price (AIT)	\$33.17	\$26.70	24.2%			
Preferred share price (AIT.PR.A) <sup>(6)</sup>	-	\$25.70	-			
<b>Market capitalization</b>	<b>\$4,217,926</b>	<b>\$3,471,627</b>	<b>21.5%</b>			

n.m. - not meaningful

**ALIAN'T INC.**
**Growth**
**Supplementary Financial Information (unaudited)**

(Thousands of dollars, except as otherwise indicated)

	2006			2005				
	Q2	Q1	Total	Q4	Q3	Q2	Q1	Total
<b>Operating revenues *</b>								
Telecommunications	\$476,950	\$460,149	\$937,099	\$480,081	\$468,304	\$458,411	\$445,830	\$1,852,626
Information Technology	75,916	104,196	180,112	82,214	82,687	85,906	104,830	355,637
Other and intercompany eliminations	(18,614)	(19,396)	(38,010)	(27,406)	(27,969)	(29,007)	(27,199)	(111,581)
<b>Operating revenues</b>	<b>\$534,252</b>	<b>\$544,949</b>	<b>\$1,079,201</b>	<b>\$534,889</b>	<b>\$523,022</b>	<b>\$515,310</b>	<b>\$523,461</b>	<b>\$2,096,682</b>
<i>Current year quarter over same prior year quarter growth (%)</i>	3.7%	4.1%		4.9%	4.8%	1.3%	1.5%	
<i>Year-to-date growth (%)</i>	3.9%	4.1%		3.1%	2.5%	1.4%	1.5%	
<b>Operating income *</b>								
Telecommunications	\$111,554	\$102,134	\$213,688	\$107,952	\$109,315	\$101,957	\$87,023	\$406,247
Information Technology	4,223	3,808	8,031	6,064	3,493	6,570	7,704	23,831
Other and intercompany eliminations	(16,127)	(9,641)	(25,768)	(8,844)	(8,643)	(9,712)	(8,021)	(35,220)
<b>Operating income</b>	<b>\$99,650</b>	<b>\$96,301</b>	<b>\$195,951</b>	<b>\$105,172</b>	<b>\$104,165</b>	<b>\$98,815</b>	<b>\$86,706</b>	<b>\$394,858</b>
<i>Current year quarter over same prior year quarter growth (%)</i>	0.8%	11.1%		13.2%	41.2%	21.4%	(7.5%)	
<i>Year-to-date growth (%)</i>	5.6%	11.1%		15.5%	16.4%	5.9%	(7.5%)	
<b>Net income</b>								
Telecommunications	\$63,644	\$44,169	\$107,813	\$56,860	\$56,732	\$50,091	\$42,785	\$206,468
Information Technology	1,606	1,564	3,170	4,117	1,000	4,897	4,364	14,378
Other and intercompany eliminations	(12,028)	(5,554)	(17,582)	(5,810)	(6,905)	(5,203)	(3,565)	(21,483)
<b>Net income, as reported</b>	<b>\$53,222</b>	<b>\$40,179</b>	<b>\$93,401</b>	<b>\$55,167</b>	<b>\$50,827</b>	<b>\$49,785</b>	<b>\$43,584</b>	<b>\$199,363</b>
Financial derivative loss (gain), net of tax	(1,164)	8,293	7,129	-	-	-	-	-
Restructuring and other charges, net of tax	5,613	197	5,810	-	-	-	-	-
	<b>\$57,671</b>	<b>\$48,669</b>	<b>\$106,340</b>	<b>\$55,167</b>	<b>\$50,827</b>	<b>\$49,785</b>	<b>\$43,584</b>	<b>\$199,363</b>
<i>Current year quarter over same prior year quarter growth (%)</i>	15.8%	11.7%		10.7%	35.8%	21.2%	(8.9%)	
<i>Year-to-date growth (%)</i>	13.9%	11.7%		13.2%	14.1%	5.0%	(8.9%)	
<b>EPS</b>								
For the period, as reported	\$0.40	\$0.30	\$0.70	\$0.41	\$0.37	\$0.36	\$0.31	\$1.46
Financial derivative loss (gain), net of tax	(0.01)	0.07	0.06	-	-	-	-	-
Restructuring and other charges, net of tax	0.04	-	0.04	-	-	-	-	-
<b>Quarterly</b>	<b>\$0.43</b>	<b>\$0.37</b>	<b>\$0.80</b>	<b>\$0.41</b>	<b>\$0.37</b>	<b>\$0.36</b>	<b>\$0.31</b>	<b>\$1.46</b>
<b>Year-to-date</b>	<b>\$0.80</b>	<b>\$0.37</b>		<b>\$1.46</b>	<b>\$1.05</b>	<b>\$0.67</b>	<b>\$0.31</b>	
<i>Year-to-date growth (%)</i>	19.5%	19.4%		15.9%	16.7%	6.3%	(8.8%)	

\* Refer to pages 8 to 11 for more information on Telecommunications results and page 12 for more information on Information Technology results.

**ALIANT INC.**
**Shareholder Value**
**Supplementary Financial Information (unaudited)**

(Thousands of dollars, except as otherwise indicated)

