



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

**ANNUAL INFORMATION FORM
for the year ended December 31, 2009**

March 31, 2010

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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 bolded 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 a series of transactions (**Bell Nordiq Transaction**) taking Bell Nordiq Income Fund (**Bell Nordiq**) private and pursuant to which each outstanding unit of Bell Nordiq was redeemed in exchange for 0.4113 of a **Fund Unit** and each Bell Nordiq unitholder 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**). Subsequently, Télébec LP and NorthernTel LP each issued one Class B limited partnership unit to Bell Nordiq Trust. As a result of these transactions, the Fund now indirectly holds an 82.46 per cent non-controlling equity interest in us.

We consolidate the operations of (i) Bell Aliant Regional Communications, Limited Partnership (**Bell Aliant LP**), our main operating subsidiary, which carries on the Bell Aliant Business and certain other operations, (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 AIF, financial statements and notes, management’s discussion and analysis (**MD&A**) and other continuous disclosure documents are posted on the System for Electronic Document Analysis and Retrieval (**SEDAR**) website of the Canadian securities administrators (www.sedar.com). Under the policies of the Canadian securities administrators, our financial statements and notes and MD&A 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 notes and other continuous disclosure documents of the Fund.

The information contained in this AIF is dated as of March 31, 2010 unless otherwise indicated. Bell Aliant Holdings LP’s financial information contained in this AIF is derived from our consolidated financial statements and notes as at and for the year ended December 31, 2009. 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, and anticipated future events and circumstances, including in particular as described under “Conversion Transaction”, “General Development of the Business – Recent Developments”, and “Distributions and Distribution Policy”. The purpose of this forward-looking information is to provide the reader with information about our expectations, plans and priorities for fiscal 2010 or other future periods. Readers are cautioned that such information may not be appropriate for other purposes. This information is based on our current expectations and estimates about the markets in which we operate and our beliefs and assumptions regarding these markets. Unless otherwise indicated, forward-looking information in this AIF describes our expectations as of March 31, 2010. In some cases, forward-looking information may be identified by words

such as “anticipate”, “believe”, “could”, “expect”, “plan”, “seek”, “may”, “intend”, “will”, “forecast” 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 risk factors which could cause results or events to differ materially from current expectations include but are not limited to: increasing competition; our ability to achieve strategies and plans; general economic conditions; reliance on systems; changing technology; required operating and capital expenditures and demand for our services; our business relationship with Bell Canada; pension plan funding; changing regulations; dependence on key suppliers; maintenance of credit ratings; leverage and restrictive covenants; BCE Inc.’s (**BCE**) governance rights; reliance on key personnel and labour relations; legal contingencies and changes in laws; and certain income tax related risks. 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 information and risks that could affect our business and results” section in the Bell Aliant Holdings LP MD&A for the year ended December 31, 2009, and the “Risk Factors” section 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 this information is provided 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.

See also the “Forward-looking information” section of the Fund’s news release dated February 3, 2010, relating to 2009 financial results and 2010 financial guidance for the Fund and Bell Aliant Holdings LP, which is available at www.bellaliant.ca as well as www.sedar.com and incorporated by reference herein.

CONVERSION TRANSACTION

As a result of the federal government’s previously announced changes to income tax legislation affecting publicly listed or traded income trusts, such as the Fund, starting January 1, 2011, the Fund will be taxed as if it was a corporation. We anticipate the Fund will be taxed at a blended federal / provincial rate of 29 per cent of taxable income in 2011, dropping to 27 per cent of taxable income by 2013. A transaction would be required to convert the Fund from an income trust structure to a corporate structure (**Conversion Transaction**).

The Department of Finance enacted amendments to the *Income Tax Act* (Canada) (the **Tax Act**) on March 12, 2009, to facilitate the conversion of existing income trusts into corporations on a tax-deferred basis (**Conversion Rules**), which will remain in effect until January 2013.

We expect that a Conversion Transaction will be recommended to Fund unitholders which would involve a tax-deferred exchange of Fund units for shares of a corporation on a one for one basis under the Conversion Rules. We expect that the Conversion Transaction would be effective on or by January 1, 2011.

We are carefully considering our particular circumstances and the alternatives available to us in order to determine how best to structure a Conversion Transaction. Details about the proposed conversion terms and process and the anticipated dividend policy going forward are being developed and are expected to be released in May 2010, with a unitholder vote on the Conversion Transaction expected at the Fund’s 2010 annual and special meeting scheduled for June 16, 2010. We continue to consider strategies on uses of cash and

appropriate dividend policy post conversion. The Fund's objective is to deliver a sustainable high payout dividend to shareholders following January 1, 2011, while balancing our other business priorities including investing in broadband and maintaining investment grade credit ratings.. Although a reduction to the Fund's current distribution is expected following January 1, 2011, for taxable retail investors resident in Canada, dividends paid by a corporation are taxed at lower rates than the distributions paid by the Fund, prior to January 1, 2011, as an income trust. As such, under a corporate structure, the dividend tax credit mechanism can be expected to mitigate, in large part, the after-tax effect of a lower dividend for those investors. We do not expect these conversion measures will affect our business model or operating plans.

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 7 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**), a corporation incorporated under the laws of Canada.

Inter-corporate relationships

The Fund owns 100 per cent of the voting securities of Bell Aliant Holdings Trust (**Holdings Trust**), 100 per cent of the voting securities of Bell Nordiq Trust, (both trusts formed under the laws of the Province of Québec), and 81.5 per cent of the voting securities of Bell Aliant Holdings GP. 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. Bell Nordiq Trust also owns one unit each of the Bell Nordiq Partnerships.

We refer to the "**Fund Group**", as collectively including us, the Fund, Holdings Trust, Bell Nordiq Trust, Bell Aliant Holdings GP, the Bell Nordiq Partnerships, Bell Aliant LP, Bell Aliant GP, and their respective subsidiaries.

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.

As at December 31, 2009, BCE owned, directly or indirectly, 44.09 per cent of the voting interest in Fund (in the form of exchangeable limited partnership units of Bell Aliant Holdings LP, Bell Aliant LP and special voting units of the Fund). 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, 2009 for an organizational chart depicting significant entities within the Fund Group.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

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 beginning 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 incumbent local exchange carriers (**ILECs**) like us. Further information on the regulatory changes is provided in our MD&As for the years ended December 31, 2007, 2008 and 2009, under "Regulatory developments" and "Risk management – Changing regulations".

In 2007, we made significant network enhancements by completing an accelerated investment in fibre-to-the-node (**FTTN**) technology. Telecommunication companies have been using digital subscriber loop (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 Internet Protocol television (**IPTV**), music and movie downloads, gaming, video conferencing and other applications. In 2007, we grew our FTTN coverage to pass an additional 137,000 homes with FTTN technology, reaching approximately 188,000 homes passed in our operating territory at year end 2007.

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 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 medium-term notes (**LP Notes**) in three tranches under its short form shelf prospectus. The proceeds were used to repay borrowings under bank credit facilities incurred in connection with the Arrangement.

2008 Highlights

On January 1, 2008, Bell Nordiq Trust transferred its 36.7 per cent limited partnership interest in each of the Bell Nordiq Partnerships to us in return for 8,246,429 **Holdings Class 2 LP Units** of Bell Aliant Holdings LP. Subsequently, the Bell Nordiq Partnerships each issued one Class B limited partnership unit to Bell Nordiq Trust for nominal cash consideration.

On February 1, 2008, Bell Aliant LP acquired the assets and operations of Kenora Municipal Telephone System (**KMTS**) for approximately \$27 million.

During the second quarter of 2008, we announced that we intended to eliminate the wholesale mobility products business of Atlantic Mobility Products Limited Partnership (**AMP**), a wholly-owned subsidiary of Bell Aliant GP, following the discontinuance of a significant contract AMP held with Bell Mobility.

Also during the second quarter, Bell Mobility in-sourced a significant portion of the operations of its wireless business in Atlantic Canada that had previously been outsourced to Bell Aliant LP since July 2006. This resulted in a reduction of approximately \$15-\$20 million of annualized operating revenues to Bell Aliant LP going forward.

On July 9, 2008, we announced that Stephen Wetmore, President and Chief Executive Officer, would be leaving his position at the end of the year. On October 27, 2009, we announced that Karen Sheriff had been appointed President and Chief Executive Officer, effective November 3, 2008.

On August 5, 2008, we announced that CAE Professional Services (Canada) Inc. (**CAE**) had signed an asset purchase agreement to acquire Bell Aliant LP's Defence, Security and Aerospace business unit, which was then operated by its xwave division. The transaction closed on May 1, 2009. The proceeds on closing were \$16.3 million in cash and \$7.6 million in receivables from CAE related to post-closing balance sheet adjustments, with an additional \$8.5 million of proceeds contingent upon the occurrence of certain future events, for potential total proceeds of \$32.4 million.

2009 Highlights

At the beginning of 2009, we set our five strategic objectives that formed the foundation for our strategy going forward. These were: (1) improve the customer experience, (2) retain customers, (3) grow broadband, (4) reset our cost structure, and (5) engage employees. We made progress in all areas throughout 2009, removing over \$150 million of operating and capital costs, improving our service metrics across all regions, and increasing distributable cash by 8 per cent over 2008 levels.

In preparation for the strategic initiatives for 2009, in the fourth quarter of 2008, we commenced a significant restructuring initiative and on January 12, 2009, announced a new organizational structure. The restructuring affected all levels of management across Bell Aliant Holdings LP, which resulted in the reduction of approximately 500 management positions, representing about 15 per cent of management or 5 per cent of the overall workforce by the end of the first quarter of 2009.

In 2008, the Department of Finance released proposed amendments to the the Tax Act to facilitate the conversion of existing income trusts, such as the Fund, into corporations on a tax-deferred basis following the Conversion Rules as discussed in the "Conversion Transaction" section of this AIF. The Conversion Rules were enacted into law on March 12, 2009.

We have a total of \$2.6 billion in LP Notes outstanding under Bell Aliant LP's trust indenture dated September 14, 2006. On April 28, 2009, Bell Aliant LP filed a new medium-term note shelf prospectus that will be available for future medium-term note issuances for a 25-month period. On May 15, 2009, Bell Aliant LP issued \$350 million principal amount of medium-term notes under its shelf prospectus. The net proceeds were used primarily to repay bank debt.

On June 1, 2009, we concluded a share purchase agreement for Abilis Solutions Inc. to acquire 100 per cent of the outstanding shares of xwave New England Corp. (**xwave New England**) for a sale price of \$4.9 million.

On July 7, 2009, we announced that, with support from the Government of New Brunswick, we would be the first in Canada to cover an entire city with fibre-to-the-home (**FTTH**) technology. We announced that we would invest \$60 million to serve 70,000 homes and businesses in Fredericton and Saint John by mid 2010. Our FTTH service, *FibreOP™*, gives customers access to an advanced broadband network delivered through 100 per cent fibre-optic technology connected directly to their home.

On October 15, 2009, we announced the redesign of our customer contact centre operations in Atlantic Canada. The new organization would reduce the current configuration of 16 contact centres to 5. Approximately 215 unionized employees were offered roles within one of the five remaining locations. Approximately 175 chose to leave the organization with a voluntary severance offer in early 2010.

On November 1, 2009, we completed a share purchase agreement whereby the senior leaders of Innovatia Inc. (**Innovatia**) acquired all of its outstanding shares. We received \$1.5 million of proceeds on closing.

Recent Developments

On February 3, 2010, we issued our 2010 financial guidance in the Fund's 2009 earnings results and 2010 financial guidance news release. Information on our 2010 outlook is contained in the release, as well as the "2010 financial guidance" section of our MD&A for the year ended December 31, 2009, both of which are available on SEDAR at www.sedar.com.

As part of our 2010 financial guidance we reported that in 2010 we plan to more than double our 2009 spending on FTTH technology to pass 140,000 homes with FTTH by the end of 2010. On February 8, 2010, we announced additional communities in New Brunswick to receive the service and that we expect to invest \$80 million by the end of 2010 to bring *FibreOP* technology to 110,000 – or 35 per cent – of the homes and businesses in New Brunswick. We also announced on February 8, 2010, that we expect to extend the service to a total of 145,000, or 45 per cent, of homes and businesses in New Brunswick by mid 2011.

DESCRIPTION OF THE BUSINESS

General

We are one of North America's largest regional communications service providers and have been serving customers for over a century. We offer a complete range of voice and data communications services as well as information technology (**IT**) consulting, infrastructure management, product fulfillment and advanced technology solutions to approximately 5.3 million of our customers across Atlantic Canada, Ontario and Quebec. Communications services we provide include local telephone, long distance, data and Internet, wireless, television (**TV**) 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.

Our principal operations are carried on by Bell Aliant LP, Télébec LP, and NorthernTel LP. We consolidate these and other subsidiary partnerships and corporations in our financial statements. We operate as one reportable segment, which represents the manner in which we are organized and managed for planning, assessing performance and making resource allocation decisions.

The following table shows our operating revenues for the years ended December 31, 2009 and 2008.

<i>For the years ended December 31</i>			
<i>(millions of dollars)</i>	2009	2008	% change
Local and access	\$1,356.9	\$1,406.3	(3.5)
Data and Internet	828.0	798.7	3.7
Long distance	423.9	452.3	(6.3)
Information technology	304.7	303.3	0.5
Wireless	88.8	80.8	9.9
Other revenues	171.9	204.9	(16.1)
Operating revenues	\$3,174.2	\$3,246.3	(2.2)

Financial results for the prior period have been restated to reflect Innovatia and our xwave New England business as discontinued operations.

Products and Services

Local and access

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

Data and Internet

Data and Internet revenue is earned through the provision of data access, data circuits, high-speed and dial-up Internet service, managed services, and enhanced services and applications, such as security services, and IPTV.

Long distance

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

Information technology

IT revenue is earned primarily by Bell Aliant LP's xwave division, with services revenue from systems integration and IT consulting, and fulfillment revenue from hardware and software sales.

