



**Bell Aliant Regional Communications Holdings,
Limited Partnership**

**ANNUAL INFORMATION FORM
for the year ended December 31, 2007**

March 28, 2008

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GENERAL MATTERS

Throughout this Annual Information Form (**AIF**), “we”, “us”, “our” and “Bell Aliant Holdings LP” refer to Bell Aliant Regional Communications Holdings, Limited Partnership and its subsidiaries. Throughout this AIF, the term “Aliant” refers to the former Aliant Inc. and its subsidiaries. Certain capitalized terms used throughout this AIF have the meanings set forth in the “Glossary”.

On July 7, 2006, the Plan of Arrangement (**Arrangement**) of Aliant was completed, combining Aliant’s wireline telecommunications operation in Atlantic Canada, information technology (**IT**) operation and other related operations with Bell Canada’s wireline telecommunications operation in certain of its regional territories in Ontario and Québec (**Bell Aliant Business**) and Bell Canada’s then 63.4 per cent indirect interest in NorthernTel, Limited Partnership (**NorthernTel LP**) and Télébec, Limited Partnership (**Télébec LP**, together the **Bell Nordiq Partnerships**). As a result of the Arrangement, Bell Aliant Regional Communications Income Fund (**Fund**) indirectly acquired an 81.5 per cent non-controlling equity interest in us.

On January 30, 2007, the Fund completed the transactions (**Bell Nordiq Transaction**) taking Bell Nordiq Income Fund (**Bell Nordiq**) private and each outstanding unit of Bell Nordiq was redeemed in exchange for 0.4113 of a Fund Unit and Bell Nordiq unitholders also received a special distribution of \$4.00 per Bell Nordiq unit held. The Bell Nordiq Transaction resulted in the Fund issuing an additional 13,467,791 Fund Units and indirectly acquiring, through Bell Nordiq Trust, the remaining 36.7 per cent limited partnership interest in the Bell Nordiq Partnerships we did not already hold. On January 1, 2008, a series of transactions was completed whereby the 36.7 per cent interest in the Bell Nordiq Partnerships held through Bell Nordiq Trust was transferred to Bell Aliant Holdings LP (**Bell Nordiq Transfer**). Following the Bell Nordiq Transfer, the Fund indirectly owns an 82.5 per cent equity interest in us.

We consolidate the operations of (i) Bell Aliant Regional Communications, Limited Partnership (**Bell Aliant LP**), our core asset, which carries on the Bell Aliant Business, (ii) the Bell Nordiq Partnerships and (iii) other subsidiary partnerships and corporations. We are a reporting issuer under securities laws in each Province of Canada. The Fund is also a reporting issuer under Canadian securities laws, and its annual information form, financial statements and notes, management’s discussion and analysis and other continuous disclosure documents are posted on the SEDAR website of the Canadian securities administrators (www.sedar.com). Under the policies of the Canadian securities administrators, our financial statements and notes and management’s discussion and analysis will also be posted on the SEDAR website under the Fund’s SEDAR profile. Bell Aliant LP is also a reporting issuer, but Bell Aliant LP has obtained exemptive relief whereby it may satisfy certain of its continuous disclosure obligations under Canadian securities laws by simultaneously filing, under Bell Aliant LP’s SEDAR profile, among other things, copies of continuous disclosure documents we are required to file under Canadian securities laws. For information about the Fund, readers are referred to the consolidated financial statements and other continuous disclosure documents of the Fund.

The information contained in this AIF is dated as of March 28, 2008, unless otherwise indicated. Bell Aliant Holdings LP’s financial information is derived from our consolidated financial statements and notes as at and for the year ended December 31, 2007. Unless otherwise indicated, all amounts are expressed in Canadian dollars and references to “\$” are to Canadian dollars.

CAUTIONARY NOTE CONCERNING FORWARD-LOOKING STATEMENTS

This document contains forward-looking information related to our future financial condition and results of operations. The purpose of forward-looking information is to provide the reader with information about management’s expectations and plans for fiscal 2008. Readers are cautioned that such information may not be appropriate for other purposes. This information is based on current expectations and estimates about the markets in which we operate and management’s beliefs and assumptions regarding these markets. Unless otherwise indicated, forward-looking information in this AIF describes our expectations as of March 28, 2008. In some cases, forward-looking information may be identified by words such as “anticipate”, “believe”, “could”, “expect”, “plan”, “seek”, “may”, “intend”, “will” and similar expressions. This information is subject to important risks and uncertainties, which are difficult to predict, and assumptions which may prove to be inaccurate. Some of the factors which could cause results or events to differ

materially from current expectations include but are not limited to: our ability to achieve strategies and plans; general economic conditions; the changing competitive environment; changing regulatory conditions or requirements; reliance on IT systems; and changing technology. Some of these factors are largely beyond our control. In addition, a number of assumptions were made by us in providing forward-looking information in this AIF, such as certain Canadian economic assumptions, market assumptions, operational and financial assumptions, and assumptions about transactions. Refer to the “- Assumptions Made in the Preparation of Forward-Looking Statements” and “Risk Factors” sections of this AIF for further discussion of these and other assumptions and risk factors. Should any factor affect us in an unexpected manner, or should assumptions underlying the forward-looking information prove incorrect, the actual results or events may differ materially from the results or events predicted. Unless otherwise indicated, forward-looking information does not take into account the effect that transactions or non-recurring or other special items announced or occurring after March 28, 2008, may have on our business. All of the forward-looking information reflected in this document and the documents referred to within are qualified by these cautionary statements. There can be no assurance that the results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences for us. Except as may be required by Canadian securities laws, we disclaim any intention and assume no obligation to update or revise any forward-looking information, even if new information becomes available, as a result of future events or for any other reason. Readers should not place undue reliance on any forward-looking information. Refer to our “Notice Concerning Forward-Looking Information” dated February 5, 2008, available at www.bellaliant.ca and on SEDAR at www.sedar.com for more information.

Assumptions Made in the Preparation of Forward-Looking Statements

A number of factors or assumptions were applied or made in preparing the Fund's 2008 guidance, as presented in the “General Development of the Business” section, and in providing the forward-looking information referred to throughout this AIF. The material factors and assumptions are outlined in our “Notice Concerning Forward-Looking Information” dated February 5, 2008, as well as our management discussion and analysis (**MD&A**) for the year ended December 31, 2007, both of which are incorporated by reference herein and available on SEDAR at www.sedar.com.

NON-GAAP FINANCIAL MEASURES

The terms operating income, EBITDA (earnings before interest, taxes, depreciation and amortization), standardized distributable cash and distributable cash do not have any standardized meanings prescribed by Canadian generally accepted accounting principles (**GAAP**). They are therefore unlikely to be comparable to similar measures presented by other reporting issuers. Operating income, EBITDA, standardized distributable cash and distributable cash are presented on a consistent basis from period to period.

Refer to Schedule A of this AIF for a further discussion and reconciliation of cash from operating activities (the most comparable GAAP financial measure) to standardized distributable cash and distributable cash. Refer also to our MD&A for the year ended December 31, 2007 for a full discussion of these and other non-GAAP financial measures.

STRUCTURE OF BELL ALIANT HOLDINGS LP

Bell Aliant Holdings LP

Bell Aliant Holdings LP is a limited partnership formed under the laws of the Province of Québec pursuant to a limited partnership agreement dated June 29, 2006, as amended (**Bell Aliant Holdings LP Partnership Agreement**). Bell Aliant Holdings LP's principal and head office is located at 6 South Maritime Centre, 1505 Barrington Street, Halifax, Nova Scotia, B3J 2W3. The general partner of Bell Aliant Holdings LP is Bell Aliant Regional Communications Holdings Inc. (**Bell Aliant Holdings GP**).

Inter-corporate relationships

The Fund owns 100 per cent of the voting securities of Bell Aliant Holdings Trust (**Holdings Trust**), a trust formed under the laws of the Province of Québec, 100% of the voting securities of Bell Nordiq Trust, a trust formed under the laws of the Province of Québec, and 81.5 per cent of the voting securities of Bell Aliant Holdings GP, a corporation incorporated under the laws of Canada. Bell Aliant Holdings GP acts as the general partner of Bell Aliant Holdings LP and holds the general partnership interest in Bell Aliant Holdings LP.

Holdings Trust and Bell Nordiq Trust own 77.32 and 5.14 per cent respectively of the limited partnership units of Bell Aliant Holdings LP, which in turn owns 36.7 per cent of the limited partnership units of each of the Bell Nordiq Partnerships. Bell Aliant Holdings LP owns 100 per cent of the voting securities of Bell Aliant Regional Communications Inc. (**Bell Aliant GP**), a corporation incorporated under the laws of Canada. Bell Aliant GP acts as the general partner of Bell Aliant LP, a limited partnership formed under the laws of the Province of Manitoba, and of the Bell Nordiq Partnerships. Bell Aliant GP also owns 62.14 per cent of the limited partnership units of Bell Aliant LP and 63.3 per cent of the limited partnership units of each of Télébec LP and NorthernTel LP.

Certain subsidiaries, whose total assets individually represent less than 10 per cent of the consolidated assets of Bell Aliant Holdings LP, and whose total sales and operating revenues individually represent less than 10 per cent of the consolidated sales and operating revenues of Bell Aliant Holdings LP, and whose total assets and sales and operating revenues, respectively, in aggregate, represent not more than 20 per cent of such consolidated amounts of Bell Aliant Holdings LP, have not been disclosed above.

BCE owns, directly or indirectly, 44.15 per cent of the Fund on a fully diluted basis (in the form of exchangeable limited partnership units of Bell Aliant Holdings LP and Bell Aliant LP). See "Other Material Agreements" and "Interest of Management and Others in Material Transactions" for more information about BCE's ownership interest in the Fund and other rights.

Refer to our MD&A for the year ended December 31, 2007, for an organizational chart depicting significant entities within the Fund Group.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

2005 Highlights

Aliant delivered revenue growth and cost savings and demonstrated a strong rebound from 2004 where performance was marked by a five-month labour disruption. Employees re-committed to the strategy of growth and transformation. The balance sheet remained strong and generated more than sufficient cash flow to meet operating, financing and investing requirements, including higher pension plan contributions required as a result of 2004 plan changes and lower interest rates.

xwave (formerly Xwave Solutions Inc.) signed a multi-million dollar contract with L3 Communications MAS (Canada) Inc., part of the Sikorsky Aircraft-led Maritime Helicopter Team, for the design, provision and long-term support of an Integrated Information Environment in support of Canada's new CH148 Cyclone helicopters. Also as part of this program, a second multi-million dollar contract was signed with General Dynamics Canada to develop ground-based simulators and software to provide for training on this new fleet.

Aliant launched Aliant Internet Protocol (**IP**) virtual private network (**VPN**), a next generation business IP wide-area network data service, connecting customers' offices and data centres throughout Atlantic Canada to the rest of the country. Aliant IP-VPN was the first IP service to be offered over Aliant's state-of-the-art national multi-protocol label switching network, and enabled Aliant to deliver VoIP, IP video conferencing, IP call centre applications and other future IP applications. In 2005, Aliant invested aggressively to accelerate the expansion and augmentation of its digital subscriber loop (**DSL**) network and launched its Aliant IPTV service in the Halifax market.

2006 Highlights

Throughout the year, we advanced our key priorities: (i) evolving key broadband attributes to improve user experience and drive profitable revenue growth; (ii) simplifying and enhancing the customer experience; (iii) renewing our focus on enterprise customers, continuing to pursue our information and communications technology (**ICT**) strategy and expanding our presence in key industry verticals; and (iv) implementing productivity and cost structure improvements.

In regard to our focus on key industry verticals, we made significant advancements in the healthcare segment, and received industry recognition as “Company of the Year” by Canadian Health Infomatics. New healthcare contracts during 2006 included the Newfoundland and Labrador Prescription Drug Program, the Cancer Care Ontario Client Registry and the Ontario Association of Community Care Access Centres case management system.

In July 2006, the Arrangement was completed, creating Canada’s third largest incumbent local exchange carrier (**ILEC**). As a result of the Arrangement, Bell Aliant LP acquired the Bell Aliant Business and disposed of Aliant’s wireless telecommunications operation to Bell Canada, and we acquired an indirect 63.4 per cent limited partnership interest in the Bell Nordiq Partnerships.

On July 13, 2006, Bell Aliant LP established a commercial paper program with a maximum borrowing capacity of \$400 million. Proceeds from the issuance of notes under the program were used to repay existing bank indebtedness and for general operating purposes. In September 2006, Bell Aliant LP filed a shelf prospectus, allowing for the issuance of medium-term notes (**LP Notes**) for an aggregate principal amount of up to \$3 billion. Pursuant to the prospectus, on September 25, 2006, Bell Aliant LP sold an aggregate \$1.25 billion principal amount of the LP Notes in two tranches. The proceeds were used to repay bank debt incurred through the Arrangement.

On October 31, 2006, the Minister of Finance (Canada) announced a proposal whereby publicly-listed or traded income trusts and limited partnerships would be subject to a special tax on certain income. Where securities of the trust or partnership were publicly-listed or traded before November 1, 2006, the proposal would apply beginning in the 2011 taxation year, unless the benefit of this transitional delay is lost because there has been “undue expansion” of the trust or partnership.

2007 Highlights

On January 30, 2007, the Fund completed the Bell Nordiq Transaction whereby it took Bell Nordiq private. The Bell Nordiq Transaction resulted in the Fund issuing an additional 13,467,791 Fund Units and indirectly acquiring, through Bell Nordiq Trust, the remaining 36.7 per cent limited partnership interest in the Bell Nordiq Partnerships not already held by us. Bell Nordiq unitholders also received a special distribution of \$4.00 per Bell Nordiq unit held.

As a result of positive regulatory changes regarding local service regulation, our ability to compete with other service providers improved in 2007. Bell Aliant LP, Télébec LP and NorthernTel LP filed for and received forbearance from regulation of local residential and business telephone service in a number of competitive exchanges throughout our territory. In addition, changes to regulatory pricing rules (including what is known as the price cap regime) now allow improved bundling flexibility and removal of price ceilings for some services. 2007 was a year of significant regulatory change for ILECs. Further information on the regulatory changes is provided in “Risk Factors – Changing Regulations” in this document, and in our MD&A for the year ended December 31, 2007, under “Risk Management – Changing Regulations”.

In 2007, we made significant network enhancements by completing an accelerated investment in FTTN technology. Telecom companies have been using DSL electronics to provide higher levels of bandwidth on existing copper lines for the past decade. Placing DSL equipment, or nodes, closer to customers allows for increases in speed. The nodes are connected by fibre optic cable, thus the term “fibre-to-the node” or FTTN. Our customers benefit from FTTN’s capacity to deliver higher bandwidth to support applications such as IPTV, music and movie downloads, gaming, video, conferencing and other

applications. At the end of 2007, the number of homes passed in our operating territory with FTTN technology was approximately 188,000.

In the first quarter of 2007, the Fund initiated a normal course issuer bid (**NCIB**) which allowed it to purchase up to 13.7 million Fund Units at market prices through the Toronto Stock Exchange (**TSX**) until February 27, 2008. On April 30, 2007, Bell Aliant Holdings LP completed the sale of the assets and operations of Aliant Directory Services (**ADS**) to Yellow Pages Group for our proportionate share of proceeds of \$327.4 million. The proceeds substantially funded the repurchase of approximately 10.7 million Fund Units under the NCIB over several months. There were no purchases made under the NCIB after December 31, 2007.

On February 26, 2007, Bell Aliant LP sold an aggregate \$1 billion principal amount of LP notes in three tranches under its shelf prospectus. The proceeds were used to further repay borrowings under bank credit facilities incurred through the Arrangement.

On June 30, 2007, our significant stakeholder, BCE, announced that it entered into a definitive agreement to be acquired by an investment group led by Teachers Private Capital, the private investment arm of the Ontario Teachers Pension Plan, Providence Equity Partners Inc., Madison Dearborn Partners, LLC, and Merrill Lynch Global Private Equity. On September 21, 2007, the transaction received BCE shareholder approval but remains subject to regulatory approval. We are not a party to the transaction and cannot predict the impact that a change of ownership of BCE may have on our organization.

Recent Developments

On January 1, 2008, Bell Nordiq Trust transferred its 36.7 per cent limited partnership interest in each of the Bell Nordiq Partnerships to Bell Aliant Holdings LP in return for 8,246,429 Holdings Class 2 LP Units of Bell Aliant Holdings LP.

On January 3, 2008, we announced our intention to acquire the assets and operations of Kenora Municipal Telephone System (**KMTS**) for approximately \$27 million; the acquisition was completed by Bell Aliant LP on February 1, 2008. We plan to bring the KMTS assets and operations under our structure and to seek to realize operating synergies by leveraging adjacent networks and technologies, and using our scale for purchasing and product development.

On February 5, 2008, we announced our financial guidance for 2008 as follows:

	2008 Guidance
Operating Revenue	\$3.37 - \$3.44 billion
Distributable Cash ¹	\$720 - \$740 million
Capital Intensity ²	14.5 - 15.5 per cent

Consolidated operating revenue is expected to increase by up to 2 per cent in 2008 from 2007 levels. Growth in Internet revenues, along with increased penetration of features and other services are projected to offset the effects of network access services (**NAS**) declines and product substitution on local and long distance revenues, with overall revenue projected to be between \$3.37 billion and \$3.44 billion in 2008.

Distributable cash in 2008 is expected to increase to \$720 - \$740 million primarily as a result of the expected revenue growth, reduced capital expenditures and productivity improvements containing growth in capital and operating expenditures.

With the completion of the accelerated phase of Bell Aliant's investment in FTTN technology in 2007, capital expenditures are expected to return to a level of 14.5 to 15.5 per cent of operating revenues in 2008, down from 16.1 per cent in 2007.

¹ Bell Aliant defines distributable cash using EBITDA or pro forma EBITDA and adds or deducts any cash items not included in EBITDA or pro forma EBITDA but required for operating purposes in the current period.

² Bell Aliant defines capital intensity as capital expenditures as a percentage of operating revenues.

DESCRIPTION OF THE BUSINESS

General

We are one of the largest regionally focused telecommunications service providers in North America, with operations primarily in Atlantic Canada, Québec and Ontario. We have been serving customers for over a century. We provide a wide range of innovative and traditional voice and data communications services and an array of IT consulting, infrastructure management, product fulfillment and advanced technology solutions. Communications services we provide include local telephone, long distance, data and Internet, wireless, TV, cable and other products and services. Our IT services include system integration, application development, local and wide area network installations and management, data centre operations, computer hardware, package software and IT planning services. We also provide complementary services in wholesale distribution of telecommunications hardware and accessories and in knowledge management, including e-learning, technical documentation and tele-web sales and services.

Our results are accounted for on a continuity of interest basis, therefore, our comparative information for any period prior to July 7, 2006, is for Aliant. At December 31, 2006, our results of operations were in three reportable segments; Bell Aliant, Bell Nordinq Group and other subsidiaries. With the privatization of Bell Nordinq in January 2007 and the sale of the net assets and operations of ADS in April 2007, we have been managing our business and classifying our operations for planning and performance measurement purposes as one segment in 2007. In addition to distributable cash, our financial performance is measured by operating revenues, EBITDA and operating income.

<i>For the years ended December 31</i>			
<i>(millions of dollars)</i>	2007	2006	% change
Local and access	\$1,430.9	\$1,008.1	41.9
Long distance	474.8	350.8	35.3
Data	722.5	515.3	40.2
IT services and fulfillment	319.7	278.6	14.8
Wireless	64.4	269.3	(76.1)
Other revenues	361.1	262.2	37.7
Operating revenues	\$3,373.4	\$2,684.3	25.7

Operating revenues and operating expenses, as reported in our financial statements, increased significantly during the year ended December 31, 2007, over 2006, reflecting the much larger geographic area and customer base since July 7, 2006. Partially offsetting this growth is a decline in wireless revenue as Aliant's wireless operation was transferred to Bell Canada pursuant to the Arrangement.

Products and Services

Local and access

Our local and access revenue is earned primarily through the provision of NAS, along with enhanced service features, contribution payments and competitor network access payments.

Long distance

Long distance revenue is earned through toll and long distance terminating services.

Data

Data revenue is earned through data access revenue, data circuit revenue, high-speed and dial-up Internet service, and enhanced services and applications, such as security services, music download service and dial-up accelerator

IT services and fulfillment revenue

IT services and fulfillment revenue is earned primarily by our IT division, xwave, through systems integration, software engineering, IT consulting, hardware and software fulfillment as well as infrastructure services such as data centre, help desk, security and technical support services.

Wireless

Wireless revenue is earned through the provision of cellular, paging and mobile radio services over the analog and digital wireless networks of Télébec LP and NorthernTel LP.

Other revenues

Other revenues consist of Atlantic Mobility Products (**AMP**) revenues, Innovatia Inc. revenues, terminal rentals and sales, PC sales, IPTV revenue, and revenue generated by our outsourcing arrangement with Bell Mobility.

Marketing and distribution channels

We sell our products and services through face to face sales representatives, telemarketing centres, sales agents, including partner owned retail stores, and Internet portals including aliant.net, bell.ca and bell.aliant.ca. During 2007, we continued our efforts to improve various types of customer interactions.

Our ability to combine service offerings is integral to our success, driving loyalty and protecting our customer base. In 2007, changes to regulatory rules around local service provided greater bundling and pricing flexibility enabling us to further increase our market penetration by offering *Value PackagesTM* that combine high-speed or dial-up Internet service with the customer's choice of a long distance plan and, if desired, cellular service and IPTV. In our business market, we also provide combined service offerings in the form of business bundles and customized solutions.

Specialized Skill and Knowledge

To provide reliable, competitive and innovative products and services to our customers, we will be adopting IP based technologies at an increasing rate. We will also build solutions that take advantage of the convergence of ICT. Employee development remains a key priority to advance the skills of network employees in IP based technologies, as well as those responsible for product/service development, sales and delivery of IP based products and services to our customers. We will continue to invest in the development of our leaders at every level of the organization to ensure that employees understand our future direction and continue to have the capability to deliver in the increasingly competitive ICT sector.