	2006			2005				
	Q2	Q1	Total	Q4	Q3	Q2	Q1	Total
<b>Common shares (000's)</b>								
Number of common shares outstanding at end of period	127,161	127,367		127,138	128,406	130,023	131,658	
Weighted average number of common shares outstanding in the period	127,349	127,224		127,691	129,221	130,928	132,336	
Weighted average number of common shares outstanding year-to-date	127,275	127,224		130,048	130,826	131,629	132,336	
Common shares repurchased under NCIBs <sup>(5)</sup>	562	-	562	1,273	1,676	1,698	1,151	5,798
<b>Market price per common share</b>								
High	\$37.00	\$36.88		\$31.00	\$30.00	\$29.00	\$29.73	
Low	\$32.25	\$27.18		\$26.05	\$26.02	\$25.75	\$27.10	
Close	\$33.17	\$35.55		\$30.90	\$28.66	\$26.70	\$28.81	
<i>Book value per common share (i)</i>	\$9.80	\$9.78		\$9.75	\$9.81	\$9.95	\$10.10	
<i>Market-to-book value (times) (ii)</i>	3.4	3.6		3.2	2.9	2.7	2.9	
<i>Market capitalization (iii)</i>	\$4,217,926	\$4,527,896		\$3,928,550	\$3,680,104	\$3,471,627	\$3,793,055	
<b>Common share dividends</b>	\$39,531	\$39,462	\$78,993	\$37,577	\$38,054	\$38,541	\$39,024	\$153,196
<i>Dividends declared per common share, as stated</i>	\$0.310	\$0.310	\$0.620	\$0.295	\$0.295	\$0.295	\$0.295	\$1.180
<i>Common share dividend payout ratio (iv)</i>	77.8%	104.4%	89.1%	71.2%	78.6%	81.3%	94.7%	80.7%
<i>Dividend yield (v)</i>	3.7%	3.5%		3.8%	4.1%	4.4%	4.1%	

(i) to (v) - see page 13 for definitions

**ALIANT INC.**

**Supplementary Financial Information (unaudited)**

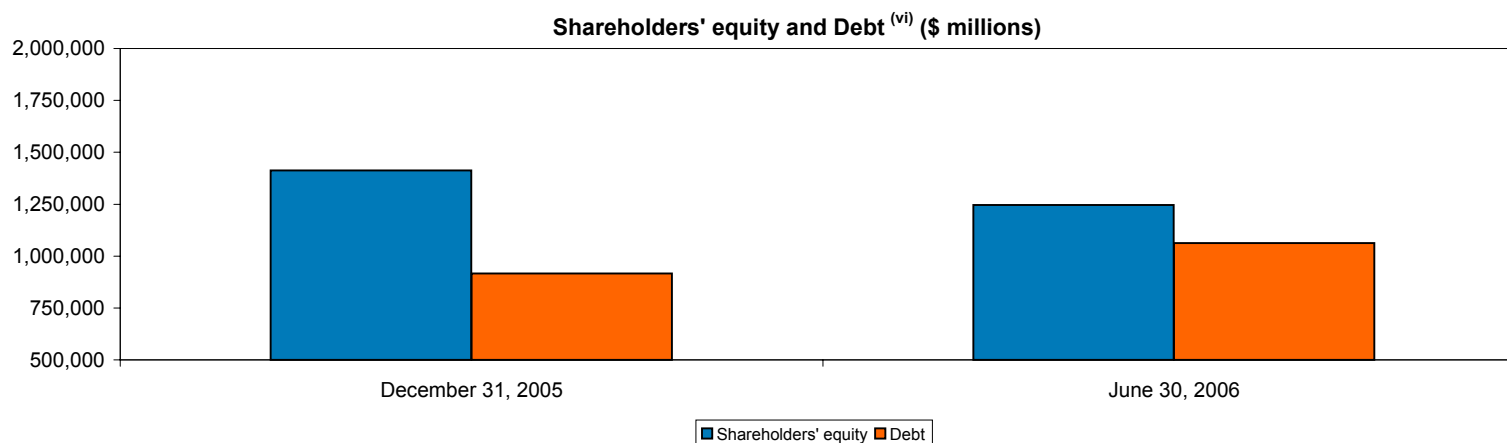
**Shareholder Value**

(Continued)

(Thousands of dollars, except as otherwise indicated)

	2006			2005				
	Q2	Q1	Total	Q4	Q3	Q2	Q1	Total
<b>Capital structure</b>								
Shareholders' equity	53.8%	62.0%		60.5%	57.5%	58.2%	62.4%	
Non-controlling interest	0.3%	0.3%		0.2%	0.2%	0.2%	0.2%	
Debt (vi)	45.9%	37.7%		39.3%	42.3%	41.6%	37.4%	
	<u>100.0%</u>	<u>100.0%</u>		<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	
<i>Return on shareholders' equity (vii)</i>	16.3%	12.2%	14.2%	16.9%	15.2%	14.4%	12.2%	14.6%
<i>Return on invested capital (viii)</i>	11.0%	8.8%	9.9%	11.1%	10.1%	10.0%	8.9%	10.0%
<b>Cash from operating activities (3)</b>	<b>\$120,240</b>	<b>\$99,720</b>	<b>\$219,960</b>	<b>\$85,896</b>	<b>\$237,439</b>	<b>\$168,477</b>	<b>\$32,515</b>	<b>\$524,327</b>
<b>Interest charges</b>								
Interest on long-term debt	\$15,644	\$17,247	\$32,891	\$18,176	\$19,186	\$18,190	\$17,186	\$72,738
Other interest	320	184	504	99	454	275	199	1,027
	<u>\$15,964</u>	<u>\$17,431</u>	<u>\$33,395</u>	<u>\$18,275</u>	<u>\$19,640</u>	<u>\$18,465</u>	<u>\$17,385</u>	<u>\$73,765</u>
<b>Coverage ratios</b>								
<i>Interest coverage (ix)</i>	5.5	5.3		5.3	4.3	3.9	3.6	
<i>Cash flow to interest (x)</i>	7.9	7.9		7.0	6.9	6.5	6.3	

(vi) to (x) - see page 13 for definitions



**ALIANT INC.**  
**Supplementary Financial Information (unaudited)**

**Capital Investments and  
 Depreciation and Amortization**

(Thousands of dollars, except as otherwise indicated)

**Capital investments <sup>(4)</sup>**

Telecommunications  
 Information Technology  
 Other and intercompany eliminations

2006		
Q2	Q1	Total
\$104,803	\$81,017	\$185,820
611	733	1,344
(1,075)	(803)	(1,878)
<u>\$104,339</u>	<u>\$80,947</u>	<u>\$185,286</u>