Wireless

Wireless revenue is earned through providing cellular, paging and mobile radio services over digital wireless networks in our Télébec, NorthernTel and KMTS branded territories in Québec and Ontario.

Other revenues

Other revenues consist primarily of terminal rentals and sales, personal computer sales, telecommunication equipment sales, custom work completed for large customers, 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 bellaliant.net, bell.ca and bellaliant.ca.

Our ability to combine service offerings is integral to our success, driving loyalty and protecting our customer base. Beginning in 2007, changes to regulatory rules relating to local service provided greater bundling and pricing flexibility enabling us to further increase our market penetration by offering bundles that have a combination of Internet service, home phone, local features, long distance plans and, if desired, cellular service or TV. In our business market, we also provide combined service offerings in the form of business bundles and customized solutions.

Competitive conditions

We face a number of different competitors across the regions we service, with cable companies continuing to present our most significant competitive threat. Throughout 2009, cable competitors continued to expand their local service areas and provide bundled service offerings in our regions, which continued to place pressure on our market shares and pricing strategies. The competitive footprint overlap with cable companies grew to approximately 67 per cent of residential households in our territory at the end of 2009, representing a 10 percentage point increase since December 31, 2008. We expect the cable companies will continue to gradually erode our market share in local and long distance services, and, to a lesser extent, Internet services, with further expansion of their footprint and greater competitive activity. In contrast, we expect our market share in TV services to grow against cable companies as our FTTH footprint for offering these services expands.

The telecommunication industry is constantly evolving as the accelerating development of new wireless, Internet and data technologies, services and products has resulted in the decline of traditional voice and long distance telecommunication services. Wireless substitution and voice over Internet Protocol (**VoIP**), in particular, have allowed competitors to launch new products and services and therefore gain market share. In turn, these new technologies also present an opportunity for us to offer new services to our customers and to lower our future network development and maintenance costs.

Our long distance services continue to face intense competitive pressure from the expanded presence of cable telephony and the continuing effect of non-traditional suppliers, including prepaid card suppliers, dial-around services and VoIP providers, as well as from traditional competitors such as inter-exchange carriers and resellers. Competition has resulted in customers switching from per-minute plans to flat-rate plans, and substitution of VoIP, instant messaging and peer-to-peer applications have replaced traditional long distance calling.

Our growth is largely driven by our Internet and TV portfolios. In order to meet the needs of our customers for data and Internet services, we have invested heavily in fibre to build on our network capacity. We were the first communications company in Canada to provide FTTH technology to an entire city on a 100 per cent fibre optic network. We expect to continue to invest in fibre and are constantly evolving our product offerings to ensure that our bandwidth and value-added service offerings are competitive in our marketplace.

The intensity of competition in our markets create pressure to keep our prices and service offerings competitive, which could reduce our revenues and lower our profitability, or affect our ability to gain new customers and retain our existing ones. We need to anticipate and respond quickly to changes in the marketing strategies of our competitors. We constantly try to find the balance in our pricing mix, considering the prices our competitors are charging and the value we offer based on our superior products and services.

To address these competitive pressures, we continue to enhance our products and services, promote our bundled service offerings, which we have rebranded as Bell Aliant Bundles, and work with customers to provide the high level of service and innovative product offerings our customers expect. We continue to use our local presence and insight to guide community investment and support activities that are important to our customers and employees. We conduct business with a clear and consistent focus on the successful execution of our strategic objectives.

New products and services

In 2009, we launched our *FibreOP* Internet and TV service in Fredericton, New Brunswick, and in early 2010 became the first operator in Canada to provide this FTTH service to an entire city. FTTH provides premium Internet speed and an exceptional TV experience, including high definition (**HD**). Throughout 2010 we plan to expand our investment in FTTH technology to pass 140,000 homes by the end of the year, largely in the province of New Brunswick.

In the first quarter of 2009 we launched a Personal Video Recorder (**PVR**) service, enabling customers to record, pause and rewind live TV.

We launched three new service options including Same Day, Next Day Repair; Express Install; and Service Appointment Calendar. Our Same Day, Next Day Repair service provides our TV, Internet and wireline customers with a service guarantee that if an issue cannot be resolved remotely, we will dispatch a technician that day or the next at no further charge. Our Express Install service introduced to our customers next day (or next day plus one) installation of TV, Internet and home telephone service. This provides customers with earlier installation and more flexible options for appointment times. We also improved our service appointment calendar capability, enabling our customers to access appointments available through any of our channels, including online in Atlantic Canada.

We upgraded the email platform for both residential and business customers, significantly increasing mailbox storage, enhancing the ability to send and receive larger attachments and improving the web mail application.

Intangible Properties

We believe that our trade-marks, brands and domain names and other intangible assets (such as telecommunications and broadcast distribution licences, software, customer relationships and residuals) are important to our success. Our exclusive trade-mark registrations may be renewed every 15 years provided we continue to use the trade-marks in our business activities. We take appropriate measures to protect, renew and defend our trade-marks. We spend considerable time and resources overseeing, registering, renewing, licensing and protecting our trade-marks and prosecuting those who infringe on them. Given our sensitivity to the importance of these assets, we are also very careful not to infringe the intellectual property of others.

Cycles

The comparability of quarterly results can 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. 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 guides our actions related to environmental responsibility. 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 is designed 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.

We continuously monitor our operations for compliance with environmental requirements and standards, and take action to prevent and correct problems, when needed. We have an environmental management and review system that:

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

A committee (the **Environment Council**) composed of senior managers from key areas of the business oversees the implementation of environmental initiatives throughout our business. The Environment Council is responsible for the approval of an annual environmental action plan that establishes and prioritizes key environmental activities for our various business units and monitors progress in meeting the established objectives.

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

Continuous improvements to our environmental program are not expected to have a material impact on our earnings or capital expenditures, nor on our competitive position in the current year. Integrating effective environmental management into our business operations is beginning to create synergies and will help sustain our performance in the future.

Employees

Bell Aliant Holdings LP, through its subsidiary entities, had approximately 8,000 employees as at December 31, 2009.

DESCRIPTION OF BELL ALIANT HOLDINGS LP

Within the Fund Group structure, Bell Aliant Holdings LP largely serves as the holding entity, consolidating the financial results and operations of the principal operating subsidiaries of the Fund Group. 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 general partnership interest of a nominal value 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 from 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 earnings before interest, taxes, depreciation and amortization and certain other items (**EBITDA**), as defined in the Bell Aliant Holdings LP Partnership Agreement, 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.

Distributable cash is a non-GAAP measure. For a reconciliation of cash from operating activities to distributable cash, please refer to the section entitled "Non-GAAP Financial Measures – Standardized distributable cash and distributable cash" in the Bell Aliant Holdings LP MD&A for the year ended December 31, 2009, which is available on SEDAR at www.sedar.com, which section is incorporated by reference herein.

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 per cent 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 of Canada under the Tax Act, (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 (described below), 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 unless otherwise agreed by the parties to the Securityholders' Agreement, the board of directors of Bell Aliant Holdings GP and, while BCE has the right to appoint a majority of directors, a majority of the independent directors of Bell Aliant Holdings GP.

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 is 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 (described below), 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 as general partner of Bell Aliant Holdings LP 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

Bell Aliant LP is the main operating entity of the Fund Group, operating the Bell Aliant Business, and certain other operations. 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 general partnership interest of nominal value 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 from 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 per cent 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 of Canada under the Tax Act, (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 unless otherwise agreed by the parties to the Securityholders' Agreement, the board of directors of Bell Aliant Holdings GP and, while BCE has the right to appoint a majority of directors, a majority of the independent directors of Bell Aliant Holdings GP.

DESCRIPTION OF THE BELL NORDIQ PARTNERSHIPS

Bell Aliant Holdings LP, directly and indirectly through Bell Aliant GP, except for a nominal interest held by Bell Nordiq Trust, holds a 100 per cent limited partnership interest in each of the Bell Nordiq Partnerships. 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, operating under the Télébec, NorthernTel and certain other brands, are leading integrated providers of wireline (local access and long distance), data, cable TV, wireless, and other communications services to residential and business customers across regional areas of Québec and northern Ontario.

OTHER MATERIAL AGREEMENTS

Administration Agreement

The Fund, Holdings Trust, Bell Aliant Holdings GP and Bell Aliant LP have entered into the Administration Agreement. The following is a summary only and is qualified in its entirety by reference to the full text of 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 the 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 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 9 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 9 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 the Bell Nordiq Partnerships) 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, Bell Nordiq 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 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, 2009, which discussion is incorporated by reference in this AIF. See also the "Forward-looking information" section of the Fund's news release dated February 3, 2010, relating to 2009 financial results and 2010 financial guidance for the Fund and Bell Aliant Holdings LP, which discussion is incorporated by reference in this AIF. Both of these documents are available at www.bellaliant.ca as well as on SEDAR at www.sedar.com.

Regulatory Updates

Our business is affected by decisions made by the CRTC and the federal government. Refer to the "Regulatory developments" section of our MD&A for the year ended December 31, 2009, for a complete discussion of regulatory developments which occurred up to and including March 10, 2010. Regulatory developments which have occurred since that date which are significant to our business are described below.

Fee-for-carriage / value-for-signal

On March 22, 2010, the CRTC issued a new television policy framework, including a ruling on a new "fee-for-carriage" / "value for signal" regime. This regime responds to the requests of conventional television broadcasters for compensation from TV service providers (such as Bell Aliant TV) for distribution of conventional television signals. Under this regime, conventional broadcasters can either elect to 1) negotiate with TV service providers for compensation in exchange for the TV service provider's right to distribute conventional local TV signals, or 2) remain with the existing regulatory regime. A broadcaster's election will remain valid for three years. This new regime will not apply to the CBC / SRC. In making this ruling, the CRTC recognized that it may not have the legal jurisdiction to impose this new regime, and therefore has asked the Federal Court of Appeal to rule on the issue of its jurisdiction. This new regime will only come into effect if the Court decides the CRTC does have the required jurisdiction. At this time it remains unclear whether there will be impacts to us or our Bell Aliant TV service. We will continue to be required to contribute to the Local Programming Improvement Fund (LPIF) at 1.5 per cent of our gross annual broadcasting revenues until the CRTC conducts a review of the LPIF in 2012.

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". Since the Fund's formation in 2006, the objective of the Fund Trustees had been to target a long-term distribution payout ratio of approximately 90 per cent of the combined distributable cash of the Fund Group, although the payout ratio may have differed from this range in any given year. The remaining 10 per cent of distributable cash was intended to fund such obligations as working capital, pension plan deficits, restructuring and other charges, cash capital taxes, and repaying long-term debt. Distributions made to BCE and Bell Canada on Holdings Class 1 Exchangeable LP Units are equal, on a per unit basis, to distributions made by the Fund to its unitholders. Distributions made to Holdings Trust and Bell Nordiq Trust on Holdings Class 2 LP Units support distributions made to the Fund so that it can pay its expenses and make distributions to its unitholders.

The following table shows the consolidated distributions declared by Bell Aliant Holdings LP, consisting of amounts declared to the Fund and to BCE and Bell Canada for the years ended December 31, 2007, 2008 and 2009. These amounts do not include distributions declared by Bell Aliant LP and paid directly to Bell Canada in respect of its ownership of Bell Aliant Exchangeable LP Units.

\$ millions	Consolidated Distributions Declared	Distributions to the Fund	Distributions to BCE and Bell Canada
Distribution Periods			
January 1 – December 31, 2007	\$410.3	\$331.2	\$79.1
January 1 – December 31, 2008	\$454.3	\$372.8	\$81.5
January 1 – December 31, 2009	\$455.4	\$373.7	\$81.7

The increase in 2008 compared to 2007 reflects an increase in the distribution rate by the Fund in February 2008, combined with the transfer of the Fund's interest in the Bell Nordiq Partnerships to Bell Aliant Holdings LP in January 2008, such that virtually all cash distributions by these partnerships are now paid to Bell Aliant Holdings LP and then in turn we declare distributions payable to the Fund and BCE and Bell Canada. The increase in 2009 compared to 2008 reflects the higher distribution rate established in February 2008 that was paid for a full twelve months in 2009.

In 2010, as the Fund anticipates submitting a Conversion Transaction to unitholders for approval at the Fund's annual and special Meeting of Unitholders in June 2010, the distribution policy is currently focused more on maintaining stability of the distribution until conversion. Therefore, in February 2010, the Fund announced that the distribution per unit to unitholders would remain unchanged at \$0.2417 per month or \$2.90 per year for 2010.

Changes to taxation rules that come into effect on January 1, 2011, will result in income trusts being subject to taxation as if they were corporations. With this change, the tax benefit the Fund has enjoyed since its formation in July 2006 will be eliminated. Whether the Fund converts to a corporate structure or not, it will become subject to taxation in January 2011.

The Fund expects to recommend to its unitholders a transaction to implement a conversion to a corporate structure for three reasons. First, we anticipate that the Fund will lose the current tax advantages of an income trust structure whether it converts or not. Second, a corporate structure will be simpler, reducing our administrative costs and making our financial reporting easier to understand. Third, we expect to be more comparable to other similar publicly traded businesses, making it easier for us to be assessed relative to our peers and enhancing our access to capital markets.

Details about the conversion terms and process, and the anticipated dividend policy going forward, are being developed and are expected to be released in May. A unitholder vote on conversion to a corporate structure is expected to take place at the Fund's annual and special meeting, scheduled for June 16, 2010.

The Fund's objective is to deliver a sustainable high payout dividend to shareholders following January 1, 2011, while balancing our other business priorities including continuing to invest in broadband and maintaining investment grade credit ratings. Although a reduction to the Fund's current distribution of \$2.90 per Fund unit per year is expected, it is important to note that for taxable individual investors resident in Canada, dividends paid by a corporation are taxed at a lower rate than the distributions the Fund currently pays as an income trust. So, for these investors, the reduction in the dividend will be largely offset by lower personal income taxes.

The target payout ratio and the declaration of future distributions or dividends are subject to the consideration of numerous factors and are at the discretion of the Fund Trustees or directors of any successor corporation.

