



# **Bell Aliant Regional Communications Income Fund**

**Supplementary Information  
(unaudited)**

**Fourth Quarter 2010**

Release date: February 8, 2011

## BELL ALIANT REGIONAL COMMUNICATIONS INCOME FUND

### Supplementary Information (unaudited)

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#### Basis of Presentation

The Supplementary Information contained herein presents the results of Bell Aliant Regional Communications Income Fund (Bell Aliant Income Fund or the Fund) and the results of its principal operating subsidiary, Bell Aliant Regional Communications Holdings, Limited Partnership (Bell Aliant Holdings LP).

Readers are cautioned that the Supplementary Information is unaudited and some of the financial measures presented herein do not have standard meanings prescribed by Canadian generally accepted accounting policies (GAAP). See "Non-GAAP Financial Measures" section.

Certain amounts presented in this Supplementary Information are rounded. Accordingly, the columns and rows may not add to the totals presented.

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**BELL ALIANT REGIONAL COMMUNICATIONS INCOME FUND**
**BELL ALIANT INCOME FUND**
**Supplementary Information (unaudited)**
**Highlights**
*(millions of dollars, except as otherwise indicated)*

	2010					2009				
	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
<b>BELL ALIANT INCOME FUND</b>										
<b>Distributions</b>										
Distributions declared	\$369.4	\$92.4	\$92.4	\$92.3	\$92.3	\$369.0	\$92.3	\$92.3	\$92.3	\$92.1
Distributions declared per Fund unit (dollars)	\$2.900	\$0.725	\$0.725	\$0.725	\$0.725	\$2.900	\$0.725	\$0.725	\$0.725	\$0.725
<b>Unitholders' capital (thousands)</b>										
Fund units publicly held, beginning of period	127,264	127,385	127,385	127,277	127,264	126,984	127,255	127,239	127,228	126,984
Issued	131	10	-	108	13	280	9	16	11	244
Fund units publicly held, end of period	127,395	127,395	127,385	127,385	127,277	127,264	127,264	127,255	127,239	127,228
Exchangeable units held by BCE Inc. / Bell Canada	100,374	100,374	100,374	100,374	100,374	100,374	100,374	100,374	100,374	100,374
Deferred units, dilutive	969	969	666	650	742	739	739	432	437	438
Fully diluted Fund units, end of period	228,738	228,738	228,425	228,409	228,393	228,377	228,377	228,061	228,050	228,040
Average units outstanding - basic	127,352	127,391	127,385	127,360	127,271	127,211	127,261	127,247	127,237	127,098
Average units outstanding - fully diluted	228,695	228,734	228,425	228,384	228,387	228,324	228,374	228,053	228,048	227,910
<b>Market data</b>										
Market capitalization <sup>(1)</sup>		\$5,944.9	\$5,909.4	\$5,808.4	\$5,803.5		\$6,401.4	\$6,383.4	\$6,009.1	\$5,495.8
Market price per Fund unit (dollars)										
High		\$28.30	\$26.20	\$26.50	\$28.40		\$28.10	\$27.99	\$26.74	\$26.85
Low		\$25.70	\$25.06	\$24.74	\$24.99		\$26.21	\$25.60	\$23.60	\$23.01
Close		\$25.99	\$25.87	\$25.43	\$25.41		\$28.03	\$27.99	\$26.35	\$24.10
Distribution yield <sup>(2)</sup>		11.2%	11.2%	11.4%	11.4%		10.3%	10.4%	11.0%	12.0%

<sup>(1)</sup> Market capitalization - fully diluted Fund units, end of period multiplied by market close price per Fund unit.

<sup>(2)</sup> Distribution yield - distributions declared per Fund unit divided by market close price per Fund unit. This calculation is annualized.

