



Q4 2010 Results and 2011 Guidance

**Analyst Conference Call
February 9, 2011**

Forward-looking Caution

The presentation and answers today may contain forward-looking statements related to the future financial condition and results of operations of Bell Aliant. Consequently, please refer to the “Forward-looking information” section of our Q4 2010 Earnings news release dated February 8, 2011, as well as the Bell Aliant Regional Communications Holdings, LP Management’s Discussion and Analysis (MD&A) for the quarter ended December 31, 2010, as posted on www.bellaliant.ca and as filed on SEDAR.

All of the forward-looking statements made in the course of this presentation describe management’s expectations at February 9, 2011, and are qualified by the cautionary statements found in the above mentioned documents, and there can be no assurance that the results or developments anticipated by us will be realized, or, even if substantially realized, 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 statements even if new information becomes available, as a result of future events or for any other reason. Participants should not place undue reliance on any forward-looking statements.

Agenda

- Strategic Accomplishments
- Q4 2010 Highlights
- 2011 Guidance
- IFRS Implications
- Q&A



Karen Sheriff
President and CEO

Strategic Accomplishments

Following our strategy over the last two years we have:

- ✓ Improved customer service while reducing costs
- ✓ Made investments and improved marketing approach to slow NAS declines
- ✓ Significantly reduced operating costs
- ✓ Launched *FibreOP*[™] services on the best technology for future needs
- ✓ Streamlined the business through divestures
- ✓ Engaged employees through improved communications

Significant accomplishments with more to come

Strategy in a Nutshell

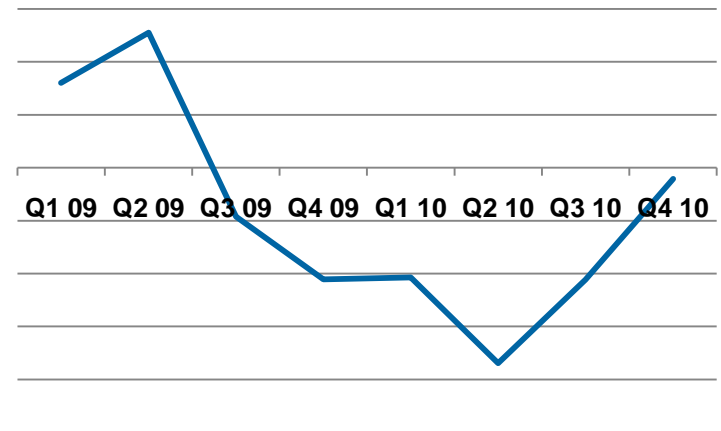
- Advancing FTTH now will help ensure our future sustainability for customers, investor and employees
- Successful FTTH execution sets Bell Aliant up to have
 - one of the best fibre networks in North America
 - increasing revenue
 - improving EBITDA
 - growing free cash flow
 - entrenched customers
- Provides not only sustainability but opportunity for growth

Solid dividend of today while building for a better company in the future

Q4 2010 Highlights

- FTTH “green shoots” starting to show
- In Q4 2010
 - Lower net NAS declines for third consecutive quarter
 - Migration to more and higher value services increasing ARPU
 - High TV take-rate improving revenue and retention
 - Atlantic Residential Revenue on verge of positive growth with Internet and TV growth offsetting legacy voice declines

Atlantic Residential Revenues
Yr/Yr Quarterly % change



Our FTTH strategy is the right one for our markets with our competitive environment and advantage of aerial infrastructure

Q4 2010 Financial Summary

(\$ millions)	Q4 2010	Y/Y Change	YTD	Y/Y Change
Revenue	\$709	(1.4%)	\$2,785	(3.0%)
EBITDA	\$359	(1.7%)	\$1,430	(1.9%)
EBITDA Margin	50.5%	(0.2%)	51.3%	0.5%
Capital Expenditures	\$162	35.0%	\$494	6.8%
Distributable Cash	\$140	(23.1%)	\$711	(8.1%)
Adjusted Capex*	\$105	(12.7%)	\$437	(5.5%)
Adjusted Distributable Cash*	\$198	8.2%	\$768	(0.8%)