2005				
Q4	Q3	Q2	Q1	Total
\$77,586	\$98,545	\$105,052	\$79,317	\$360,500
1,057	1,221	(60)	2,837	5,055
(602)	(566)	(669)	(477)	(2,314)
<u>\$78,041</u>	<u>\$99,200</u>	<u>\$104,323</u>	<u>\$81,677</u>	<u>\$363,241</u>

**Depreciation and amortization**

Telecommunications  
 Information Technology  
 Other and intercompany eliminations

\$90,788	\$97,764	\$188,552
899	888	1,787
250	244	494
<u>\$91,937</u>	<u>\$98,896</u>	<u>\$190,833</u>

\$94,969	\$97,476	\$97,188	\$96,852	\$386,485
835	1,125	2,030	1,945	5,935
(369)	(357)	(232)	(207)	(1,165)
<u>\$95,435</u>	<u>\$98,244</u>	<u>\$98,986</u>	<u>\$98,590</u>	<u>\$391,255</u>

**Capital investments % of operating revenues**

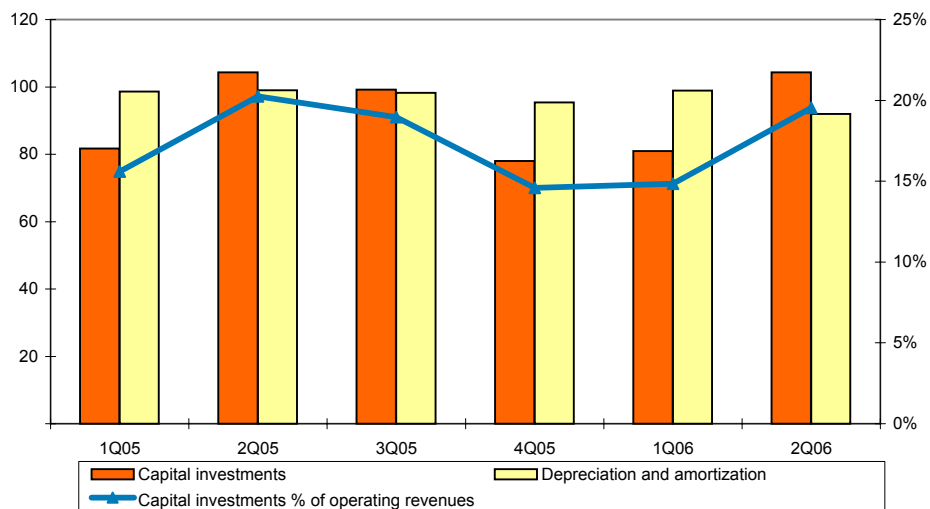
Telecommunications  
 Information Technology  
 Other

22.0%	17.6%	19.8%
0.8%	0.7%	0.7%
n.m.	n.m.	n.m.
<u>19.5%</u>	<u>14.9%</u>	<u>17.2%</u>

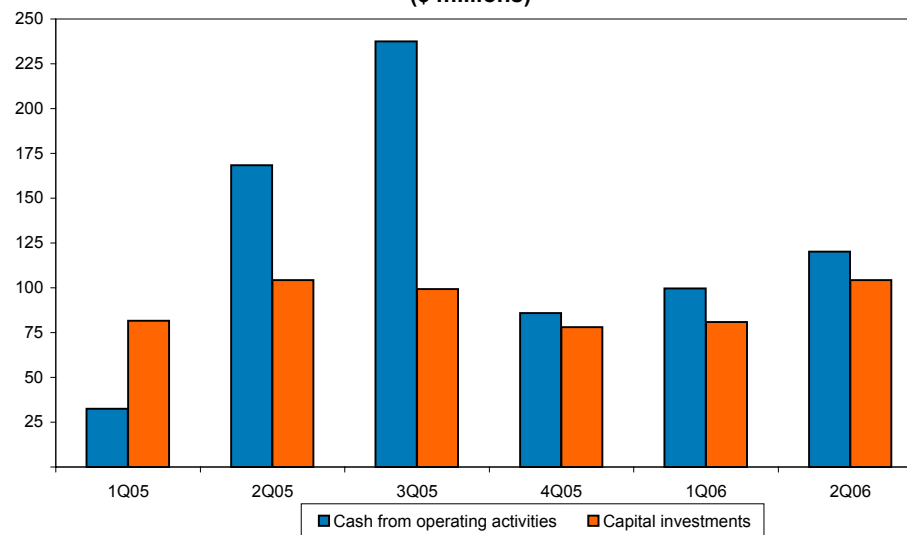
16.2%	21.0%	22.9%	17.8%	19.5%
1.3%	1.5%	(0.1%)	2.7%	1.4%
n.m.	n.m.	n.m.	n.m.	n.m.
<u>14.6%</u>	<u>19.0%</u>	<u>20.2%</u>	<u>15.6%</u>	<u>17.3%</u>

n.m. - not meaningful

**Capital investments / Depreciation and amortization  
 (\$ millions)**



**Cash from operating activities / Capital investment  
 (\$ millions)**



**ALiant INC.**  
**Supplementary Financial Information (unaudited)**

**Telecommunications Financial Highlights**

(Thousands of dollars, except as otherwise indicated)

**Operating Revenues**

Local  
 Long distance  
 Wireless  
 Internet  
 Product sales  
 Directory  
 Innovatia  
 Other