Restrictions on Distributions

In the future, the Fund's and Bell Aliant Holdings LP's distributions could become subject to restrictions imposed under our bank credit facilities. The Credit Agreement, as described in the "Material Contracts" section of this AIF, specifies that if Bell Aliant LP's or Bell Aliant Holdings LP's credit ratings fall below investment grade (generally below the 'BBB' rating category), Fund distributions during any 12 month period will be restricted to 100 per cent of the distributable cash (as defined in the Credit Agreement) generated during that 12 month period. Events of default under the Credit Agreement or the indenture governing the LP Notes would also restrict our ability, and ultimately the ability of the Fund, to pay distributions. The trust indentures of the Bell Nordiq Partnerships also contain provisions that could restrict distributions by those partnerships if there were an event of default or in certain cases, if certain financial tests are not met.

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, 2009, are outlined in the table below:

Bell Aliant Regional Communications Holdings LP

Units issued and outstanding December 31, 2009

Number of units	Total	Held by		Held by Bell	
		Held by BCE / Bell Canada	Holdings Trust	Held by Bell Nordiq Trust	Aliant Holdings GP
Class 1 exchangeable limited partnership units	28,168,803	28,168,803			
Class 2 limited partnership units	132,367,606		124,121,177	8,246,429	
General partnership units	54,000				54,000
		28,168,803	124,121,177	8,246,429	54,000
Stated capital (\$ millions)	\$ 2,061.5	\$ 1,017.1	\$ 530.9	\$ 513.5	\$ -

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, 2009, are outlined in the table below:

Bell Aliant Regional Communications Holdings LP

Debt outstanding December 31, 2009

(\$ millions)	Maturity date	Interest rate (%)	Principal amount
LP Notes:			
	September 26, 2011	4.72%	\$ 750.0
	February 26, 2014	4.95%	400.0
	February 17, 2015	6.29%	350.0
	September 26, 2016	5.41%	500.0
	February 26, 2019	5.52%	300.0
	February 26, 2037	6.17%	300.0
			2,600.0
Télébec LP debentures:			
Series AA	November 5, 2013	5.75%	70.0
Series BB	June 23, 2020	5.34%	30.0
			100.0
NorthernTel LP debentures:			
Series O	June 1, 2012	10.25%	3.0
Series T	January 28, 2013	6.00%	2.7
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%	17.9
			39.6
Other long-term debt:			
Capital leases	2010 - 2017	4.09% to 5.91%	41.0
Télébec LP mortgage	2011	12.50%	2.7
Fair value allocations on business combination	2012 - 2020		3.9
Debt issue costs			(10.1)
			37.5
Long-term debt			2,777.1
Short-term debt:			
Bell Aliant LP revolving bank debt			-
Bell Aliant LP non-revolving bank debt			40.0
Notes payable to Fund			2.6
Other debt			-
Total debt			\$ 2,819.7

Bell Aliant LP

The LP Notes issued by Bell Aliant LP are issued pursuant a trust indenture dated September 14, 2006 (as described in the “Material Contracts” section of this AIF), among Bell Aliant LP, its credit supporters and CIBC Mellon Trust Company, as trustee. The LP Notes are unsecured and rank *pari passu* with all other unsecured and unsubordinated indebtedness of Bell Aliant LP. The credit supporters for the LP Notes include certain entities within the Fund Group, but exclude the Fund, Télébec LP and NorthernTel LP. Bell Aliant LP’s revolving and non-revolving bank debt is issued pursuant to syndicated bank credit facilities dated July 7, 2006, and expiring July 7, 2011. 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, 2009, 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, 2009, 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 principal repayments prior to maturity.

Recent Issuance

On May 15, 2009, Bell Aliant LP issued \$350.0 million principal amount of LP Notes to mature on February 17, 2015, carrying a coupon rate of interest of 6.29 per cent. The LP Notes were issued at a price of \$99.96 per \$100.00 principal amount and a commission of \$1.2 million was paid to the dealer syndicate group for net proceeds to Bell Aliant LP of \$348.6 million. In addition to the normal redemption provisions for LP Notes, this series also contains a mandatory redemption provision requiring Bell Aliant LP to repurchase the notes at 101 per cent of the principal amount if Bell Aliant LP becomes subject to a change of control, other than through a transaction with BCE or Bell Canada, and the debt rating on LP Notes consequently declines below BBB- or BBB (low).

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&P ¹	DBRS ²
Bell Aliant LP senior unsecured debt	BBB negative outlook	BBB (high) stable trend
Bell Aliant LP commercial paper	Not rated	R-1 (low) stable trend
Télébec LP and NorthernTel LP debentures	BBB negative outlook	BBB (high) stable trend

¹ S&P is a trade-mark of Standard & Poor’s, a division of The McGraw-Hill Companies, Inc.

² DBRS is a trade-mark of DBRS Limited and DBRS, Inc.

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 up 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. On December 18, 2008, S&P revised the outlook of Bell Aliant Holdings LP’s senior unsecured debt ratings to “negative” from “stable” citing their opinion that increasing cable competition combined with higher pension funding requirements could limit the company’s ability to reduce debt levels in the next few years.

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 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. Ratings do not take into consideration such factors as pricing or market risk of the debt.

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, 2010, and the period during which they have served as a director (including as a director of Aliant), are shown in the table below:

Name and Committee Membership	Principal Occupation	Province and Country of Residence	Director Since (includes Aliant)
George Cope ⁽¹⁾ (Chairman)	President and Chief Executive Officer of BCE and Bell Canada	Ontario, Canada	July 2008
Kevin Crull Pension committee	President, Residential Services of Bell Canada	Ontario, Canada	July 2006
Robert Dexter, Q.C. Audit committee, Governance committee (chair), and Management Resources and Compensation committee (chair)	Chairman and Chief Executive Officer of Maritime Travel Inc.	Nova Scotia, Canada	April 1999
Edward Reevey, FCA ⁽¹⁾ Lead independent director, Audit committee (chair), and Pension committee (chair)	Chairman and Chief Executive Officer of Eedda Capital Inc., a private holding company	New Brunswick, Canada	April 1999
Karen Sheriff ⁽¹⁾	President and Chief Executive Officer of Bell Aliant GP	Nova Scotia and Ontario, Canada	June 2004
Louis Tanguay ⁽²⁾ Audit committee, Governance committee and Management Resources and Compensation committee	Corporate Director	Québec, Canada	July 2006
Siim Vanaselja Governance committee, Management Resources and Compensation committee and Pension committee	Executive Vice-President and Chief Financial Officer of BCE and Bell Canada	Québec, Canada	July 2008
David Wells Governance committee and Management Resources and Compensation committee	Executive Vice-President of Corporate Services of Bell Canada	Ontario, Canada	July 2008
Victor Young, O.C. Governance committee and Management Resources and Compensation committee	Corporate Director	Newfoundland and Labrador, Canada	April 2002

(1) George Cope, chair of Bell Aliant Holdings GP board, Edward Reevey, lead independent director/trustee and Karen Sheriff, chief executive officer may attend all committee meetings in a non-voting capacity.

(2) Mr. Tanguay was 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* (the "CCAA"). The CCAA proceedings were completed in December 2008.

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. Cope was President and Chief Operating Officer of Bell Canada from October 2005 to July 2008. Prior to that he was President and Chief Executive Officer of TELUS Mobility, a business operated by TELUS Corporation from October 2000 to October 2005.

Mr. Crull was President - Consumer Solutions of Bell Canada from March 2005 to September 2005. Prior to 2005, Mr. Crull was Senior Vice-President and General Manager of AT&T's wireless business.

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

Ms. Sheriff was Chief Operating Officer of Bell Aliant GP from July 2008 to November 2008 and President, Small and Medium Business of Bell Canada from June 2003 to July 2008.

Mr. Wells was a consultant to Bell Canada from January 2008 to July 2008. Prior to this he was Executive-Vice President of Employee Services with TELUS Mobility, a business operated by TELUS Corporation from October 2000 to June 2006.

The following persons serve as executive officers of Bell Aliant Holdings GP. The name, position with Bell Aliant Holdings GP and Province of residence for each of the executive officers as at March 1, 2010, appears below:

Name	Position with Bell Aliant	Province and Country of Residence
Karen Sheriff	President and Chief Executive Officer	Nova Scotia and Ontario, Canada
George Cope	Chairman	Ontario, Canada
Edward Reevey, FCA	Lead Independent Director	New Brunswick, Canada
Frederick Crooks, Q.C.	Executive Vice President Corporate Services, Chief Legal Officer and Secretary	Nova Scotia, Canada
Glen LeBlanc, FCMA	Executive Vice-President and Chief Financial Officer	Nova Scotia, Canada
Mary-Ann Bell	Senior Vice President, Central	Quebec, Canada
Charles Hartlen	Senior Vice President, Customer Experience	Nova Scotia, Canada
Daniel McKeen	Senior Vice President, Customer Solutions	Nova Scotia, Canada
Paul Khawaja	Vice President Bell Aliant and President xwave	Ontario, Quebec

All of the executive officers have held their current position or other positions with Bell Aliant GP, Aliant, or a wholly-owned subsidiary of Aliant during the past five years with the exception of the following:

Ms. Sheriff was Chief Operating Officer of Bell Aliant GP from July 2008 to November 2008 and President, Small and Medium Business of Bell Canada from June 2003 to July 2008.

Mr. Cope was President and Chief Operating Officer of Bell Canada from October 2005 to July 2008. Prior to that he was President and Chief Executive Officer of TELUS Mobility, a business operated by TELUS Corporation from October 2000 to October 2005.

Ms. Bell was Senior Vice-President Operations BRT (Bell Regional Territories) Transition with Bell Canada from November 2005 to July 2006. Prior to that she was Senior Vice-President Contact Centres with Bell Canada from June 2003 to November 2005.

Mr. McKeen was Deputy Chair of External Affairs with Bragg Communications Inc., operating under the EastLink brand, from July 2009 to October 2009. Prior to that he was co-Chief Executive Officer of Bragg Communications Inc., operating under the EastLink brand from 1999 to July 2009.

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 *Canada Business Corporations Act* (**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

Note 23 to Bell Aliant Holdings LP's consolidated financial statements for the year ended December 31, 2009, incorporated by reference herein, describes 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 has a 44.09 per cent voting interest in the Fund (43.95 per cent on a fully-diluted basis) as at March 30, 2010, the last business day before 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 provided Bell Canada with the telecommunications and support services required for Bell Canada to operate its wireless business within Atlantic Canada; however, this was largely in-sourced by Bell Canada during 2008. 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 25 to our consolidated financial statements for the year ended December 31, 2009, 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 within 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 Credit Agreement (**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 lenders which provided for a total of \$3.5 billion in bank credit facilities, and currently provides for a total of \$998 million in bank credit facilities;
- the LP Notes 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 (including any supplement thereof);
- the Connecting and Operating Agreement, as described in note 25 to our financial statements for the year ended December 31, 2009, which note is incorporated by reference herein;
- the Commercial Relationship Management Agreement, as described in note 25 to our financial statements for the year ended December 31, 2009, which note is incorporated by reference herein;
- the Bell 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 # 8 for the Intellectual Property Licence Agreement; and
 - Term Sheet #11 for the Master Information Technology Services 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; and
- (b) a non-revolving term facility for up to an aggregate amount of \$448 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.

Prior to their repayment and cancellation according to their terms, the Credit Agreement also provided for a non-revolving term facility for an aggregate amount of \$1.25 billion, which expired July 7, 2009, and an 18-month non-revolving term bridge facility for an aggregate amount of \$1.25 billion.

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.

LP Notes Indenture

The LP 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 LP Notes are unsecured and rank *pari passu* with all other unsecured and unsubordinated indebtedness of Bell Aliant LP. The credit supporters for the LP Notes include certain entities within the Fund Group, but exclude the Fund, Télébec LP and NorthernTel LP.

Additional LP Notes may be issued by Bell Aliant LP from time to time under the LP Notes indenture. The LP Notes indenture includes customary covenants, including restrictions on granting certain security and incurring additional long-term indebtedness unless certain financial tests are met, and customary events of default. Distributions by Bell Aliant LP and by us, and ultimately by the Fund, could be restricted if an event of default under the LP Notes indenture were to occur and not be remedied or waived. A copy of the LP Notes indenture is available on SEDAR at www.sedar.com.

Agreements with BCE and Bell Canada

Under the Securityholders' Agreement, BCE has certain rights in respect of the board of Bell Aliant Holdings GP including the right to appoint up to a majority of directors for so long as BCE and Bell Canada, directly or indirectly, hold not less than 30 per cent of the Fund Units (on a fully-diluted basis) and certain commercial agreements are in place. As a result of these rights, BCE controls the board of Bell Aliant Holdings GP, and thus Bell Aliant Holdings LP. The written consent of BCE is also required, along with the majority vote from the board, prior to undertaking certain matters or transactions for so long as BCE and Bell Canada, directly or indirectly, hold not less than 20 per cent of the Fund Units (on a fully-diluted basis). See "Other Material Agreements – Securityholders' Agreement".

In 1999, we entered into a Memorandum of Agreement (**MOA**) with BCE and Bell Canada. This long-term strategic alliance agreement describes the understanding among us, BCE and Bell Canada with respect to the offering, marketing and provisioning of certain telecommunications services on a cooperative basis. Through this MOA, we gained access to Bell Canada's technology, the exclusive right to use specified Bell Canada trademarks in our territory and a license to use Bell Canada's promotional materials. Bell Canada agreed to promote the use and sale of technology and intellectual property developed by us. We agreed to provide each other with support services, including operational, technical, marketing, training and other support services. The MOA continues to apply to our operations in Atlantic Canada, subject to certain amendments that were made to the MOA in connection with the acquisition in July 2006 of Bell Canada's wireline operation in Ontario and Québec and Bell Nordiq Group Inc. In July 2006, in connection with the Arrangement we entered into a series of long-term commercial agreements with Bell Canada, which provide us with a broad range of technical, operational and human resource support services required for us to operate the wireline and Internet access operation previously operated by Bell Canada in the Ontario and Québec regional territory (**Bell Aliant Central Territory**). These include the Omnibus Term Sheet; Term Sheet #5 for the Master Services Agreement; Term Sheet #6 for the Network Services Agreement; Term Sheet #8 for the Intellectual Property License Agreement; and Term Sheet #11 for the Master Information Technology Services Agreement.