**BELL ALIANT REGIONAL COMMUNICATIONS INCOME FUND**
**Supplementary Information (unaudited)**
*(millions of dollars, except as otherwise indicated)*
**BELL ALIANT INCOME FUND**
**Summary of quarterly financial results**

	2010					2009				
	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
<b>INCOME FUND</b>										
<b>Net earnings</b>										
Equity income (loss) from investments	(\$397.6)	(\$596.1)	\$61.4	\$73.3	\$63.8	\$303.6	\$80.2	\$80.7	\$76.3	\$66.4
Expenses	3.4	0.9	0.5	1.4	0.6	4.0	0.8	0.7	1.5	1.0
Net earnings (loss) from continuing operations	(\$401.0)	(\$597.0)	\$60.9	\$71.9	\$63.2	\$299.6	\$79.4	\$80.0	\$74.8	\$65.4
Net earnings (loss) from discontinued operations	(3.5)	(4.0)	0.5	-	-	(10.6)	(2.1)	(5.7)	(3.4)	0.6
Net earnings (loss)	(\$404.5)	(\$601.0)	\$61.4	\$71.9	\$63.2	\$289.0	\$77.3	\$74.3	\$71.4	\$66.0
<b>Balance Sheet</b>										
Cash and cash equivalents		\$5.3	\$6.2	\$6.2	\$3.9		\$2.6	\$2.2	\$3.2	\$1.9
Distributions receivable		29.6	31.2	31.2	31.2		31.1	31.1	31.3	31.2
Due from related parties		27.4	24.8	21.3	21.6		25.2	23.8	18.5	21.0
Total current assets		<b>62.3</b>	<b>62.2</b>	<b>58.7</b>	<b>56.7</b>		<b>58.9</b>	<b>57.1</b>	<b>53.0</b>	<b>54.1</b>
Investments		3,324.4	4,014.0	4,044.4	4,063.9		4,092.7	4,107.0	4,124.6	4,135.2
Total assets		<b>\$3,386.7</b>	<b>\$4,076.2</b>	<b>\$4,103.1</b>	<b>\$4,120.6</b>		<b>\$4,151.6</b>	<b>\$4,164.1</b>	<b>\$4,177.6</b>	<b>\$4,189.3</b>
Payables and accruals		0.1	0.1	0.1	0.1		-	-	-	0.1
Distributions payable		30.8	30.8	30.8	30.8		30.8	30.8	30.8	30.7
Total current liabilities		<b>30.9</b>	<b>30.9</b>	<b>30.9</b>	<b>30.9</b>		<b>30.8</b>	<b>30.8</b>	<b>30.8</b>	<b>30.8</b>
Unitholders' equity		3,355.8	4,045.3	4,072.2	4,089.7		4,120.8	4,133.3	4,146.8	4,158.5
Total liabilities and unitholders' equity		<b>\$3,386.7</b>	<b>\$4,076.2</b>	<b>\$4,103.1</b>	<b>\$4,120.6</b>		<b>\$4,151.6</b>	<b>\$4,164.1</b>	<b>\$4,177.6</b>	<b>\$4,189.3</b>
<b>Cash flow</b>										
Net earnings (loss) from continuing operations	(\$401.0)	(\$597.0)	\$60.9	\$71.9	\$63.2	\$299.6	\$79.4	\$80.0	\$74.8	\$65.4
Loss (income) from equity investments	397.6	596.1	(61.4)	(73.3)	(63.8)	(303.6)	(80.2)	(80.7)	(76.3)	(66.4)
Change in operating assets and liabilities	(0.3)	0.1	(0.6)	(0.4)	0.6	(11.8)	-	(2.0)	1.2	(11.0)
Cash from (used in) operating activities	<b>(3.7)</b>	<b>(0.8)</b>	<b>(1.1)</b>	<b>(1.8)</b>	<b>-</b>	<b>(15.8)</b>	<b>(0.8)</b>	<b>(2.7)</b>	<b>(0.3)</b>	<b>(12.0)</b>
Issuance of units	3.5	0.3	-	2.8	0.4	7.4	0.3	0.4	0.3	6.4
Redemption of units	(0.1)	-	-	-	(0.1)	(0.1)	-	-	-	(0.1)
Purchase of units for distribution reinvestment plan	(16.7)	(4.5)	(4.1)	(4.0)	(4.1)	(14.7)	(3.9)	(3.8)	(3.6)	(3.4)
Cash distributions paid to unitholders	(352.7)	(87.9)	(88.3)	(88.3)	(88.2)	(354.2)	(88.4)	(88.5)	(88.6)	(88.7)
Cash used in financing activities	<b>(366.0)</b>	<b>(92.1)</b>	<b>(92.4)</b>	<b>(89.5)</b>	<b>(92.0)</b>	<b>(361.6)</b>	<b>(92.0)</b>	<b>(91.9)</b>	<b>(91.9)</b>	<b>(85.8)</b>
Cash distributions received from equity investments	372.4	92.0	93.5	93.6	93.3	373.8	93.2	93.6	93.5	93.5
Cash from investing activities	<b>372.4</b>	<b>92.0</b>	<b>93.5</b>	<b>93.6</b>	<b>93.3</b>	<b>373.8</b>	<b>93.2</b>	<b>93.6</b>	<b>93.5</b>	<b>93.5</b>
Net increase (decrease) in cash from continuing operations	2.7	(0.9)	-	2.3	1.3	(3.6)	0.4	(1.0)	1.3	(4.3)
Cash and cash equivalents, beginning of period	2.6	6.2	6.2	3.9	2.6	6.2	2.2	3.2	1.9	6.2
Cash and cash equivalents, end of period	<b>\$5.3</b>	<b>\$5.3</b>	<b>\$6.2</b>	<b>\$6.2</b>	<b>\$3.9</b>	<b>\$2.6</b>	<b>\$2.6</b>	<b>\$2.2</b>	<b>\$3.2</b>	<b>\$1.9</b>