Cost of operating revenues

Other operating expenses

Pension and other post-employment benefit costs

Depreciation and amortization

Restructuring and other charges <sup>(1)</sup>

**Operating income**

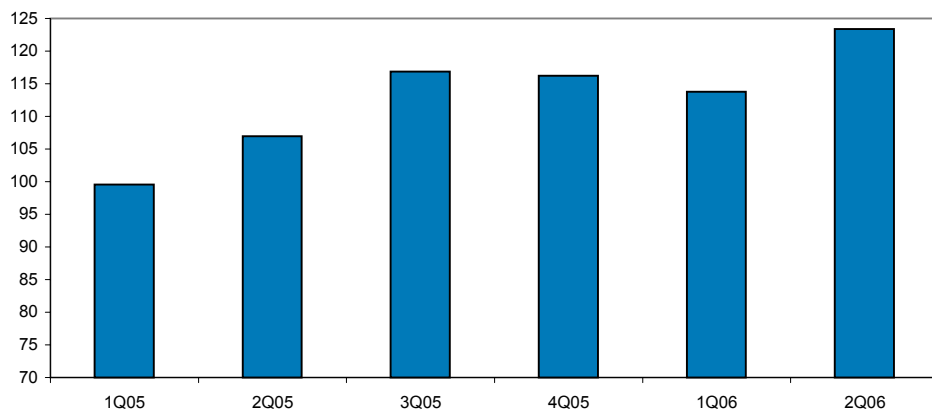
**Net income**

Contribution to EPS

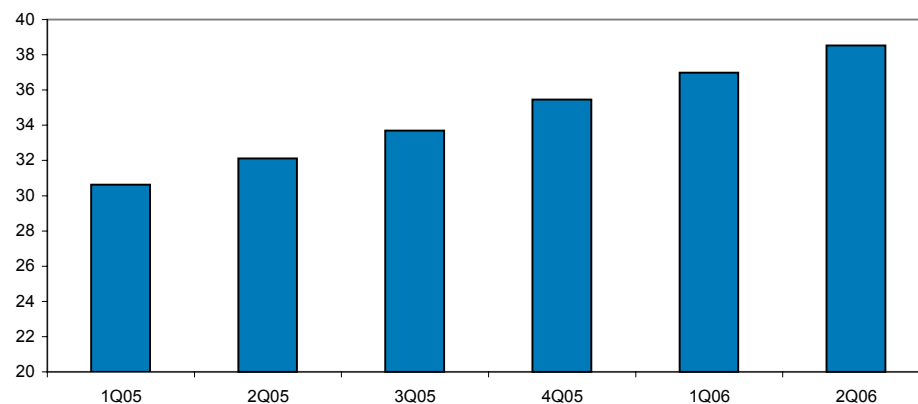
2006		
Q2	Q1	Total
\$180,170	\$177,339	\$357,509
73,913	74,728	148,641
123,399	113,778	237,177
38,527	36,980	75,507
33,884	29,862	63,746
13,907	13,409	27,316
10,307	10,534	20,841
2,843	3,519	6,362
<b>\$476,950</b>	<b>\$460,149</b>	<b>\$937,099</b>
42,264	38,819	81,083
207,763	197,086	404,849
23,497	24,035	47,532
90,788	97,764	188,552
1,084	311	1,395
<b>\$111,554</b>	<b>\$102,134</b>	<b>\$213,688</b>
<b>\$63,644</b>	<b>\$44,169</b>	<b>\$107,813</b>
\$0.50	\$0.35	\$0.85

2005				
Q4	Q3	Q2	Q1	Total
\$180,759	\$180,885	\$184,158	\$182,487	\$728,289
79,915	78,570	80,755	79,719	318,959
116,210	116,880	106,960	99,570	439,620
35,455	33,689	32,109	30,629	131,882
38,653	30,662	27,199	27,837	124,351
13,706	13,655	13,587	12,389	53,337
10,005	10,950	10,323	8,464	39,742
5,378	3,013	3,320	4,735	16,446
<b>\$480,081</b>	<b>\$468,304</b>	<b>\$458,411</b>	<b>\$445,830</b>	<b>\$1,852,626</b>
45,031	39,869	39,367	38,541	162,808
208,864	198,904	195,850	199,062	802,680
23,265	22,740	24,049	24,352	94,406
94,969	97,476	97,188	96,852	386,485
-	-	-	-	-
<b>\$107,952</b>	<b>\$109,315</b>	<b>\$101,957</b>	<b>\$87,023</b>	<b>\$406,247</b>
<b>\$56,860</b>	<b>\$56,732</b>	<b>\$50,091</b>	<b>\$42,785</b>	<b>\$206,468</b>
\$0.45	\$0.44	\$0.38	\$0.32	\$1.59

Wireless operating revenues (\$ millions)



Internet operating revenues (\$ millions)



**LOCAL**

**Network access service**

Business  
 Residential

**LONG DISTANCE**

*Long distance minutes (000's)*

*Revenue per long distance minute*

*Year-to-date growth (%)*

*Local revenue*  
*Long distance revenue*  
*Network access service*  
*Long distance minutes*

2006	
Q2	Q1
592,338	592,843
855,401	858,857
<b>1,447,739</b>	<b>1,451,700</b>

2005			
Q4	Q3	Q2	Q1
595,680	595,919	595,191	593,095
863,752	874,127	877,624	882,322
<b>1,459,432</b>	<b>1,470,046</b>	<b>1,472,815</b>	<b>1,475,417</b>

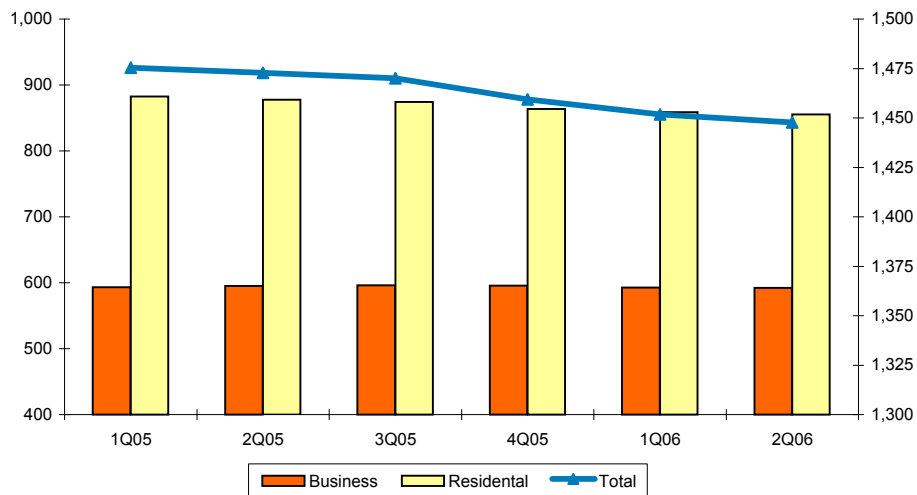
<b>699,012</b>	<b>774,591</b>
<b>\$0.08</b>	<b>\$0.07</b>