These agreements permit us to continue to receive the commercial and telecommunications services that Bell Canada was providing to us in Atlantic Canada prior to 2006. Any pre-existing commercial agreements between us and Bell Canada, which were not amended or replaced by the commercial agreements entered into in 2006, continue to apply. The commercial agreements also provide Bell Canada with the telecommunications and support services from us required to operate its wireless operation in the Bell Aliant Central Territory and in Atlantic Canada; however, these services were largely in-sourced by Bell Canada during 2008 and 2009.

In July 2006, we also entered into a Commercial Relationship Management Agreement (**CRMA**) with Bell Canada, which governs our general commercial relationship and addresses matters such as marketing co-operation, customer primeship and non-competition, and branding. The CRMA, together with certain agreements it refers to, also amends certain provisions of the MOA and extends the term of the MOA to that of the CRMA.

The CRMA will automatically terminate upon termination or expiration of the Connecting and Operating Agreement, which we entered into with Bell Canada in 2006. Pursuant to the Connecting and Operating Agreement, the parties have agreed to interconnect their respective telecommunications systems for the exchange of telecommunications traffic. This agreement has an original term of 15 years from July 7, 2006, with automatic renewals for consecutive five year periods, unless four years prior notice of non-renewal is provided by one of the parties. The Connecting and Operating Agreement may be terminated for material breach at any time by a party, if (a) the parties mutually agree that the breach has occurred and has not been cured, or (b) a court or arbitrator makes a final and unappealable determination that the other party has materially breached the agreement and has not cured the breach within the appropriate contractual timeframe.

The CRMA and the other commercial agreements 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, at 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 at its discretion many 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 to us by Bell Canada in the Bell Aliant Central Territory upon two years notice.

We also have an agreement with Bell Canada that provides access to certain of each other's intellectual property (**Bilateral Intellectual Property Sharing Agreement**), in addition to providing us with access to Bell Canada's engineering and network intellectual property. As part of the Arrangement, we entered into Term Sheet #8 for the Intellectual Property Licence Agreement which reaffirms the Bilateral Intellectual Property Sharing Agreement and extends its application to the Bell Aliant Central Territory.

In connection with the Arrangement, we entered into trade-mark license agreements with Bell Canada whereby each party and its affiliates are permitted to use the trade-marks of the other party in accordance with the terms of the license for 30 years (subject to an additional 10 year renewal on request by the licensee, at the licensor's discretion). The agreement with respect to the Bell Canada trade-marks is the Bell License Agreement.

Financial information relating to these and other agreements with Bell Canada and its controlled investees is contained in note 25 to our financial statements for the year ended December 31, 2009, which note is incorporated by reference herein.

INTERESTS OF EXPERTS

Deloitte & Touche, LLP, our auditors, has provided an audit report on our financial statements for the year ended December 31, 2009. Deloitte & Touche, LLP is independent of Bell Aliant Holdings LP 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, 2009.

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

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.bellaliant.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 three members: Edward Reevey (chair), Robert Dexter and Louis Tanguay. 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. 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 process, 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 Eedda 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 chairs 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 counsel to the law firm Stewart McKelvey. He is Chair of the audit committee of 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 committee of Saputo Inc. (chair), and has served on the audit committees of Canbras Communications Corp., Medisys Health Group Inc., and SR Telecom Inc.

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 January 1, 2009.

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 January 1, 2009.

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 January 1, 2009.

7. Audit Committee Oversight

At no time since January 1, 2009 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 NI 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.bellaliant.ca.

9. External Auditor Service Fees (By Category)

Deloitte & Touche LLP was appointed as Bell Aliant Holdings LP's auditors upon completion of the Arrangement. Fees incurred for the years ended December 31, 2009, and 2008 are \$2.3 million and \$2.5 million, respectively, and are detailed below.

	<u>2009</u>	<u>2008</u>
Audit fees	\$1,722,700	\$1,912,112
Audit-related fees	586,112	589,936
Other fees	<u>9,600</u>	<u>-</u>
	<u>\$2,318,412</u>	<u>\$2,502,048</u>

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, pension plan audits, review of prospectuses, consultations about financial accounting and reporting matters and French translation of quarterly and annual reports.

Other fees

These fees include any other fees for permitted services not included in any of the above-stated categories.

SCHEDULE 2: AUDIT COMMITTEE CHARTER

AUDIT COMMITTEE CHARTER

I. Purpose

The purpose of the Audit Committee is to assist Trustees and the Board 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's responsibility for internal control and risk management;
- F. the administration, funding and investment of Bell Aliant's pension plans ("Plan") and fund; and
- G. Bell Aliant's environmental risks.

In this charter, references to the "Trustees and the Board" refers to the Trustees of Bell Aliant Regional Communications Income Fund (the "Fund") and to the Board of Directors of Bell Aliant Regional Communications Holdings Inc., Bell Aliant Regional Communications Inc., Bell Aliant Holdings Trust and 6583458 Canada Inc., as applicable.

II. Duties and Responsibilities

The Audit Committee shall perform the functions customarily performed by audit committees and any other functions assigned by the Trustees and the Board. The Audit Committee shall also serve as the Audit Committee for purposes of the Fund, as contemplated under Companion Policy 52-110CP to *National Instrument 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; and
 - 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 Trustees and the Board, as applicable, on the following prior to its public disclosure:
 - a. the annual and interim consolidated financial statements, Bell Aliant's disclosure within Management's 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; and
 - 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.

In addition to the role of the Audit Committee to make recommendations to the Trustees and the Board, 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 within Management's Discussion and Analysis for interim period and interim earnings news releases and earnings guidance, may also be approved on behalf of the Trustees and

the Board, as applicable, by the Audit Committee, provided that such approval is subsequently reported to the Trustees and the Board, as applicable, at its next meeting.

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 oversight of the work of the external auditor and any other auditor preparing or issuing an audit report or performing other audit review 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 Trustees and the Board, as applicable, on the nomination, terms and review of engagement, removal, independence and proposed compensation 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 of Bell Aliant 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 of Bell Aliant permitted non-audit services;
4. Delegate, if deemed appropriate, authority to one or more members of the Audit Committee to grant pre-approvals of audit, review, or attest services 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 Trustees and the Board, 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; and
 - 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 Trustees and the Board, 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. 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; and

- c. the periodic reports 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 Trustees and the Board, 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 Trustees and the Board, 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.
 - 3. Review, monitor, report and where appropriate, provide recommendations to the Trustees and the Board, as applicable, on Bell Aliant's disclosure controls and procedures and internal controls over financial reporting.
 - 4. 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.
 - 5. 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 Trustees and the Board, 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 Trustees and the Board, as applicable, on Bell Aliant's risk management and insurance program.
 - 3. Review, monitor, report and, where appropriate, provide recommendations to the Trustees and the Board, as applicable, on Bell Aliant's outsourcing relationship with Bell Canada.
- F. *Oversight of Bell Aliant's environmental risk*
 - 1. Review, monitor, report and, where appropriate, provide recommendations to the Trustees and the Board, as applicable, on the Bell Aliant's environmental policy, and environmental management systems; and
 - 2. When appropriate, ensure that Bell Aliant's subsidiaries establish an environmental policy, and environmental management systems and review and report thereon to the Trustees and the Board, as applicable, of Bell Aliant.
- G. *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 Trustees and the Board, as applicable, on the adequacy of Bell Aliant's process for complying with laws and regulations; and
 - 2. Receive, on a periodic basis, reports from Bell Aliant's Chief Legal Officer, with respect to legal issues.
- H. *Miscellaneous*
 - 1. Make 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 and Trustees

- A. The Audit Committee shall evaluate and review with the Governance Committee of the Board 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 and Trustees, as applicable, on an annual basis, the adequacy of the Audit Committee charter.
- C. The Audit Committee shall report to the Board 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 and Trustees, as applicable.

VI. Audit Committee Chair

The Chair of the Audit Committee shall be appointed by the Trustees and the Board, 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 Trustee and Board 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 Secretariat, the Trustee and Board 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 Secretariat and, as required, other senior executives, review the Audit Committee 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 Secretariat and, as required, other senior executives, the adequacy and timing of materials in support of management's proposals;
- H. Report to the Trustees and the Board, as applicable, on the matters reviewed by, and on any decisions or recommendations of, the Audit Committee at the next meeting of the Trustees and the Board, as applicable, following any meeting of the Audit Committee; and
- I. Carry out any special assignments or any functions as requested by the Trustees and the Board.

VII. Term

The members of the Audit Committee shall be appointed or changed by resolution of the Trustees and the Board, 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 Trustees and the Board, as applicable, 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 Trustees and the Board, 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 Trustees and the Board, 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 portion of this AIF. Any capitalized terms not otherwise defined herein shall have the meaning given to them in the main body of this AIF.

REPORT ON EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

General provisions

In this Compensation Discussion and Analysis, 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 references to “the Fund” are to Bell Aliant Regional Communications Income Fund.

This Compensation Discussion and Analysis provides the disclosure regarding executive compensation required by the Canadian Securities Administrators National Instrument 51-102 – *Continuous Disclosure Obligations* and the regulations and policies of the Toronto Stock Exchange (**TSX**). It also takes into consideration the guidelines of leading governance organizations as well as other relevant Canadian disclosure practices.

Purpose, mandate and composition of the Management Resources and Compensation Committee (referred to in this Compensation Discussion and Analysis as the “committee”)

The committee assists the directors and trustees to fulfill their responsibilities relating to the compensation, nomination, evaluation and succession of employees at Bell Aliant.

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

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

The committee has a written mandate that establishes its purpose, responsibilities, and membership. A copy of the mandate is included in the **Board, trustee and committee mandates** section of the Fund’s Information Circular. In addition to its written mandate, the committee has established an annual work plan in the form of a forward agenda. A copy of 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.bellaliant.ca.

The table below outlines the main activities of the committee during the year.

February	<ul style="list-style-type: none"> • Establishment of CEO goals and objectives for coming year • Discuss the CEO performance assessment for previous year • Discuss the executive team performance assessment for the previous year • Discuss succession planning • Approve short-term incentive plan <ul style="list-style-type: none"> - Payments for previous year (for organization overall) - Executive payments • Discuss preliminary review of executive compensation disclosure • Approve long-term incentive plan <ul style="list-style-type: none"> - Plan for current year (plan text, measures and targets) - Long-term incentive plan grants for current year - Review of reserve - Report on vesting/tracking of prior grants
March	<ul style="list-style-type: none"> • Approve executive compensation disclosure • Report on long-term incentive plan grants
May	<ul style="list-style-type: none"> • Review officer appointments • Review committee charter • Review unit ownership guidelines
August	<ul style="list-style-type: none"> • Receive Health & Safety Report • Discuss education/new developments in executive compensation
November	<ul style="list-style-type: none"> • Discuss long-term incentive plan <ul style="list-style-type: none"> - Preliminary review of long-term incentive plan design for the coming year • Discuss short-term incentive plan <ul style="list-style-type: none"> - Preliminary review of short-term incentive plan design for the coming year - Tracking of current year short-term incentive plan - Seek delegated authority from board to approve final plan/targets in December • Discuss executive compensation review and salary adjustments • Discuss salary adjustment guidelines
December	<ul style="list-style-type: none"> • Approve short-term incentive plan <ul style="list-style-type: none"> - Approve plan for the coming year (measures and targets)

The committee consists of five directors, none of whom are employed by Bell Aliant, and three of whom are independent as that term is defined in National Instrument 52-110 – *Audit Committees*. As of December 31, 2009, the members of the committee were: Rob Dexter (chair), Louis Tanguay, Siim Vanaselja, David Wells and Victor Young. None of the members of the committee is an officer, employee or former officer of Bell Aliant or is eligible to participate in Bell Aliant’s executive compensation programs. Members of the committee have experience as current and former chief executive officers of large organizations, officers in large and complex corporations, and/or directors of various other publicly traded entities. The directors and trustees believe the committee members collectively have the knowledge, experience and background required to fulfill the committee’s mandate.

The committee may invite management to attend meetings to provide advice and consultation as required. Management is sometimes excluded from committee meetings as appropriate. In addition, the committee ensures an objective process for determining compensation by holding “in camera” sessions at the end of each committee meeting, without management present. A record is kept of any decisions made during such sessions. The committee met seven times in 2009.

From time to time, the committee also engages external consultants to provide advice on executive compensation matters. In 2009, Bell Aliant employed the services of Towers Watson (formerly Towers Perrin) and Mercer (Canada) Limited and paid fees to them in the amounts shown below. Amounts paid in 2008 are also included for reference.

	2008	2009
Towers Watson		
Executive compensation ¹	\$105,049	\$183,931
Pension services	-	\$89,162
Total fees paid to Towers Watson	\$105,049	\$273,093
Mercer (Canada) Limited ²		
Executive compensation	\$9,071	\$32,779
Pension services	\$31,700	\$31,396
Total fees paid to Mercer	\$40,771	\$64,175
Total fees paid to consultants	\$145,820	\$337,268

Notes:

- (1) Towers Watson provided consulting on director compensation in 2009 totaling \$6,000. These fees are included in the executive compensation total.
- (2) Mercer (Canada) Limited also provides general management compensation consulting services to Bell Aliant. The cost of these services is included in the fees shown above. 2008 consulting fees have been revised to reflect new information provided by Mercer (Canada) Limited.

Decisions made by the committee and board are informed by advice provided by the consultants as well as other relevant factors and considerations.

Bell Aliant's compensation philosophy and direction

The compensation of Bell Aliant executives is influenced by a number of factors such as business strategy, organizational performance and governance. The executive compensation philosophy, first approved by the committee in October 2006, aims to achieve four key objectives:

- Align total compensation with the interests of unitholders;
- Attract and retain high performing executives;
- Create a performance culture that rewards superior performance; and
- Link compensation with business strategy/objectives.