**BELL ALIANT REGIONAL COMMUNICATIONS INCOME FUND**
**BELL ALIANT HOLDINGS LP**
**Supplementary Information (unaudited)**
**Highlights**
*(millions of dollars, except as otherwise indicated)*

	2010 <sup>(3)</sup>					2009 <sup>(3)</sup>				
	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
<b>BELL ALIANT HOLDINGS LP</b>										
<b>Financial measures</b>										
Operating revenues	\$2,785.1	\$709.3	\$698.2	\$694.5	\$683.1	\$2,870.2	\$719.0	\$724.7	\$720.3	\$706.2
EBITDA <sup>(24)</sup>	\$1,429.6	\$358.5	\$362.5	\$356.9	\$351.7	\$1,457.5	\$364.8	\$372.7	\$365.0	\$355.0
EBITDA <sup>(24)</sup> margin <sup>(4)</sup>	51.3%	50.5%	51.9%	51.4%	51.5%	50.8%	50.7%	51.4%	50.7%	50.3%
Operating income (loss)	(\$932.8)	(\$1,395.2)	\$161.8	\$153.6	\$147.0	\$621.7	\$145.8	\$163.7	\$163.9	\$148.3
Operating income before non-cash write-down of finite-life intangibles	\$607.9	\$145.5								
<b>Current year Q over same Q last year growth</b>										
Operating revenues	(\$85.1)	(\$9.7)	(\$26.5)	(\$25.8)	(\$23.1)	(\$74.1)	(\$25.9)	(\$19.1)	(\$9.8)	(\$19.3)
	(3.0%)	(1.4%)	(3.7%)	(3.6%)	(3.3%)	(2.5%)	(3.5%)	(2.6%)	(1.3%)	(2.7%)
EBITDA <sup>(24)</sup>	(\$27.9)	(\$6.3)	(\$10.2)	(\$8.1)	(\$3.3)	\$12.8	(\$3.2)	\$3.4	\$7.5	\$5.1
	(1.9%)	(1.7%)	(2.7%)	(2.2%)	(0.9%)	0.9%	(0.9%)	0.9%	2.1%	1.5%
EBITDA <sup>(24)</sup> margin <sup>(4)</sup>	0.5%	(0.2%)	0.5%	0.7%	1.2%	1.7%	1.3%	1.7%	1.7%	2.1%
	1.0%	(0.4%)	1.0%	1.4%	2.4%	3.5%	2.6%	3.4%	3.5%	4.4%
Operating income (loss)	(\$1,554.5)	(\$1,541.0)	(\$1.9)	(\$10.3)	(\$1.3)	\$16.7	\$25.4	(\$7.0)	\$3.3	(\$5.0)
	(250.0%)	(1056.9%)	(1.2%)	(6.3%)	(0.9%)	2.8%	21.1%	(4.1%)	2.1%	(3.3%)
Operating income before non-cash write-down of finite-life intangibles	(\$13.8)	(\$0.3)								
	(2.2%)	(0.2%)								
<b>Operating statistics</b>										
Network Access Services (NAS) <sup>(9)</sup>		2,775,874	2,818,601	2,854,047	2,877,576		2,916,156	2,959,857	3,002,048	3,033,728
NAS net declines	(140,282)	(42,727)	(35,446)	(23,529)	(38,580)	(155,519)	(43,701)	(42,191)	(31,680)	(37,947)
As a percentage, in the period	(4.8%)	(1.5%)	(1.2%)	(0.8%)	(1.3%)	(5.1%)	(1.5%)	(1.4%)	(1.0%)	(1.2%)
High-speed Internet (HSI) customers <sup>(9)</sup>		842,460	837,167	827,591	819,886		807,640	795,456	780,493	769,449
HSI customers net additions	34,820	5,293	9,576	7,705	12,246	52,713	12,184	14,963	11,044	14,522