<b>735,208</b>	<b>729,503</b>	<b>735,162</b>	<b>752,785</b>
<b>\$0.08</b>	<b>\$0.08</b>	<b>\$0.08</b>	<b>\$0.08</b>

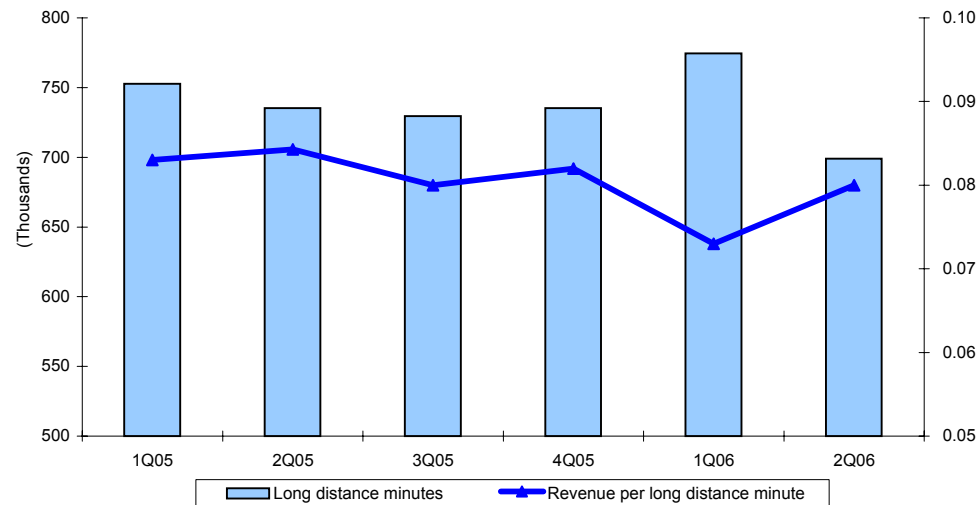
(2.5%)	(2.8%)
(7.4%)	(6.3%)
(1.7%)	(1.6%)
(1.0%)	2.9%

(2.9%)	(2.3%)	(2.6%)	(3.3%)
(8.5%)	(10.2%)	(11.0%)	(13.4%)
(1.5%)	(1.4%)	(1.6%)	(1.5%)
(5.0%)	(5.9%)	(8.2%)	(11.8%)

**Network access service**



**Long distance minutes**



**ALIAN T INC.**  
**Supplementary Financial Information (unaudited)**

**Telecommunications Operating Statistics -  
Wireless**

(Thousands of dollars, except as otherwise indicated)

**WIRELESS**

**Wireless services and product sales revenues**

Wireless services  
Product sales

**Wireless cost of operating revenues and operating expenses**

**Customers**

**Postpaid**

Analog  
Digital

**Prepaid**

Analog  
Digital

**Customer net additions**

Analog  
Digital

**Churn (Blended pre/post-paid)**

**Average minutes of use per customer**

**Average revenue per customer (ARPC)**

Postpaid  
Prepaid  
Total

**Year-to-date growth (%)**

Operating revenues  
Customers - analog  
- digital  
- total

**Average minutes of use per customer**

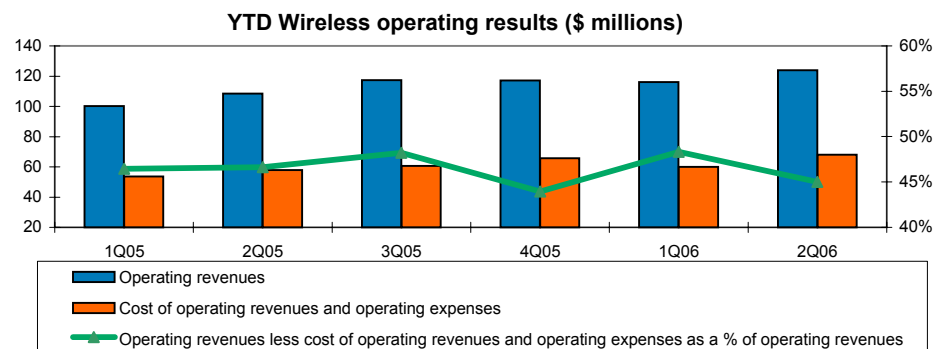
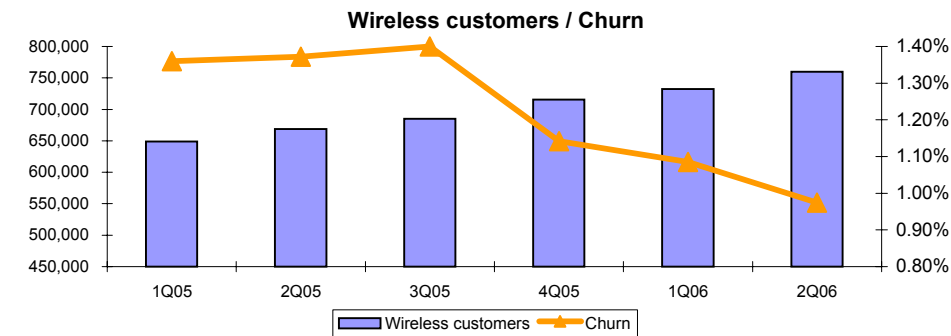
ARPC - total

2006		
Q2	Q1	Total
\$123,399	\$113,778	\$237,177
520	2,392	2,912
123,919	116,170	240,089
68,131	60,022	128,153
\$55,788	\$56,148	\$111,936
45,492	48,844	
603,650	580,590	
649,142	629,434	
23,532	24,516	
87,109	78,393	
110,641	102,909	
<b>759,783</b>	<b>732,343</b>	
(4,336)	(16,938)	
31,776	33,788	
<b>27,440</b>	<b>16,850</b>	