These objectives have guided the development of a compensation model that includes base salary, short-term and long-term incentives.

The compensation model targets base salary at the 50th percentile (to ensure base salaries remain competitive) and overall total compensation at the 60th percentile (which is only achieved if performance warrants). The rationale behind this is to give Bell Aliant an edge in the talent market in attracting and keeping the kind of people who will drive performance. It keeps Bell Aliant competitive to market (base at median) while offering higher than median compensation to people who are prepared to put a substantial portion of their compensation at risk based on performance.

Overview of compensation mix for executives in 2009

The short-term and long-term incentive compensation plans place a significant portion of compensation at risk – over 60% for each named executive officer; in the case of the CEO, over 70% of her compensation is at risk.

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

Executive	Base salary	Short-term incentive compensation	Long-term incentive compensation
Karen Sheriff, president and chief executive officer	27%	24%	49%
Glen LeBlanc, executive vice president and chief financial officer	34%	24%	42%
Fred Crooks, executive vice president, corporate services and chief legal officer	38%	24%	38%
David Rathbun, executive vice president and president, xwave	38%	24%	38%
Charles Hartlen, senior vice president, customer experience	38%	24%	38%

Comparator data

Data from comparator groups or information from compensation surveys is analyzed periodically to maintain a competitive compensation package for executives. In 2006, Bell Aliant conducted a thorough review of its compensation model, comparing it against a group consisting of Canadian companies of similar size or industry and revenue generating capacity. A subsequent review of executive team compensation was performed in 2009 using two distinct approaches for each component of compensation:

1. Analysis of industry-wide data from the Towers Watson data base, and
2. A more focused look at compensation data as reported in the 2008 proxy circulars of a select group of peer companies.

The review confirmed that most of our senior executives are presently at or below our targeted 60th percentile.

The companies used in the industry-wide analysis are:

<ul style="list-style-type: none"> ▪ AbitibiBowater ▪ Agrium Inc ▪ ARC Resources Ltd. ▪ ATCO Ltd. & Canadian Utilities Limited ▪ Bank of Montreal ▪ Banque Nationale du Canada ▪ Barrick Gold Corporation ▪ Bata Limited ▪ BCE Inc. ▪ Bombardier Inc. ▪ CAE Inc. ▪ Canadian National Railway ▪ Canadian Natural Resources Ltd. ▪ Canadian Oil Sands Limited ▪ Canadian Pacific Railway Limited ▪ Canadian Tire Corporation, Limited 	<ul style="list-style-type: none"> ▪ Capital Health ▪ Celestica Inc ▪ CGI Group Inc. ▪ CIBC ▪ Cogeco Inc. ▪ CTV Globemedia Inc. ▪ Domtar Corporation ▪ Enbridge Inc. ▪ EnCana Corporation ▪ Finning International Inc. ▪ Gaz Metropolitan ▪ Gerdau Amersteel ▪ Husky Energy Inc. ▪ Imperial Oil Limited ▪ Inter Pipeline Fund ▪ Irving Oil Limited ▪ Kinross Gold Corporation ▪ Manulife Financial Corporation 	<ul style="list-style-type: none"> ▪ Maple Leaf Foods Inc. ▪ McCain Foods Limited ▪ MDS Inc. ▪ Methanex Corporation ▪ MTS Allstream Inc. ▪ NAV CANADA ▪ Nexen Inc. ▪ Nortel ▪ NOVA Chemicals ▪ NovAtel Inc. ▪ Pengrowth Corporation ▪ Petro-Canada ▪ Potash Corporation of Saskatchewan Inc. ▪ Power Corporation du Canada ▪ Quebecor World Inc. ▪ RBC Financial 	<ul style="list-style-type: none"> ▪ Research in Motion Ltd ▪ Scotiabank ▪ ShawCor Ltd ▪ SNC-LAVALIN ▪ Sun Life Financial ▪ Suncor Energy Inc. ▪ Talisman Energy Inc. ▪ TD Bank Financial Group ▪ Teck Cominco Limited ▪ Tembec Inc. ▪ The Economical Insurance Group ▪ The Forzani Group Ltd. ▪ TransAlta Corporation ▪ Transat A.T. Inc. ▪ TransCanada ▪ Transcontinental Inc. ▪ WestJet ▪ Woodbridge Group, The
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The companies included in the focused proxy circular based comparison are:

<ul style="list-style-type: none"> ▪ Atco Ltd. ▪ CGI Group Inc. ▪ Cogeco Inc. ▪ Fortis Inc. ▪ Manitoba Telecom Services Inc. ▪ Quebecor Inc. 	<ul style="list-style-type: none"> ▪ RONA Inc. ▪ Shaw Communications Inc. ▪ Torstar Corp. ▪ TransAlta Corp. ▪ Yellow Pages Income Fund
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The characteristics of the comparator groups can be summarized as follows:

Industry	Bell Aliant	Comparator group – industry wide		Comparator group – proxy circular	
	Telecommunications	Telecommunication, utilities, financial, technology, manufacturing, production, research and mining		Telecommunications services, utilities, IT consulting, cable and satellite, publishing, and home improvement retail	
		Median	75 th percentile	Median	75 th percentile
Revenue	\$3,174.2M	\$5,621M	\$12,231M	\$3,244M	\$3,730M

Bell Aliant executive compensation model

Bell Aliant's executive compensation model is composed of base salary, short-term and long-term incentive compensation, perquisites and benefits. Each element is described below.

	Base salary	Short-term incentive	Long-term incentive	Perquisites & benefits
Overview	Based on responsibilities and market data.	Conditional on performance and rewards achievement of annual business targets that support Bell Aliant's strategic direction.	Conditional on performance and aligns interests of executives with those of unitholders through the use of equity compensation.	Based on being market competitive in providing health and other benefits and perquisites.

Annual base salary

Base salary is linked to the responsibilities of each position and the executive's experience and knowledge when compared to market data.

- Compensation levels may be reviewed if changes in responsibilities occur.
- Compensation review may involve an outside consultant to provide an independent and objective recommendation for management to bring to the committee for discussion and approval.

Short-term incentive compensation

The short-term incentive plan (**STIP**) is designed to reward the achievement of specific annual business targets.

Targets for each named executive officer are a percentage of base salary ranging from 62.5% to 85%. Payouts are based on results achieved for specific performance measures. In 2009, the STIP targets for all eligible management employees, with the exception of the CEO, were increased by 2.5%, reinforcing our commitment to performance-based compensation.

The STIP payout calculation is shown in the table below:

Base salary	X	Target Targets are a % of base salary and range from 62.5% – 85%	X	Results achieved For each performance measure: <ul style="list-style-type: none"> Threshold of 50% Target of 100% Maximum of 150% 	X	Personal Performance Multiplier 0-150%	=	Annual STIP payout
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Each performance measure has threshold, target and outperform levels which equate, respectively, to 50%, 100% and 150% of target payout. If thresholds are not met, payout is 0%. The program also has a minimum threshold for EBITDA performance; if this threshold is not met, STIP payments in excess of 100% are not permitted.

The personal performance multiplier ranges from 0% to 150% and is determined based on individual performance.

STIP measures may be revised during the year to take account of factors affecting performance which are beyond the executives' control. Events that have triggered adjustments in the past include Canadian Radio-television and Telecommunications Commission (**CRTC**) regulatory decisions, accounting classification changes, and acquisitions or divestitures.

2009 STIP program

The 2009 STIP program included measures designed to focus executives on improving the customer experience and delivering strong financial performance. The program consisted of three performance measures – distributable cash, gross revenue and customer service index (CSI), weighted at 50%, 20%, and 30% respectively. Descriptions of these measures are outlined below:

Distributable cash - a measure of financial performance and unitholder value. The measure calculation is EBITDA minus certain annual cash expenditures such as pension current service cost and other post employment benefit funding, interest expense and capital investments. A full explanation of EBITDA can be found in Bell Aliant's Management's Discussion and Analysis, which is available in the Financial Reports section of Bell Aliant's website at www.bellaliant.ca.

Gross revenue - a measure of financial viability and 'top line' growth. It includes all recurring and one time revenues, before any costs are deducted.

CSI – an index of five key measures including operational and customer satisfaction measures.

During 2009, two transactions directly affected distributable cash, gross revenue and EBITDA targets. These were the divestitures of xwave New England Corp. and Innovatia Inc. As the divestitures changed the target achievability, the targets were revised by the boards to reflect these changes.

Results of the 2009 STIP

The following tables summarize the results achieved:

Measure	Threshold (50%)	Target (100%)	Outperform (150%)	Actual	Weighting	2009 STIP Results
Distributable cash	\$757.2M	\$767.2M-\$777.2M	\$787.2M	\$773.4M	50%	50%
Gross revenue	\$3,166.6M	\$3,176.3M-\$3,208.8M	\$3,241.2M	\$3,174.2M	20%	18%
Customer service index	85.2%	85.9%	86.9%	86.4%	30%	37%
Total						105%

Measure	Threshold	Actual
EBITDA	\$1,465.6M	\$1,466.4M

The overall STIP result for the performance measures was 105%. Details on each measure follow:

- Distributable cash – \$773.4 million of distributable cash was generated, achieving the 2009 STIP target. Key to the attainment of this target was the 2009 productivity program which reduced costs across all aspects of the business through headcount reductions, improvements to business process and management of supply and discretionary spending.
- Gross revenue – \$3,174.2 million in revenue was generated, which was slightly below the 2009 STIP target. The shortfall in gross revenues is reflective of intense competitive activity and a soft economy in 2009.
- Customer service index –The Customer Service Index (CSI) for 2009 was 86.4%, exceeding the year end target of 85.9%. We have continued to improve performance under the CSI measure year over year. From 2008 to 2009 the overall composite increased by 1.2%.

Despite a revenue shortfall, EBITDA exceeded the STIP threshold by \$0.8M. This was a direct result of the productivity program and associated cost savings.

2009 STIP payout to named executive officers

On the committee's recommendation, the board approved a 2009 STIP corporate result of 105%, together with personal performance multipliers and payouts on February 3, 2010.

Individual performance for named executive officers is based on annual personal objectives, which are aligned with the organization's financial and strategic objectives. The individual performance multiplier ranges from 0% to 150% and is determined based on individual performance during the year. Assessments of performance and recommended multipliers for the senior executive team are presented to the committee and board for review and approval.

Corporate performance in 2009 was strong. Bell Aliant established five strategic objectives for 2009: improve the customer experience, retain customers, grow broadband, reset our cost structure and engage employees. By focusing on these five priorities, Bell Aliant was able to deliver the financial results required for unitholders and at the same time, invest in both customers and in the business. 2009 results included an improvement in Bell Aliant's EBITDA margins over 2008 performance despite growing competitive activity, because of action successfully taken to reset the cost structure and grow broadband. Distributable cash generation was very strong, service metrics continued to improve, and with the launch of the FibreOP™ fibre to the home service Bell Aliant is providing an unparalleled Internet and HDTV experience for customers in those markets. The committee and board approved personal performance modifiers in excess of 100% for each of Ms. Sheriff, Mr. LeBlanc, Mr. Crooks and Mr. Hartlen in recognition of each executive's strong performance and contribution toward the achievement of these strategic priorities and strong financial results in 2009.

The table below outlines the STIP result, personal performance modifier and payout for each named executive officer:

Executive	Salary	Short-term incentive target (% of base) ¹	Short-term incentive actual result	Personal performance multiplier	Short-term incentive payout
Karen Sheriff, president and chief executive officer	\$700,000	85%	105%	Flat amount ²	\$700,000
Glen LeBlanc, executive vice president and chief financial officer	\$420,000	72.5%	105%	115% ³	\$367,684
Fred Crooks, executive vice-president, corporate services and chief legal officer	\$325,000	62.5%	105%	115% ³	\$245,273
David Rathbun, executive vice-president and president, xwave	\$300,000	62.5%	105%	100%	\$196,875
Charles Hartlen, senior vice president, customer experience	\$300,000	62.5%	105%	115% ³	\$226,406

Notes:

- (1) All Bell Aliant employees participating in STIP, including each of the named executive officers, received a 2.5% increase to STIP target in 2009, with the exception of Karen Sheriff.
- (2) In recognition of exceptional performance, the board decided that a flat payment in excess of 100% was appropriate and approved a payment of \$700,000.
- (3) The board decided that multipliers in excess of 100% were appropriate in recognition of each executive's strong performance and contribution toward the achievement of Bell Aliant's strategic priorities and strong financial results in 2009.

Long-term incentive compensation

The long-term incentive compensation plan (LTIP) is designed to align executive performance with long-term growth in unitholder value and to support the objectives of employee ownership, and a strong spirit of performance and entrepreneurship. Long-term incentives are delivered through our deferred unit plan (DUP). Under the DUP, individuals are designated by the directors and trustees to receive deferred units. The directors and trustees also determine the date of the grant, the number of deferred units to be granted, vesting conditions, the payout date and the performance criteria. All named executive officers are participants in the DUP. Each deferred unit represents the right to receive one Fund unit, provided certain performance and/or time-vesting criteria are met. The deferred units attract notional distributions, which are credited in the form of additional deferred units held in the participant's account.

Awards under the LTIP program are not paid if performance targets are not met.

2009 DUP grant

The sole performance measure for the 2009 grant is distributable cash, weighted at 100%. This measure has threshold and target levels which equate, respectively, to 50% and 100% of target vesting.

The DUP grant for each named executive officer is a percentage of base salary ranging from 100% to 175%. The program does not include an individual performance modifier.

Deferred units granted in 2009 vest in equal amounts of one-third in each of 2009, 2010 and 2011, subject to performance criteria. After the completion of the last vesting year (2011) the deferred units continue to be held in a notional account until such time as the participant submits a request to have vested units transferred out of the plan. Participants may not withdraw units where to do so would take them below the level required to meet ownership guidelines.