There is an ever-increasing requirement for IT professional services resources with business change capability. Although the labour market has become increasingly competitive, we have been able to meet demand through both direct hiring activity as well as relationships with the subcontractor community. As we build our capabilities within specific industry verticals, demand for domain expertise will also increase and we anticipate more recruitment will be required for these specialized roles.

Competitive Conditions

We face a number of different competitors across the geographies we serve. These competitors include long distance carriers, competitive data network providers, equipment manufacturers and retailers, systems integrators, cable TV providers, Internet based voice carriers and wireless carriers. Competition from cable TV providers continues to be our fastest growing and most pervasive form of competition, particularly in the residential customer base.

In the residential market, competition for most product lines is maturing. Competition for local telephone service is most mature in Nova Scotia and Prince Edward Island, where it has existed in the residential market since 1999. In 2007, the competitive local service market expanded greatly, with the number of households passed with a cable telephony provider increasing by more than 20 percent with increased competitor coverage occurring in Newfoundland, New Brunswick, Ontario and Québec. In this increasingly competitive residential local service market, we differentiate ourselves by offering innovative customer solutions, investing in advanced networks, focusing on customer experience, and building our brand through involvement in the communities we serve. Changes to regulations in 2007 have improved our ability to compete, with a number of exchanges now forborne from local service regulation and greater pricing and bundling flexibility for our products and services.

In the business market, competitive local, long distance, and Internet carriers operate throughout our territory. We are experiencing competition from new sources, most notably IT consulting companies that are increasingly acting as sellers of IP telephony and data solutions for business customers. Our strength is the integration of information and communications technology solutions, and building deep expertise in selected industry verticals.

New Products and Services

In 2007, we developed and introduced new and innovative product and service bundles, offering convenience and ease of use for residential customers and a source of competitive advantage for business customers.

We significantly expanded access to high speed Internet in Ontario and Québec through footprint expansion, and expanded Internet and IPTV services through our accelerated \$40 million FTTN build in Atlantic Canada, which nearly quadrupled our IPTV footprint, reaching approximately 188,00 homes as of the end of 2007.

In Atlantic Canada, we continued our focus on providing a differentiated residential customer experience for Aliant *Value Package* and multi-product customers with the result that we improved customer satisfaction among these customers. In Ontario and Québec, we introduced *Bell Bundles*, offering our residential customers combinations of local service, high-speed Internet, wireless, Bell ExpressVu TV and other services, and introduced *Home Phone Packages*, consisting of local access, calling features and an optional second line. We launched a suite of Aliant Expert services which provide on-line, remote and in-home help and support to address technical issues such as setting-up computers, home networking, software installation, computer maintenance and consumer electronic support.

For Small and Medium Businesses, in Atlantic Canada, we launched a new Aliant Business *Value Package™* aimed at simplifying the ICT purchase for small business customers. We also launched Aliant *Online Expert™* for businesses, providing business customers with round-the-clock access to IT help and support. In Ontario and Québec, we launched a *Business Essential Bundle* and a *Start-up Bundle*. We experienced strong sales as business customers identify the value provided by these choices of packages. We launched a number of new services to our medium-sized customers including technology assessment and proactive maintenance services.

For our Enterprise customers, we launched VoIP solutions including a managed customer equipment solution and a hosted service (Centrex IP). In addition, we advanced on the creation of IP-readiness consulting tools, providing a framework to effectively understand the benefits and cost of IP evolution. We established a program to improve the end-to-end IP customer experience and service delivery and we expanded IP-enabling and IP-ready wide area network services to additional locations in Atlantic Canada. A number of large customers implemented IP-based solutions, replacing more traditional legacy services.

Intangible Properties

We believe that our trademarks, brands and domain names and other intangible assets (such as spectrum licences, software, customer relationships and residuals) are important to our success. Our exclusive trademark registrations may be renewed every 15 years provided we continue to use the trademarks in our business activities. We take appropriate measures to protect, renew and defend our trademarks. We spend considerable time and resources overseeing, registering, renewing, licensing and

protecting our trademarks and prosecuting those who infringe on them. Given our great sensitivity to the importance of these assets, we are all also very careful not to infringe the intellectual property of others.

Cycles

Our operating revenues and expenses for our wireline telecommunications operation have historically experienced some degree of seasonality. In the past, wireless revenues peaked in the third quarter of the year, resulting from increased airtime, long distance and roaming during summer vacations but have recently been experiencing steady growth. As a result of the Arrangement, we no longer carry on a large wireless business. The comparability of quarterly results continues to be affected by the timing of product sales, which are typically large and sporadic in nature.

For the IT fulfillment business, the first quarter of the year is historically the strongest as a result of government fiscal year-end spending, although this effect has been somewhat lessened in recent years. IT service revenues are contract based and fluctuate in accordance with the size and number of outstanding contracts.

Environmental Policy

We have adopted a comprehensive environmental policy that affirms our commitment to working to create a sustainable future by integrating long-term economic, environmental and social considerations into the way the business is operated. The policy provides for the identification of activities and situations which may have potential to harm the environment, and the implementation of environmentally positive practices and preventive measures. Our environment program seeks to ensure that we comply with all environmental regulatory requirements and that our activities are carried out in a manner that minimizes risk to the environment through a continuous improvement process. Our environmental responsibilities in Québec and Ontario are managed by Bell Canada in an equivalent manner.

Our executives support these principles, and we have established a management-level committee to oversee the implementation of the policy and update it as necessary.

We monitor our operations to ensure that they comply with environmental requirements and standards, and take action to prevent and correct problems, when needed. In 2006, an environmental management and review system was put in place that:

- provides early warning of potential problems;
- establishes a course of action; and
- ensures ongoing improvement through regular monitoring and reporting.

As well, an annual corporate environmental action plan was implemented, which establishes key environmental activities of our various business units. The plan identifies funding requirements, accountabilities and deliverables, and monitors progress in meeting its objectives. We invested approximately \$1.1 million on the 2007 Environmental Action Plan and will continue with similar program investments in 2008. The costs of the environmental program are not expected to have a material impact on our earnings or capital expenditures, nor on our competitive position in the current or future years.

We are not aware of any environmental matters that materially threaten our future earnings or financial and competitive position. In the event there is a significant environmental infraction, it will be brought to the attention of our Audit Committee.

Employees

Bell Aliant Holdings LP, through its subsidiary entities, had approximately 9,700 employees as at December 31, 2007.

DESCRIPTION OF BELL ALIANT HOLDINGS LP

The description below is a summary only of the material attributes and characteristics of Bell Aliant Holdings LP and the partnership units of Bell Aliant Holdings LP and is qualified in its entirety by

reference to the provisions of the Bell Aliant Holdings LP Partnership Agreement, which is available on SEDAR at www.sedar.com.

Capitalization

We are entitled to issue various partnership units for such consideration and on such terms and conditions as may be determined by Bell Aliant Holdings GP. We have issued a nominal value general partnership interest held by Bell Aliant Holdings GP, Holdings Class 2 LP Units held by Holdings Trust and Bell Nordiq Trust and Holdings Class 1 Exchangeable LP Units held by BCE and Bell Canada. Together with the Holdings Class 1 Exchangeable LP Units, BCE holds, directly or indirectly, an equal number of GP Shares and Special Voting Units.

Distributions

It is intended that we will declare distributions (or pay advances in lieu of distributions) to limited partners of Bell Aliant Holdings LP's distributable cash as set out below (after nominal distributions to Bell Aliant Holdings GP on its general partnership interest) in respect 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, for so long as each of the Holdings Class 1 Exchangeable LP Units and Fund Units are outstanding, Bell Aliant Holdings GP shall 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 Fund Units (other than distributions made in Fund Units). We may, in addition, make a distribution at any other time.

Our distributable cash will represent, in general, our EBITDA and certain other items, after: (i) satisfaction of our debt service obligations (principal and interest) under credit facilities or other agreements with third parties; (ii) satisfaction of our other liabilities and 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 Bell Aliant Holdings 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 Fund Units. Holders of Holdings Class 1 Exchangeable LP Units are entitled to receive distributions or advances from Bell Aliant 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 Fund Units (other than distributions made in Fund Units) as described above. Each Holdings Class 1 Exchangeable LP Unit is indirectly exchangeable, together with a GP Share, for one Fund Unit, subject to customary anti-dilution adjustments. See "Other Material Agreements - Investor Liquidity and Exchange Agreement".

Allocation of Net Income and Losses

Our income or loss as determined pursuant to the Tax Act for a particular taxation year, net of 0.001% of such income allocated to the general partner, will be allocated to each limited partner in proportion to the cash of Bell Aliant Holdings LP distributed or advanced to such limited partners in respect of such year (other than distributions which are used by the partner to repay prior advances from Bell Aliant Holdings LP). The amount of income allocated to a partner may exceed or be less than the amount of cash distributed or advanced to that partner.

Transfer of Bell Aliant Holding LP Units and Bell Aliant Holdings GP Shares

Our limited partnership units are transferable only in accordance with the terms of the Bell Aliant Holdings LP Partnership Agreement. Subject to the requirements of applicable securities laws, including the requirements of the TSX (if any), our limited partnership units may be transferred subject to the limitations set forth in the Bell Aliant Holdings LP Partnership Agreement, including: no Bell Aliant Holdings LP Units may be transferred to any person (i) that is a Non-Resident, (ii) that is not a Canadian or Canadian-owned and controlled and is not appropriately licensed 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 Canadian Radio-television and Telecommunications Commission (**CRTC**) under the Broadcasting Act, the Radiocommunication Act or the Telecommunications Act. Any transferee shall become a limited partner and be bound by the Bell Aliant Holdings LP Partnership Agreement.

In addition to the foregoing, the Bell Aliant Holdings LP Partnership Agreement provides 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 Fund Units to acquire such Fund Units on the same terms and conditions under applicable securities laws, if such Holdings Class 1 Exchangeable LP Units, and all other outstanding Holdings Class 1 Exchangeable LP Units and other outstanding Exchangeable Securities, were converted into Fund Units at the then applicable exchange ratio; or (ii) the offeror acquiring such Holdings Class 1 Exchangeable LP Units makes a contemporaneous identical offer for the Fund 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 Fund Units actually tendered to such identical offer.

BCE, Bell Canada and their affiliates are permitted to transfer Bell Aliant GP Shares and Special Voting Units to affiliates independently of the related Holdings Class 1 Exchangeable LP Units or Bell Aliant Exchangeable LP Units, provided that BCE or Bell Canada directly or indirectly owns 100 per cent of the common shares of such affiliate or, in the case of a limited partnership, BCE or Bell Canada directly or indirectly owns 100 per cent of the common shares of the general partner. Unless the transfer is made to an affiliate of BCE or Bell Canada 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.

Meetings

Bell Aliant Holdings 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 per cent of the outstanding limited partnership units. Each partner is entitled to one vote for each limited partnership unit held.

DESCRIPTION OF BELL ALIANT HOLDINGS GP

General

Bell Aliant Holdings GP is a corporation existing under the laws of Canada and our general partner. The Fund and Bell Canada own 81.5 per cent and 18.5 per cent respectively of the issued and outstanding Bell Aliant Holdings GP Shares.

Functions and Powers of Bell Aliant Holdings GP

Bell Aliant Holdings GP has, subject to the Securityholders' Agreement, exclusive authority to manage the business and affairs of Bell Aliant Holdings LP, to make all decisions regarding the business of Bell Aliant Holdings LP and to bind Bell Aliant Holdings LP. Bell Aliant Holdings GP is to exercise its powers and discharge its duties honestly, in good faith and in our best interests and to exercise the care, diligence and skill of a reasonably prudent person in comparable circumstances. Bell Aliant Holdings GP cannot dissolve us or wind up our affairs except in accordance with the provisions of the Bell Aliant Holdings LP Partnership Agreement.

Withdrawal or Removal of Bell Aliant Holdings GP

Bell Aliant Holdings GP may resign on not less than 180 days' written notice to the limited partners of Bell Aliant Holdings LP provided that Bell Aliant Holdings GP may not resign if the effect would be to dissolve Bell Aliant Holdings LP.

Bell Aliant Holdings GP may not be removed as general partner of Bell Aliant Holdings LP by the limited partners unless: (i) Bell Aliant Holdings GP has committed a material breach of the Bell Aliant Holdings

LP Partnership Agreement, which breach has continued for 30 days after notice thereof, and that removal is also approved by a special resolution (as defined in the Bell Aliant Holdings LP Partnership Agreement); or (ii) the shareholders or directors of Bell Aliant Holdings GP pass a resolution in connection with the bankruptcy, dissolution, liquidation or winding-up of Bell Aliant Holdings GP, or Bell Aliant Holdings 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 Bell Aliant Holdings LP Partnership Agreement.

DESCRIPTION OF BELL ALIANT LP

The description below is a summary only of the material attributes and characteristics of Bell Aliant LP and the partnership interests of Bell Aliant LP and is qualified in its entirety by reference to the full text of the Bell Aliant LP Partnership Agreement, which is available on SEDAR at www.sedar.com.

General

Bell Aliant LP is a limited partnership established under the laws of the Province of Manitoba. The general partner of Bell Aliant LP is Bell Aliant GP.

Capitalization

Bell Aliant LP is entitled to issue various partnership units for such consideration and on such terms and conditions as may be determined by Bell Aliant GP. Bell Aliant LP has issued a nominal value general partnership interest held by Bell Aliant GP, Class A limited partnership units held by Bell Aliant GP and a subsidiary of Bell Aliant GP, and Bell Aliant Exchangeable LP Units held by Bell Canada. Together with its Bell Aliant Exchangeable LP Units, Bell Canada holds an equal number of Special Voting Units.

Distributions

It is intended that Bell Aliant LP will declare distributions (or pay advances in lieu of distributions) to limited partners of Bell Aliant LP's distributable cash as set out below (after nominal distributions to Bell Aliant GP on its general partnership interest) in respect 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 Bell Aliant Exchangeable LP Units will be made on an equal per-unit basis; provided, however that, for so long as each of the Bell Aliant Exchangeable LP Units and Fund Units are outstanding, Bell Aliant GP shall provide for unequal distributions as between the Bell Aliant Exchangeable LP Units and the Class A limited partnership units so that such distributions on the Bell Aliant Exchangeable LP Units are equal on a per-unit basis to the distributions made by the Fund on the Fund Units (other than distributions made in Fund Units). Bell Aliant LP may, in addition, make a distribution at any other time.

Distributable cash of Bell Aliant LP will represent, in general, its earnings before interest, taxes, depreciation, amortization and certain other items, after: (i) satisfaction of its debt service obligations (principal and interest) under credit facilities or other agreements with third parties; (ii) satisfaction of Bell Aliant LP's other liabilities 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 Bell Aliant GP.

Bell Aliant Exchangeable LP Units

Bell Aliant Exchangeable LP Units are intended to be, to the greatest extent practicable, the economic equivalent of Fund Units. Holders of Bell Aliant Exchangeable LP Units are entitled to receive distributions or advances from Bell Aliant 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 Fund Units (other than distributions made in Fund Units) as described above. Each Bell Aliant Exchangeable LP Unit is indirectly exchangeable for one Fund Unit, subject to customary anti-dilution adjustments. See "Other Material Agreements - Investor Liquidity and Exchange Agreement".

Allocation of Net Income and Losses

The income or loss of Bell Aliant LP as determined pursuant to the Tax Act for a particular taxation year, net of 0.001% of such income allocated to the general partner, will be allocated to each limited partner in proportion to the cash of Bell Aliant LP distributed or advanced to such limited partners in respect of such year (other than distributions which are used by the partner to repay prior advances from Bell Aliant LP). The amount of income allocated to a partner may exceed or be less than the amount of cash distributed or advanced by Bell Aliant LP to that partner.

Transfer of Partnership Units

The limited partnership units of Bell Aliant LP are transferable only in accordance with the terms of the Bell Aliant LP Partnership Agreement. Subject to the requirements of applicable securities laws, including the requirements of the TSX (if any), limited partnership units of Bell Aliant LP may be transferred subject to the limitations set forth in the Bell Aliant LP Partnership Agreement, including: no limited partnership units of Bell Aliant LP may be transferred to any person (i) that is a Non-Resident, (ii) that is not a Canadian or Canadian-owned and controlled and is not appropriately licensed for purposes of applicable regulatory laws and instruments including the Broadcasting Act, the Radiocommunication Act and the Telecommunications Act (as applicable), (iii) that is not a corporation licensed under the Broadcasting Act with respect to the broadcasting undertakings and/or broadcasting distribution undertakings of Bell Aliant LP (as applicable and only if then required) and (iv) without the prior approval (as applicable and if then required) of the CRTC under the Broadcasting Act, the Radiocommunication Act and the Telecommunications Act. Any transferee shall become a limited partner and be bound by the Bell Aliant LP Partnership Agreement.

In addition to the foregoing, the Bell Aliant LP Partnership Agreement provides that no holder of Bell Aliant Exchangeable LP Units will be permitted to transfer such Bell Aliant 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 Fund Units to acquire such Fund Units on the same terms and conditions under applicable securities laws, if such Bell Aliant Exchangeable LP Units, and all other outstanding Bell Aliant Exchangeable LP Units and other outstanding Exchangeable Securities, were converted into Fund Units at the then applicable exchange ratio; or (ii) the offeror acquiring such Bell Aliant Exchangeable LP Units makes a contemporaneous identical offer for the Fund 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 Bell Aliant Exchangeable LP Units unless the offeror also acquires a proportionate number of Fund Units actually tendered to such identical offer.

BCE, Bell Canada and their affiliates are permitted to transfer Special Voting Units to affiliates independently of the related Bell Aliant Exchangeable LP Units or Holdings Class 1 Exchangeable LP Units, provided that BCE or Bell Canada directly or indirectly owns 100 per cent of the common shares of such affiliate or, in the case of a limited partnership, BCE or Bell Canada directly or indirectly owns 100 per cent of the common shares of the general partner. Unless the transfer is made to an affiliate of BCE or Bell Canada as contemplated in the preceding sentence, a Bell Aliant Exchangeable LP Unit may only be transferred together with the related Special Voting Unit.

DESCRIPTION OF BELL NORDIQ TRUST

Bell Nordiq Trust is a trust established under the laws of the Province of Québec pursuant to a declaration of trust dated April 23, 2002, as amended, and originally held limited partnership units in the Bell Nordiq Partnerships. The terms of the declaration of trust of Bell Nordiq Trust are similar to those contained in the Holdings Trusts Declaration of Trust. Effective January 1, 2008, Bell Nordiq Trust transferred its limited partnership interest in the Bell Nordiq Partnerships to Bell Aliant Holdings LP in consideration for Holdings Class 2 LP Units.

DESCRIPTION OF THE BELL NORDIQ PARTNERSHIPS

As at December 31, 2007, Bell Aliant Holdings LP, indirectly through Bell Aliant GP, held a 63.3 per cent limited partnership interest in each of the Bell Nordiq Partnerships, with the remaining 36.7 per cent interest held by Bell Nordiq Trust. Bell Aliant GP is the general partner of the Bell Nordiq Partnerships.

Effective January 1, 2008, Bell Nordiq Trust transferred its 36.7 per cent limited partnership interest in each of the Bell Nordiq partnerships to Bell Aliant Holdings LP in return for 8,246,429 Holdings Class 2 LP Units.

The Bell Nordiq Partnerships are each limited partnerships established under the laws of the Province of Québec. Bell Aliant GP became the general partner of each of the Bell Nordiq Partnerships upon the wind-up of Bell Nordiq Group Inc. (**BNG**), effective June 30, 2007. The Bell Nordiq Partnerships are leading integrated providers of wireline (local access and long distance), data, cable, wireless, and other communications services to residential and business customers across regional areas of Québec and northern Ontario.

Télébec LP operates in Québec and serves an area of approximately 750,000 square kilometres with a population of 370,000. 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. The main urban centres served by Télébec LP are Rouyn-Noranda, Val-d'Or, Amos, Mont-Laurier, La Tuque and Bécancour.

NorthernTel LP operates in Northern Ontario and serves an area of approximately 83,000 square kilometres, with a population of approximately 120,000. Its territory stretches from Calstock to Latchford and from Virginiatown to Timmins. The main urban centres served by NorthernTel LP are Hearst, Kapuskasing, Timmins, Kirkland Lake and New Liskeard.

OTHER MATERIAL AGREEMENTS

Administration Agreement

The Fund, Holdings Trust, Bell Aliant Holdings GP and Bell Aliant LP have entered into the Administration Agreement, which is available on SEDAR at www.sedar.com. Under the terms of the Administration Agreement, Bell Aliant LP provides administrative and support services to the Fund, Holdings Trust and Bell Aliant Holdings 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) prepare for and hold meetings of Voting Unitholders and distribute or make available required materials, including notices of meetings and information circulars, in respect of all such meetings;
- (e) assist the Fund Trustees in calculating and making distributions to Unitholders;
- (f) attend to all administrative and other matters arising in connection with any redemption of Fund Units, Trust Units or Trust Notes;
- (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 Bell Aliant Exchangeable LP Units or other Exchangeable Securities including the issuance and delivery of Fund Units, Trust Units and/or Trust Notes in connection therewith; and
- (i) generally, provide all other services as may be necessary or as may be requested by the Fund Trustees, the trustees of Holdings Trust or Bell Aliant Holdings GP, as applicable.

Bell Aliant LP also provides similar services under the Administration Agreement to Holdings Trust and Bell Aliant Holdings GP, in its capacity as general partner of Bell Aliant Holdings LP.

The Administration Agreement has 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, Holdings Trust, Bell Aliant Holdings GP or Bell Aliant 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.

Investor Liquidity and Exchange Agreement

Upon completion of the Arrangement, the Fund, Holdings Trust, Bell Aliant Holdings GP, Bell Aliant Holdings LP, Bell Aliant GP, Bell Aliant LP, BCE and Bell Canada entered into investor liquidity and exchange agreement dated July 7, 2006 (**Investor Liquidity and Exchange Agreement**). The description below is a summary only and is qualified in its entirety by reference to the full text of the Investor Liquidity and Exchange Agreement, which is available on SEDAR at www.sedar.com.