As a percentage, in the period	4.3%	0.6%	1.2%	0.9%	1.5%	7.0%	1.5%	1.9%	1.4%	1.9%
HSI customer net additions, normalized for one-time adjustment <sup>(9)</sup>						50,683	10,154			
As a percentage, in the period						6.7%	1.3%			
<b>Cash flow measures</b>										
Capital expenditures	\$494.0	\$162.0	\$113.4	\$124.3	\$94.3	\$462.4	\$120.0	\$114.3	\$121.2	\$106.9
Capital intensity <sup>(5)</sup>	17.7%	22.8%	16.2%	17.9%	13.8%	16.1%	16.7%	15.8%	16.8%	15.1%
Free cash flow <sup>(25)</sup>	\$530.8	\$149.9	\$143.7	\$180.5	\$56.7	\$648.2	\$206.4	\$162.2	\$181.9	\$97.7
Distributable cash <sup>(17)</sup>	\$710.5	\$140.3	\$193.7	\$176.2	\$200.3	\$773.4	\$182.5	\$207.8	\$186.6	\$196.5
Distributable cash <sup>(17)</sup> per Fund unit <sup>(6)</sup>	\$3.107	\$0.613	\$0.848	\$0.772	\$0.877	\$3.387	\$0.799	\$0.911	\$0.818	\$0.862
Distributions declared <sup>(7)</sup>	\$660.5	\$165.2	\$165.1	\$165.1	\$165.1	\$660.2	\$165.1	\$165.1	\$165.1	\$164.9
Payout ratio <sup>(8)</sup>	93.0%	117.8%	85.2%	93.7%	82.4%	85.4%	90.5%	79.5%	88.5%	83.9%
<b>Current year Q over same Q last year growth</b>										
Distributable cash <sup>(17)</sup>	(\$62.9)	(\$42.2)	(\$14.1)	(\$10.4)	\$3.8	\$57.8	\$36.3	\$28.5	\$3.3	(\$10.3)
	(8.1%)	(23.1%)	(6.8%)	(5.6%)	1.9%	8.1%	24.8%	15.9%	1.8%	(5.0%)

<sup>(3)</sup> We adopted discontinued operations presentation for our xwave business in Q3 2010 in accordance with Canadian GAAP. As a result, the statements of earnings and cash flows for prior periods have been restated.

<sup>(4)</sup> EBITDA<sup>(24)</sup> margin - EBITDA<sup>(24)</sup> divided by operating revenues.

<sup>(5)</sup> Capital intensity - capital expenditures divided by operating revenues.

<sup>(6)</sup> Distributable cash<sup>(17)</sup> per Fund unit - Distributable cash<sup>(17)</sup> divided by average fully diluted Fund units outstanding.

<sup>(7)</sup> Distributions declared - sum of distributions declared by the Fund and distributions declared by Bell Aliant Holdings LP and Bell Aliant Regional Communications, Limited Partnership (Bell Aliant LP) on exchangeable units held by BCE Inc. and Bell Canada.

<sup>(8)</sup> Payout ratio - distributions declared<sup>(7)</sup> divided by Distributable cash<sup>(17)</sup>.

<sup>(9)</sup> Refer to page 9 for description of adjustments made to operating revenues statistics in 2009 and 2010.