The table below outlines the 2009 DUP grant for each named executive officer:

Executive	Salary ¹	Long-term incentive target (% of base)	Long-term incentive grant (units)	Long-term incentive grant (\$ value) ^{2,3}
Karen Sheriff, president and chief executive officer	\$700,000	175%	46,631	\$1,224,996
Glen LeBlanc, executive vice president and chief financial officer	\$420,000	125%	19,033	\$499,997
Fred Crooks, executive vice president, corporate services and chief legal officer	\$325,000	100%	11,420	\$300,003
David Rathbun, executive vice president and president, xwave	\$300,000	100%	11,420	\$300,003
Charles Hartlen, senior vice president, customer solutions	\$300,000	100%	9,517	\$250,012

Notes:

- (1) The long-term incentive plan grant was based on salary as of grant date. Mr. LeBlanc, Mr. Crooks and Mr. Hartlen received salary increases after the grant occurred.
- (2) The value of the long-term incentive plan grant is calculated based on a market value of \$26.27. "Market Value" means the arithmetic average of the closing price of the units traded on the TSX for the five (5) trading days on which a board lot was traded immediately preceding grant date. In the event that the units are not listed and posted for trading on any stock exchange, the market value shall be the market value of the units as determined by the Trust in its discretion, acting reasonably and in good faith.
- (3) The ultimate value of the grant is dependent on the fair market value of the vested fund units at the time of redemption.

Results of year one performance for the 2009 DUP grant

In 2009 the distributable cash target was met, resulting in 100% vesting for year one of the 2009 DUP grant.

The following summarizes the results to date:

Performance Criteria	Weighting	Threshold	Target	Actual	Vesting to Date
Distributable Cash	100%	2009 - \$756.8M	2009 - \$767.2-772.2M	2009 - \$773.4M	Year 1 - 100%

Ownership guidelines

Bell Aliant established unit ownership guidelines for its executives in 2006. Credit is given for ownership of Fund units (including units held in the employee unit purchase plan, distribution reinvestment plan or within a registered retirement savings plan (RRSP)) and deferred units held in the DUP. Executives are required to meet the guidelines within a period of five years from the date of appointment to the executive position. The unit ownership status of our current named executive officers as of December 31, 2009, is as follows:

Name	Title	Unit ownership as of December 31, 2009 ^{1 2}	Unit ownership guideline	Target date to achieve unit ownership ³
Karen Sheriff	President and chief executive officer	\$2,047,526	4 x salary \$2,800,000	31-Dec-13
Glen LeBlanc	Executive vice president and chief financial officer	\$2,306,563	3 x salary \$1,260,000	31-Dec-11
Fred Crooks	Executive vice president, corporate services and chief legal officer	\$1,610,978	3 x salary \$975,000	31-Dec-11
Charles Hartlen	Senior vice president, customer experience	\$1,112,892	3 x salary \$900,000	31-Dec-11

Notes:

- (1) Total value of unit ownership is calculated based on a unit price of \$28.03, the closing price of Fund units on the TSX on December 31, 2009.
- (2) David Rathbun did not have ownership requirements as of December 31, 2009, due to his departure.
- (3) A substantial portion of ownership requirements must be met by the date reflected in the above table. Incremental amounts, due to changes in salary and position, must be attained within five years of the increase or appointment, which in some cases is as late as December 2014.

Compensation of the president and chief executive officer

Karen Sheriff is Bell Aliant's president and chief executive officer. Target compensation for Ms. Sheriff in 2009 included:

	President & chief executive officer
Annualized base pay	\$700,000
Performance based compensation	
Short-term incentive plan (85% of base salary)	\$595,000
Long-term incentive plan (175% of base salary)	\$1,225,000
Total direct compensation	\$2,520,000

In determining Ms. Sheriff's compensation, the board took into consideration Bell Aliant's compensation model, as well as her Bell Canada executive experience and compensation. Based on the review, the board approved Ms. Sheriff's total compensation. Details of Ms. Sheriff's pension arrangement are given in the **Retirement plans** section of this Compensation Discussion and Analysis.

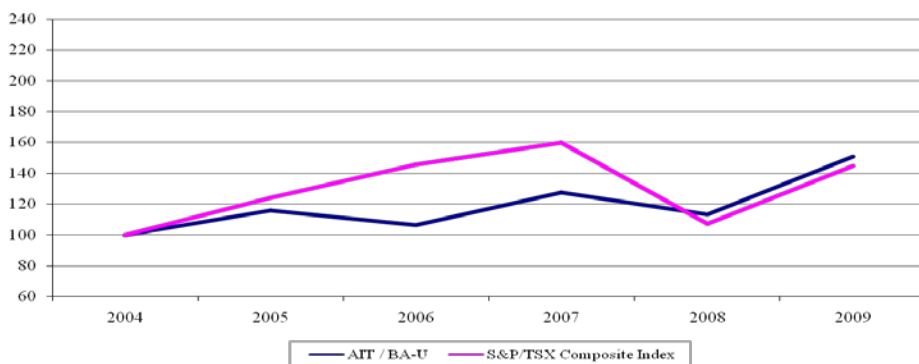
SHARE/UNIT PERFORMANCE

The cumulative total return chart and share/unit performance graph below were prepared based on an initial investment of \$100 in Aliant Inc. (**Aliant**) common shares as of December 31, 2004. The chart reflects the total return of Aliant common shares on the TSX for the period from January 2005 to July 2006 and the total return of Fund units on the TSX from July 2006 to December 2009. For comparison purposes, also shown is the corresponding information for the S&P/TSX Composite Total Return index.

Cumulative total return ¹ (at December 31)	2004	2005	2006	2007	2008	2009	Return ²
Aliant/Fund	100	116	106	127	113	151	8.6%
S&P/TSX composite index	100	124	146	160	107	145	7.7%

Notes:

- (1) 5-year compounded annualized total return.
(2) The final column "Return" reflects results for Aliant and the Fund combined.



Corporate Performance

Period prior to the Bell Aliant Plan of Arrangement (Plan of Arrangement) (January 2005 – July 2006)

For the period leading to the creation of Bell Aliant and the income trust conversion, compensation for named executive officers was based on the compensation model of their respective predecessor organizations: Aliant and Bell Canada. Aliant's executive compensation model included a stock option program and a performance share unit plan.

Performance share units awarded in 2005 did not meet the performance criterion for this grant and therefore none of the units vested. Aliant's stock option program was terminated as of the date of the Plan of Arrangement on July 7, 2006. Named executive officers, who held options to acquire Aliant common shares, received payment representing the amount by which the Aliant trading price exceeded the exercise price. These payments were made in lieu of the normal practice of exercising such options.

Period since the Bell Aliant Plan of Arrangement

Since the formation of Bell Aliant, executives have received long-term incentive awards in the form of deferred units. The grant for 2006 was based on time vesting only. The objective of this grant was to facilitate executive ownership in the new entity and to recognize that a significant period had elapsed without any type of long-term incentive being available to the executive team. The subsequent grants for 2007, 2008 and 2009 incorporated performance criteria that, together with the underlying ownership feature, provided a balance between annual financial performance and investor returns.

LTIP business performance measures

The 2007 DUP grant contained two business performance measures, Total Unitholder Return (**TUR**) and distributed cash per unit growth, weighed at 30% and 70% respectively. In 2009 distributed cash per unit growth was replaced by distributable cash. Distributed cash per unit growth continued to be tracked for years one and two of the 2007 DUP grant. Distributable cash and TUR were also used as the business performance measures for the 2008 DUP grant. As discussed under the **Long-term incentive plan** section of this

Compensation Discussion and Analysis, the sole performance measure of the 2009 DUP grant was distributable cash.

Linking unit performance to executive compensation

The decline in market value from 2007 to 2008 shown in the performance graph affected the variable compensation of our named executive officers. In particular, the long-term incentive plan vested at 0% for year two of the 2007 grant and 70% for year one of the 2008 grant.

From 2008 to 2009 the market value increased. This was reflected in the vesting result of 86.91% for year two of the 2008 DUP grant. Since the TUR measure in the 2008 DUP grant is a cumulative measure, year one vesting was revised to reflect the higher vesting achieved in year two, or 86.91%.

SUMMARY COMPENSATION TABLE (SCT)

Compensation of officers

The named executive officers are the chief executive officer (**CEO**), chief financial officer (**CFO**) and the three executives with the next highest total compensation in 2009 who were officers as of December 31, 2009. Pension value and severance payout amounts are not included in determining total compensation for purposes of identifying named executive officers. Bell Aliant's named executive officers for 2009 are Karen Sheriff, president and chief executive officer; Glen LeBlanc, executive vice president and chief financial officer; Fred Crooks, executive vice president, corporate services and chief legal officer; David Rathbun, executive vice president and president xwave; and Charles Hartlen, senior vice president customer experience.

The table below outlines total compensation paid by Bell Aliant or its subsidiaries to the named executive officers for 2008 and 2009, in the form prescribed by the Canadian securities regulatory authorities.

	Year	Earnings (\$)	Share-based Awards ¹ (\$)	Non-equity Incentive Plan Compensation Annual Short- term Incentive Compensation (\$)	Pension Value (\$)	All Other Compensation ² (\$)	Total Compensation (\$)
Karen Sheriff, president and chief executive officer ³	2009	700,000	1,224,996	700,000	116,980	71,640	2,813,616
	2008	298,630	475,751	210,241	452,581	44,021	1,481,224
Glen LeBlanc, executive vice president and chief financial officer	2009	411,539	499,997	367,684	129,493	78,746	1,487,459
	2008	400,000	500,007	240,800	71,949	2,241	1,214,997
Fred Crooks, executive vice president, corporate services and chief legal officer	2009	314,423	300,003	245,273	70,383	36,701	966,783
	2008	300,000	300,004	154,800	72,000	14,265	841,069
David Rathbun, executive vice president and president, xwave ⁴	2009	300,000	300,003	196,875	135,764	1,235,641 ⁵	2,168,283
	2008	300,000	300,004	154,800	121,242	15,655	891,701
Charles Hartlen, senior vice president, customer experience	2009	278,846	250,012	226,406	365,703	12,834	1,133,801
	2008	250,000	249,988	129,000	34,921	11,465	675,374

Notes:

- (1) Share based awards represent the grant date market value assuming target performance is achieved. The value of the long-term incentive plan grant is calculated based on a market value of \$26.27. "Market Value" means the arithmetic average of the closing price of the units traded on the TSX for the five (5) trading days on which a board lot was traded immediately preceding grant date. In the event that the units are not listed and posted for trading on any stock exchange, the market value shall be the market value of the units as determined by the Trust in its discretion, acting reasonably and in good faith.
- (2) All other compensation includes employer contributions and interest paid to the named executive officers under the employee unit purchase plan, and other taxable benefit amounts. In previous years, the amounts shown in the all other compensation column included distributions earned from deferred units that were granted in prior years. This disclosure is not required under new securities legislation as the distributions were factored into the grant date fair value of the awards. For reference purposes, the distribution amounts previously included in the 2008 all other compensation are as follows: \$4,566 for Ms. Sheriff, \$125,867 for Mr. LeBlanc, \$72,747 for Mr. Crooks and \$83,079 for Mr. Rathbun.
- (3) Karen Sheriff's total compensation for 2008 reflects her actual earnings as Bell Aliant's chief operating officer from July 11, 2008, to November 2, 2008, and as president and chief executive officer from November 3, 2008, to December 31, 2008. Prior to July 11, 2008 she was an employee of Bell Canada. In 2008, in addition to taxable benefits, all other compensation included a transition allowance of \$36,000.
- (4) David Rathbun retired as vice president and president xwave on December 31, 2009, and based on the terms of his employment agreement, he will receive severance in the form of pay continuance until December 31, 2011, at which time he will begin receipt of unreduced pension benefits.
- (5) All other compensation includes severance paid to Mr. Rathbun in 2009 which is referenced in the section titled **Termination of Employment, Change in Responsibilities and Employment Agreements** of this Compensation Discussion and Analysis.

Incentive plan awards (LTIP and STIP)

The tables below outline the value of vested and unvested equity grants under the DUP and the value of non-equity compensation earned by the named executive officers in 2009.

Outstanding unit-based awards (total unvested units)

Name	Number of units that have not vested	Value of unvested units if performance targets are not achieved	Value of unvested units if performance targets are achieved¹
Karen Sheriff, president and chief executive officer	43,084	0	\$1,207,645
Glen LeBlanc, executive vice president and chief financial officer	22,247	0	\$623,583
Fred Crooks, executive vice president, corporate services and chief legal officer	13,348	0	\$374,144
David Rathbun, executive vice president and president, xwave	13,348	0	\$374,144
Charles Hartlen, senior vice president, customer experience	11,123	0	\$311,778

Note:

(1) Total value of units is calculated based on a unit price of \$28.03, the closing price of Fund units on the TSX on December 31, 2009.

Value of all vested or earned units during the year

Name	Number of units that vested in 2009	Value during the year on vesting of deferred units¹	Non-equity incentive plan compensation (STIP) – value earned during the year
Karen Sheriff, president and chief executive officer	24,967	\$699,825	\$700,000
Glen LeBlanc, executive vice president and chief financial officer	19,616	\$549,836	\$367,684
Fred Crooks, executive vice president, corporate services and chief legal officer	11,344	\$317,972	\$245,273
David Rathbun, executive vice president and president, xwave	11,769	\$329,885	\$196,875
Charles Hartlen, senior vice president, customer experience	9,808	\$274,918	\$226,406

Note:

(1) Value of all vested or earned units during the year is based on deferred units vested in 2009 for each of the 2006, 2007, 2008 and 2009 DUP grants. Actual value of units is determined upon redemption, a date up to two years following the last day of active employment.

Fund units issued for the year ended December 31, 2009

Participants in the DUP have up to two years after the last date of employment to request their vested Fund units under the DUP. In 2009, there were no issuances of Fund units to any of the named executive officers.

DEFERRED UNIT PLAN

The DUP defines “participant” to mean a permanent employee of a Fund subsidiary who has been designated by the Fund for participation in the plan. All Bell Aliant named executive officers and senior leaders are eligible to participate in the DUP. The directors 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 other terms of the grant.