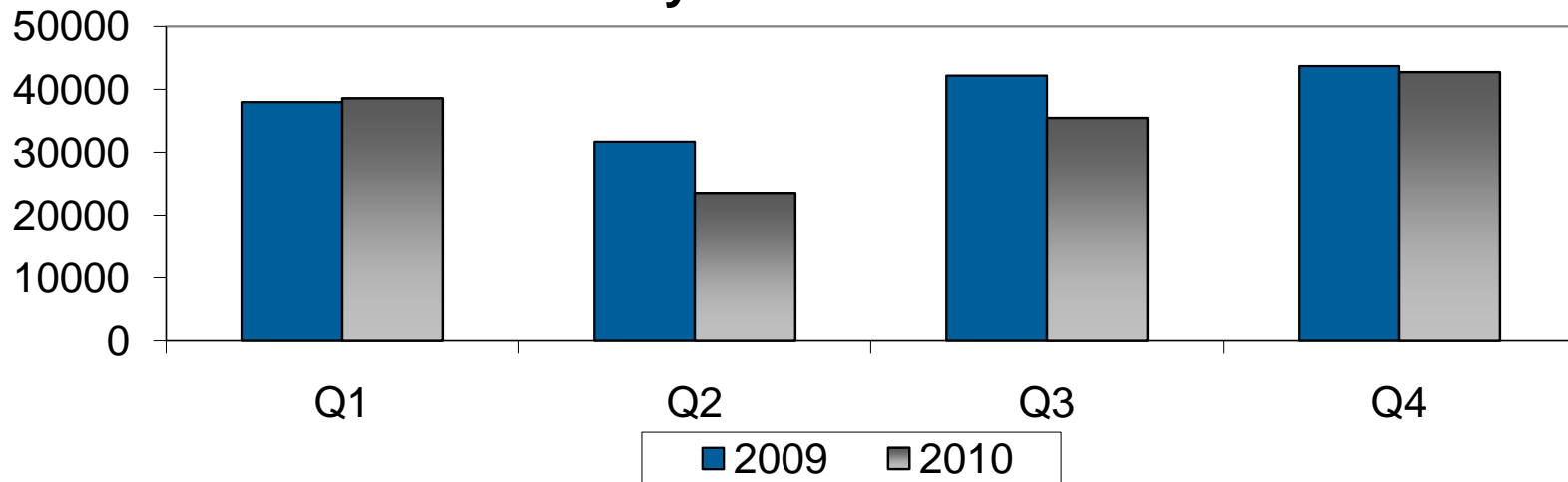
* Excludes Q4 2010 \$57 million pole purchase transaction

Favorable regulatory rulings boost Q4 2010 results
and help future periods

Local revenues

<i>\$ millions</i>	Q4 2010	Y/Y Change	YTD	Y/Y Change
Local Revenue	\$325	(3.2%)	\$1,298	(4.3%)
NAS (<i>000's – end of period</i>)	2,776	(4.8%)		

Quarterly Net NAS Declines



Quarterly net NAS declines improve from prior year for third consecutive quarter

Internet

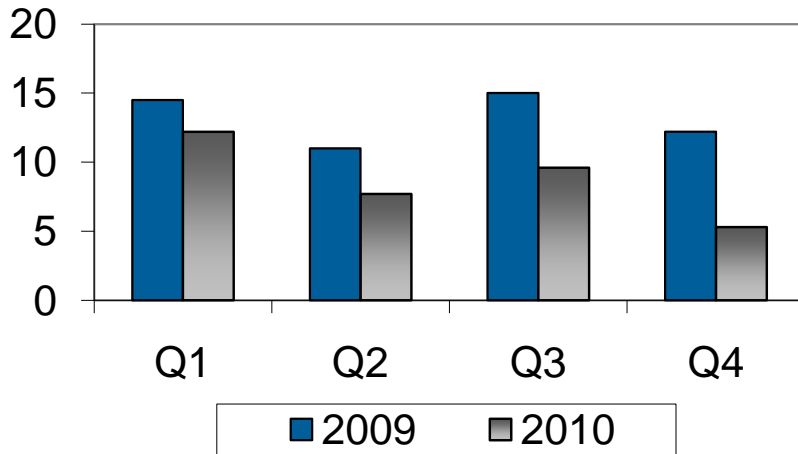
(\$ millions)