2005				
Q4	Q3	Q2	Q1	Total
\$116,210	\$116,880	\$106,960	\$99,570	\$439,620
1,017	391	1,567	645	3,620
117,227	117,271	108,527	100,215	443,240
65,704	60,706	57,933	53,644	237,987
\$51,523	\$56,565	\$50,594	\$46,571	\$205,253
56,543	62,336	68,656	76,121	
562,380	538,789	521,906	500,543	
618,923	601,125	590,562	576,664	
33,755	35,744	38,665	42,601	
62,815	48,346	39,480	29,595	
96,570	84,090	78,145	72,196	
<b>715,493</b>	<b>685,215</b>	<b>668,707</b>	<b>648,860</b>	
(7,782)	(9,241)	(11,401)	(12,371)	
38,060	25,749	31,248	21,568	
<b>30,278</b>	<b>16,508</b>	<b>19,847</b>	<b>9,197</b>	

1.0%	1.1%
302	278
\$60.29	\$56.94
\$12.76	\$11.52
\$53.51	\$50.66
14.8%	14.3%
(35.7%)	(38.2%)
23.0%	24.3%
13.6%	12.9%
3.2%	5.3%
2.7%	2.6%

1.1%	1.4%	1.4%	1.4%
296	311	299	264
\$59.15	\$61.07	\$57.32	\$54.24
\$17.17	\$13.87	\$11.16	\$10.78
\$53.87	\$55.40	\$52.12	\$49.36
13.8%	14.0%	14.4%	15.0%
(31.1%)	(33.2%)	(31.7%)	(27.4%)
22.9%	24.7%	24.1%	23.7%
11.9%	10.9%	9.7%	9.6%
8.5%	9.4%	10.3%	11.4%
4.0%	4.6%	5.3%	5.9%



**INTERNET**

**Operating revenues**

Dial up  
High speed

**Customers**

Dial up  
High speed

**Customer net additions**

Dial up  
High speed

**Churn**

**Average revenue per customer (ARPC)**

Consumer dial up  
Consumer high speed  
Business dial up  
Business high speed

**Year-to-date growth (%)**

Operating revenues - dial up  
- high speed  
- total

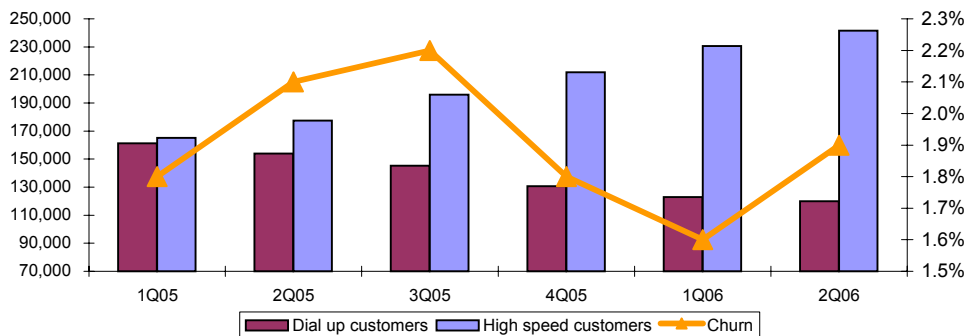
Customers - dial up  
- high speed

ARPC - consumer high speed  
- business high speed

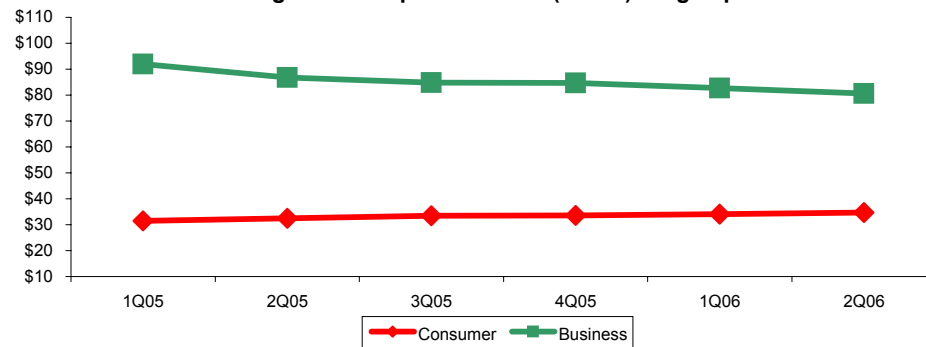
2006		
Q2	Q1	Total
\$7,995	\$8,751	\$16,746
30,532	28,229	58,761
<b>\$38,527</b>	<b>\$36,980</b>	<b>\$75,507</b>
119,959	122,819	
241,530	230,518	
<b>361,489</b>	<b>353,337</b>	
(2,860)	(7,808)	
11,012	18,600	
<b>8,152</b>	<b>10,792</b>	
1.9%	1.6%	
\$21.17	\$21.20	
\$34.70	\$34.02	
\$42.51	\$46.51	
\$80.67	\$82.67	
(20.2%)	(18.8%)	
40.8%	42.2%	
20.4%	20.7%	
(22.1%)	(23.8%)	
36.0%	39.7%	
7.3%	8.1%	
(8.5%)	(10.1%)	