Each deferred unit represents the right to receive one Fund unit provided certain performance and/or time-vesting criteria are met. Participants have the option of withdrawing LTIP units, in excess of their ownership guidelines, after the three year performance period has expired and units have vested. 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 divided by a five day weighted average closing price of the Fund's units on the TSX prior to the grant. 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 payout date must be a date no

later than two years following a participant's departure from Bell Aliant. Deferred units granted under the DUP terminate and are of no force and effect after two years following a participant's departure, if not redeemed or previously terminated.

When a participant ceases to be an employee of Bell Aliant due to resignation or termination with cause, any unvested deferred units terminate and are forfeited, unless otherwise determined by the directors and trustees. In the event of retirement, termination without cause, death or termination by reason of disability, unvested deferred units vest on a prorated basis from the beginning of the performance period to the end of employment date, subject to actual performance results as determined at the end of the performance period. The interest of any participant is not transferable or assignable other than by operation of law.

Any amendment to the DUP that increases the maximum number of Fund units issuable, extends the last date on which Fund 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, without the approval of unitholders including amendments of a housekeeping nature or amendments related to participants' entitlements in the event of termination of employment.

In 2009 the Fund trustees approved DUP amendments relating to US tax planning considerations (including section 409A of the US Internal Revenue Code) and the determination of the "Payout Date" under the DUP.

On February 3, 2010, the trustees made further amendments to permit DUP participants to receive cash instead of Fund units from treasury when withdrawing vested deferred units from their DUP accounts. Deferred units settled in cash nonetheless reduce the reserve of units under the DUP the same as if settled through issuance of Fund units from treasury.

Under the DUP's amendment provision (summarized above) these 2009 and 2010 amendments did not require approval of Fund unitholders.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table shows, as of December 31, 2009, information regarding compensation plans under which equity securities of the Fund are authorized for issuance. The numbers shown in the **Equity compensation plans approved by security holders** table below relate to the Bell Aliant DUP, the Directors' DUP and the employee unit purchase plan. Please refer to the **Long-term incentive compensation** section of this Compensation Discussion and Analysis, the **Compensation of trustees and directors** section following and to note 7 of the Fund's consolidated financial statements for the year ended December 31, 2009, for further information.

	Number of securities to be issued upon exercise of outstanding plan category options, warrants and rights ¹	Number of securities remaining available for future issuance under equity compensation plans ²
Equity compensation plans approved by security holders	1,293,698	4,561,979

Notes:

- (1) Includes 1,293,698 deferred units issued under the Bell Aliant DUP as of December 31, 2009. Of these, 739,199 deferred units were vested at December 31, 2009, and the remaining deferred units are subject to time and performance criteria being met before they become vested and can be exercised. There is no exercise price related to outstanding deferred units.
- (2) Includes a remaining reserve of 3,276,150 for the Bell Aliant DUP, less the number of deferred units already granted, but for which Fund units have not yet been issued at December 31, 2009; a reserve of 300,000 for the matching deferred ownership plan; a reserve of 200,000 for the Directors' DUP; and a remaining reserve of 2,079,527 for treasury unit issuances under the employee unit purchase plan. The matching deferred ownership plan and the Directors' DUP are approved but have not been implemented. All other equity compensation plans have been implemented.

The maximum number of deferred units issuable to insiders (as defined by the TSX relating to security based compensation arrangements) under the Bell Aliant DUP, together with any Fund units issuable under any other security based compensation arrangement, shall not exceed 10% of the total number of outstanding Fund units on a fully-diluted basis. The maximum number of deferred units issued to insiders, together with any Fund units issued under any other security based compensation arrangement, within any one year period, shall not exceed 10% of the total number of outstanding Fund units on a fully-diluted basis.

RETIREMENT PLANS

The named executive officers participate in a variety of defined benefit and defined contribution pension plans and supplementary executive retirement plans (**SERP**). While generally similar, certain specific terms regarding an individual's benefits may vary.

The amounts that follow are the approximate values of retirement plan obligations accrued as of December 31, 2009, the compensation costs incurred during 2009, 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, 2009.

DB retirement plans

The following table provides information on accrued obligations for each named executive officer who is a member of a DB retirement plan arrangement.

Name	Number of years credited service ¹	Annual accrued benefit payable		Accrued obligation at start of year ⁴	Compensatory change in accrued obligation ⁵	Non compensatory change in accrued obligation ⁶	Accrued obligation at end of year ⁴
		At December 31, 2009 ²	At age 65 ³				
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Karen Sheriff ⁷	15.9	344,342	770,659	1,649,085	116,980	716,929	2,482,994
Glen LeBlanc	16.3	157,235	415,873	1,105,192	129,493	282,316	1,517,001
David Rathbun ⁸	12.1	91,495	106,591	1,046,934	108,476 ⁹	314,611	1,470,021
Chuck Hartlen	23.95	143,681	245,621	1,406,623	365,703	292,347	2,064,673

Notes:

- (1) Years of credited service include any additional service granted under a SERP.
- (2) Annual pension accrued at year end is based on deferred pension payable at age 65 based on credited service and average earnings as of December 31, 2009.
- (3) Annual pension payable at age 65 is based on projected service at age 65 and average earnings as of December 31, 2009. Amount for David Rathbun only includes service to December 31, 2011 when he will start receipt of pension benefits.
- (4) The accrued obligation refers to the present value of benefits earned to date. 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, 2009.
- (5) Compensatory elements, as reported in the pension value column of the SCT include service cost, impact of plan amendments if any, and the impact of changes to compensation from the previous year that differed from the previous year's assumptions.
- (6) Non-compensatory elements include change in measurement assumptions (not related to plan amendments), non-pay-related experience, such as interest rates and retirement date assumptions, and benefit payments, if any. A portion of the non-compensatory change in accrued obligation for Ms. Sheriff includes a change in actuarial methodology.
- (7) In the event that Ms. Sheriff leaves prior to becoming eligible for retirement, no SERP benefits are payable and any additional years of credited service are forfeited. A portion of Ms. Sheriff's pension is the obligation of Bell Canada, in relation to her proportion of service at Bell Canada compared to her total service. The accrued benefit obligation shown represents Ms. Sheriff's entire obligation.
- (8) Mr. Rathbun retired at December 31, 2009, and based on the terms of his employment agreement, will receive severance in the form of pay continuance until December 31, 2011, at which time he will begin receipt of unreduced pension benefits.
- (9) A portion of Mr. Rathbun's compensatory change in accrued benefit obligation reflects the fact that no deduction is made to Mr. Rathbun's pension at age 65 for government benefits.

The following table summarizes each named executive officer's years of credited service under their registered pension plan and applicable SERP as well as years of actual service.

Name	Plan	Years of credited service	Years of actual service
Karen Sheriff	Registered pension plan	10.6	15.6
	SERP	15.9	
Glen LeBlanc	Registered pension plan	16.3	16.3
	SERP	5.0	
David Rathbun	SERP	12.1	12.1
Chuck Hartlen	Registered pension plan	23.95	23.95
	SERP	7.19	

The years of service in Ms. Sheriff's SERP includes the service in the registered pension plan as well as an additional half year of credited service for each year that she has served as a senior officer at both Bell Canada and Bell Aliant. Ms. Sheriff's actual service includes five years with Ameritech/SBC for pension eligibility purposes only. The years of service in the registered pension plan and SERP for Mr. LeBlanc and Mr. Hartlen reflect that their SERP eligibility began upon their appointment to executive positions and that they had credited service as members of the company registered pension plan prior to that date.

DC plans

The following table provides information on the accumulated values for each named executive officer who is a member of a DC plan arrangement.

Name	Accumulated value at start of year	Compensatory change in value in the year ¹	Non-compensatory change in value in the year ^{2,3}	Accumulated value at end of year
Fred Crooks	\$237,497	\$70,383	\$32,802	\$340,682
David Rathbun	\$326,253	\$27,288	\$78,379	\$431,920

Notes:

- (1) Compensatory elements include actual employer contributions to a registered DC plan or personal RRSP up to the annual income tax limit, as well as employer contributions to a notional account above that limit.
- (2) Non-compensatory elements include employee contributions to the registered DC plan for Mr. Rathbun, and investment earnings on all employee and employer contributions for Mr. Rathbun, as well as investment earnings on the employer notional account for Mr. Crooks. Non-compensatory elements do not include investment earnings on the employer contribution to the personal RRSP for Mr. Crooks. The personal RRSP consists of personal accounts for which the company does not have the relevant investment earnings information.
- (3) Rate of return for investment earnings in the notional accounts is determined based on one or a combination of six asset classes, as chosen by the plan member. The rate of return for each asset class is represented by a specific index.

Karen Sheriff

Karen Sheriff participates in the DB provision of the Bell Aliant Pension Plan (Ontario and Quebec), and a SERP. In general, Ms. Sheriff will be entitled to receive SERP benefits upon attaining the earlier of:

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

Ms. Sheriff will be entitled to unreduced retirement benefits from her SERP effective February 8, 2018, when she attains age 60 and the sum of her age and service for eligibility purposes is 80.

At retirement, these plans will provide an annual pension per credited year of service of 1.0% of her best 36 consecutive months' average pensionable earnings up to the maximum pensionable earnings and 1.7% of her best 36 consecutive months' average pensionable earnings over the maximum pensionable earnings, to a maximum of 70% of her 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 long-term compensation reported in the SCT. These benefits are not subject to any deductions for government benefits or other offset amounts. Ms. Sheriff's SERP provides for an additional half-year of credited service for each year as a senior officer at both Bell Canada and Bell Aliant, and a survivor pension of approximately 60% of Ms. Sheriff's pension benefit. At retirement, Ms. Sheriff's SERP also provides for a lump-sum payment equal to her annual salary immediately prior to retirement.

Glen LeBlanc

Glen LeBlanc participates in the Bell Aliant Defined Benefit Pension Plan and a SERP. Mr. LeBlanc will be entitled to receive unreduced retirement benefits effective August 2, 2022, when he attains age 55 and his service is greater than 25 years. In the event of termination without cause, Mr. LeBlanc is entitled to commence the receipt of pension benefits from his DB pension plan at age 55 (or his age at termination if later) without actuarial reduction for early retirement.

The plans provide an annual pension of 1.5% of his best 60 consecutive months' average pensionable earnings at retirement for each credited year of service before 2005, plus 1.7% of his best 36 consecutive months' average pensionable earnings at retirement for each credited year of service in or after 2005. Pensionable earnings include salary and short-term incentive payments but do not include long-term compensation reported in the SCT. At age 65, the pension benefit for service before 2005 is reduced to reflect benefits from the Canada Pension Plan. Mr. LeBlanc's SERP provides a survivor pension equal to 60% of Mr. LeBlanc's pension benefit.

David Rathbun

Mr. Rathbun participates in the Bell Aliant Defined Contribution Pension Plan and a SERP. Mr. Rathbun retired at December 31, 2009 and, based on the terms of his employment agreement, will receive pay continuance until December 31, 2011, at which time he will begin receipt of unreduced pension benefits.

The registered DC pension plan, as it applies to Mr. Rathbun, is a plan under which he contributes 2% of pensionable earnings and Bell Aliant contributes 6%. The combined contributions are made to the registered pension plan up to the income tax limit (\$22,000 in 2009) and to a notional account for contributions above that limit.

Mr. Rathbun also participates in a SERP that provides an annual pension of 1.5% of his best 36 consecutive months' average pensionable earnings for each year of credited service (to a maximum of 75% of such earnings). Pensionable earnings include salary, short-term incentive payments and perquisites received by Mr. Rathbun but do not include long-term compensation reported in the SCT. These benefits are not subject to any deductions for government benefits or other offset amounts. The plan provides a survivor pension equal to 66.67% of the executive's pension benefit.

Mr. Rathbun is also entitled to a pension enhancement resulting from a 2001 retention bonus. This bonus was used to ensure continuity of leadership following the merger of Aliant's predecessor corporations and certain executives were entitled to compensation if they remained with Aliant until June 1, 2001. Prior to becoming eligible for the payment of the bonus, Mr. Rathbun elected to receive the retention bonus as a pension enhancement. The total amount accrued with interest for Mr. Rathbun as of December 31, 2009 was \$329,788, and the estimated annual benefit payable at December 31, 2011 (pension start date) is \$21,874.

Fred Crooks

Mr. Crooks participates in a non-contributory DC retirement plan with Bell Aliant contributing 15% of his pensionable earnings. Pensionable earnings include salary and short-term incentive payments but do not include long-term compensation reported in the SCT. Bell Aliant's contributions up to the personal income tax limit are made to a RRSP and contributions in excess of the income tax limit are accrued and tracked in a notional account for Mr. Crooks. The maximum contribution that could be made to RRSPs for 2009 was \$21,000.

Chuck Hartlen

Mr. Hartlen participates in the Bell Aliant Defined Benefit Pension Plan and a SERP. Mr. Hartlen will be entitled to receive unreduced retirement benefits effective June 10, 2014, when he attains age 55 and his service is greater than 25 years.

The plans provide an annual pension of 1.5% of his best 60 consecutive months' average pensionable earnings at retirement for each credited year of service before October 21, 2002, plus 1.7% of his best 36 consecutive months' average pensionable earnings at retirement for each credited year of service after October 21, 2002. Pensionable earnings include salary and short-term incentive payments but do not include long-term compensation reported in the SCT. At age 65, the pension benefit for service before October 21, 2002, is reduced to reflect benefits from the Canada Pension Plan. Mr. Hartlen's SERP provides a survivor pension

equal to 60% of Mr. Hartlen's pension benefit. Upon retirement Mr. Hartlen is entitled to receive a retirement leave allowance equal to 6 months of his base salary immediately prior to retirement.

TERMINATION OF EMPLOYMENT, CHANGE IN RESPONSIBILITIES AND EMPLOYMENT AGREEMENTS

Each of the named executive officers has a written employment agreement. Key terms of these agreements are provided below.