Internet Revenue

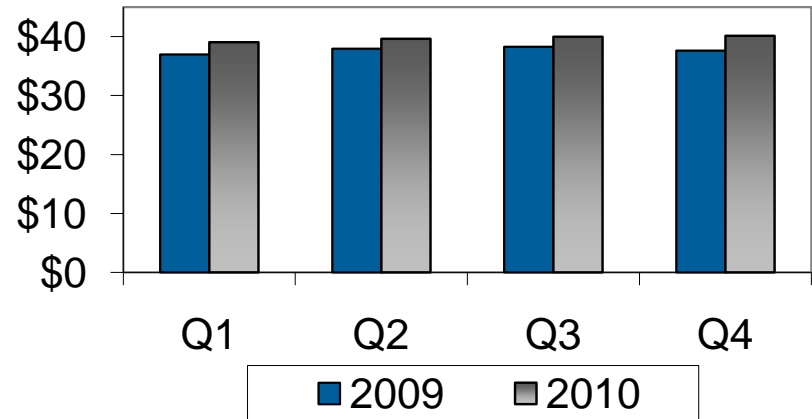
HS customers (000's) – end of period

	Y/Y Change	YTD	Y/Y Change
Q4 2010	8.3%	\$458	7.4%
842	4.3%		

Quarterly HS Adds



Quarterly Res HS ARPU



Migration to *FibreOP* and other premium services driving ARPU increases

2011 Guidance

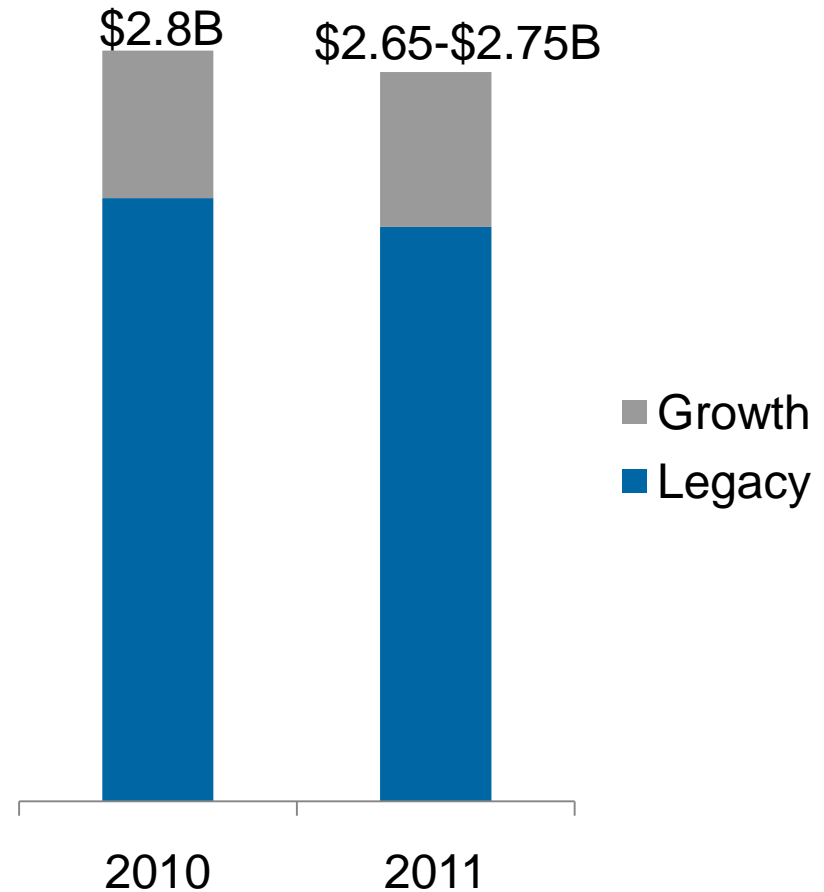
Strategic Priorities



- Strategic objectives consistent with prior years
- Growing Broadband through FTTH is the cornerstone
- Supports all other objectives
 - Improves customer experience
 - Helps retain customers
 - Lowers costs
 - Engages proud employees