Exchange Rights

Under the Investor Liquidity and Exchange Agreement, BCE and Bell Canada (or any of their respective assignees) have been granted the right (**Exchange 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 Bell Aliant Exchangeable LP Units (each pair of one GP Share and one Holdings Class 1 Exchangeable LP Unit, and each Bell Aliant 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 Fund Units in accordance with the terms of the Investor Liquidity and Exchange Agreement. One Fund Unit is to be delivered upon exchange of each Exchangeable Interest, subject to customary anti-dilution adjustments.

Liquidity Right

Under the Investor Liquidity and Exchange Agreement, BCE and Bell Canada (or any of their respective assignees) have been granted the right (**Liquidity Right**), exercisable at any time and from time to time, to require Bell Aliant Holdings LP or Bell Aliant LP, as applicable, to purchase, in accordance with the terms of the Investor Liquidity and Exchange Agreement, the number of Exchangeable Interests specified by BCE or Bell Canada (or their respective assignees) (**Liquidated Interest**) for a cash payment (**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 Fund Units that would be issuable upon the exchange of such Exchangeable Interests. Exercise of the Liquidity Right is subject to the Fund's ability to undertake such an underwritten offering on terms reasonably acceptable to the Fund Trustees and the board of directors of Bell Aliant Holdings GP and BCE or Bell Canada (as applicable) (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 complete, if necessary, such an underwritten offering.

Restrictions on Actions of Fund

Under the Investor Liquidity and Exchange Agreement, the Fund has agreed that it shall not, directly or indirectly, take any of the following actions without the prior written approval of the board of directors of Bell Aliant Holdings GP: (a) make any investment in any person other than Holdings Trust, Bell Aliant

Holdings LP and its subsidiary entities as at July 7, 2006; or (b) issue any Fund Units or other securities or repurchase outstanding Fund Units or other securities, other than (i) in connection with the exercise of rights granted to BCE and Bell Canada (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 Fund Units (and immediate consolidation) under 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 (other than to certain members of the Fund Group) or guarantee the indebtedness of any third party.

Demand Registration Rights

The Investor Liquidity and Exchange Agreement provides 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 Fund Units then held by Bell Canada or BCE (or their respective assignees) or issuable upon exercise of the Exchange Rights, subject to certain restrictions. The Fund is required to use its best efforts to file a prospectus (**Demand Registration**) in order to permit the offer and sale or other disposition or distribution in Canada of all or any portion of the Fund 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 Rights. The Fund may satisfy its obligations through a shelf prospectus and applicable supplements. The Demand Registration rights are subject to the following limitations: (i) the Fund is not 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 (other than a shelf prospectus); (ii) the Fund is not required to cause a Demand Registration if two or more Demand Registrations have been completed within the preceding 12 months; and (iii) the Fund is not 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 Fund Units in any prospectus filed pursuant to a Demand Registration request unless Bell Canada or BCE (or their respective assignees) or its underwriter or agent determines, acting reasonably, that including such Fund 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 Fund 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 also provides 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 Fund Units owned, directly or indirectly, by Bell Canada or BCE or issuable upon exercise of the Exchange Rights in the event that the Fund proposes to file a prospectus to qualify Fund Units for distribution.

Co-operation on Spin-Off

The Fund, Holdings Trust, Bell Aliant Holdings LP, Bell Aliant LP and their subsidiaries have agreed that, at the request of BCE, they will co-operate and reasonably assist Bell Canada and BCE if BCE wishes to distribute Fund Units to its shareholders, including without limitation by filing a prospectus or providing prospectus-level disclosure concerning the Fund, Holdings Trust, Bell Aliant Holdings LP, Bell Aliant LP and their subsidiaries in a proxy circular relating to any such distribution.

Securityholders' Agreement

Upon completion of the Arrangement, the Fund, Holdings Trust, Bell Aliant Holdings GP, Bell Aliant Holdings LP, Bell Aliant GP, Bell Aliant LP, BCE and Bell Canada entered into the Securityholders' Agreement which provides for, among other things, the size and composition of the boards of directors of Bell Aliant Holdings GP and Bell Aliant GP, the size of and nominees for election to the board of Fund Trustees, and certain other governance matters.

The following is a summary only of and is qualified in its entirety by reference to the full text of the Securityholders' Agreement, which is available on SEDAR at www.sedar.com.

Board of Directors of Bell Aliant Holdings GP

The Securityholders' Agreement provides that the number of directors of Bell Aliant Holdings GP will be between 11 and 15, with the number of directors to be fixed from time to time by the board of Bell Aliant Holdings GP. Currently the board of directors of Bell Aliant Holdings GP consists of 11 directors.

BCE and its affiliates are entitled to appoint up to a majority of the directors of Bell Aliant Holdings GP for so long as BCE, directly or indirectly, holds not less than 30 per cent of the Fund Units on a fully-diluted basis and the Major Commercial Agreements are in place. If the Major Commercial Agreements are terminated by any of the parties thereto in accordance with their terms, or if BCE and its affiliates, directly or indirectly, hold less than 30 per cent of the Fund Units on a fully-diluted basis, BCE is entitled to appoint its proportionate share of the directors of Bell Aliant Holdings GP (rounded up to the next whole number) based on its fully-diluted direct and indirect ownership of Fund Units. In any event, BCE is entitled to nominate two directors to the board of Bell Aliant Holdings 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). The BCE nominees to the board of Bell Aliant Holdings GP may be directors, officers or employees of BCE or its affiliates. The Fund is entitled to appoint the balance of the directors of the board of Bell Aliant Holdings GP. If the chair of the board is not independent, (as defined in National Instrument 52-110 – *Audit Committees*), a lead independent director will also be appointed.

Committees of the Bell Aliant Holdings GP Board

The Securityholders' Agreement provides that the board of Bell Aliant Holdings GP will establish an audit committee consisting of between three and five members appointed by the board of Bell Aliant Holdings GP. The board of Bell Aliant Holdings GP may also establish such other committees as it may determine from time to time. BCE is entitled to designate one member of the audit committee for so long as BCE, directly or indirectly, holds not less than 20 per cent of the Fund Units on a fully-diluted basis. For more information about the committees of the board of Bell Aliant Holdings GP, see "Directors and Officers".

Fund Trustees

The persons to be elected as Fund Trustees will be nominated by the board of Bell Aliant Holdings GP and will be elected by Voting Unitholders in accordance with the Fund Declaration of Trust. The number of Fund Trustees from time to time shall, within the range provided by the Fund Declaration of Trust, be as determined by the board of Bell Aliant Holdings GP. The principles set forth in the Securityholders' Agreement relating to the composition of the board of Bell Aliant Holdings GP shall also apply to the selection of nominees for election as Fund Trustees.

Boards of Directors and Trustees of Other Entities

The Securityholders' Agreement provides that the boards of directors and trustees of each of Holdings Trust, Bell Aliant GP and each material entity within the structure of the Fund shall be the same as the board of Bell Aliant Holdings GP (unless the parties agree otherwise).

BCE Approval for Certain Matters

The Securityholders' Agreement provides that, for so long as BCE, directly or indirectly, holds not less than 20 per cent of the Fund Units on a fully-diluted basis, the Fund and its subsidiaries (including Holdings Trust, Bell Aliant Holdings LP, Bell Aliant Holdings GP, Bell Aliant GP, Bell Aliant LP and BNG) shall not, directly or indirectly, without the affirmative vote of a majority of the board of Bell Aliant Holdings GP and the written consent of BCE:

- (a) enter into any merger, amalgamation, consolidation, business combination, joint venture, arrangement, reorganization or other material corporate transaction, including acquisitions, having a value in excess of \$200 million;

- (b) sell, assign, lease, convey, exchange or otherwise dispose of assets having a value in excess of \$200 million;
- (c) take, or permit to be taken, any action that would prevent its affairs or business, as it then 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 could 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) such that at the consolidated level debt would be in excess of 2.5 times EBITDA as defined in the Securityholders' Agreement 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 provides 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 Holdings Trust and Bell Aliant Holdings GP, the sole business or investment activity of Holdings Trust shall be to hold the securities of Bell Aliant Holdings GP and Bell Aliant Holdings LP, and all business and investment activities shall occur at Bell Aliant Holdings LP or entities owned, directly or indirectly, by Bell Aliant Holdings LP, unless BCE otherwise agrees.

Pre-Emptive Rights

The Securityholders' Agreement provides that if any of the Fund, Holdings Trust, Bell Aliant Holdings GP or Bell Aliant Holdings LP, Bell Aliant GP or Bell Aliant LP or any of their subsidiaries authorizes the issuance of additional units, shares or partnership units or securities convertible into Fund 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 Fund Units. BCE or Bell Canada may exercise the pre-emptive right by either purchasing additional Fund Units or purchasing additional shares or partnership units or convertible securities, as it determines.

This pre-emptive right also applies in respect of the issuance of debt securities by the Fund, Holdings Trust, Bell Aliant Holdings GP, Bell Aliant Holdings LP, Bell Aliant GP, Bell Aliant LP or any of their Subsidiaries.

RISK FACTORS

A discussion of the risks affecting us and our businesses appears in the "Risk management" section of our MD&A for the year ended December 31, 2007, available on SEDAR at www.sedar.com, which discussion is incorporated by reference in this AIF.

The risk factor relating to changing regulations has had developments since March 4, 2008, the date of filing of our MD&A for the year ended December 31, 2007, up to and including the date of filing of this AIF as follows:

Changing regulations

Our business is affected by decisions made by the CRTC and the federal government. Refer to our MD&A for the year ended December 31, 2007, for a complete discussion of regulatory developments which occurred up to and including March 4, 2008. Regulatory developments which have occurred since that date up to and including the date of this AIF which are significant to our business include the following:

Deferral accounts – the new pricing framework established in Telecom Decision 2007-27 eliminated the deferral account mechanism. As a result, Bell Aliant's deferral account was cleared and closed during 2007. However, we are still affected by Télébec's and Bell Canada's deferral accounts. Bell Canada's accumulated deferral account balance at December 31, 2007 was estimated to be \$451 million, with an estimated future annualized commitment of \$1.4 million. On March 3, 2008, Bell Canada and Bell Aliant filed proposed reductions to rates for stand-alone local residential telephone access services in regulated exchanges within the non-high cost serving area (**non-HCSA**) portions of their Ontario and Québec serving areas which, if approved, would eliminate Bell Canada's future annualized commitment.

Subject to the outcome of CRTC decisions and court proceedings, we will be affected by further proposals of Bell Canada to expand broadband services to communities within our operating territory in Ontario and Québec in satisfaction of Bell Canada's deferral account, as we have agreed to contribute to the economic spending portion of the project. In 2006, certain consumer groups filed an appeal of Telecom Decision 2006-9 in the Federal Court of Appeal (**Court**) challenging the legality of the deferral accounts and the use of deferral account funds for broadband and accessibility initiatives. They argued that the funds should instead be rebated to residential customers. Bell Canada filed an appeal as well, claiming that the CRTC does not have the jurisdiction to order rebates in connection with prices they had approved on a final basis.

In January 2008, before the appeals were heard, the CRTC issued Telecom Decision 2008-1 in which it approved the use of Bell Canada's deferral account for a portion of the broadband expansion program proposed by them as well as for improvements for services for persons with disabilities. Bell Canada was directed by the CRTC to file a proposed roll-out plan and updated costs by March 17, 2008. The CRTC also ordered that the balance of the deferral account remaining after those initiatives be rebated to residential subscribers in urban, non-HCSAs within the Ontario and Québec regions served by Bell Canada and Bell Aliant, and to file, by March 25, 2008, proposals to rebate such funds.

In an order dated January 25, 2008, the Court issued a stay of Telecom Decision 2006-9, thus effectively suspending the disposition of funds in the deferral accounts except for the improvement of accessibility to communications services for persons with disabilities. In that order, the Court noted that the stay will expire on the Federal Court of Appeal's determination of the appeals, or upon determination of any leave to appeal application to the Supreme Court of Canada, if such leave to appeal is sought within the statutory time limit.

On February 11, 2008, Bell Canada filed a Notice of Motion with the Court for leave to appeal Telecom Decision 2008-1 and to stay that decision, except as it relates to initiatives for the improvement of accessibility to communications services for persons with disabilities. Bell Canada and Bell Aliant also filed a letter with the CRTC, dated February 15, 2008, seeking to defer the filing of follow-up information pertaining to broadband expansion and rebates which the CRTC directed them to file in Decision 2008-1, until such time as the stay is denied or, if the stay is granted, until the substance of the appeals is addressed by the Court and the stay is lifted. The Commission indicated in a letter dated February 22, 2008, that the obligations under Decision 2008-1 were stayed pending further notice from the Commission.

In an order dated March 7, 2008, the Court dismissed both Bell Canada's and the consumer groups' appeals. However, Bell Canada intends to file an application seeking leave from the Supreme Court of Canada to appeal the Federal Court of Appeal's decision. Based on the January 25, 2008, order of the Federal Court of Appeal, the stay of Telecom Decision 2006-9, effectively suspending the disposition of deferral account funds except for the improvement of accessibility to communications services for persons with disabilities, will remain in effect until the Supreme Court of Canada issues its determination on Bell Canada's leave to appeal application.

DISTRIBUTIONS AND DISTRIBUTION POLICY

The distribution policy of Bell Aliant Holdings LP is described above under the heading "Description of Bell Aliant Holdings LP – Distributions". The current objective of the Fund Trustees is to target a distribution payout ratio of approximately 90 per cent of the combined distributable cash of the Fund Group. The remaining 10 per cent of distributable cash will be reserved for funding such obligations as pension plan deficits, restructuring charges and cash capital taxes.

For the year ended December 31, 2007, Bell Aliant Holdings LP declared consolidated distributions of \$410.3 million, consisting of \$331.2 million to the Fund and \$79.1 million to BCE and Bell Canada; for the year ended December 31, 2006, Bell Aliant Holdings LP declared consolidated distributions of \$201.1 million, consisting of \$164.1 million to the Fund and \$37.0 million to BCE and Bell Canada.

Restrictions on Distributions

In the future, the Fund's distributions could become subject to restrictions imposed under our bank credit facilities. The Credit Agreement specifies that if the Fund Group's credit ratings fall below investment grade (generally below the 'BBB' rating category), Fund distributions during any twelve month period will be restricted to 100 per cent of the distributable cash generated during that twelve month period.

DESCRIPTION OF CAPITAL STRUCTURE

General Description of Capital Structure

The capital structure of Bell Aliant Holdings LP is described above under the heading "Description of Bell Aliant Holdings LP – Capitalization". The issued and outstanding partnership units at December 31, 2007, are outlined in the table below:

Bell Aliant Holdings LP units issued and outstanding

As at December 31, 2007

<i>(millions of dollars, except as otherwise noted)</i>	Number of units	Stated capital
Class 1 exchangeable limited partnership units	28,168,803	\$ 1,017.1
Class 2 limited partnership units	124,121,177	530.9
General partnership units	54,000	-
		\$ 1,548.0

Debt securities, issued by certain of our subsidiaries, also represent a portion of our capital structure. The consolidated debt securities of Bell Aliant Holdings LP at December 31, 2007, are outlined in the table below:

(\$ millions)	Maturity date	Interest rate (%)	Principal amount
LP Notes:			
	September 26, 2011	4.72%	\$ 750.0
	February 26, 2014	4.95%	400.0
	September 26, 2016	5.41%	500.0
	February 26, 2019	5.52%	300.0
	February 26, 2037	6.17%	300.0
			2,250.0
Télébec LP debentures:			
Series Z	June 23, 2008	5.85%	50.0
Series AA	November 5, 2013	5.75%	70.0
Series BB	June 23, 2020	5.34%	30.0
			150.0
NorthernTel LP debentures:			
Series N	October 16, 2009	11.00%	3.6
Series O	June 1, 2012	10.25%	3.4
Series T	January 28, 2013	6.00%	3.9
Series P	April 15, 2014	9.21%	8.0
Series S	December 18, 2016	8.02%	8.0
Series U	September 21, 2020	7.37%	19.9
			46.8
Other long-term debt:			
Bell Aliant LP term bank debt	July 7, 2009	Floating	100.0
Capital leases	various dates to 2017	3.73% to 5.91%	24.1
Note payable	2009	6.70%	2.9
Télébec LP mortgage	2011	12.50%	3.1
Other	2009		8.3
Debt issue costs			(11.6)
			126.8
Long-term debt			2,573.6
Short-term debt:			
Bell Aliant LP revolving bank debt			210.0
Other debt			6.7
Total debt			\$ 2,790.3

Bell Aliant LP

The medium term notes issued by Bell Aliant LP are issued pursuant a trust indenture dated September 14, 2006, among Bell Aliant LP, its credit supporters and CIBC Mellon Trust Company, as trustee. The notes are unsecured and rank *pari passu* with all other unsecured and unsubordinated indebtedness of Bell Aliant LP. The credit supporters for Bell Aliant LP's notes include certain entities within the Fund Group, but exclude the Fund, Télébec LP and NorthernTel LP. Bell Aliant LP's term and revolving bank debt is issued pursuant to syndicated bank credit facilities dated July 7, 2006, and expiring July 7, 2009, and July 7, 2011, respectively. Bell Aliant LP may also issue short-term unsecured promissory notes under a \$400 million commercial paper program. These notes, none of which were issued at December 31, 2007, are backed at all times by an unused portion of Bell Aliant LP's revolving bank credit facility.

Télébec LP

The debentures issued by Télébec LP are issued pursuant to a trust indenture dated October 5, 1976, as amended or supplemented, between Télébec LP (as successor to Télébec Ltée) and National Bank Trust Inc. (as successor to General Trust of Canada) as trustee. The debentures are secured by a mortgage on an immovable property located in Val D'Or, Québec, as well as outbuildings on this immovable property. However, the debentures are largely unsecured obligations of Télébec LP as, at December 31, 2007, the carrying value of this property is \$11.9 million.

NorthernTel LP

The debentures issued by NorthernTel LP are issued pursuant to a trust indenture dated September 1, 1951, as amended or supplemented, between NorthernTel LP (as successor to Northern Telephone Company Limited) and Computershare Trust Company of Canada (as successor to The Toronto General Trusts Corporation) as trustee. The debentures are unsecured. Certain series of the NorthernTel LP debentures require periodic scheduled repayments prior to maturity.

Constraints

Constraints on ownership of Bell Aliant Holdings LP Units are described above under the heading "Description of Bell Aliant Holdings LP – Transfer of Bell Aliant Holding LP Units and GP Shares".

Ratings

As at the date of this AIF, the securities of Bell Aliant LP, Télébec LP and NorthernTel LP had the following ratings:

	S&P¹	DBRS²
Bell Aliant LP senior unsecured debt	BBB, stable trend	BBB (high), stable trend
Bell Aliant LP commercial paper	Not rated	R-1 (low), stable trend
Télébec LP and NorthernTel LP debentures	BBB, stable trend	BBB (high), stable trend

DBRS rates debt instruments by rating categories ranging from a high of AAA to a low of D. In addition, a designation of "high" or "low" after a rating indicates an issue's relative strength within the rating category. Each DBRS rating category is appended with one of three rating trends – "Positive", "Stable", or "Negative". The rating trend helps to give the investor an understanding of DBRS's opinion regarding the outlook for the rating in question. However, the investor must not assume that a positive or negative trend necessarily indicates that a rating change is imminent. Similarly, S&P ratings range from a high of AAA to a low of D and the issue's relative strength is indicated by a "plus" or a "minus" after the rating. The lack of one of these designations indicates a rating that is essentially in the middle of the category. An S&P rating outlook of "Positive", "Stable" or "Negative" assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). In determining a rating outlook, consideration is given to any changes in the economic and/or fundamental business conditions. An outlook is not necessarily a precursor of a rating change or future credit-watch action.

According to the DBRS rating system, debt securities rated BBB (high) are of adequate credit quality. 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. According to the S&P rating scale, obligations rated BBB exhibit adequate protection parameters. However, adverse economic conditions or changing

¹ S&P is a trademark of Standard & Poor's, a division of The McGraw-Hill Companies, Inc.

² DBRS is a trademark of DBRS Limited and DBRS, Inc.

circumstances are more likely to lead to a weakened capacity of Bell Aliant LP, Télébec LP or NorthernTel LP to meet their financial commitments on their debt.

The DBRS commercial paper and short-term debt rating scale is meant to give an indication of the risk that a borrower will not fulfill its near-term debt obligations in a timely manner. DBRS rates commercial paper by rating categories ranging from a high of R-1 to a low of D (after R-5). In addition, a designation of “high”, “middle” or “low” after a rating indicates an issue’s relative strength within the rating category. Each DBRS rating category is appended with one of three rating trends – “Positive”, “Stable”, or “Negative”. The rating trend helps to give the investor an understanding of DBRS’s opinion regarding the outlook for the rating in question. However, the investor must not assume that a positive or negative trend necessarily indicates that a rating change is imminent.

According to the DBRS rating system, commercial paper rated R-1(low) is 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 Bell Aliant LP is of sufficient size to have some influence in its industry.

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

DIRECTORS AND OFFICERS

The persons listed in the chart below serve as directors of Bell Aliant Holdings GP and Bell Aliant GP. Bell Aliant Holdings GP is the general partner of Bell Aliant Holdings LP. The term of office of the directors of Bell Aliant Holdings GP and Bell Aliant GP ends at the conclusion of the next annual meeting of shareholders of Bell Aliant Holdings GP and Bell Aliant GP, respectively. The composition of the board of directors of each of Bell Aliant Holdings GP and Bell Aliant GP is governed by the Securityholders’ Agreement described above under the heading “Other Material Agreements – Securityholders’ Agreement”.

The board of directors of Bell Aliant Holdings GP has established the following committees: Audit, Governance, Management Resources and Compensation and Pension. The Board of Trustees of the Fund has established the same committees with the exception of the Pension Committee. Membership on these committees is shown in the table below.