In addition, the written employment agreements include a non-compete, non-solicitation provision. The duration of the provision for Karen Sheriff is 24 months while all others are subject to this provision for 12 months subsequent to termination or resignation. There are no provisions in the agreements dealing with a change of control.

In the event a named executive officer ceases to be an employee due to resignation, retirement or termination without cause, they will receive specific treatment as summarized below:

	Resignation	Retirement	Termination without cause
Severance	None	None	Severance equivalent to: <ul style="list-style-type: none"> ▪ two times current base salary ▪ two times perquisite allowance ▪ two times target payout under short term incentive plan
Short term incentive plan	None	Award for current year is: <ul style="list-style-type: none"> ▪ pro-rated to retirement date, and ▪ based on actual STIP results from most recent quarter end prior to retirement date 	Award for current year is: <ul style="list-style-type: none"> ▪ pro-rated to termination date, and ▪ based on actual STIP results from most recent quarter end prior to termination date
Perquisites	End as of the resignation date	End as of the retirement date	End as of the termination date
Benefits	Active employee benefits end as of resignation date	Active employee benefits end as of retirement date	Employer contributions to health, dental and life insurance continue for a period which is the lesser of: <ul style="list-style-type: none"> ▪ six months from termination date, or ▪ until commencing alternate employment
Vacation pay	<ul style="list-style-type: none"> ▪ Payment for unused vacation prorated to resignation date 	<ul style="list-style-type: none"> ▪ Payment for unused vacation prorated to retirement date 	<ul style="list-style-type: none"> ▪ Payment equivalent to 30 vacation days
Long term incentive plan ¹	<ul style="list-style-type: none"> ▪ Unvested deferred units are forfeited ▪ Vested deferred units must be exercised within two years 	Deferred units for current year are pro-rated and: <ul style="list-style-type: none"> ▪ Unvested deferred units are forfeited ▪ Vested deferred units must be exercised within two years 	Deferred units for current year are pro-rated and: <ul style="list-style-type: none"> ▪ Unvested deferred units are forfeited ▪ Vested deferred units must be exercised within two years
Outplacement	<ul style="list-style-type: none"> ▪ None 	<ul style="list-style-type: none"> ▪ None 	<ul style="list-style-type: none"> ▪ \$15,000 for outplacement services²

Notes:

(1) The deferred unit plan permits the committee to waive forfeiture and vesting criteria.

(2) Not applicable for Mr. Crooks.

Summary table

Name	Payable on Retirement ¹ (\$)	Payable on Termination without cause (\$)
Karen Sheriff	\$700,000 ²	\$2,740,000
Glen LeBlanc	None	\$1,539,000
Fred Crooks	None	\$1,294,688
Charles Hartlen	\$150,000	\$1,055,000

Notes:

- (1) Amounts exclude pension entitlement; please refer to the **Retirement Plans** section of this Compensation Discussion and Analysis for pension amounts.
- (2) As of February 8, 2018, Ms. Sheriff will become eligible for retirement under her SERP, and is entitled to a retirement allowance of 1x base salary.

Details on additional incremental entitlements of our named executive officers for termination of employment as of December 31, 2009, that are not included in the table above are provided below (where applicable):

Karen Sheriff

Ms. Sheriff is eligible for a one-time lump sum payment in the following amount, if she resigns or if her employment is terminated without cause on or before February 8, 2018:

- (a) if the period of active employment ends on or before June 30, 2011, an amount equal to 1.5x base salary + target STIP; or
- (b) if the period of active employment ends after June 30, 2011, and on or before June 30, 2013, an amount equal to 2.0x base salary + target STIP; or
- (c) if the period of active employment ends after June 30, 2013, and on or before February 8, 2018, an amount equal to 2.5x base salary + target STIP.

Glen LeBlanc

In the event of termination without cause, Mr. LeBlanc is entitled to commence receipt of pension benefits from his DB pension plan at age 55 (or his age at termination, if later) without actuarial reduction for early retirement.

Fred Crooks

In the event of termination without cause, Mr. Crooks is entitled to receive two times the annual pension contribution at the time of termination.

David Rathbun

Mr. Rathbun retired at December 31, 2009, and based on the terms of his employment agreement, will receive severance in the form of pay continuance until December 31, 2011, at which time he will begin receipt of unreduced pension benefits.

Upon retirement, Mr. Rathbun received severance in the amount of \$1,128,500. Mr. Rathbun's severance includes two times Bell Aliant's annual contribution to his defined contribution pension plan, which is an entitlement under his employment agreement.

Charles Hartlen

Upon retirement Mr. Hartlen is entitled to receive a retirement leave allowance equal to 6 months of his base salary immediately prior to retirement.

COMPENSATION OF TRUSTEES AND DIRECTORS

Compensation

In 2008, Bell Aliant engaged Towers Perrin (now Towers Watson), professional compensation consultants, to provide an analysis of trustee/director compensation at similarly sized entities, as well as organizations in the telecommunications industry and other public entities, for benchmarking purposes. During the period of January 1, 2009 through May 5, 2009, the directors of Bell Aliant Regional Communications Holdings Inc. (**Bell Aliant Holdings Inc.**) were compensated based on a Total Annual Retainer including an annual fixed fee of \$110,000 for all directors including the chair of the board, with an additional \$40,000 annual retainer (total retainer \$150,000) for the chair of the audit committee and an additional \$90,000 (total retainer of \$200,000) for the lead independent director).

Directors of Bell Aliant Holdings Inc. employed by Bell Aliant Regional Communications Income Fund (the **Fund**), its subsidiaries, BCE Inc. (**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 agreed by Bell Aliant and Bell Canada. 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.

Adjustments to director compensation were considered following the resignation of Charles White on April 29, 2009 and the resignation of Andrew Smith on May 1, 2009. The governance committee has recommended, and the board has approved, the following levels of directors' compensation:

1. The annual fixed fee for directors who are not committee chairs is \$120,000;
2. The annual fixed fee for the chair of the Governance committee and Management resources and compensation Committee (currently Robert Dexter) is \$150,000; and
3. The annual fixed fee for the Lead independent director/trustee and chair of the Audit committee (currently Edward Reevey, who is also chair of the pension committee) is \$175,000.

These adjustments reflect changes in individual director responsibilities and increased workload. Specifically, after the resignation of Charles White and Andrew Smith, the size of the Board was reduced from 11 to nine, Edward Reevey was appointed lead independent director and lead independent trustee, Robert Dexter was appointed chair of the Governance committee and Management resources and compensation committee, Louis Tanguay was appointed a member of the Governance committee and Management resources and compensation committee, Kevin Crull was appointed a member of the Pension committee, and the Audit committee was reduced in size to three members.

Following a preliminary review of changes in market compensation and consultation with Towers Perrin (now Towers Watson), the governance committee completed its annual review of trustee and director compensation in November 2009, and determined that no formal review of compensation was required at that time.

Deferred Unit Plan

A deferred unit plan for trustees and directors, or directors' DUP, was established effective January 2007, subject to receipt of a favourable advance tax ruling from the Canada Revenue Agency (**CRA**). As of March 2009, the CRA had not issued a favourable advance tax ruling, forcing the abandonment of this plan. The directors subsequently adopted a resolution that, for 2009 onward, the directors' DUP be abandoned and that directors be paid the Total Annual Retainer in cash.

2009 Compensation

The following table outlines the compensation earned by each director in 2009:

Director	2009 retainer (\$)
George Cope, Chair ¹	0
Kevin Crull ¹	0
Robert Dexter ^{2, 3, 4}	151,154
Edward Reevey ^{2, 3, 4}	181,346
Karen Sheriff ⁵	0
Andrew Smith, former director ⁶	0
Louis Tanguay ^{2, 4}	131,538
Siim Vanaselja ¹	0
David Wells ¹	0
Charles White, former vice-chair and lead independent director/trustee ^{2, 7}	80,934
Victor Young ⁴	116,538

Notes:

- (1) In the case of directors employed by BCE or Bell Canada, compensation is payable to Bell Canada as agreed by Bell Aliant and Bell Canada.
- (2) Amount includes \$15,000 paid to each of Robert Dexter, Edward Reevey, Louis Tanguay and Charles White in 2009 for Special Committee meetings attended in 2008.
- (3) Edward Reevey is chair of the audit committee, pension committee and lead independent director/trustee. Robert Dexter is chair of the governance committee and chair of the management resources and compensation committee.
- (4) Amount includes an increase in directors' compensation effective May 6, 2009 as noted above.
- (5) Karen Sheriff is president and chief executive officer of Bell Aliant. Therefore, during 2009, Ms. Sheriff did not receive compensation in respect of her duties as a Bell Aliant Holdings Inc. director.
- (6) Andrew Smith resigned from the Bell Aliant Holdings Inc. board on May 1, 2009.
- (7) Charles White resigned from the Bell Aliant Holdings Inc. board on April 29, 2009.

Minimum ownership requirements

As part of its compensation model for directors, the Bell Aliant Holdings Inc. board established minimum ownership requirements effective in 2007. Directors were required to hold units and/or deferred units with a minimum combined market value of \$250,000 within three years. These ownership requirements were established based on the directors' DUP, which was intended to facilitate ownership of units by directors. The directors' DUP is no longer in effect; the directors adopted a resolution in March 2009 abandoning the directors' DUP, confirming current minimum ownership requirements for directors, and requiring current directors to meet the minimum ownership requirements by December 31, 2010. Directors who are employed by the Fund, its subsidiaries, BCE or Bell Canada do not receive compensation and those directors are therefore not required to meet unit ownership requirements. All other directors meet the current minimum ownership requirements. Karen Sheriff is president and chief executive officer of Bell Aliant Inc. and is subject to a minimum ownership requirement of Fund units equal to four times her base salary. Fund unit ownership requirements for Ms. Sheriff can be found in the **Report on executive compensation** section of this Schedule 3.

The following table shows each director's minimum ownership requirement as well as the number of Fund units held as at December 31, 2009, and the aggregate value thereof, which is the number of Fund units multiplied by the closing price of Fund units on the TSX on December 31, 2009 (\$28.03).

Director	Unit ownership requirement (must be met by December 31, 2010) (\$)	Total units held by directors as at December 31, 2009	
		Fund units held (#)	Total value of Fund units held(\$)
George Cope ¹	NA	11,263	315,702
Kevin Crull ¹	NA	220	6,167
Robert Dexter	250,000	11,814	331,146
Edward Reevey	250,000	41,500	1,163,245
Karen Sheriff ²	See footnote 2	73,048 ³	2,047,535
Louis Tanguay	250,000	23,081	646,960
Siim Vanaselja ¹	NA	751	21,051
David Wells ¹	NA	33	925
Victor Young	250,000	10,000	280,300

Notes:

(1) In the case of directors employed by BCE or Bell Canada, there is no unit ownership requirement.

(2) Karen Sheriff, being an employee of Bell Aliant Inc., participates in the executive DUP. Executive ownership requirements apply as noted above in the **Minimum ownership requirements** section. For further information refer to the **Report on executive compensation** section of this Schedule 3.

(3) This number includes 540 Fund units and 72,508 deferred units. For further details on the executive ownership guidelines applicable to Karen Sheriff and her executive DUP holdings, please refer to the **Report on executive compensation** section of this Schedule 3.

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 annual information form;

“**AMP**” means Atlantic Mobility Products Limited Partnership;

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

“**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.;

“**BNG**” means Bell Nordiq Group Inc.;

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

“**Bell Aliant Central Territory**” means the regions of Ontario and Québec, excepting the territory covered by the Bell Nordiq Partnerships, operated by Bell Aliant;

“**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., a corporation incorporated under the CBCA, and 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 License Agreement**” has the meaning given to such term under “Material Contracts – Agreements with BCE and Bell Canada”;

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

“**Bell Nordiq Partnerships**” means NorthernTel LP and Télébec LP;

“**Bell Nordiq Transaction**” means the transaction completed on January 30, 2007 in which the Fund privatized Bell Nordiq, as described under “General Matters”;

“**Bell Nordiq Transfer**” means the series of transactions completed on January 1, 2008, whereby the 36.7 per cent interest in the Bell Nordiq Partnerships held through Bell Nordiq Trust was transferred to Bell Aliant Holdings LP, as described under the heading “General Matters”;

“**Bilateral Intellectual Property Sharing Agreement**” has the meaning given to such term under “Material Contracts – Agreements with BCE and Bell Canada”;

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

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

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

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

“**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;

“**Conversion Rules**” has the meaning given to such term under “Conversion Transaction”;

“**Conversion Transaction**” means a transaction that, if approved and implemented, would to convert the Fund from an income trust to a corporate structure;

“**Credit Agreement**” has the meaning given to such term under “Material Contracts”;

“**DBRS**” means DBRS Limited;

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

“**EBITDA**” refers to earnings before interest, taxes, depreciation and amortization expenses and certain other items. This term may have a different meaning from that used in our MD&A for the year ended December 31, 2009, in various agreements to which we are party, wherein the term will be defined in those agreements where it is used;

“**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, exchangeable for Fund Units;

“**FTTH**” refers to fibre-to-the-home as discussed under “General Development of the Business – Three Year History”;

“**FTTN**” refers to fibre-to-the-node as discussed under “General Development of the Business – Three Year History”;

“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, Bell Aliant GP, Télébec LP, NorthernTel LP, 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;

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

“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;

“ILEC” means incumbent local exchange carrier;

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

“IPTV” means Internet Protocol TV;

“IT” means information technology;

“KMTS” means Kenora Municipal Telephone System;

“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” means medium-term notes issued by Bell Aliant LP under its LP Notes indenture dated September 14, 2006;

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

“NCIB” means normal course issuer bid;

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

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

“**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 Notes**” means the unsecured, subordinated notes to be issued by Holdings Trust from time to time under the Trust Note Indenture dated July 7, 2006 between Holdings Trust and the Note Trustee, as the same may be amended or amended and restated from time to time;

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

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

“**VoIP**” means Voice over Internet Protocol;

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

“**xwave**” means our xwave division, previously known as Xwave Solutions Inc.