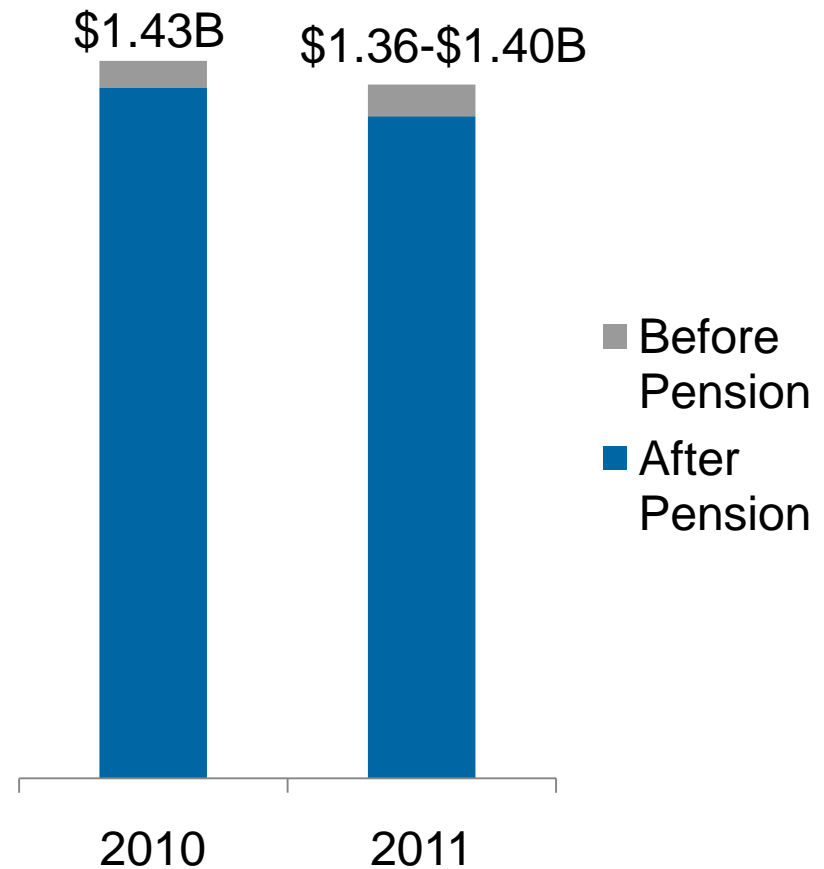
2011 Revenue Outlook

- Legacy revenues will continue to decline
 - Competitive footprint growth
 - Competitive re-price
 - Technology substitution
- Broadband will grow
 - FTTH and DSL footprint expansion
 - Migration to higher value services
 - TV expansion
 - Bundling retention benefits
- Building scale for future growth



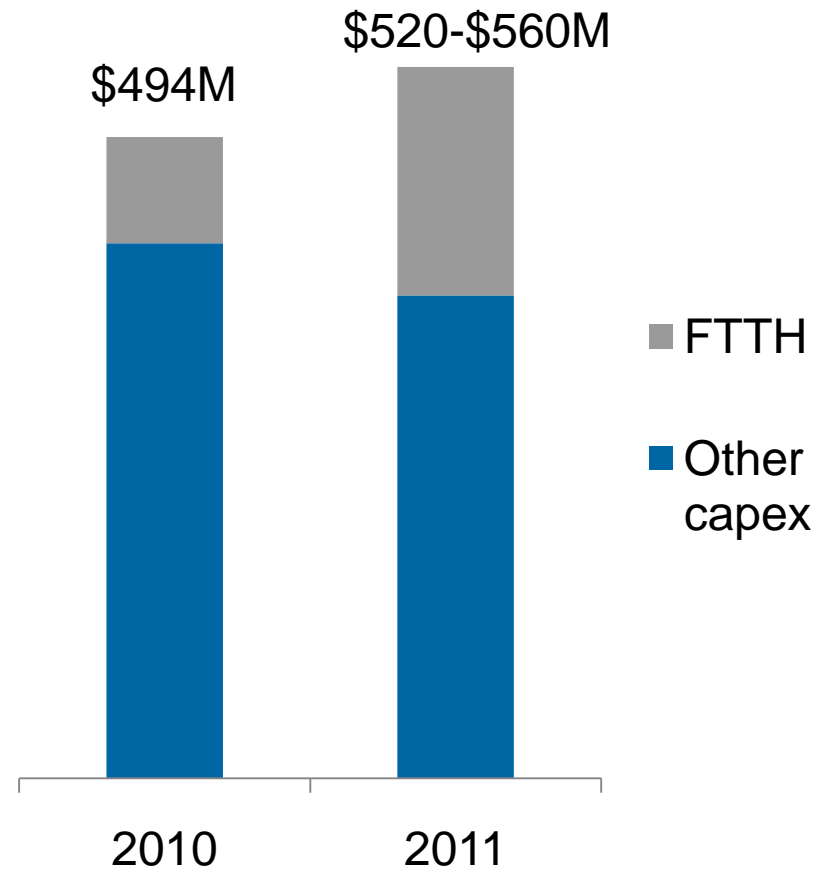
2011 EBITDA Outlook

- Decline driven by lower revenues and shift towards lower margin revenue mix
- Solid productivity reductions continue but muted by margin pressures
- FTTH creates short-term EBITDA drag
 - Promotional costs
 - Customer service
- FTTH drag will subside with longer term upside