The name, board position, committee membership, principal occupation and Province of residence for each of the directors of Bell Aliant Holdings GP and Bell Aliant GP as at March 1, 2008, and the period during which they have served as a director (including as a director of Aliant), are shown in the table below:

Name, Position and Committee Membership	Principal Occupation	Province and Country of Residence	Director Since (includes Aliant)
Kevin Crull	President - Residential Services of Bell Canada	Ontario, Canada	July 2006
Robert Dexter, Q.C. Audit, Governance, and Management Resources and Compensation committees	Chairman and Chief Executive Officer of Maritime Travel Inc.	Nova Scotia, Canada	April 1999

Name, Position and Committee Membership	Principal Occupation	Province and Country of Residence	Director Since (includes Aliant)
Lawson Hunter Governance, Management Resources and Compensation and Pension committees	Executive Vice-President and Chief Corporate Officer of BCE and Bell Canada	Ontario, Canada	June 2004
Patrick Pichette ⁽¹⁾	President - Operations of Bell Canada	Québec, Canada	July 2006
Edward Reevey, FCA Audit committee (chair), and Pension committees (chair)	Chairman and Chief Executive Officer of Edda Capital Inc., a private holding company	New Brunswick, Canada	April 1999
Michael Sabia ⁽¹⁾ Chairman	President and Chief Executive Officer of BCE and Chief Executive Officer of Bell Canada	Québec, Canada	July 2006
Karen Sheriff Governance and Management Resources and Compensation committees	President, Small and Medium Business of Bell Canada	Ontario, Canada	June 2004
Louis Tanguay ⁽²⁾ Audit committee	Corporate Director	Québec, Canada	July 2006
Stephen Wetmore	President and Chief Executive Officer of Bell Aliant GP	Nova Scotia and Ontario, Canada	April 1999
Charles White, Q.C. Audit committee, Governance committee (chair), Management Resources and Compensation committee (chair), and Pension committees	Lawyer with the law firm White, Ottenheimer & Baker	Newfoundland and Labrador, Canada	April 1999
Victor Young, O.C. Governance and Management Resources and Compensation committees	Corporate Director	Newfoundland and Labrador, Canada	April 2002

(1) Was a director or executive officer of Teleglobe Inc. or certain of its affiliates on, or during the year preceding, May 15, 2002, the date when Teleglobe Inc. and certain of its affiliates filed for court protection under insolvency statutes in various countries, including Canada and the United States.

(2) Mr. Tanguay is a director of SR Telecom Inc. ("SR Telecom"). SR Telecom was subject to a management cease trade order exceeding 30 days from April 2, 2007 through July 19, 2007. On November 19, 2007, SR Telecom filed for protection from its creditors under the *Companies' Creditors Arrangement Act*.

All of the directors of Bell Aliant Holdings GP and Bell Aliant GP have been employed in the designated principal occupation for the preceding five years, except as follows:

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&T Mobility of AT&T Inc. He was also Senior Vice-President of Consumer and Small Business of AT&T Inc. from 2001 to 2004.

Mr. Hunter was a partner with the law firm Stikeman Elliott LLP until March 2003.

Mr. Pichette was Executive Vice-President, Finance and Operations of Teleglobe Communications Corporation from January 2002 to May 2002. From September 2002 to December 2003, Mr. Pichette was Chief Financial Officer of Bell Canada and in December 2003 he became Executive Vice-President of Bell Canada until appointment to his current position.

Mr. Reevey was also Chairman and Chief Executive Officer of Addee Developments Limited, a private holding company, until December 2006.

Mr. Sabia was President and Chief Operating Officer of BCE from March 2002 to April 2003, and from March 2002 to May 2002 he was Chief Operating Officer of Bell Canada.

Mr. Wetmore was appointed President and Chief Executive Officer of Bell Aliant Holdings GP and Bell Aliant GP upon completion of the Arrangement in July 2006. Prior to that time, Mr. Wetmore was Executive Vice-President and Group President - Corporate Performance and National Markets of Bell Canada.

The following persons serve as officers of Bell Aliant Holdings GP. The name, position with Bell Aliant Holdings GP and Province of residence for each of the officers as at March 1, 2008, appears below:

Name	Position with Bell Aliant	Province and Country of Residence
Stephen Wetmore	President and Chief Executive Officer	Ontario and Nova Scotia, Canada
Michael Sabia	Chairman	Québec, Canada
Charles White, Q.C.	Vice-Chairman	Newfoundland and Labrador, Canada
Mary-Ann Bell	Senior Vice-President and Chief Operating Officer, Bell Aliant Québec, Télébec LP, Cablevision, and Noralynx	Québec, Canada
Helena Cain	Vice President Enterprise and Business Sales	New Brunswick, Canada
Frederick Crooks	Executive Vice President Corporate Services, Chief Legal Officer and Secretary	Nova Scotia, Canada
Roch L. Dubé	President Bell Aliant, Québec and Ontario	Québec, Canada
Frank Fagan	Chief Operating Officer	Newfoundland and Labrador, Canada
Mark Hanlon	Senior Vice-President and Chief Operating Officer, Bell Aliant Ontario and NorthernTel LP	Ontario, Canada

Name	Position with Bell Aliant	Province and Country of Residence
Charles Hartlen	Senior Vice President Customer Experience	Nova Scotia, Canada
Evan Kipnis	Vice President and General Counsel, Commercial Law and Assistant Secretary	Newfoundland and Labrador, Canada
Glen LeBlanc	Chief Financial Officer	Nova Scotia, Canada
Gary Lund	Chief Technology Officer	New Brunswick, Canada
Eleanor Marshall	Vice President and Treasurer	New Brunswick, Canada
Alana Patterson	Director, Human Resource Operations and Assistant Secretary	Nova Scotia, Canada
David Rathbun	Executive Vice President Bell Aliant and President xwave	Nova Scotia, Canada
Catherina Rignanesi	Vice President Taxation	New Brunswick, Canada
Ida Teoli	Senior Executive	Québec, Canada
Heather Tulk	Senior Vice President Marketing	Nova Scotia, Canada
Mahes Wickramasinghe	Executive Vice President	Ontario, Canada

All of the officers have held their current position or other positions with Bell Aliant GP or Aliant during the past five years with the exception of the following:

Stephen Wetmore and Michael Sabia's biographical information is detailed above.

Mary-Ann Bell was Senior Vice-President Operations BRT Transition at Bell Canada from November 2005 to July 2006, prior to which she was Senior Vice-President Contact Centres from June 2003 to November 2005, prior to which she was Vice-President Customer Service with Bell Mobilité from September 2002 to June 2003, and prior to which she was Vice President Customer Service with Bell Canada since August 1999.

Frederick Crooks was a partner with the law firm Cox Hanson O'Reilly Matheson in Halifax from 1985 to October 2003.

Roch L. Dubé was appointed to Bell Aliant in January 2007. He currently holds the position of President Bell Aliant Québec and Ontario. Prior to this he was President and Chief Executive Officer of Bell Nordiq Group Inc. from June 2003 and Senior Vice-President – Bell Canada from 2002 – June 2003 and President – Aliant Telecom Inc. from 2001 – 2002.

Mark Hanlon held the following positions with Bell Canada: Vice-President, National Markets from October 2005 to July 2006; Chief Operating Officer, Group Telecom from October 2004 to October 2005; Vice President, 360Networks Transition from July 2004 to October 2004; Vice President, CSG Marketing & Carrier Relations from January 2004 to July 2004; Vice President, CSG from January 2002 to January 2004.

Alana Patterson was the Director, Stakeholder Relations at Nova Scotia Business Inc. from January through October 2005 and previous to that served as Senior Policy Advisor to Ontario's Minister of Economic Development and Trade from January 2004 to August 2004 and Senior Policy Advisor to Canada's Minister for International Cooperation from March 2002 to January 2004.

Ida Teoli was Senior Vice-President National Markets with Bell Canada from June 2004 to July 2006, prior to which she was Senior Vice-President, Office of the Chief Executive Officer at Bell Canada from December 2003 to June 2004 and prior to which she was Chief Communications Officer of Bell Canada from October 2001.

Mahes Wickramasinghe was Senior Vice-President Corporate Performance and National Markets with BCE until July 2006. From August 2003 to January 2006, he served as BCE's Chief Auditor. He was Senior Vice-President of Canadian Imperial Bank of Commerce (**CIBC**) (chartered bank) and Chief Financial and Administrative Officer of Amicus Financial (CIBC's e-commerce division) before August 2003.

Conflicts of Interest

Certain of the directors of Bell Aliant Holdings GP and Bell Aliant GP are also directors or officers of BCE, Bell Canada and/or their affiliates. There are significant commercial relationships and agreements between BCE and its affiliates and members of the Fund Group, including Bell Aliant LP and the Bell Nordiq Partnerships, which may give rise to the potential for conflict of interest. The provisions of the CBCA relating to conflicts of interest apply to persons who are directors or officers of Bell Aliant Holdings GP and Bell Aliant GP.

LEGAL PROCEEDINGS

Bell Aliant Holdings LP's consolidated financial statements for the year ended December 31, 2007, incorporated by reference herein, describe important legal proceedings relating to Bell Aliant Holdings LP and its subsidiaries. While we cannot predict the final outcome of the claims and litigation described therein or any other pending claims, management believes that the resolution of these claims and litigation will not have a material and negative effect on our consolidated financial position or results of operations.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

BCE owns, directly and indirectly, 44.15 per cent of the Fund on a fully diluted basis as at the date of this AIF. As described above under the heading "Other Material Agreements – Securityholders' Agreement", the Securityholders' Agreement provides that so long as BCE, directly or indirectly, holds not less than 30 per cent of the Fund Units on a fully diluted basis, and certain commercial agreements with Bell Canada have not been terminated, BCE shall be entitled to appoint up to a majority of the directors of Bell Aliant Holdings GP and other material subsidiaries of the Fund. As long as BCE directly or indirectly holds not less than 20 per cent, BCE has certain consent rights, including the right to approve the appointment or removal of any Chief Executive Officer. In addition, the Securityholders' Agreement provides BCE and Bell Canada with pre-emptive rights to purchase securities in the event that units, securities convertible into units, or debt securities are issued by the Fund or Fund subsidiaries.

In addition, the Holdings Class 1 Exchangeable LP Units and Bell Aliant Exchangeable LP Units held by BCE and Bell Canada are exchangeable for Fund Units, as described under the heading "Other Material Agreements – Investor Liquidity and Exchange Agreement".

The Fund Group has entered into a series of commercial agreements which govern the relationship with Bell Canada. These agreements provide the Fund Group with the telecommunications and support services required to operate the wireline and Internet access operations in territories previously covered by Bell Canada. The agreements also provide Bell Canada with the telecommunications and support services required for Bell Canada to operate its wireless business within Atlantic Canada. In addition, there is an extensive Commercial Relationship Management Agreement that governs the relationship with respect to non-competition, primership, branding and term and termination. Further information regarding the relations with Bell Canada and BCE can be found in note 23 to our consolidated financial statements for the year ended December 31, 2007, which note is incorporated by reference herein, available on SEDAR at www.sedar.com.

Other than as set out in this AIF, none of the directors or executive officers, as applicable, of Bell Aliant GP or Bell Aliant Holdings GP, or any associate or affiliate of such persons, has or has had any material interest, direct or indirect, in any transaction within the past three years or in any proposed transaction

that has materially affected or will materially affect Bell Aliant GP, Bell Aliant Holdings GP or any of their subsidiaries.

MATERIAL CONTRACTS

The following is a list of our “material contracts” required to be filed on SEDAR under National Instrument 51-102, Continuous Disclosure Obligations, and that were entered into the most recently completed financial year or prior to the most recently completed financial year and that are still in effect:

- the Bell Aliant Holdings LP Partnership Agreement;
- the Bell Aliant LP Partnership Agreement;
- the Securityholders’ Agreement;
- the Administration Agreement;
- the Investor Liquidity and Exchange Agreement;
- the Purchase Agreement dated April 30, 2007 among Yellow Pages Group Co., Bell Aliant GP and Aliant Directory Services;
- the Credit Agreement dated July 7, 2006, among Bell Aliant LP, Bell Aliant GP, 6583458 Canada Inc., Bell Aliant Holdings LP, Bell Aliant Holdings GP, Holdings Trust and a syndicate of Canadian lenders providing for a total of \$3.5 billion in bank credit facilities (**Credit Agreement**);
- the Dealer Agreement dated September 14, 2006, between Bell Aliant LP and BMO Nesbitt Burns Inc., CIBC World Markets Inc., TD Securities Inc., National Bank Financial Inc., RBC Dominion Securities Inc., Scotia Capital Inc., Desjardins Securities Inc., Beacon Securities Inc., Casgrain & Company Limited, relating to the sale of medium term notes by Bell Aliant LP (**Dealer Agreement**);
- the LP Note indenture dated September 14, 2006 among Bell Aliant LP, Bell Aliant GP, 6583458 Canada Inc., Bell Aliant Holdings LP, Bell Aliant Holdings GP, Holdings Trust and CIBC Mellon Trust Company providing for the issuance of medium term notes by Bell Aliant LP;
- the Connecting and Operating Agreement, as described in note 23 to our financial statements for the year ended December 31, 2007, incorporated by reference herein;
- the Commercial Relationship Management Agreement;
- the Bell Trade-mark Licence Agreement;
- the Omnibus Term Sheet together with the following schedules:
 - Term Sheet #5 for the Master Services Agreement;
 - Term Sheet #6 for the Network Services Agreement;
 - Term Sheet #11 for the Master Information Technology Services Agreement;
 - Term Sheet # 8 for the Intellectual Property Licence Agreement; and
- the Bilateral Intellectual Property Sharing Agreement

The following is a summary description of the material attributes and characteristics of the material contracts mentioned above and not described elsewhere in this AIF, and is qualified in its entirety by reference to the full text of the applicable contracts available on SEDAR at www.sedar.com.

Credit Agreement

The Credit Agreement provides for the following bank credit facilities:

- (a) a revolving term facility for up to an aggregate amount of \$550 million, expiring July 7, 2011;
- (b) a non-revolving term facility for an aggregate amount of \$1.25 billion, expiring July 7, 2009. There remains only \$100 million drawn on this facility as the balance was repaid through issuances of LP Notes and other cash flows;
- (c) an 18-month non-revolving term bridge facility for an aggregate amount of \$1.25 billion. This bridge facility has been repaid through the issuance of LP notes and cancelled; and
- (d) a non-revolving term facility for up to an aggregate amount of \$450 million, expiring July 7, 2011, to be used as necessary to fund pension deficit payments or provide for letters of credit in lieu of cash funding of pension deficits.

The facilities are repayable without any prepayment penalties and, when drawn, bear interest at floating rates based on either 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 margin over these base rates of interest would increase if Bell Aliant LP's credit rating was to deteriorate.

The Credit Agreement contains customary terms and conditions for investment-grade income trust borrowers, including limits on incurring additional indebtedness, creation of encumbrances on property, sale, lease or other disposition of assets, and the payment of any non-permitted distributions without the consent of the lenders. Specifically, distributions made by Bell Aliant Holdings LP and ultimately the Fund may be restricted to 100 per cent of distributable cash (as defined in the Credit Agreement) if Bell Aliant LP's credit rating was to fall below investment grade (below BBB- level). The Credit Agreement is also subject to customary covenants, including the requirement to maintain a debt-to-EBITDA (as defined in the Credit Agreement) ratio of 3.0 times or less and, if Bell Aliant LP's credit rating falls below investment grade, an additional requirement to maintain the ratio of EBITDA (as defined in the Credit Agreement) to interest expense to 3.5 times or less.

Dealer Agreement

Pursuant to the Dealer Agreement, the Agents are authorized, as agents of Bell Aliant LP, for such purpose only, to solicit offers from time to time to purchase LP Notes in all the provinces of Canada, directly and through other investment dealers. Bell Aliant LP may also select other dealers from time to time to offer the LP Notes. The rate of commission payable in connection with sales by the Agents of LP Notes shall be as determined from time to time by mutual agreement among Bell Aliant LP and the Agents.

The Dealer Agreement also provides that LP Notes may be purchased from time to time by any of the Agents as principal, at such prices as may be agreed upon between Bell Aliant LP and any such Agents, for resale to the public at prices to be negotiated with each purchaser. Such resale prices may vary during the distribution period and as between purchasers. Bell Aliant LP may pay commissions in connection with such purchases as determined from time to time by mutual agreement among Bell Aliant LP and such Agents. An Agent's compensation will be increased or decreased by the amount by which the aggregate price paid for LP Notes by the purchasers thereof exceeds or is less than the gross proceeds paid by such Agent, acting as principal, to Bell Aliant LP.

Bell Aliant LP has agreed to indemnify the Agents and their directors, officers and employees against liabilities arising out of, among other things, any misrepresentation in its short form base shelf prospectus dated September 14, 2006 and the documents incorporated by reference therein, other than liabilities arising out of any misrepresentations made by the Agents.

Agreements with Bell Canada

In connection with the Arrangement, we entered into the following commercial agreements in the form of binding term sheets pursuant to which Bell Canada agreed to provide us with a broad range of technical, operational and human resource support services required for us to operate the wireline and Internet

access operations previously operated by Bell Canada in the Ontario and Québec regional territory (the **Bell Partnership Territory**): the Omnibus Term Sheet (**Omnibus Term Sheet**); Term Sheet #5 for the Master Services Agreement, Term Sheet #6 for the Network Services Agreement, and Term Sheet #11 for the Master Information Technology Agreement. These agreements also permit us to continue to receive the commercial and telecommunications services that Bell Canada was providing to us in Atlantic Canada prior to the Arrangement. Any pre-existing commercial agreements between us and Bell Canada, which were not amended or replaced, continue to apply. The commercial agreements entered into at the time of the Arrangement also provide Bell Canada with the telecommunications and support services required to operate its wireless operation in the Bell Partnership Territory and the Aliant wireless operation that Bell Canada acquired as part of the Arrangement.

As part of the Arrangement, we entered into the Commercial Relationship Management Agreement (**CRMA**) with Bell Canada, which governs our general commercial relationship and addresses matters such as customer primeship. The CRMA, together with certain agreements referred to therein, also amend certain provisions of the Memorandum of Agreement (**MOA**), described in note 23 to our financial statements for the year ended December 31, 2007, and extends the term of the MOA to match that of the CRMA. In addition, the CRMA includes a pricing model (**Pricing Model**) for payment for the services being provided by Bell Canada under the commercial agreements (excluding the Connecting and Operating Agreement described below) in respect of the Bell Partnership Territory. The CRMA will automatically terminate upon termination or expiration of the Connecting and Operating Agreement described below.

Pursuant to the Connecting and Operating Agreement, entered into as part of the Arrangement, the parties have agreed to interconnect their respective telecommunications systems for the exchange of telecommunications traffic and to compensate the other party at agreed settlement rates for the telecommunications services provided by the other party. The Connecting and Operating Agreement has an initial term of 15 years from July 7, 2006, with automatic renewals for consecutive five-year periods, unless notice of non-renewal is provided. The Connecting and Operating Agreement may be terminated for material breach at any time by a party, if the parties mutually agree, or if a court or arbitrator makes a final and unappealable determination that the other party has materially breached the agreement and the party has not cured the breach within 60 days.

The commercial agreements and the CRMA may also be terminated by Bell Canada in the event that, without Bell Canada's prior consent, a competitor of Bell Canada acquires, directly or indirectly, more than 30 per cent of Bell Aliant LP or *de facto* control of it or its business. In addition, Bell Canada is entitled to terminate, in its sole discretion, its provision of services to us in circumstances where Bell Canada is ceasing to offer the corresponding services to its customers. Further, Bell Canada is entitled to terminate, in its discretion, a number of the commercial agreements by giving two years prior notice of its intention to terminate the relevant commercial agreement, provided that such notice is not given prior to a fixed date, which is generally July 7, 2011. We are generally permitted to terminate and repatriate services provided by Bell Canada in respect of the Bell Partnership Territory upon reasonable notice (typically two years or less).

The Bilateral Intellectual Property Sharing Agreement (**Bilateral Intellectual Property Sharing Agreement**) with Bell Canada provides the parties access to certain of each other's intellectual property, in addition to providing us with access to Bell Canada's engineering and network intellectual property. The effective date of the Bilateral Intellectual Property Sharing Agreement is January 1, 2003. As part of the Arrangement, we entered into Term Sheet #8 for the Intellectual Property Licence Agreement (**Term Sheet #8**), which reaffirms the Bilateral Intellectual Property Sharing Agreement and extends its application to the Bell Partnership Territory. Term Sheet #8 and the Bilateral Intellectual Property Sharing Agreement remain in effect until all of the commercial agreements and the licenses for intellectual property provided thereunder have been terminated, subject to termination as described above for the CRMA. The license fee payable by us to Bell Canada in respect of the Bell Partnership Territory is included in the Pricing Model under the CRMA.

As part of the Arrangement, we also entered into trademark license agreements with Bell Canada (including the Bell Trademark License Agreement whereby each party and its affiliates are permitted to use the trademarks of the other party in accordance with the terms of the license for 30 years (subject to

possible renewal). The license fees payable under these trademark license agreements are determined in accordance with the Bilateral Intellectual Property Sharing Agreement and Term Sheet #8.

Term Sheet #11 for the Master Information Technology Services Agreement is an IS/IT agreement with Bell Canada under which Bell Canada will provide certain IT services in the Bell Partnership Territory.

INTERESTS OF EXPERTS

Deloitte & Touche LLP is independent of Bell Aliant Holdings LP and its subsidiaries under applicable rules of professional conduct. Ernst & Young LLP was independent of Aliant and its subsidiaries under applicable rules of professional conduct.

ADDITIONAL INFORMATION

Additional information relating to Bell Aliant Holdings LP, including our annual and quarterly financial statements, news releases and other continuous disclosure documents, may be found on SEDAR at www.sedar.com.

Additional financial information is provided in our financial statements and management's discussion and analysis for the year ended December 31, 2007.

In addition, quarterly reports, annual reports and supplementary information can be found under the "Investor" section on our website at www.bell.aliant.ca.

SCHEDULE A: NON-GAAP FINANCIAL MEASURES

Standardized distributable cash and distributable cash

Standardized distributable cash and distributable cash are both measures of cash generated from operating activities that may be available for distribution. We calculate standardized distributable cash from a cash flow perspective following Canadian Institute for Chartered Accountants (**CICA**) guidance, which uses cash from operating activities and adds or deducts the following items that affect cash flow:

- (i) Cash from operating activities of discontinued operations and the Fund, as this represents operating cash from activities other than our continuing operations which is available for distribution;
- (ii) The amount of standardized distributable cash that would be attributable to the minority interest in controlled subsidiaries (i.e., Télébec LP and NorthernTel LP prior to January 2007 and Atlantic Mobility Products (**AMP**) prior to September 2006) as this represents cash which is not available for distribution;
- (iii) Capital expenditures; and
- (iv) Cash flow and capital expenditure adjustments related to the period prior to July 7, 2006, as this period related to the operations of Aliant.