2005				
Q4	Q3	Q2	Q1	Total
\$9,303	\$9,769	\$10,210	\$10,783	\$40,065
26,152	23,920	21,899	19,846	91,817
<b>\$35,455</b>	<b>\$33,689</b>	<b>\$32,109</b>	<b>\$30,629</b>	<b>\$131,882</b>
130,627	145,244	153,941	161,186	
211,918	195,978	177,544	165,059	
<b>342,545</b>	<b>341,222</b>	<b>331,485</b>	<b>326,245</b>	
(14,617)	(8,697)	(7,245)	(6,951)	
15,940	18,434	12,485	15,599	
<b>1,323</b>	<b>9,737</b>	<b>5,240</b>	<b>8,648</b>	
1.8%	2.2%	2.1%	1.8%	
\$20.61	\$19.88	\$19.76	\$19.90	
\$33.57	\$33.51	\$32.52	\$31.48	
\$47.76	\$47.50	\$47.42	\$46.77	
\$84.71	\$84.87	\$86.78	\$91.98	
(11.6%)	(10.7%)	(8.6%)	(5.8%)	
24.5%	19.2%	15.3%	13.2%	
10.7%	7.7%	6.0%	5.7%	
(22.3%)	(18.8%)	(15.0%)	(12.0%)	
41.8%	39.6%	31.2%	23.7%	
(0.9%)	(3.0%)	(4.7%)	(6.0%)	
(12.2%)	(12.8%)	(11.4%)	(6.6%)	

**Internet customers / Churn**



**Average revenue per customer (ARPC) - High speed**



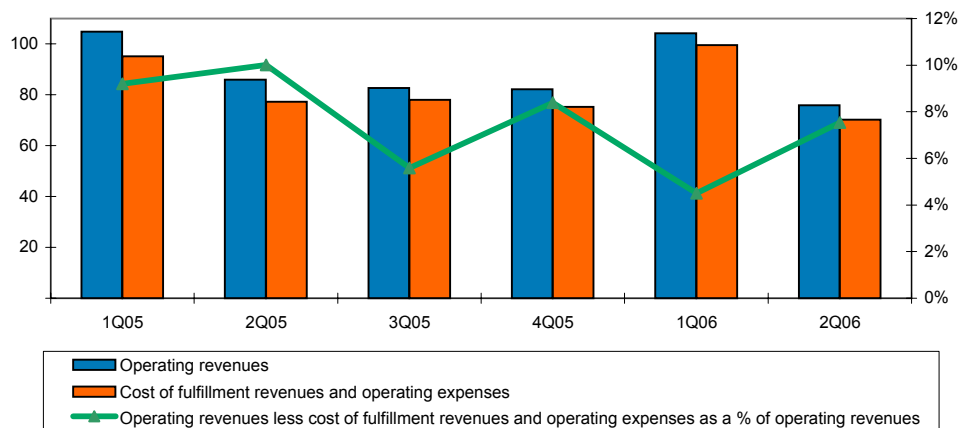
**ALIANT INC.**  
**Supplementary Financial Information (unaudited)**

(Thousands of dollars, except as otherwise indicated)

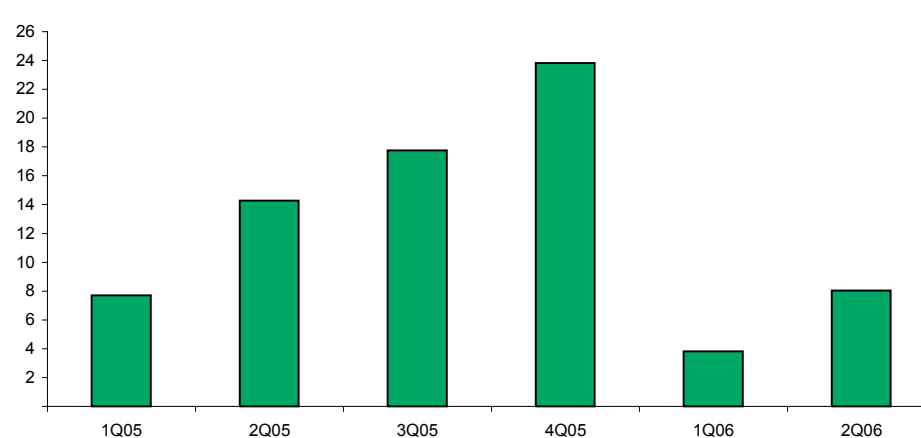
**Information Technology Financial Highlights**

	2006			2005				
	Q2	Q1	Total	Q4	Q3	Q2	Q1	Total
<b>Operating revenues</b>								
<b>IT services</b>								
<i>External customers</i>	\$30,034	\$30,629	\$60,663	\$28,419	\$27,745	\$28,169	\$29,368	\$113,701
<i>Other Aliant lines of business</i>	13,713	12,204	25,917	23,272	22,415	24,171	21,575	91,433
	<b>\$43,747</b>	<b>\$42,833</b>	<b>\$86,580</b>	<b>\$51,691</b>	<b>\$50,160</b>	<b>\$52,340</b>	<b>\$50,943</b>	<b>\$205,134</b>
<b>Fulfillment</b>								
<i>External customers</i>	\$28,941	\$55,695	\$84,636	\$28,118	\$28,623	\$30,393	\$49,787	\$136,921
<i>Other Aliant lines of business</i>	3,228	5,668	8,896	2,405	3,904	3,173	4,100	13,582
	<b>\$32,169</b>	<b>\$61,363</b>	<b>\$93,532</b>	<b>\$30,523</b>	<b>\$32,527</b>	<b>\$33,566</b>	<b>\$53,887</b>	<b>\$150,503</b>
	<b>\$75,916</b>	<b>\$104,196</b>	<b>\$180,112</b>	<b>\$82,214</b>	<b>\$82,687</b>	<b>\$85,906</b>	<b>\$104,830</b>	<b>\$355,637</b>
Cost of fulfillment revenues	28,783	55,808	84,591	27,612	29,243	30,308	48,520	135,683
Operating expenses								
Delivery	29,708	28,815	58,523	33,703	35,059	32,919	33,356	135,037
Selling, general and administration	11,703	14,877	26,580	14,000	13,768	14,079	13,304	55,151
	<b>41,411</b>	<b>43,692</b>	<b>85,103</b>	<b>47,703</b>	<b>48,826</b>	<b>46,998</b>	<b>46,661</b>	<b>190,188</b>
Depreciation and amortization	899	888	1,787	835	1,125	2,030	1,945	5,935
Restructuring and other charges <sup>(1)</sup>	600	-	600	-	-	-	-	-
<b>Operating income</b>	<b>\$4,223</b>	<b>\$3,808</b>	<b>\$8,031</b>	<b>\$6,064</b>	<b>\$3,493</b>	<b>\$6,570</b>	<b>\$7,704</b>	<b>\$23,831</b>
<b>Net income</b>	<b>\$1,606</b>	<b>\$1,564</b>	<b>\$3,170</b>	<b>\$4,117</b>	<b>\$1,000</b>	<b>\$4,897</b>	<b>\$4,364</b>	<b>\$14,378</b>
<i>Contribution to EPS</i>	\$0.01	\$0.01	\$0.02	\$0.03	\$0.01	\$0.04	\$0.03	\$0.11