2011 Capex Outlook

- FTTH build accelerated
 - \$350 million over 2011 and 2012
- 2010 pole purchase transaction non-recurring
- FTTH to pass
 - 430,000 homes and businesses end of 2011
 - 600,000 homes and businesses end of 2012
- FTTH footprint to more than triple in 2011



Glen LeBlanc

Executive Vice President & CFO



Pension Contribution

- \$200M Voluntary Contribution funded with upcoming preferred share issue
- Preferred Share Issue improves Balance Sheet
 - Partial equity treatment by rating agencies
- Voluntary pension contribution provides
 - Flexibility for future funding of deficits
 - Increases asset returns immediately
 - Reduces pension-related expense
 - Further delays payment of taxes

Good investment that reduces risk at an attractive financing rate

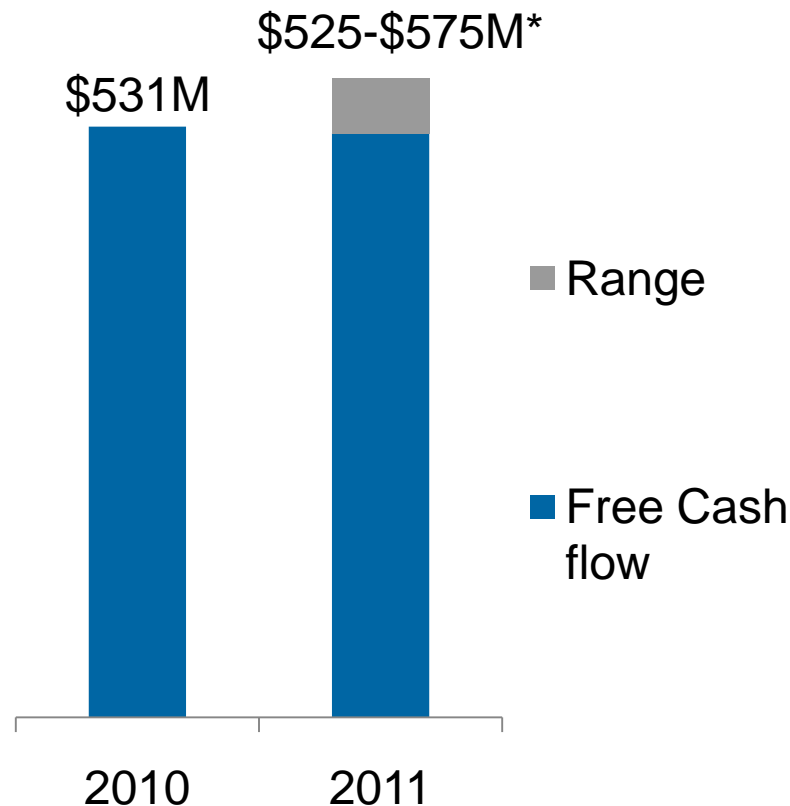
Pension expense and funding

	2010	2011F
Pension expense (IFRS)		
CSC* in EBITDA	\$53	\$60-65M
Interest on assets net of interest on liabilities	\$29	\$10-15M
Total expense	\$82	\$70-80M
Pension Funding		
CSC Funding	\$69M	\$65-75M
Regular Deficit Funding	\$86M	\$25-50M
Total Funding	\$155M	\$90-125M
Voluntary Lump Sum Contribution	-	\$200M

* Current Service Cost (CSC)