CICA guidance on the calculation of standardized distributable cash measures would also include deductions related to any restrictions imposed on the amount of cash distributions as a result of compliance with financial covenants restrictive at the date of calculation. Our credit agreements only impose a restriction that distributions cannot exceed distributable cash over the last year if our credit ratings fall below investment grade. Since our ratings are within the investment grade categories, we are under no such restrictions.

We further adjust standardized distributable cash by the following items to determine our distributable cash:

- (i) Operating items funded through cash reserves or borrowings, such as changes in operating assets and liabilities (working capital), debt prepayment premiums, pension deficit funding, restructuring and other charges, and cash capital taxes in excess of normalized levels;
- (ii) Current income tax provisions (recoveries) are added back (deducted) as we have tax strategies in place to ensure that they are not payable (receivable) in cash; and
- (iii) Other elements of working capital changes that should not result in actual current or future cash flows.

In the third quarter of 2007, we determined that costs accrued for our executive deferred unit plan should not be deducted from distributable cash as they will eventually be settled by the Fund through the issuance of units, rather than with a cash payment. This resulted in a restatement of distributable cash starting in the fourth quarter of 2006. All of these adjustments to determine standardized distributable cash and distributable cash can be found in our consolidated financial statements or records or the Fund's consolidated financial statements or records, with the exception of the normalization of cash capital taxes. This adjustment is a calculation where some management judgment is exercised in estimating the level of capital taxes that we will pay when future tax rate changes come into effect. We have assumed a stable capital base and the future enactment of all previously announced provincial capital tax rate reductions or eliminations by the Provinces of Ontario, Québec, New Brunswick and Nova Scotia. At this point, all of these Provinces have announced phased elimination of capital taxes in their most recent budgets; therefore since the third quarter of 2007, we have not provided for any deduction for normalized cash capital taxes. The actual tax rates may differ materially as they are subject to future enacted tax laws.

We are unable to calculate standardized distributable cash and distributable cash from a cash flow perspective prior to July 7, 2006, as cash from operating activities was not restated on a pro forma basis.

The following table provides a reconciliation of cash from operating activities to standardized distributable cash and distributable cash.

<i>For the periods ended December 31</i> <i>(millions of dollars)</i>	Twelve months 2007	July 7 to December 31, 2006 ⁽¹⁾
Cash from operating activities	\$1,207.8	\$383.0
Add (deduct):		
Cash from operating activities of discontinued operations	12.3	18.0
Cash from operating activities of the Fund	(2.7)	0.1
Cash from operating activities adjustment for period prior to July 7	-	11.1
Capital expenditures	(543.0)	(259.6)
Capital expenditure adjustment for period prior to July 7	-	(1.9)
Non-controlling interest in standardized distributable cash	-	(21.0)
Standardized distributable cash	674.4	129.7
Add (deduct):		
Operating items funded through cash reserves or borrowing:		
Debt prepayment premiums	-	147.8
Change in operating assets and liabilities (working capital)	(40.8)	61.1
Change in operating assets and liabilities (working capital) of the Fund	(2.2)	(1.1)
Pension deficit funding	36.6	29.3
Restructuring and other charges	27.4	4.0
Cash capital taxes in excess of normalized levels	5.8	6.5
Other adjustments:		
Current income tax recovery	(9.9)	(5.4)
Other non-cash items provided for in working capital changes	10.1	0.8
Distributable cash	\$701.4	\$372.7

(1) Comparative information for the 12 months ended December 31, 2006, is not available, therefore we have reflected the period from July 7, 2006, to December 31, 2006.

The calculation of standardized distributable cash and distributable cash has been prepared using reasonable and supportable assumptions, all of which reflect our planned courses of action given management's judgement about the most probable set of economic conditions. Actual results may vary, perhaps materially, from the forward-looking assumptions used.

One of the primary metrics of our financial performance is distributable cash generated in a period. We use distributable cash, among other measures, to assess the financial performance of our ongoing business. We report standardized distributable cash to meet compliance with the new CICA guidance for income trusts and other flow-through entities. These measures should not be seen as measures of liquidity or as substitutes for comparable metrics prepared in accordance with Canadian GAAP. We believe that certain investors and analysts use distributable cash to measure our, as well as open-ended trusts', ability to generate a sustainable return for unitholders. Standardized distributable cash and distributable cash should not be confused with cash from operating activities, which is the most comparable Canadian GAAP financial measure.

GLOSSARY

“**Administration Agreement**” means the administration agreement dated July 6, 2006 between the Fund, Holdings Trust, Bell Aliant Holdings GP, Bell Aliant GP and Bell Aliant LP, as the same may be amended, supplemented or restated from time to time;

“**AIF**” means this annual information form;

“**Aliant**” means Aliant Inc., the predecessor corporation to Bell Aliant GP;

“**Aliant Telecom**” means Aliant Telecom Inc.;

“**ARPC**” means average revenue per customer;

“**Arrangement**” means the arrangement under Section 192 of the CBCA involving Aliant, BCE, Bell Canada and Aliant’s shareholders completed on July 7, 2006;

“**BCE**” means BCE Inc.;

“**Bell Aliant Business**” has the meaning given to such term under “General Matters”;

“**Bell Aliant Exchangeable LP Units**” means the Class B exchangeable limited partnership units of Bell Aliant LP;

“**Bell Aliant GP**” means Bell Aliant Regional Communications Inc., the successor corporation to Aliant following completion of the Arrangement which acts as general partner of Bell Aliant LP and the Bell Nordiq Partnerships;

“**Bell Aliant Holdings GP**” means Bell Aliant Regional Communications Holdings Inc., a corporation incorporated under the CBCA which acts as general partner of Bell Aliant Holdings LP;

“**Bell Aliant Holdings LP**” means Bell Aliant Regional Communications Holdings, Limited Partnership, a limited partnership formed under the laws of the Province of Québec;

“**Bell Aliant Holdings LP Partnership Agreement**” means the limited partnership agreement in respect of Bell Aliant Holdings LP as the same may be amended or amended and restated from time to time;

“**Bell Aliant Holdings LP Units**” means the Holdings Class 1 Exchangeable LP Units and the Holdings Class 2 LP Units;

“**Bell Aliant LP**” means Bell Aliant Regional Communications, Limited Partnership, a limited partnership formed under the laws of the Province of Manitoba;

“**Bell Aliant LP Partnership Agreement**” means the limited partnership agreement in respect of Bell Aliant LP as the same may be amended or amended and restated from time to time;

“**Bell Canada**” means Bell Canada

“**Bell Nordiq**” means Bell Nordiq Income Fund;

“**Bell Nordiq Partnerships**” means NorthernTel, Limited Partnership and Télébec, Limited Partnership;

“**Broadcasting Act**” means the *Broadcasting Act (Canada)*, as amended and where applicable any regulations or directives issued thereunder;

“**Cash Purchase Price**” has the meaning given to such term under “Other Material Agreements - Investor Liquidity and Exchange Agreement”;

“**CBCA**” means the *Canada Business Corporations Act*, as amended, including the regulations promulgated thereunder;

“**Commercial Relationship Management Agreement**” or “**CRMA**” means the commercial relationship management agreement dated July 7, 2006 between Bell Canada and Bell Aliant LP;

“**Connecting and Operating Agreement**” means the connecting and operating agreement dated July 7, 2006 between Bell Canada and Bell Aliant LP;

“**CRTC**” means the Canadian Radio-television and Telecommunications Commission, an agency of the Government of Canada;

“**DBRS**” refers to DBRS Limited and DBRS, Inc.;

“**Demand Registration**” has the meaning given to such term under “Other Material Agreements – Investor Liquidity and Exchange Agreement”;

“**EBITDA**” is defined as operating revenues less operating expenses, which means it represents operating income before interest, taxes, depreciation and amortization expenses, net benefit plans costs, and restructuring and other charges;

“**Exchange Right**” has the meaning given to such term under “Other Material Agreements – Investor Liquidity and Exchange Agreement”;

“**Exchangeable Interest**” means each pair of one GP Share and one Holdings Class 1 Exchangeable LP Unit, and each Bell Aliant Exchangeable LP Unit;

“**Exchangeable Securities**” means securities that are, directly or indirectly, convertible into or exchangeable for Fund Units;

“**Forbearance**” has the meaning given to such term as described under “General Development of the Business – Three Year History” and “Changing Regulations”;

“**FTTN**” refers to fibre-to-the-node as discussed under the section “General Development of the Business”;

“**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 amended and restated declaration of trust dated July 6, 2006 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, Holdings Trust, Bell Nordiq Trust, Bell Aliant Holdings LP, Bell Aliant Holdings GP, Bell Aliant LP, Télébec LP, NorthernTel LP, Bell Aliant GP, and their respective subsidiaries;

“**Fund 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;

“**Fund Units**” means the units of the Fund designated as “Units” in the Fund Declaration of Trust;

“**GAAP**” means Canadian generally accepted accounting principles;

“**GDP**” refers to gross domestic product;

“**GP Shares**” means common shares of Bell Aliant Holdings GP;

“Holdings Class 1 Exchangeable LP Units” means Class 1 exchangeable limited partnership units of Bell Aliant Holdings LP;

“Holdings Class 2 LP Units” means Class 2 limited partnership units of Bell Aliant Holdings LP;

“Holdings Trust” means Bell Aliant Holdings Trust, a trust established under the laws of the Province of Québec pursuant to the Holdings Trust Declaration of Trust;

“Holdings Trust Declaration of Trust” means the amended and restated declaration of trust dated July 6, 2006 establishing and governing Holdings Trust, as the same may be amended or amended and restated from time to time;

“ICT” refers to information and communications technology;

“ILEC” refers to incumbent local exchange carrier;

“Inukshuk Network” has the meaning given to such term under “Description of the Business”;

“Investor Liquidity and Exchange Agreement” means the investor liquidity and exchange agreement described under the heading “Other Material Agreements – Investor Liquidity and Exchange Agreement”;

“IP” refers to Internet Protocol;

“IPTV” refers to Internet Protocol TV;

“IT” refers to information technology;

“Liquidated Interest” has the meaning given to such term under “Other Material Agreements - Investor Liquidity and Exchange Agreement”;

“Liquidity Right” has the meaning given to such term under “Other Material Agreements – Investor Liquidity and Exchange Agreement”;

“LP Notes” has the meaning given to such term under “General Development of the Business – Three Year History”;

“Major Commercial Agreements” means the Commercial Relationship Management Agreement and the Connecting and Operating Agreement;

“NCIB” refers to normal course issuer bid;

“NorthernTel LP” means NorthernTel, Limited Partnership, a limited partnership formed under the laws of the Province of Québec;

“OPEB” refers to other post-employment benefits;

“Radiocommunication Act” means the Radiocommunication Act (Canada), as amended, and the regulations thereunder;

“Redemption Price” has the meaning given to such term under “Description of the Fund - Redemption Right”;

“Securityholders’ Agreement” has the meaning given to such term under “Other Material Agreements - Securityholders’ Agreement”;

“**Special Voting Units**” means the units of the Fund designated as “Special Voting Units” in the Fund Declaration of Trust, to be issued to the holders of Holdings Class 1 Exchangeable LP Units, Bell Aliant Exchangeable LP Units or, in the discretion of the Fund Trustees, other Exchangeable Securities;

“**Tax Act**” means the *Income Tax Act* (Canada), including the regulations promulgated thereunder, in each case as amended;

“**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;

“**Trust Note Indenture**” means the note indenture dated July 7, 2006 between Holdings 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 Holdings Trust from time to time under the Trust Note Indenture;

“**Trust Units**” means the units of Holdings Trust issued at any time, including the units initially issued to the Fund pursuant to the Arrangement;

“**TSX**” means the Toronto Stock Exchange;

“**Unitholders**” means the holders of Fund Units from time to time;

“**VoIP**” refers to Voice over Internet Protocol;

“**Voting Unitholders**” means, collectively, Unitholders and holders of Special Voting Units;

“**VPN**” has the meaning given to such term under “General Development of the Business – Three Year History”; and

“**xwave**” refers to the our xwave division, previously known as Xwave Solutions Inc.

SCHEDULE 1: AUDIT COMMITTEE INFORMATION

1. The Audit Committee's Charter

The Audit Committee (**committee**) of Bell Aliant Holdings GP serves as the audit committee of the Fund. The committee's charter is available in the governance section of the Fund Group's website at www.bell.aliant.ca and is attached as Schedule 2 to this AIF. Also included with Schedule 2 is a copy of the audit committee chair responsibilities, as outlined in the committee's charter.

2. Composition of the Audit Committee

The committee is composed of the following four members: Edward Reevey (chair), Robert Dexter, Louis Tanguay and Charles White. Victor Young was a member of the committee until March 1, 2007. Each member of the committee is an external and independent director and is financially literate.

For the purposes of National Instrument 58-101 *Disclosure of Corporate Governance Practices* (NI 58-101) and National Instrument 52-110 *Audit Committees* (NI 52-110), 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 (or equivalent body), 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 Bell Aliant Holdings GP board and Fund Trustees are responsible for determining whether a director or trustee is "independent" for the purposes of NI 58-101 and NI 52-110 on the advice of the governance committee. In making this determination, the board, trustees and committee assess whether a director or trustee has any material relationship with the Fund or any of its affiliates which could reasonably interfere with the exercise of independent judgment. In making this determination the board, trustees and committee assess whether a director or trustee has any material relationship with the Fund or any of its affiliates which could reasonably interfere with the exercise of independent judgment. To assist with this determination, information is obtained from directors and trustees as to their particular circumstances and relationships, including through an annual questionnaire completed by directors and trustees.

Based on information provided by individual directors, the board and trustees have concluded that each member of the committee is "independent" within the meaning of NI 58-101 and NI 52-110.

The responsibilities and duties of the committee are set out in the committee's charter, attached as Schedule 2 to this AIF.

3. Relevant Education and Experience

The following sets out the education and experience of each director relevant to the performance of his duties as a member of the committee.

Edward Reevey, F.C.A., is Chair of the committee. Mr. Reevey is Chairman and Chief Executive Officer of Edda Capital Inc., a private holding company. He holds a Bachelor's degree in Commerce from Dalhousie University and a Chartered Accountancy designation. He has been a Chartered Accountant Fellow since 1998. Mr. Reevey worked previously with Clarkson Gordon & Co. (now Ernst & Young) in Montreal, from 1965 to 1968 and H.R. Doane & Co. in Saint John from 1968 to 1970. He was President of Autotec Inc. from 1970 to 1994 and was Chairman and Chief Executive Officer of Addee Developments Ltd. until 2006. He also serves on the Audit Committee of Stratos Global Corporation.

Robert Dexter, Q.C., holds both a Bachelor's degree in Commerce and a Bachelor's degree in Law from Dalhousie University and was appointed Queen's Counsel in 1995. He is Chairman and Chief Executive Officer of Maritime Travel Inc. and is also a partner of the law firm Stewart McKelvey. He is Chair of the Audit Committees of Wajax Income Fund and High Liner Foods Inc. and Chairman of Empire Company Limited.

Louis Tanguay is a Corporate Director. Mr. Tanguay was President and Chief Executive Officer of Bell Canada International Inc. from 2000 to November 2001 and Vice-Chairman of Bell Canada International

Inc. from 2001 to May 2003. Mr. Tanguay holds a Bachelor's degree in Commerce from Concordia University. He serves on the Audit Committees of Saputo Inc. (chair), SR Telecom Inc., Medisys Health Group Inc. and Canbras Communications Corp.

Charles White, Q.C., is a lawyer with the law firm White, Ottenheimer & Baker. Mr. White holds a Bachelor's degree in Commerce from Memorial University and an Bachelor's degree in Law from Dalhousie University and was appointed Queen's Counsel in 1984. He has served on the Audit Committees of BMO Mutual Funds, Unifund Assurance Company and The Johnson Corporation.

4. Reliance on Certain Exemptions

Bell Aliant Holdings GP has not relied on any of the exemptions in sections 2.4 (De Minimis Non-audit Services), 3.2 (Initial Public Offerings), 3.4 (Events Outside Control of Member), 3.5 (Death, Disability or Resignation of Audit Committee Member) or Part 8 (Exemptions) at any time since completion of the Arrangement on July 7, 2006.

5. Reliance on Exemption in Subsection 3.3(2) or Section 3.6

Bell Aliant Holdings GP has not relied on the exemption in subsection 3.3(2) (*Controlled Companies*) or section 3.6 (*Temporary Exemption for Limited and Exceptional Circumstances*) at any time since completion of the Arrangement on July 7, 2006.

6. Reliance on Section 3.8

Bell Aliant Holdings GP has not relied on section 3.8 (*Acquisition of Financial Literacy*) at any time since completion of the Arrangement on July 7, 2006.

7. Audit Committee Oversight

At no time since completion of the Arrangement on July 7, 2006 has the board of Bell Aliant Holdings GP not adopted a recommendation of the audit committee to nominate or compensate an external auditor.

8. Pre-Approval Policies and Procedures

In compliance with MI 52-110, the committee is responsible for the appointment, compensation and oversight of the work of the external auditor. On July 7, 2006, the Fund and Bell Aliant Holdings GP adopted an Auditor Independence Policy, a comprehensive policy governing all aspects of the Fund Group's relationship with the external auditor, including:

- Establishing a process for determining whether various audit and other services provided by the external auditor affect its independence;
- Identifying the services that the external auditor may and may not provide to the Fund and its subsidiaries;
- Pre-approving all services to be provided by the external auditor; and
- Establishing a process outlining procedures (as part of a separate policy) when hiring current or former personnel of the external auditor in a financial oversight role to ensure auditor independence is maintained.

The Auditor Independence Policy is available in the governance section of the Fund's website at www.bell.aliant.ca.

9. External Auditor Service Fees (By Category)

Deloitte & Touche LLP (D&T) was appointed as Bell Aliant Holdings LP's auditors upon completion of the Arrangement. Previous to D&T, Ernst & Young LLP had served as Aliant's auditors since April 1999. Fees incurred for the years ended December 31, 2007 and 2006 are \$3.2 million and \$2.7 million, respectively, and are detailed below.

Deloitte & Touche LLP

	<u>2007</u>	<u>2006</u>
Audit fees	\$2,129,725	\$775,000
Audit-related fees	\$1,075,444	\$1,237,356
Tax Fees	\$NIL	\$0
	<hr/> \$3,205,169	<hr/> \$2,012,356

Ernst & Young LLP

	<u>2007</u>	<u>2006</u>
Audit fees	\$NIL	\$75,060
Audit-related fees	\$NIL	\$486,767
Tax Fees	\$NIL	\$114,740
	<hr/> \$NIL	<hr/> \$676,567

Audit fees

These fees include professional services rendered by the external auditors for the review of the interim financial statements, statutory audits of the annual financial statements and review of financial accounting and reporting matters.

Audit-related fees

These fees include professional services that reasonably relate to the above services, including non-statutory audits, Sarbanes-Oxley Act initiatives, pension plan audits, review of prospectuses, consultations about financial accounting and reporting matters and French translation of quarterly and annual reports. It also includes fees payable in relation to the Arrangement.

Tax fees

These fees include professional services for tax compliance, tax advice, tax planning and advisory services.

SCHEDULE 2: AUDIT COMMITTEE CHARTER

AUDIT COMMITTEE CHARTER

I. Purpose

The purpose of the Audit Committee is to assist the Board of Directors and Trustees in their oversight of:

- A. the integrity of Bell Aliant's financial statements and related information;
- B. Bell Aliant's compliance with applicable legal and regulatory requirements;
- C. the independence, qualifications and appointment of the external auditor;
- D. the performance of Bell Aliant's external auditor and internal auditor;
- E. management responsibility for internal control and risk management;
- F. the administration, funding and investment of Bell Aliant's pension plans ("Plan") and fund ("Fund"); and
- G. Bell Aliant's environmental risks.

II. Duties and Responsibilities

The Audit Committee shall perform the functions customarily performed by audit committees and any other functions assigned by the Board of Directors and Trustees. The Audit Committee shall also serve as the Audit Committee for purposes of the Fund, as contemplated under Companion Policy 52-110CP to NI 52-110 *Audit Committees* and as outlined in the Securityholders' Agreement.