**Operating results (\$ millions)**



**YTD Operating income (\$ millions)**



1. During 2006, we incurred costs associated with restructuring our operations in preparation for the formation of Bell Aliant Regional Communications Income Fund.
2. On March 1, 2006, our series AD first mortgage bonds with a principal amount of \$50.0 million were redeemed, prior to maturity. Effective March 2, 2006, an outstanding interest rate swaption related to the call option on our series AD first mortgage bonds was exercised by the counterparty placing us into an interest rate swap agreement. As hedge accounting ceased when we redeemed the bonds, a financial derivative loss of \$13.1 million, which represents the fair value of the swap at March 31, 2006, of \$17.8 million in favor of the counterparty less the related unamortized premium on the swaption amount of \$4.7 million, was charged to other expense. At June 30 2006, the fair value of the swap was \$16.5 million, in favor of the counterparty. The change in fair value of \$1.3 million was recorded in other income (expenses).
3. Cash from operating activities is defined in accordance with Canadian generally accepted accounting principles (GAAP) as cash from or used in our principal revenue-producing activities and all other activities that are not investing or financing activities.
4. Capital investments excludes non-cash purchases of capital investments as presented in the consolidated statements of cash flows.
5. The reduction in the number of outstanding common shares is the result of purchasing activity under two normal course issuer bid (NCIB) programs. Purchases of common shares under these two NCIBs could be made during the period from February 4, 2005, to February 3, 2006, and the period commencing May 3, 2006, and expiring the earlier of the closing of the transaction creating Bell Aliant Regional Communications Income Fund or May 2, 2007. We have acquired under these NCIB programs, from time to time, our common shares at market prices for cancellation.
6. On June 30, 2006, we redeemed all 7,000,000 issued and outstanding cumulative redeemable preference shares, Series 2, at par value of \$25.00 per share for a total redemption cost of \$175.0 million.
7. Certain amounts presented in these schedules are rounded. Accordingly, the columns and rows may not add to the totals presented.

### **Definitions**

- (i) Book value per common share - book value of common equity (shareholders' equity excluding preferred shares) divided by the number of common shares outstanding at end of period.
- (ii) Market-to-book value (times) - market close price per common share divided by book value per common share at end of period.
- (iii) Market capitalization - market close price per common share multiplied by the number of common shares outstanding at end of period.
- (iv) Common share dividend payout ratio - common share dividends for the period divided by net income applicable to common shares for the period.
- (v) Dividend yield - dividends declared per common share (annualized) divided by market close price per common share at end of period.
- (vi) Debt - long-term debt, long-term debt due within one year, and notes payable and bank advances.
- (vii) Return on shareholders' equity - net income applicable to common shares for the period divided by average book value of common equity (shareholders' equity excluding preferred shares) for the period. This calculation is annualized.
- (viii) Return on invested capital - net income plus total interest charges, net of taxes for the period divided by average book value of total capital (shareholders' equity, non-controlling interest and debt) for the period. This calculation is annualized.
- (ix) Interest coverage - Operating income plus other income (expense) divided by interest charges (current quarter plus three (3) previous quarters).
- (x) Cash flow to interest - Cash from operating activities (before change in non-cash working capital) divided by interest charges (current quarter plus three (3) previous quarters).

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	Tanya Murphy Investor Services Manager		
	Aliant Investor Relations One Brunswick Square Saint John, NB, Canada E2L 4L4	Share Listings	Toronto Stock Exchange Common: <b>AIT</b>
	Tel: 1.877.248.3113 Fax: 1.877.498.2464	Auditors	Ernst & Young LLP Chartered Accountants St. John's, NL
	e-mail: <a href="mailto:investor.relations@aliant.ca">investor.relations@aliant.ca</a>		

***Formation of Bell Aliant Regional Communications Income Fund***

On July 7, 2006, the Plan of Arrangement (the Arrangement) creating Bell Aliant Regional Communications Income Fund (Bell Aliant) was completed in accordance with the arrangement steps described in our Management Information Circular dated April 14, 2006

The new income trust combines our wireline operation in Atlantic Canada, information technology and other operations with Bell Canada's wireline operation in its regional territories in Ontario and Quebec as well as its indirect 63.4 per cent interest in the operating partnerships of the Bell Nordiq Income Fund.

As a result of the Arrangement, Aliant Inc. common shares held by the public and a certain number of Aliant Inc. common shares held by BCE were automatically exchanged for Bell Aliant units, effective at the close of business on July 7, 2006. Aliant Inc. common shares and Bell Nordiq Group Inc. common shares held by BCE were exchanged for limited partnership units of a subsidiary of Bell Aliant, which are exchangeable into Bell Aliant units. As a result, 100.0 per cent of the common shares of Aliant Inc. and 100.0 per cent of the common shares of Bell Nordiq Group Inc., which holds a 63.4 per cent interest in the Bell Nordiq Income Fund (assuming the exchange of the units of Télébec, Limited Partnership and NorthernTel, Limited Partnership into units of Bell Nordiq Income Fund) were acquired indirectly by Bell Aliant.

The Bell Aliant units began trading on the Toronto TSX at the commencement of trading on July 10, 2006, under the trading symbol "BA.UN".