2011 Free Cash Flow Outlook

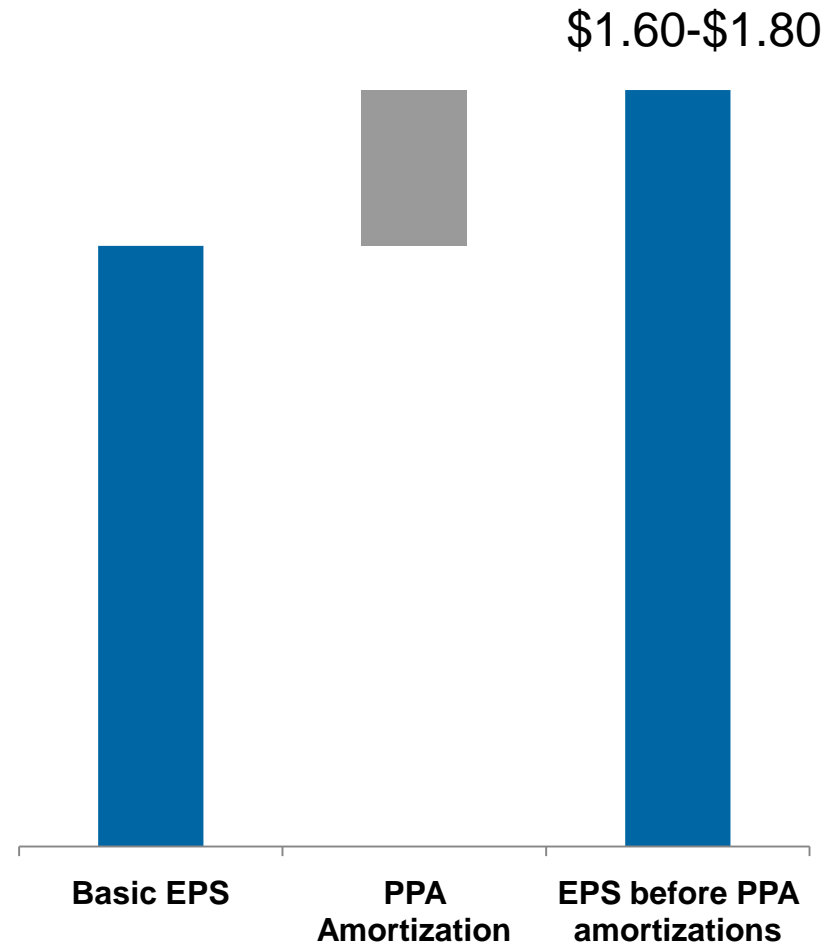
- Year over year improvements
 - Lower regular pension deficit funding
 - Lower restructuring costs
 - Working capital improvements
- Year over year declines
 - higher capex
 - lower EBITDA
- Dividend payout between 75-85% of free cash flow



Excludes \$200M pension contribution

2011 EPS Outlook

- Amortization of purchase price allocations (PPA) depresses reported annual eps in 2011 by approximately \$0.30
- PPA amortizations are non-cash costs that will largely not be re-incurred
- Excluding these amortizations provides more meaningful eps metric



Write-down of Finite-Life Intangibles

- Using new estimates resulted in a \$1.5B impairment under Canadian GAAP of customer relationship intangible asset
- Other assets (goodwill) have values in excess of carrying value
- Write-down reduces annual amortization going forward and removes amortization sooner making results more meaningful

Write-down does not affect current or future cash flows or outlook for the business

2011 Guidance

	2010 Restated IFRS	2011 Guidance
Revenue	\$2,807M	\$2,650 - \$2,750M
EBITDA (before pensions)	\$1,430M	\$1,360 - \$1,400M
EBITDA	\$1,377M	\$1,300 - \$1,340M
Free Cash Flow*	\$531M	\$525 - \$575M
Capex	\$494M	\$520 - \$560M
EPS before PPA amortizations	n.m	\$1.60 - \$1.80

* Excludes \$200M pension contribution

2010 IFRS Adjustments

Most significant changes under IFRS include:

Capital assets

- Balance sheet reduction of ~(\$290M) due to retrospective application of straight-line depreciation
- Lower depreciation expense from lower asset base
- Recognition of losses on asset dispositions and retirements through income in the period

Pension

- Balance sheet under IFRS more closely reflects the funded status of pension plan
 - Cumulative unrecognized actuarial losses to opening retained earnings
 - Additional liability recorded for minimum funding liability
- Lower expense from removal of amortization of deferred amounts
 - Pension costs split – CSC presented in operating expenses (above EBITDA)
 - Interest expense and expected return below EBITDA

Minority Interest

- Attributable earnings not included in net earnings for the period

New Dividend

- First quarterly dividend payment March 31, 2011
- \$1.90 annually; 7 percent yield

Bell Aliant (BA:TSX)



Dependable dividend with solid yield

Questions

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BellAliant