In particular, the Audit Committee shall have the following duties and responsibilities:

A. *Financial reporting and control*

1. On a periodic basis, review and discuss with management and the external auditor the following:
 - a. major issues regarding accounting principles and financial statement presentation, including any significant changes in Bell Aliant's selection or application of accounting principles, and major issues as to the adequacy of Bell Aliant's internal controls and any special audit steps adopted in light of material control deficiencies;
 - b. analyses prepared by management and/or the external auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative generally accepted accounting principles methods on the financial statements when such alternatives have been selected in the current reporting period;
 - c. the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of Bell Aliant;
 - d. the type and presentation of information to be included in earnings news releases (including any use of pro-forma or adjusted non-generally accepted accounting principles, information).
2. Meet to review and discuss with management and the external auditor, report and, where appropriate, provide recommendations to the Board of Directors and Trustees, as applicable, on the following prior to its public disclosure:
 - a. the annual and interim consolidated financial statements, Bell Aliant's disclosure under "Management Discussion and Analysis", Annual Information Form, earnings news releases, financial information and any earnings guidance provided to analysts and rating agencies and the integrity of the financial reporting of Bell Aliant;
 - In addition to the role of the Audit Committee to make recommendations to the Board of Directors and Trustees, as applicable, where the members of the Audit Committee consider that it is appropriate and in the best interest of Bell Aliant, the interim consolidated financial statements, the interim Bell Aliant's disclosure under "Management Discussion and Analysis" for interim period and interim earnings news releases and earnings guidance, may also be approved on behalf of the Board of Directors and Trustees, as applicable, by the Audit Committee, provided that such

- approval is subsequently reported to the Board of Directors and Trustees, as applicable, at its next meeting;
- b. any audit problems or difficulties and management's response thereto, including any restrictions on the scope of the activities of the external auditor or access to requested information and any significant disagreements with management.
3. Review and discuss reports from the external auditor on:
 - a. all critical accounting policies and practices used by Bell Aliant;
 - b. all material alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternate treatments and disclosures and the treatment preferred by the external auditor; and
 - c. other material written communications between the external auditor and management, and discuss such report with the external auditor.
- B. Oversight of the external auditor**
1. Be directly responsible for the appointment, compensation, retention and oversight of the work of the external auditor and any other auditor preparing or issuing an audit report or performing other audit services or attest services for Bell Aliant or any consolidated subsidiary of Bell Aliant, where required and review, report and where appropriate, provide recommendations to the Board of Directors and Trustees, as applicable, on the appointment, terms and review of engagement, removal, independence and proposed fees of the external auditor.
 2. Approve in advance all audit, review or attest engagement fees and terms for all audit, review or attest services to be provided by the external auditor to Bell Aliant and any consolidated subsidiary and any other auditor preparing or issuing an audit report or performing other audit services or attest services for Bell Aliant or any consolidated subsidiary of Bell Aliant, where required.
 3. Pre-approve all engagements for permitted non-audit services provided by the external auditor to Bell Aliant and any consolidated subsidiary and to this effect may establish policies and procedures for the engagement of the external auditor to provide to Bell Aliant and any consolidated subsidiary permitted non-audit services, which shall include approval in advance by the Audit Committee of all audit/review and permitted non-audit services to be provided by the external auditor to Bell Aliant and any consolidated subsidiary.
 4. Delegate, if deemed appropriate, authority to one or more members of the Audit Committee to grant pre-approvals of audit/review/attest and permitted non-audit services, provided that any such approvals shall be presented to the Audit Committee at its next scheduled meeting.
 5. Establish policies for the hiring of partners, employees and former partners and employees of the external auditor.
 6. At least annually, consider, assess, and report to the Board of Directors and Trustees, as applicable, on:
 - a. the independence of the external auditor, including whether the external auditor's performance of permitted non-audit services is compatible with the external auditor's independence;
 - b. obtaining from the external auditor a written statement (i) delineating all relationships between the external auditor and Bell Aliant; (ii) assuring that lead audit partner rotation is carried out, as required by law; and (iii) delineating any other relationships that may adversely affect the independence of the external auditor; and
 - c. the evaluation of the lead audit partner, taking into account the opinions of management and internal audit.
 7. At least annually, obtain and review a report by the external auditor describing:
 - a. the external auditor's internal quality-control procedures;
 - b. any material issues raised by the most recent internal quality-control review, or peer review of the external auditor firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditor firm, and any steps taken to deal with any such issues.
 8. Resolve any disagreement between management and the external auditor regarding financial reporting.
 9. Review audit plan with the external auditor.

10. Meet periodically with the external auditor in the absence of management and internal audit.
 11. Approve the appointment (including the terms thereof and any changes thereto), or removal, of the auditors for Bell Aliant's Defined Benefit pension plans and Master Trust Fund.
- C. *Oversight of internal audit*
1. Review and discuss with the head of internal audit, report and, where appropriate, provide recommendations to the Board of Directors and Trustees, as applicable, on the following:
 - a. the appointment and mandate of internal audit, including the responsibilities, budget and staffing of Bell Aliant's internal audit;
 - b. discuss with the head of internal audit the scope and performance of the internal audit, including a review of the annual internal audit plan, and whether there are any restrictions or limitations on internal audit;
 - c. obtain periodic reports from the head of internal audit regarding internal audit findings, including Bell Aliant's internal controls, and Bell Aliant's progress in remedying any material control deficiencies.
 2. Meet periodically with the head of internal audit in the absence of management and the external auditor.
- D. *Oversight of Bell Aliant's internal control system*
1. Review and discuss with management, the external auditor and internal audit, monitor, report and, when appropriate, provide recommendations to the Board of Directors and Trustees, as applicable, on the following:
 - a. Bell Aliant's internal control system;
 - b. compliance with the policies and practices of Bell Aliant relating to business ethics;
 - c. compliance by Directors, Officers and other management personnel with Bell Aliant's Disclosure Policy; and
 - d. the relationship of the Audit Committee with other committees of the Board of Directors and Trustees, as applicable, and management.
 2. Review and discuss with the Chief Executive Officer and Chief Financial Officer of Bell Aliant the process for the certifications to be provided in Bell Aliant's public disclosure documents.
 1. Review, monitor, report and where appropriate, provide recommendations to the Board of Directors and Trustees, as applicable, on Bell Aliant's disclosure controls and procedures.
 2. Establish procedures, for the receipt, retention, and treatment of complaints received by Bell Aliant regarding accounting, internal accounting controls or auditing matters, including procedures for confidential, anonymous submission by employees regarding questionable accounting or auditing matters.
 3. Meet periodically with management in the absence of the external auditor and internal audit.
- E. *Oversight of Bell Aliant's risk management*
1. Review, monitor, report and, where appropriate, provide recommendations to the Board of Directors and Trustees, as applicable, on the following:
 - a. Bell Aliant's processes for identifying, assessing and managing risk; and
 - b. Bell Aliant's major financial risk exposures and the steps Bell Aliant has taken to monitor and control such exposures.
 2. Review, monitor, report and, where appropriate, provide recommendations to the Board of Directors and Trustees, as applicable, on Bell Aliant's risk management and insurance program.
 3. Review, monitor, report and, where appropriate, provide recommendations to the Board of Directors and Trustees, as applicable, on Bell Aliant's outsourcing relationship with Bell Canada.
- F. *Oversight of Bell Aliant's environmental risks*
1. Review, monitor, report, and where appropriate, provide recommendations to the Board of Directors and Trustees, as applicable, on Bell Aliant's environmental policy, and environmental management systems.
 2. When appropriate, ensure that Bell Aliant's subsidiaries establish an environmental policy, and environmental management systems and review and report thereon to the Board of Directors and Trustees, as applicable, of Bell Aliant.

- H. *Compliance with legal requirements*
 - 1. Review and discuss with management, the external auditor and internal audit, monitor, report and, when appropriate, provide recommendation to the Board of Directors and Trustees, as applicable, on the adequacy of Bell Aliant's process for complying with laws and regulations.
 - 2. Receive, on a periodic basis, reports from Bell Aliant's Chief Legal Officer, with respect to legal issues.
- I. *Miscellaneous*
 - a. Making recommendations to the Board regarding the appointing and removing of Bell Aliant's Chief Financial Officer.

III. Evaluation of the Audit Committee and Report to Board of Directors and Trustees

- A. The Audit Committee shall evaluate and review with the Governance Committee of the Board of Directors and Trustees, as applicable, on an annual basis, the performance of the Audit Committee.
- B. The Audit Committee shall review and discuss with the Governance Committee of the Board of Directors and Trustees, as applicable, on an annual basis, the adequacy of the Audit Committee charter.
- C. The Audit Committee shall report to the Board of Directors and Trustees, and applicable, periodically on the Audit Committee's activities.

IV. Outside advisors

The Audit Committee shall have the authority to engage outside counsel and other outside advisors as it deems appropriate to assist the Audit Committee in the performance of its functions. Bell Aliant shall provide appropriate funding for such advisors as determined by the Audit Committee.

V. Membership

The Audit Committee shall consist of between three and five directors, each of whom must be independent, consistent with the terms of the Securityholders' Agreement. The members of the Audit Committee shall meet the independence, experience and other membership requirements under applicable laws, rules and regulations as determined by the Board of Directors and Trustees, as applicable.

VI. Audit Committee Chair

The Chair of the Audit Committee shall be appointed by the Board of Directors and Trustees, as applicable. The Chair of the Audit Committee leads the Audit Committee in all aspects of its work and is responsible to effectively manage the affairs of the Audit Committee and ensure that it is properly organized and functions efficiently. More specifically, the Chair of the Audit Committee shall:

- A. Provide leadership to enable the Audit Committee to act effectively in carrying out its duties and responsibilities as described elsewhere in this charter and as otherwise may be appropriate;
- B. In consultation with the Board and Trustee Chairs, as applicable, the Lead Independent Director and the Chief Executive Officer, ensure that there is an effective relationship between management and the members of the Audit Committee;
- C. Chair meetings of the Audit Committee;
- D. In consultation with the Chief Executive Officer, the Secretary's Office, the Board and Trustee Chairs, as applicable, and the Lead Independent Director, determine the frequency, dates and locations of meetings of the Audit Committee;
- E. In consultation with the Chief Executive Officer, the Chief Financial Officer, the Secretary's Office and, as required, other senior executives, review the meeting agendas to ensure all required business is brought before the Audit Committee to enable it to efficiently carry out its duties and responsibilities;
- F. Ensure, in consultation with the Board Chair and Lead Independent Director, that all items requiring the Audit Committee's approval are appropriately tabled;

- G. Ensure the proper flow of information to the Audit Committee and review, with the Chief Executive Officer, the Chief Financial Officer, the Secretary's Office and, as required, other senior executives, the adequacy and timing of materials in support of management's proposals;
- H. Report to the Board of Directors and Trustees, as applicable, on the matters reviewed by, and on any decisions or recommendations of, the Audit Committee at the next meeting of the Board of Directors and Trustees, as applicable, following any meeting of the Audit Committee; and
- I. Carry out any special assignments or any functions as requested by the Board of Directors or Trustees.

VII. Term

The members of the Audit Committee shall be appointed or changed by resolution of the Board of Directors and Trustees, as applicable, to hold office from the time of their appointment until the next annual general meeting of the unitholders or until their successors are so appointed.

VIII. Procedures for meetings

The Audit Committee shall fix its own procedure at meetings and for the calling of meetings. The Audit Committee shall meet separately in executive session in the absence of management, internal audit and the external auditor, at each regularly scheduled meeting.

IX. Quorum and voting

Unless otherwise determined from time to time by resolution of the Board of Directors, two members of the Audit Committee shall constitute a quorum for the transaction of business at a meeting. For any meeting(s) at which the Audit Committee Chair is absent, the Chair of the meeting shall be the person present who shall be decided upon by all members present. At a meeting, any question shall be decided by a majority of the votes cast by members of the Audit Committee, except where only two members are present, in which case any question shall be decided unanimously.

X. Secretary

Unless otherwise determined by resolution of the Audit Committee, the Secretary of Bell Aliant or his/her delegate shall be the Secretary of the Audit Committee.

XI. Vacancies

Vacancies at any time occurring shall be filled by resolution of the Board of Directors and Trustees, as applicable.

XII. Records

The Audit Committee shall keep such records as it may deem necessary of its proceedings and shall report regularly its activities and recommendations to the Board of Directors and Trustees, as applicable, as appropriate.

SCHEDULE 3: ADDITIONAL DISCLOSURE REQUIRED UNDER FORM 51-102F2, ITEM 18

This additional disclosure is provided in accordance with Form 51-102F2, Item 18. Any disclosure required under Form 51-102F2, Item 18 which is not contained in this Schedule is otherwise provided in the main body of this AIF. Any capitalized terms not otherwise defined herein shall have the meaning given to them in the main portion of this AIF.

REPORT ON EXECUTIVE COMPENSATION

In this section, references to “Bell Aliant” are to Bell Aliant Regional Communications, Limited Partnership, which is the principal employer of Bell Aliant’s named executive officers and senior leaders.

This *Report on executive compensation* reports on Bell Aliant’s executive compensation practices in 2007, including an overview of the purpose and mandate of the management resources and compensation committee (referred to in this section as the “committee”) of the board of directors and trustees, the *Executive compensation discussion and analysis* which includes an explanation of our executive compensation programs and policies, the *Summary compensation table*, as well as the retirement and termination provisions for our chief executive officer and other named executive officers. The Report is supplemented with individual tables showing total compensation for the past three years for each of our named executive officers.

This report provides all required disclosure regarding executive compensation to unitholders as outlined by the Canadian securities administrators, National Instrument 51-102F2, the rules and regulations outlined by the TSX as well as other relevant Canadian disclosure rules. Reports by leading governance organizations are also taken into consideration when preparing executive compensation disclosure.

Purpose, mandate and composition of the committee

The purpose of the committee is to assist the board and trustees in fulfilling their oversight responsibilities relating to the compensation, nomination, evaluation and succession of senior executives.

The role of the committee with respect to compensation is to:

- oversee and recommend for approval by the board and trustees Bell Aliant’s executive compensation policy including all forms of compensation for the chief executive officer and each member of the executive team;
- oversee the general compensation, policies and plans for Bell Aliant;
- review and approve benefits and perquisites to be granted under all employee benefit plans including levels and types of benefits; and
- review and approve all proposed enhancements to or detractions from the benefits accruing to employees under the pension plans.

The committee has a written mandate that establishes its purpose, responsibilities, and membership. In addition to this written mandate, the committee has established an annual work plan in the form of a forward agenda. Copies of both the mandate and the forward agenda can be found in Bell Aliant’s governance manual, which is available in the Governance section of Bell Aliant’s website at www.bell.aliant.ca.

The committee was formed on July 7, 2006, and consists of five directors, none of whom is employed by Bell Aliant, and three of whom are independent as that term is defined in National Instrument 52-110 *Audit Committees*. Charles White (chair), Robert Dexter and Victor Young are independent. Lawson Hunter is executive vice-president and chief corporate officer of BCE and Bell Canada and Karen Sheriff is president, small and medium business of Bell Canada. None of the members of the committee is an officer, employee or former officer of Bell Aliant or any of its affiliates or is eligible to participate in Bell Aliant’s executive compensation programs. Members of the committee bring experience as current and former chief executive officers of large organizations, as officers in large complex corporations, and as directors with various other publicly traded entities. The board and trustees believe the committee collectively has the knowledge, experience and background required to fulfill its mandate.

Independence of the committee

The committee ensures its independence by holding “in camera” sessions from time to time at the end of committee meetings. These sessions are held by the committee without management present, and a record is kept of any decisions made during these “in camera” sessions. The committee met six times last year and held two in camera sessions.

In addition, the committee from time to time engages external consultants to provide advice on executive compensation matters. External consultants are also engaged as needed by the board’s pension committee on asset management matters. In 2007, Bell Aliant and the Fund employed the services of the Towers Perrin consulting firm and paid fees to Towers Perrin in the amounts shown in the following table:

Towers Perrin	Amount
Executive compensation services:	\$134,920
Pension asset management services:	\$150,000
Total	\$284,920

Executive compensation discussion and analysis

Bell Aliant’s compensation philosophy and direction

Executive compensation is influenced by factors such as business strategy, business life cycle, organization performance, external environment and governance. The Bell Aliant executive compensation philosophy, approved by the committee in July 2006, is designed to achieve four key objectives:

- align total compensation with the interests of unitholders;
- attract and retain high performing executives;
- create a performance culture and reward superior performance; and
- link compensation with business strategy/objectives.

These objectives have guided the development of a Bell Aliant compensation model which includes base salary and short-term and long-term incentives. Features of the compensation model are as follows:

- target base salary at the 50th percentile of the comparator group;
- target total compensation at the 60th percentile of the comparator group, if Bell Aliant performance warrants;
- support a rigorous performance culture through the use of short-term and long-term incentive plans which place a significant portion of the executive’s total compensation at risk; and
- align the interests of the executive and unitholders through the establishment of ownership guidelines and the opportunity to earn Fund units through long-term incentive plans.

Bell Aliant conducted a thorough review of its compensation model in 2006 against a comparator group consisting of Canadian companies of similar size and revenue generating capacity. No review was considered necessary in 2007 in the wake of the comprehensive assessment completed in 2006.

Bell Aliant executive compensation model

Bell Aliant’s executive compensation model is composed of base salary, short-term incentive compensation, long-term incentive compensation, perquisites and benefits, each as outlined in greater detail in the table below and the narrative descriptions that follow.

	Base salary	Short-term incentive	Long-term incentive	Perquisites & benefits
Eligibility	All executives	All executives	All executives	All executives
Overview	Determined by responsibilities, experience and knowledge. Adjusted by performance, capabilities,	Drives performance and rewards achievement of annual targets that support Bell Aliant’s strategic direction.	Drives performance and aligns interests of executives and unitholders through the use of equity	Provides executive with benefits in addition to salary and other incentives. Perquisite amounts vary by executive level.

	responsibilities and market data.		compensation.	
Form of payout	Cash	Cash	Fund Units	Varies

Annual base salary

Salaries are determined by the committee based on the responsibilities of each executive as well as the executive’s experience, knowledge, performance and market data. Salaries are reviewed annually.

Short-term incentive compensation

The short-term incentive plan for named executive officers (“STIP”) was created to reward the achievement of specific annual targets. Our 2007 STIP program was designed to focus executives on improving the customer experience and delivering strong financial performance. It consisted of four STIP measures:

- distributable cash;
- revenue growth;
- customer service experience index; and
- employee value index.

The STIP employs a threshold, target and outperform level for each measure which equates, respectively, to 50%, 100% and 150% payout. In addition, the plan includes a financial floor, which is a minimum level of distributable cash below which no payout under the STIP will be made, and an EBITDA condition, which is an amount of EBITDA that must be achieved in order for the plan to payout beyond 100%.

STIP targets for each executive are a percentage of base salary ranging from 60% to 100%. Payouts are calculated based on salary, individual incentive target percentages and results achieved for each performance measure as illustrated below. The committee approves any changes to the short-term incentive measures or targets as well as the yearly payout amounts.

Base Salary	X	Annual incentive Target Targets are a % of base salary and range from 60-100%	x	Actual Results on Performance Measures*	=	Annual STIP Award
				For each measure: <ul style="list-style-type: none"> • Threshold of 50% • Target of 100% • Maximum of 150% 		

*Note: Payouts are contingent on meeting the financial floor of distributable cash and payouts in excess of 100% are contingent on Bell Aliant meeting the EBITDA condition.

Results of 2007 STIP for executives

STIP results for 2007 met target for distributable cash, did not meet target for employee value index, and exceeded target for customer experience index and revenue growth. The financial floor for distributable cash was met, however, the EBITDA condition, which must be met before the program pays out greater than 100%, was not met. As a result, participating executives were limited to a 100% payout in 2007. An explanation of these results by measure is outlined below:

- Distributable cash - Growth in revenues coupled with productivity achievements and management of our operating and capital expenditures contributed to the achievement of our distributable cash target.
- Revenue growth – Gross revenues exceeded budget by \$29.2 million due to growth in both product and service revenues, resulting in an increase of 2.2% year over year.
- Customer experience index – The customer experience index exceeded 2007 target due to continued attention to capacity issues, commitment to meeting customer appointments, cross-training of technicians, single visit resolution of customer issues, and increased preventative maintenance.
- Employee value index - The employee value index in 2007 increased for non-management employees but decreased slightly for managers, resulting in an overall result slightly below target.

The table below summarizes the 2007 STIP results for Bell Aliant:

Measure	Weight	Actual results
Distributable cash	25%	25.0%
Revenue growth	25%	28.0%
Customer service experience index	25%	31.0%
Employee value index	25%	23.0%
Total before EBITDA condition	100%	107.0%
Total payout limited to 100% because EBITDA condition not met		100.0%

Long-term incentive compensation

The long-term incentive compensation plan is designed to align executive performance with long-term growth in unitholder value and to support the objectives of employee ownership, achieving short-term and long-term results, and instilling a strong spirit of performance and entrepreneurship. The individual targets for Bell Aliant's named executive officers in 2007 ranged from 75% to 200% of annual base salary.

Deferred unit plan ("DUP")

All Bell Aliant senior leaders are eligible to participate in the DUP. The board and trustees designate the individuals to be granted deferred units, the date of the grant, the number of deferred units to be granted, vesting conditions, performance criteria, and the terms of the DUP.

Each deferred unit represents the right to receive one Fund Unit provided certain performance and/or time vesting criteria are met. Upon vesting, deferred units are held for the participant until the participant departs from Bell Aliant. The deferred units attract notional distributions which are credited in the form of additional deferred units held in the account. The number of deferred units granted is based on the targeted long-term incentive compensation amount and a five day weighted average closing price of the Fund's Units on the TSX prior to the grant. The final value of the earned units will depend on the fair market value of the Fund's Units at the end of the performance or vesting period.

Any amendment to the DUP that increases the maximum number of units issuable, extends the last date on which units may be issued, or adds additional categories of participants, requires the prior approval of Fund unitholders. The trustees may make any other amendments to the plan, including amendments of a housekeeping nature or amendments related to participants' entitlements in the event of termination of employment. There were no amendments to the DUP in 2007.

2006 DUP award

Deferred units granted under the 2006 plan vest equally over three years subject only to time vesting criteria. At the end of 2007, two-thirds of the deferred units granted in 2006 have vested at 100%.

2007 DUP award

Deferred units granted under the 2007 plan vest equally over three years subject to both performance and time vesting criteria. The performance measures are three year cumulative targets, with annual targets set for each measure. If an annual target is missed, the deferred units may still vest if the cumulative targets are met in subsequent years of the performance period. One third of the 2007 deferred unit grant made to eligible participants has time vested. However, only 87.57% of this one-third has actually vested since performance vesting criteria were not fully satisfied (e.g. $1/3 \times 87.57\%$).

The table below outlines the grants and associated vesting criteria and performance measures for deferred units granted under the DUP in 2006 and 2007.

DUP Grants

Year of grant	Vesting & performance period	Vesting criteria	Performance measures	Percentage vested as of December 31, 2007	Expiry date
2006	3 years	One third vests each year	Not applicable. Time based vesting only	Two thirds of grant at 100%	Two years after last day of active employment
2007	3 years	One third vests each year, subject to performance criteria	<p>Two measures:</p> <ul style="list-style-type: none"> 3-year cumulative distributed cash per unit growth (70% weighting); and total unitholder return ("TUR") on investment (30% weighting) <p>Each performance measure has a threshold level that attracts 50% payout and a target level maximum that attracts 100% payout based on the three year cumulative targets</p>	One third of grant time vested, adjusted based on performance factor of 87.57% (e.g. 1/3 x 87.57%)	Two years after last day of active employment

The number of Fund Units authorized for issuance under the DUP is 1,200,000 or approximately 0.5% of the number of outstanding Fund Units (on a fully diluted basis assuming the exchange of all Holdings Class 1 LP Units and Bell Aliant Exchangeable LP Units held by BCE and its affiliates).

Performance share unit plan ("PSUP")

PSUP share units granted in 2005 were eligible to vest on November 30, 2007, subject to performance conditions as outlined below. The performance conditions were not met and as a result, the performance share units did not vest and were cancelled.

The PSUP was an element of executive compensation established by the Aliant human resources and compensation committee which was continued by the board and trustees of Bell Aliant following the creation of Bell Aliant, with Fund Units substituted for Aliant common shares. Under the PSUP, executives and selected senior leaders were granted Aliant share units. Each Aliant share unit represented 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 depending on the achievement of performance criteria. The performance criteria consisted of the Fund's TUR (unit price appreciation plus reinvestment of distributions) compared to the total unitholder return for a comparative group of companies.

No grants have been awarded under this plan since 2005, and no additional grants will be awarded under this plan.

Perquisites

Executives receive a perquisite allowance for uses approved by Bell Aliant such as a car allowance, financial consulting services, and income tax preparation.

Benefits

Executives and other eligible employees of Bell Aliant participate in a flexible benefits program. In addition, executives may be eligible to receive other benefits such as discounts on telecommunication services.

Compensation at risk for 2007

Bell Aliant rewards its executives for the achievement of results by linking organization and personal performance to compensation. This is done by using both short-term and long-term incentive compensation

plans that place a significant portion of compensation at risk. These programs enhance our focus on the creation of sustained unitholder value.

Overview of compensation mix for executives in 2007

The table below outlines the mix of base salary and compensation at risk for each named executive officer:

Executive ¹	Base Salary	Short-term incentive compensation	Long-term incentive compensation
Stephen Wetmore, chief executive officer	25%	25%	50%
Glen LeBlanc, chief financial officer	34%	24%	42%
Frank Fagan, chief operating officer	31%	23%	46%
Mahes Wickramasinghe, executive vice president	34%	24%	42%
Roch Dubé, president Bell Aliant Québec and Ontario	39%	23%	38%

Note:

(1) Other executives' total compensation mix ranges from 38% to 43% base salary; 22% to 23% short-term incentive compensation and 35% to 38% long-term incentive compensation.

Summary of outcomes for compensation at risk in 2007

The table below provides an overview of results for our compensation at risk programs and payout amounts to named executive officers in 2007.

Compensation At Risk	Performance Criteria	Overview of 2007 Performance	Performance Vesting Result	Payout to executives
Short-term incentive plan	Combination of financial and non-financial measures	EBITDA condition not met, therefore result of 107% based on performance measures was limited to 100% payout	100%	100%
Performance share unit plan ¹	Relative TUR	TUR targets were not achieved, therefore no payout	0%	0%
Long-term incentive plan 2007	Distributed cash and TUR	Distributed cash target met, TUR result below target, therefore vesting below 100%	87.57%	Deferred until end of employment

Note:

(1) The PSUP has terminated upon the completion of the final vesting for the 2005 grant. No further awards will be made under this plan.

Ownership guidelines

Bell Aliant established unit ownership guidelines for executives in 2006. Executives are required to meet the guidelines within a period of five years from the date of appointment to the executive position. The ownership guidelines and number of units owned, respectively, as of December 31, 2007 for the named executive officers are as follows:

Executive Ownership ¹ guidelines	Unit ownership guideline	Unit ownership as of December 31, 2007 ²	Target date to achieve unit ownership
Stephen Wetmore, chief executive officer	4 x base salary \$3,600,000	143,518 units \$4,223,725	December 31, 2011
Glen LeBlanc, chief financial officer	3 x base salary \$1,200,000	34,603 units \$1,018,366	December 31, 2011

Frank Fagan, chief operating officer	3 x base salary \$1,500,000	83,030 units \$2,443,573	December 31, 2011
Mahes Wickramasinghe, executive vice president	3 x base salary \$1,200,000	38,026 units \$1,119,105	December 31, 2011
Roch Dubé, president Bell Aliant Québec and Ontario	3 x base salary \$1,275,000	17,390 units \$511,787	December 31, 2012

Notes:

- (1) Ownership is defined as ownership of Fund units (including units held in the employee ownership plan, unitholder reinvestment plan and within an RRSP) and/or deferred units held in the DUP.
- (2) Total value of unit ownership is calculated based on a unit price of \$29.43, the closing price of Fund units on the TSX on December 31, 2007.

Chief executive officer compensation



Stephen Wetmore
Halifax, Nova Scotia and Mississauga, Ontario
Age: 55

Deferred Unit Plan Units: 111,829
Fund Units: 31,689

Compensation components for the chief executive officer include base salary, short-term incentive compensation, long-term incentive compensation, pension, participation in the employee ownership plan, benefits and perquisites.

Towers Perrin was retained by the committee in 2006 to conduct a market review and analysis of compensation for the chief executive officer and other executives of Bell Aliant. Based on the review, the board approved the chief executive officer's annual base salary at \$900,000, STIP target at 100% of annual base salary and long-term incentive plan target at 200% of annual base salary.

Seventy-five percent (75%) of Mr. Wetmore's target compensation is at risk. His compensation mix includes 25% base salary, 25% STIP and 50% long-term incentive compensation.

Performance payouts to Mr. Wetmore for 2007

Mr. Wetmore's at risk compensation payouts were based upon the achievement of performance criteria for the year. He received a \$900,000 payout from the short-term incentive plan. The payout was calculated based upon his salary of \$900,000, his incentive target of 100%, and the corporate performance result which limited payout under the STIP to 100%, as described above.

Mr. Wetmore received a long-term incentive compensation grant of \$1,800,000 for 2007 under the DUP representing 61,665 deferred units. The grant was based upon his salary of \$900,000 and long-term incentive target of 200%. The unit grant is subject to time and performance vesting. The units are eligible for vesting equally over three years, one third each year. The final balance and value of the units will be determined based upon vesting criteria at the end of the performance period, the accumulation of distributions and the fair market value at time of redemption.

The following table summarizes the compensation, including pension and other annual compensation, for Mr. Wetmore commencing with his appointment to Bell Aliant in July 2006.

Stephen Wetmore	2007	2006¹
President and chief executive officer	\$	\$
Base salary	900,000	431,250
Performance based compensation		
STIP	900,000	469,350
Target value of long-term incentive plan grant ²	1,800,000 ³	1,250,000 ³
Other compensation		
Annual pension cost ⁴	715,600	748,200
Perquisites	50,000	25,000

Other compensation ⁵	59,231	8,625
Total target compensation	4,424,831	2,932,425

Notes:

- (1) Compensation reported for 2006 represents amounts from July 7, 2006, the time at which Stephen Wetmore was appointed as chief executive officer of Bell Aliant, through December 31, 2006.
- (2) The ultimate value of the equity compensation award is dependent on the fair market value of Fund Units at the time of redemption.
- (3) Mr. Wetmore was awarded 61,665 deferred units in 2007 and 42,823 deferred units in 2006 under the DUP, each based on a unit price of \$29.19.
- (4) The annual value of the pension benefit is viewed as a component of total compensation even if there are no annual payments. See the *Retirement plans* section of this AIF for Mr. Wetmore's detailed pension information.
- (5) Other compensation for Mr. Wetmore includes company contribution and interest earned in the employee ownership plan, and the value of the taxable benefit for his executive benefits.

Compensation for our other named executive officers

The following tables summarize the total compensation – salary, short-term incentives, long-term incentives, pension, perquisites and other annual compensation for the named executive officers for the past three years.

Chief financial officer



Glen LeBlanc
Halifax, Nova Scotia
Age: 40

Deferred Unit Plan Units: 32,082
Fund Units: 2,521

In 2007, Mr. LeBlanc's STIP target was 70% of base salary, and his long-term incentive plan target was 125% of base salary. For the year, his at risk target compensation totaled 66%. His compensation mix included 34% base salary, 24% short-term incentive compensation and 42% long-term incentive compensation.

Performance share units were awarded to Mr. LeBlanc in 2005. As described above, the performance criterion for this grant was not met. As a result, the units were cancelled. The value of his cancelled units had they vested at 100% would have been \$40,608.

Glen LeBlanc	2007	2006	2005
Chief financial officer			\$
Base salary	400,000	329,807	212,000
Performance based compensation			
STIP	280,000	311,360	143,775
Target value of long-term incentive plan grant ¹	500,000 ²	375,000 ²	325,679 ³
Other compensation			
Annual pension cost ⁴	128,900	124,000	33,000
Perquisites	45,000	45,000	25,000
Other compensation ⁵	11,540	54,461	0
Total target compensation	1,365,440	1,239,628	739,454

Notes:

- (1) The ultimate value of these grants is dependent on the fair market value of Fund Units at the time of redemption.
- (2) Mr. LeBlanc was awarded 17,129 deferred units in 2007 and 12,847 deferred units in 2006 under the DUP, each based on a unit price of \$29.19.
- (3) This represents the target value of the Aliant stock option grant and the performance share unit grants. The 2005 options were granted at a price of \$29.25 and the performance share units were granted at a price of \$27.22 and \$29.22. The PSUP share units granted in 2005 were eligible to vest on November 30, 2007, however, as noted above, the performance conditions were not met and as a result, the performance share units did not vest and were cancelled.
- (4) The annual value of the pension benefit is viewed as a component of total compensation even if there are no annual payments. See the *Retirement plans* section of this AIF for details.
- (5) Other compensation includes company contribution and interest earned in the employee ownership plan and the value of the taxable benefit on executive benefits. In 2006 Mr. LeBlanc received a \$50,000 recognition bonus, which is also included under *Other compensation*.

Executive vice president and chief operating officer



Frank Fagan
St. John's, Newfoundland and Labrador
Age: 64

Deferred Unit Plan Units: 49,499
Fund Units: 33,531

In 2007, Mr. Fagan's STIP target was 75% of base salary and his long-term incentive plan target was 150% of base salary. For the year, his at risk target compensation totaled 69%. His compensation mix included 31% base salary, 23% short-term incentive compensation and 46% long-term incentive compensation.

Performance share units were awarded to Mr. Fagan in 2005. As described above, the performance criterion for this grant was not met. As a result the units were cancelled. The value of his cancelled units had they vested at 100% would have been \$276,977.

Frank Fagan	2007	2006	2005
Executive vice president & chief operating officer	\$	\$	\$
Base salary	500,000	450,000	397,635
Performance based compensation			
STIP	375,000	417,000	224,334
Target value of long-term incentive plan grant ¹	750,000 ²	600,000 ²	660,094 ³
Other compensation			
Annual pension cost ⁴	0	0	0
Perquisites	45,000	45,000	30,000
Other compensation ⁵	53,099	43,291	40,543
Total target compensation	1,723,099	1,555,291	1,352,606

Notes:

- (1) The ultimate value of these grants is dependent on the fair market value of Fund Units at the time of redemption.
- (2) Mr. Fagan was awarded 25,694 deferred units in 2007 and 20,555 deferred units in 2006 under the DUP, each based on a unit price of \$29.19.
- (3) This represents the target value of the Aliant stock option grant and the performance share unit grants. The 2005 options were granted at a price of \$29.25 and the performance share units were granted at a price of \$27.22 and \$29.22. The PSUP share units granted in 2005 were eligible to vest on November 30, 2007, however, as noted above, the performance conditions were not met and as a result, the performance share units did not vest and were cancelled.
- (4) The annual value of the pension benefit is viewed as a component of total compensation even if there are no annual payments. See the *Retirement plans* section of this AIF for details.
- (5) Other compensation includes company contribution and interest earned in the employee ownership plan, the value of the taxable benefit on executive benefits and a \$25,000 yearly retention bonus.

Executive vice president



Mahes Wickramasinghe
Toronto, Ontario
Age: 50

Deferred Unit Plan Units: 34,832
Fund Units: 3,194

In 2007, Mr. Wickramasinghe's STIP target was 70% of base salary and his long-term incentive plan target was 125% of base salary. For the year, his at risk target compensation totaled 66%. His compensation mix included 34% base salary, 24% short-term incentive compensation and 42% long-term incentive compensation.

Mahes Wickramasinghe	2007	2006 ¹
Executive vice president	\$	\$
Base salary	400,000	191,667

Performance based compensation		
STIP	280,000	146,020
Target value of long-term incentive plan grant ²	500,000 ³	450,000 ³
Other compensation		
Annual pension cost ⁴	122,400	121,300
Perquisites	45,000	20,365
Other compensation ⁵	10,436	4,898
Total target compensation	1,357,836	934,250

Notes:

- (1) Compensation reported for 2006 represents amounts from July 6, 2006, the time at which Mr. Wickramasinghe was appointed to Bell Aliant, through December 31, 2006.
- (2) The ultimate value of these grants is dependent on the fair market value of Fund Units at the time of redemption.
- (3) Mr. Wickramasinghe was awarded 17,129 deferred units in 2007 and 15,416 deferred units in 2006 under the DUP, each based on a unit price of \$29.19.
- (4) The annual value of the pension benefit is viewed as a component of total compensation even if there are no annual payments. See the *Retirement plans* section of this AIF for details.
- (5) Other compensation includes company contribution and interest earned in the employee ownership plan and a taxable benefit related to group life insurance.

President Bell Aliant Québec and Ontario



Roch Dubé
Montreal, Québec
Age: 54

Deferred Unit Plan Units: 11,687
Fund Units: 5,703

In 2007, Mr. Dubé's STIP target was 60% of base salary, and his long-term incentive plan target was 75%¹ of base salary. For the year, his "at risk" target compensation totaled 61%. His compensation mix included 39% base salary, 23% short-term incentive compensation and 38% long-term incentive compensation.

Roch Dubé	2007	2006²
President Bell Aliant Québec and Ontario	\$	\$
Base salary	425,000	202,404
Performance based compensation		
STIP	255,000	162,500
Target value of long-term incentive plan grant ³	318,754 ⁴	0
Other compensation		
Annual pension cost ⁵	150,900	117,300
Perquisites	40,000	18,461
Other compensation ⁶	10,776	7,474
Total target compensation	1,200,430	508,139

Notes:

- (1) Mr. Dubé's long term incentive plan target was changed to 100% of base salary in April 2007, which will take effect for the 2008 long-term incentive plan grant.
- (2) Compensation reported for 2006 represents amounts from July 7, 2006, the time at which Bell Aliant Regional Communications Holdings, Limited Partnership acquired all of the outstanding shares of Bell Nordiq Group Inc., through December 31, 2006. Mr. Dubé served as President and chief executive officer of Bell Nordiq Group Inc. until his appointment to Bell Aliant in January 2007.
- (3) The ultimate value of these grants is dependent on the fair market value of Fund Units at the time of redemption.
- (4) In 2007, Mr. Dubé was awarded 10,920 deferred units under the DUP based on a unit price of \$29.19.
- (5) The annual value of the pension benefit is viewed as a component of total compensation even if there are no annual payments. See the *Retirement plans* section of this AIF for details.
- (6) Other compensation includes company contribution and interest earned in the employee ownership plan and taxable benefit on group life insurance.

SHARE/UNIT PERFORMANCE

The cumulative total return chart and share/unit performance graph below were prepared based on an investment of \$100 in Aliant common shares in 2002. The chart reflects the year-end price of Aliant common

shares on the TSX for the years 2002 to 2005 and the year-end price of Fund Units on the TSX for 2006 and 2007.

Cumulative total return ¹

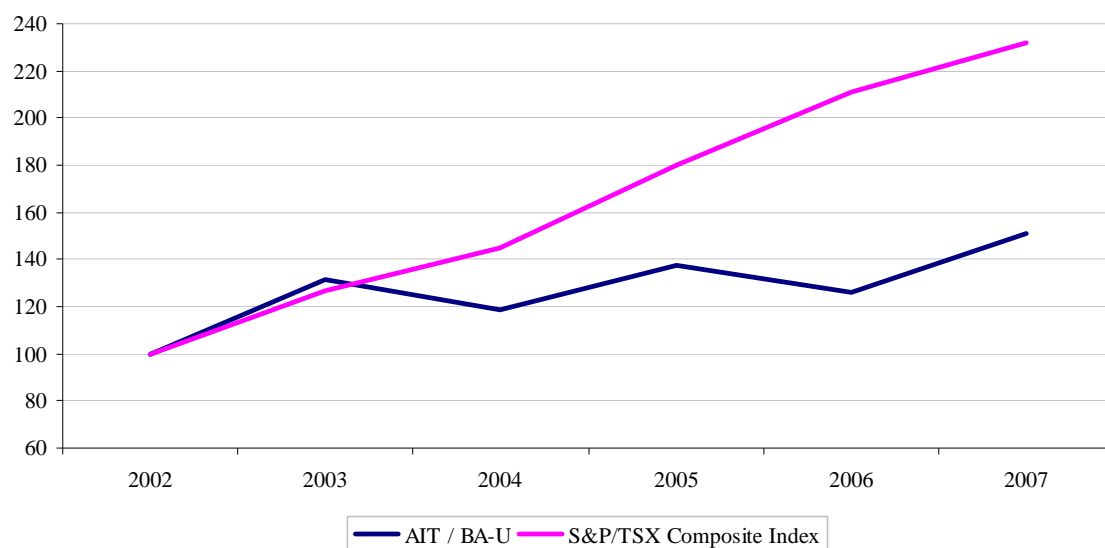
	2002	2003	2004	2005	2006	2007	Return ²
Aliant / Fund	100	132	119	137	126	151	8.6%
S&P / TSX composite index	100	127	145	180	211	232	18.3%

Notes:

- (1) The cumulative total returns for 2002 to 2005 are for Aliant and for 2006 to 2007 are for the Fund. The final column "Return" reflects results for Aliant and the Fund combined.
- (2) 5-year compounded annual growth rate.

Performance graph

The performance graph is based upon an initial investment of \$100 invested in Aliant common shares on December 31, 2002. For comparison purposes, also shown is the corresponding information in respect of the S&P/TSX composite index.



Report presented by the management resources and compensation committee:

Charles White (chair)
 Robert Dexter
 Victor Young
 Lawson Hunter
 Karen Sheriff

SUMMARY COMPENSATION TABLE Compensation of officers table

The table below outlines total compensation paid by Bell Aliant or its subsidiaries to the named executive officers of Bell Aliant for 2005, 2006 and 2007, in the form prescribed by the Canadian securities regulatory authorities.

Name and principal position ¹	Year	Annual compensation		Mid-term and long-term compensation				All other compensation	Total ¹⁰
		Salary	Short-term incentive compensation ²	Other annual compensation ³	Aliant options granted ⁴	Deferred units granted ⁵	Mid-term incentive payouts ⁶		
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Stephen Wetmore President and chief executive officer	2007	900,000	900,000	50,000	0	1,800,000	N/A	286,947 ⁷	3,936,947
	2006	431,250	469,350	0	0	1,250,000	N/A	30,711 ⁷	2,181,311
Glen LeBlanc Chief financial officer	2007	400,000	280,000	0	0	500,000	0	76,869 ⁷	1,256,869
	2006	329,807	311,360	0	0	375,000	249,536	54,461 ⁷	1,320,168
	2005	212,000	143,775	0	161,600	0	N/A	0	517,375
Frank Fagan Executive vice president and chief operating officer	2007	500,000	375,000	0	0	750,000	0	153,893 ^{7,8}	1,778,893
	2006	450,000	417,000	0	0	600,000	406,705	43,291 ^{7,8}	1,916,996
	2005	397,635	224,334	0	1,097,870	0	289,043	40,543 ^{7,8}	2,049,425
Mahes Wickramasinghe Executive vice president	2007	400,000	280,000	0	0	500,000	N/A	81,363 ⁷	1,261,363
	2006	191,667	136,080	0	0	450,000	N/A	22,500 ⁷	800,247
Roch Dubé President Bell Aliant Québec and Ontario	2007	425,000	255,000	0	0	318,754	N/A	1,165,431 ^{7,9}	2,164,185
	2006	202,404	162,500	0	0	0	N/A	54,358 ^{7,8}	419,258

Notes:

- (1) Stephen Wetmore was appointed president and chief executive officer of Bell Aliant on July 7, 2006. Prior to that, Mr. Wetmore was executive vice-president of BCE and group president – corporate performance and national markets of BCE and Bell Canada. Compensation amounts for Mr. Wetmore in 2006 were based on earnings from July 7, 2006, to December 31, 2006.

Glen LeBlanc was appointed chief financial officer of Bell Aliant on July 7, 2006, prior to which he was senior vice-president and chief financial officer of Aliant from September 2005. He previously held the position of vice-president finance and controller.

Frank Fagan was appointed chief operating officer of Bell Aliant on July 7, 2006, prior to which he was executive vice-president and chief operating officer of Aliant from October 2002.

Mahes Wickramasinghe was appointed executive vice president of Bell Aliant on July 7, 2006. He previously served as senior vice-president – corporate performance and national markets with BCE, and prior to that was BCE's chief auditor. Compensation reported for 2006 represents amounts from July 7, 2006 through December 31, 2006.

Roch Dubé, formerly president and chief executive officer of Bell Nordiq Group Inc., was appointed to Bell Aliant in January 2007. He currently holds the position of president Bell Aliant Québec and Ontario. Mr. Dubé previously served as director, president and chief executive officer of Bell Nordiq Group Inc. Compensation reported for 2006 represents amounts from July 7, 2006 through December 31, 2006.
- (2) All short-term incentive compensation shown is for the year earned.
- (3) Other annual compensation represents perquisite allowances of \$50,000 or greater. In the case of Mr. Wetmore, this perquisite allowance includes a car lease amount of \$12,959.
- (4) In 2005 grants were awarded at a grant price of \$29.25 under the Aliant stock option plan. The Aliant stock option plan terminated as of June 2006.
- (5) In 2006 and 2007 grants were awarded at a grant price of \$29.19 under the Bell Aliant Deferred Unit Plan. See *Long term incentive compensation* section of this AIF.
- (6) Amounts represent payouts on the 2005 Personal Performance Share Unit plan of Aliant which were scheduled to vest on November 30, 2006 and were terminated and paid out in accordance with the plan on July 5, 2006. Share units were subject to both time-based and performance-based vesting.
- (7) Includes accrued distributions in the Bell Aliant Deferred Unit Plan in 2007, employer contributions and interest paid to the named executive officers under the employee ownership plan are also included, and other taxable benefit amounts. In 2006 Glen LeBlanc received a recognition bonus of \$50,000. Mr. Dube's amounts also include dividend equivalents on Bell Nordiq options paid by Bell Nordiq Partnerships in 2006 and in 2007.
- (8) Mr. Fagan received special retention payments, totaling \$25,000 in each of the years shown.

- (9) Amounts reflect payments made by the Bell Nordiq Partnerships in respect of termination of the Bell Nordiq option plan. In August 2006, 39,748 Bell Nordiq options were granted to Mr. Dube at a price of \$17.56. These options were paid out in cash in January 2007 upon termination of the Bell Nordiq option plan. The total taxable benefit on all stock options held by Mr. Dube upon termination of the Bell Nordiq option plan, including options granted prior to July 2006, was \$1,061,112.
- (10) Total column represents totals of all columns in the above table.

Long-term incentive compensation – awards in most recently completed financial year

Long-term incentive plan grants under the DUP were made to executives of Bell Aliant for the year. Below are actual grant amounts:

Deferred unit plan awards for 2007

Name	Deferred units granted ¹	% of total deferred units granted to employees for 2007	Vesting date	Estimated final units ^{2, 3}
Stephen Wetmore	61,665	14%	1/3 2007; 1/3 2008; 1/3 2009	61,665
Glen LeBlanc	17,129	4%	1/3 2007; 1/3 2008; 1/3 2009	17,129
Frank Fagan	25,694	6%	1/3 2007; 1/3 2008; 1/3 2009	25,694
Mahes Wickramasinghe	17,129	4%	1/3 2007; 1/3 2008; 1/3 2009	17,129
Roch Dubé	10,920	2%	1/3 2007; 1/3 2008; 1/3 2009	10,920

Notes:

- (1) Amounts do not include additional units earned through distributions; more detailed information may be referenced in the *Deferred unit plan awards outstanding* section of this AIF.
- (2) Final number of units will increase with the reinvestment of distributions over the three year vesting period.
- (3) Final number of units may decrease pending performance vesting.

Deferred unit plan awards outstanding

Name	Year of Grant	Deferred Unit Plan Outstanding Units			Estimated value as at December 31, 2007 (\$)
		Deferred units granted	Additional units earned	Total units as at December 31, 2007	
Stephen Wetmore	2007	61,665	4,333	65,998	1,942,321
	2006	42,823	3,009	45,832	1,348,836
Glen LeBlanc	2007	17,129	1,204	18,333	539,540
	2006	12,847	903	13,750	404,663
Frank Fagan	2007	25,694	1,805	27,500	809,325
	2006	20,555	1,444	21,999	647,431
Mahes Wickramasinghe	2007	17,129	1,204	18,333	539,540
	2006	15,416	1,083	16,499	485,566
Roch Dubé	2007	10,920	767	11,687	343,948

Securities authorized for issuance under equity compensation plans

The following table shows, as of December 31, 2007, information regarding compensation plans under which equity securities of the Fund are authorized for issuance. The numbers shown next to *Equity compensation plans approved by security holders* relate to the Bell Aliant DUP, the Directors' DUP and the employee ownership plan. Please refer to the *Long-term incentive compensation* and the *Compensation of trustees and directors* sections of this AIF and to note 7 of the Fund's consolidated financial statements for the period ended December 31, 2007, for further information.

Table

Plan category	Number of securities to be issued upon	Number of securities remaining available
---------------	--	--

	vesting of units	for future issuance under equity compensation plans
Equity compensation plans approved by security holders	1,700,000 ¹	3,763,432 ²

Notes:

- (1) Includes a reserve of 1,200,000 for the Bell Aliant DUP, a reserve of 300,000 for the matching deferred ownership plan and a reserve of 200,000 for the Directors' DUP. The matching deferred ownership plan is approved, but has not been implemented.
- (2) Includes the additional securities required for the employee ownership plan.

RETIREMENT PLANS

The amounts disclosed below are the approximate values of retirement plan obligations accrued as of December 31, 2007, the costs incurred during 2007, and the amounts payable upon retirement of the named executive officers. These amounts 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 Bell Aliant's post-employment benefit obligations and are disclosed in note 7 of Bell Aliant Holdings LP's consolidated financial statements for the year ended December 31, 2007.

Stephen Wetmore

Stephen Wetmore participates in the defined benefit provision of the Bell Aliant Pension Plan (Ontario and Québec), and a supplementary executive retirement plan. The plans provide an annual pension per credited year of service of 1.0% of his best 36 consecutive months' average pensionable earnings up to the maximum pensionable earnings and 1.7% of his best 36 consecutive months' average pensionable earnings over the maximum pensionable earnings, to a maximum of 70% of his average pensionable earnings. Maximum pensionable earnings means the maximum pensionable earnings under the Canada Pension Plan for the year in which the plan member retires. Pensionable earnings include salary and short-term incentive payments up to target, but do not include mid-term or long-term compensation reported in the summary compensation table. The supplementary executive retirement plan provides for an additional half-year of credited service for each year as a senior officer and at December 31, 2007, Mr. Wetmore had 12.8 credited years of such service. The supplementary retirement plan provides a survivor pension equal to 66.67% of Mr. Wetmore's pension benefit. Mr. Wetmore's retirement arrangement provides for a benefit at age 55 that is at least equal to 25% of his best 36 consecutive months' average pensionable earnings, plus an additional 3% per year of pensionable employment after age 55 to a maximum of 55% at age 65. At retirement, the supplementary executive retirement plan also provides for a lump-sum payment equal to Mr. Wetmore's annual salary immediately prior to retirement.

The estimated annual benefit for Mr. Wetmore at earliest retirement age of 55 is \$415,900. The total amount accrued under the registered pension plan and the supplementary executive retirement plan as of December 31, 2007 related to Mr. Wetmore is approximately \$6,666,400. The total cost of the plans attributable to Mr. Wetmore's 2007 service is approximately \$715,600.

The following table illustrates the estimated minimum annual pension benefits payable to Mr. Wetmore at retirement based on specified compensation levels and credited years of service.

Pensionable earnings	Credited years of service			
	15	20	25	30
500,000	147,000	197,000	247,000	275,000
900,000	264,600	354,600	444,600	495,000
1,000,000	294,000	394,000	494,000	550,000
1,100,000	323,400	433,400	543,400	605,000
1,200,000	352,800	472,800	592,800	660,000
1,300,000	382,200	512,200	642,200	715,000
1,400,000	411,600	551,600	691,600	770,000
1,500,000	441,000	591,000	741,000	825,000
1,800,000	529,200	709,200	889,200	990,000

2,000,000	588,000	788,000	988,000	1,100,000
2,200,000	646,800	866,800	1,086,800	1,210,000
2,500,000	735,000	985,000	1,235,000	1,375,000

Glen LeBlanc

Glen LeBlanc participates in the Bell Aliant Defined Benefit Pension Plan and a supplementary executive 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 recognition bonus, or mid-term or long-term compensation reported in the summary compensation table. At age 65, the pension benefit for service before 2005 is reduced to reflect benefits from the Canada Pension Plan. At December 31, 2007, Mr. LeBlanc had 14.28 credited years of service including 3.0 credited years of service from January 1, 2005. The supplementary executive retirement plan provides a survivor pension equal to 60% of Mr. LeBlanc's pension benefit.

Based on current earnings levels, the estimated annual benefit for Mr. LeBlanc at his earliest retirement age of 55 is \$234,300. The total amount accrued under the registered pension plan and the supplementary executive retirement plan as of December 31, 2007 related to Mr. LeBlanc is approximately \$1,471,500. The total cost of the plans attributable to Mr. LeBlanc's 2007 service is approximately \$128,900.

The following table illustrates the estimated annual pension benefits payable to Mr. LeBlanc at retirement based on specified compensation levels and credited years of service:

Pensionable earnings	Credited years of service			
	10	20	30	40
300,000	42,800	92,800	143,800	194,800
500,000	72,800	156,300	241,300	326,300
600,000	87,800	188,000	290,000	392,000
700,000	102,800	219,700	338,700	457,700
800,000	117,800	251,500	387,500	523,500
900,000	132,800	283,200	436,200	589,200
1,000,000	147,800	315,000	485,000	655,000
1,100,000	162,800	346,700	533,700	720,700
1,200,000	177,800	378,500	582,500	786,500
1,300,000	192,800	410,200	631,200	852,200
1,400,000	207,800	442,000	680,000	918,000
1,500,000	222,800	473,700	728,700	983,700
1,800,000	267,800	568,900	874,900	1,180,900

Frank Fagan

Frank Fagan participates in the Bell Aliant Defined Benefit Pension Plan and a supplementary executive retirement plan. The plans provide an annual pension per credited year of service of 1.5% of his best 36 consecutive months' average pensionable earnings, to a maximum of 70% of his average pensionable earnings. Pensionable earnings include salary, short-term incentives and other benefits received by Mr. Fagan, but do not include mid-term or long-term compensation reported in the summary compensation table. At age 65, the pension benefit is reduced to reflect benefits payable from the Canada Pension Plan. The supplementary executive retirement plan provides for an additional half-year of credited service for each year as a senior officer and at December 31, 2007, Mr. Fagan had 60 credited years of service. The supplementary plan provides a survivor pension equal to 66.67% of Mr. Fagan's pension benefit. 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. At retirement, the supplementary executive retirement plan provides for a lump-sum payment equal to Mr. Fagan's annual salary immediately prior to retirement.

Based on current earnings levels, the estimated annual benefit for Mr. Fagan payable immediately on an unreduced basis is \$610,900. The total amount accrued under the registered pension plan and the supplementary retirement plan as of December 31, 2007 related to Mr. Fagan is approximately \$10,052,000.

The total cost of the plans attributable to Mr. Fagan's 2007 service was zero as he has reached the highest pension percentage.

The following table illustrates the estimated annual pension benefits payable to Mr. Fagan at retirement based on specified compensation levels and credited years of service:

Pensionable earnings	Credited years of service				
	20	30	40	50	60
300,000	85,600	128,400	171,300	210,000	210,000
500,000	145,600	218,400	291,300	350,000	350,000
600,000	175,600	263,400	351,300	420,000	420,000
700,000	205,600	308,400	411,300	490,000	490,000
800,000	235,500	353,400	471,300	560,000	560,000
900,000	265,600	398,400	531,300	630,000	630,000
1,000,000	295,600	443,400	591,300	700,000	700,000
1,100,000	325,600	488,400	651,300	770,000	770,000
1,200,000	355,600	533,400	711,300	840,000	840,000
1,300,000	385,600	578,400	771,300	910,000	910,000
1,400,000	415,600	623,400	831,300	980,000	980,000
1,500,000	445,600	668,400	891,300	1,050,000	1,050,000
1,800,000	535,600	803,400	1,071,300	1,260,000	1,260,000

Mahes Wickramasinghe

Mahes Wickramasinghe participates in the defined benefit provision of the Bell Aliant Pension Plan (Ontario and Québec), and a supplementary executive retirement plan. In general, Mr. Wickramasinghe will be entitled to receive supplementary executive retirement benefits upon attaining the earlier of:

- at least age 55, and the sum of age and service of at least 85, or
- at least age 60, and the sum of age and service of at least 80, or
- age 65 and at least 15 years of service.

At retirement, the plans will provide an annual pension per credited year of service of 1.0% of his best 36 consecutive months' average pensionable earnings up to the maximum pensionable earnings and 1.7% of his best 36 consecutive months' average pensionable earnings over the maximum pensionable earnings, to a maximum of 70% of his average pensionable earnings. Maximum pensionable earnings means the maximum pensionable earnings under the Canada Pension Plan for the year in which the plan member retires. Pensionable earnings include salary and short-term incentive payments up to target, but do not include mid-term or long-term compensation reported in the summary compensation table. These benefits are not subject to any deductions for government benefits or other offset amounts. The supplementary executive retirement plan provides for an additional half-year of credited service for each year as a senior officer and at December 31, 2007, Mr. Wickramasinghe had 6.6 credited years of service. The supplementary plan provides a survivor pension of about 60% of Mr. Wickramasinghe's pension benefit. At retirement, the supplementary executive retirement plan provides for a lump-sum payment equal to Mr. Wickramasinghe's annual salary immediately prior to retirement.

Based on current earnings levels, the estimated annual benefit for Mr. Wickramasinghe at his earliest retirement age of 63.35 is \$258,000. The total amount accrued under the registered pension plan and the supplementary executive retirement plan as of December 31, 2007 related to Mr. Wickramasinghe is approximately \$499,800. The total cost of the plans attributable to Mr. Wickramasinghe's 2007 service is approximately \$122,400.

Roch Dubé

Roch Dubé participates in the defined benefit provision of the Bell Aliant Pension Plan (Ontario and Québec), and a supplementary executive retirement plan. In general, Mr. Dube will be entitled to receive supplementary executive retirement benefits upon attaining the earlier of:

- at least age 55, and the sum of age and service of at least 85, or

- at least age 60, and the sum of age and service of at least 80, or
- age 65 and at least 15 years of service.

At retirement, the plans will provide an annual pension per credited year of service of 1.0% of his best 36 consecutive months' average pensionable earnings up to the maximum pensionable earnings and 1.7% of his best 36 consecutive months' average pensionable earnings over the maximum pensionable earnings, to a maximum of 70% of his average pensionable earnings. Maximum pensionable earnings means the maximum pensionable earnings under the Canada Pension Plan for the year in which the plan member retires. Pensionable earnings include salary and short-term incentive payments up to target, but do not include mid-term or long-term compensation reported in the summary compensation table. These benefits are not subject to any deductions for government benefits or other offset amounts. The supplementary executive retirement plan provides for an additional half-year of credited service for each year as a senior officer and at December 31, 2007, Mr. Dubé had 31.6 credited years of service. The supplementary executive retirement plan provides a survivor pension of about 60% of Mr. Dubé's pension benefit. At retirement, the supplementary plan provides for a lump-sum payment equal to Mr. Dubé's annual salary immediately prior to retirement.

Based on current earnings levels, the estimated annual benefit for Mr. Dubé at his earliest retirement age of 55.22 is \$263,300. The total amount accrued under the registered pension plan and the supplementary retirement plan as of December 31, 2007 related to Mr. Dubé is approximately \$4,015,200. The total cost of the plans attributable to Mr. Dubé's 2007 service is approximately \$150,900.

The following table illustrates the estimated annual pension benefits payable to Mr. Wickramasinghe and Mr. Dubé at retirement based on specified compensation levels and credited years of service:

Pensionable earnings	Credited years of service			
	10	20	30	40
300,000	47,900	95,900	138,600	180,800
500,000	81,900	163,900	237,000	309,200
600,000	98,900	197,900	286,200	373,400
700,000	115,900	231,900	335,400	437,600
800,000	132,900	265,900	384,600	501,900
900,000	149,900	299,900	433,800	566,000
1,000,000	166,900	333,900	483,000	630,200
1,100,000	183,900	367,900	532,200	694,400
1,200,000	200,900	401,900	581,400	758,600
1,300,000	217,900	435,900	630,600	822,800
1,400,000	234,900	469,900	679,800	887,000
1,500,000	251,900	503,900	729,000	951,200
1,800,000	302,900	605,900	876,600	1,143,800

Termination of employment, change in responsibilities and employment agreements

Bell Aliant entered into an employment agreement with Stephen Wetmore in 2007 which supersedes the Bell Canada agreement assumed by Bell Aliant on July 7, 2006. Mr. Wetmore is entitled to receive, upon termination without cause, base salary at the date of termination for a period of the lesser of 30 months between the date of termination and the date on which he reaches 65 years of age and two and one half times his target payout under the short-term incentive plan for the year of termination. On the date of termination of employment in the event of termination without cause, all unvested DUP units for Mr. Wetmore will become vested deferred units at target.

As per their employment agreements, Bell Aliant shall provide the equivalent of 24 months cash compensation to Glen LeBlanc, Mahes Wickramasinghe and Roch Dubé should they be terminated without cause. In addition, Mr. LeBlanc is entitled in such circumstances to commence receipt of pension benefits from his defined pension at age 55 (or the age at termination, if later) without actuarial reduction for early retirement.

Mr. Fagan has no employment agreement.

Under the DUP, in the event of termination without cause, all unvested deferred units of Mr. LeBlanc, Mr. Fagan, Mr. Wickramasinghe, and Mr. Dubé will be prorated to the length of time from the grant date to the termination date. The pro-rated units will vest at the end of the performance period determined at the time of grant. The final balance will be dependent on performance criteria.

None of the named executive officers currently have change of control provisions.

COMPENSATION OF TRUSTEES AND DIRECTORS

Compensation

The directors of Bell Aliant Holdings Inc. are compensated based on an annual fixed fee of \$110,000 for all directors including the chair of the board, with an additional \$40,000 annual retainer (total \$150,000) for the chair of the audit committee and an additional \$90,000 (total annual retainer of \$200,000) for the vice-chair and lead independent director. Directors employed by the Fund, its operating entities, BCE or Bell Canada do not receive any compensation. In the case of directors employed by BCE or Bell Canada, in respect of their duties as directors, compensation is paid to Bell Canada as deemed appropriate by Bell Canada and Bell Aliant. 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. Fund trustees who are also directors of Bell Aliant Holdings Inc. do not receive compensation as trustees that is in addition to the compensation they receive as directors of Bell Aliant Holdings Inc.

Deferred unit plan

The Bell Aliant deferred unit plan for trustees and directors (the "Directors' DUP") came into effect on January 1, 2007, subject to receipt of a favourable advance tax ruling from the Canada Revenue Agency. A favourable advance tax ruling has not been received from the Canada Revenue Agency. As a result, the Directors' DUP is not in effect at this time. The Board is currently considering the appropriate method of compensating directors eligible to participate in the Directors' DUP for their services as directors in 2007. Final 2007 compensation has not been finalized as at the date of this AIF.

The following overview of the Directors' DUP is provided for reference only. The Directors' DUP was intended to enhance the Fund's and Bell Aliant Holdings GP's ability to attract and retain high quality individuals to serve as trustees and directors and to promote a greater alignment of interests between non-employee trustees and directors and the unitholders of the Fund. Each trustee or director who is not an employee of the Fund, its subsidiaries, BCE or Bell Canada (an "eligible person") was eligible to participate in the Directors' DUP. The Directors' DUP required that 100% of an eligible person's annual retainer be paid in the form of deferred units until the minimum unit ownership requirement is met, as outlined below. Once the minimum ownership requirement was met, the Directors' DUP provided that an eligible person shall continue to receive 100% of any remaining annual retainer for that year in deferred units. In future years, an eligible person must elect to defer 25%, 50% or 100% of their annual compensation to the Directors' DUP. At the end of each quarter, fees deferred are divided by the market value of a Fund unit and converted to deferred units. Distributions on deferred units are credited to each eligible person's account in the form of additional units at the end of each quarter. Upon termination of board service, the eligible person will receive from treasury Fund Units equal to the deferred units recorded in the eligible person's account.

2007 Compensation

The following table outlines the compensation earned by each director in 2007. It reflects the amounts deferred to the Directors' DUP for participating directors. As noted above, final 2007 compensation has not been finalized as at the date of this AIF.

Director	Annual retainer (\$)	Annual retainer deferred to Directors' DUP in 2007 (\$)²
Kevin Crull	0	NA
Robert Dexter	110,000	82,500
Lawson Hunter	0	NA
Patrick Pichette	0	NA

Edward Reevey ¹	150,000	28,125
Michael Sabia, Chair	0	NA
Karen Sheriff	0	NA
Louis Tanguay	110,000	82,500
Stephen Wetmore	0	NA
Charles White, Vice Chair and Lead Independent Director	200,000	75,000
Victor Young	110,000	82,500

Notes:

- (1) Edward Reevey is chair of the audit committee.
- (2) Eligible directors are required to defer a minimum of 25% of their annual retainer to the Directors' DUP. No fees were deferred in the fourth quarter 2007. See the *Deferred unit plan* section of this AIF, above, for details.

Minimum ownership requirements

The Board of Bell Aliant Holdings GP established minimum ownership requirements in 2006. These ownership requirements were established concurrent with the establishment of the Directors' DUP. With the Directors' DUP not in effect, these ownership requirements may be revised. As noted above, the Board is currently considering the appropriate method of compensating directors eligible to participate in the Directors' DUP, as well as the appropriate level and timeframe for ownership requirements applicable to such directors. At present, directors are required to hold units and/or deferred units with a minimum combined market value of \$250,000 within three years following their appointment. Directors who are employed by the Fund, its operating entities, BCE or Bell Canada do not receive compensation. Those directors are therefore not required to meet unit ownership requirements. Stephen Wetmore, as president and Chief Executive Officer of Bell Aliant Holdings GP, is subject to a minimum unit ownership requirement of Fund units equal to four times his base salary.

The following table shows each director's minimum ownership requirements as well as the number of deferred units held by eligible directors and the number of Fund Units held as at December 31, 2007 and the aggregate value thereof, which is the number of Deferred Units added to the number of Fund Units multiplied by the closing price of Fund Units on the TSX on December 31, 2007 (\$29.43).

Director	Total Units held by Directors as at December 31, 2007			
	Unit ownership requirement (must be met within three years of joining the Board) (\$)	Deferred Units (#)	Fund Units (#)	Total value (deferred units and Fund units) (\$)
Kevin Crull ¹	NA	NA	220	6,475
Robert Dexter	250,000	2,779	1,814	135,172
Lawson Hunter ¹	NA	NA	750	20,073
Patrick Pichette ¹	NA	NA	712	20,954
Edward Reevey	250,000	947	37,988	1,145,857
Michael Sabia ¹	NA	NA	6,829	200,977
Karen Sheriff ¹	NA	NA	540	15,892
Louis Tanguay	250,000	2,779	17,030	582,979
Stephen Wetmore ¹	NA	Executive ownership requirements apply as noted above (see Executive compensation section)	31,869	4,223,735
Charles White	250,000	2,526	11,573	414,934
Victor Young	250,000	2,779	5,500	243,651

Note:

1. In the case of directors employed by BCE or Bell Canada, there is no unit requirement as compensation is paid to Bell Canada as deemed appropriate by Bell Canada and Bell Aliant.