**BELL ALIANT REGIONAL COMMUNICATIONS INCOME FUND**
**Supplementary Information (unaudited)**
*(millions of dollars, except as otherwise indicated)*
**BELL ALIANT HOLDINGS LP**
**Summary of quarterly financial results**

	2010 <sup>(3)</sup>					2009 <sup>(3)</sup>				
	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
<b>BELL ALIANT HOLDINGS LP</b>										
<b>Net earnings</b>										
Operating revenues	\$2,785.1	\$709.3	\$698.2	\$694.5	\$683.1	\$2,870.2	\$719.0	\$724.7	\$720.3	\$706.2
Operating expenses	1,355.5	350.8	335.7	337.6	331.4	1,412.7	354.2	352.0	355.3	351.2
EBITDA <sup>(24)</sup>	1,429.6	358.5	362.5	356.9	351.7	1,457.5	364.8	372.7	365.0	355.0
Net cost of benefit plans	88.7	22.3	22.0	22.3	22.1	84.9	20.3	20.0	22.4	22.2
Depreciation and amortization	703.9	177.7	177.9	176.9	171.4	709.5	182.9	176.1	175.7	174.8
Write-down of finite-life intangibles	1,540.7	1,540.7	-	-	-	-	-	-	-	-
Restructuring and other charges	29.1	13.0	0.8	4.1	11.2	41.4	15.8	12.9	3.0	9.7
Operating income (loss)	(932.8)	(1,395.2)	161.8	153.6	147.0	621.7	145.8	163.7	163.9	148.3
Other expenses (income)	14.0	0.7	12.8	-	0.5	13.2	0.4	(1.2)	13.3	0.7
Interest charges	162.3	41.4	41.4	40.0	39.5	158.4	41.9	40.0	39.0	37.5
Income tax recovery	(216.5)	(201.4)	(1.2)	(11.0)	(2.9)	(55.6)	(23.7)	(7.7)	(15.2)	(9.0)
Non-controlling interest	(401.4)	(500.7)	33.6	33.0	32.7	134.9	30.7	34.1	33.8	36.3
Net earnings (loss) from continuing operations	(491.2)	(735.2)	75.2	91.6	77.2	370.8	96.5	98.5	93.0	82.8
Net earnings (loss) from discontinued operations	(5.9)	(4.8)	0.6	(2.3)	0.6	(14.6)	(3.9)	(6.7)	(3.7)	(0.3)
Net earnings (loss)	(\$497.1)	(\$740.0)	\$75.8	\$89.3	\$77.8	\$356.2	\$92.6	\$91.8	\$89.3	\$82.5
<b>Balance sheet</b>										
Cash and cash equivalents		\$65.4	\$15.0	\$12.1	\$18.0		\$27.1	\$27.4	\$15.5	\$23.7
Notes receivable from related parties		145.6	72.8	-	-		-	-	-	-
Accounts receivable		255.8	221.4	296.0	314.2		304.0	312.0	329.9	351.1
Other current assets		234.4	218.6	165.3	146.1		101.2	110.7	113.9	128.5
Current assets		701.2	527.8	473.4	478.3		432.3	450.1	459.3	503.3
Property, plant and equipment		3,642.7	3,618.0	3,631.7	3,631.1		3,662.8	3,677.6	3,685.5	3,693.6
Finite-life intangibles		1,372.2	2,945.4	2,986.6	3,030.0		3,069.8	3,095.2	3,139.9	3,183.1
Capital investments		5,014.9	6,563.4	6,618.3	6,661.1		6,732.6	6,772.8	6,825.4	6,876.7
Other long-term assets		46.5	53.2	44.7	44.4		41.4	42.3	53.0	58.8
Accrued benefit asset		470.6	451.6	441.3	429.9		418.0	410.9	406.1	402.9
Indefinite-life intangibles		125.2	125.2	125.2	125.2		125.2	125.2	125.2	125.2
Goodwill		2,768.9	2,768.9	2,768.9	2,768.3		2,768.3	2,768.3	2,762.7	2,766.6
Other assets		3,411.2	3,398.9	3,380.1	3,367.8		3,352.9	3,346.7	3,347.0	3,353.5
Total assets		\$9,127.3	\$10,490.1	\$10,471.8	\$10,507.2		\$10,517.8	\$10,569.6	\$10,631.7	\$10,733.5
Notes payable to related parties		\$48.7	\$6.3	\$6.2	\$3.8		\$2.6	\$2.3	\$3.1	\$1.2
Payables and accruals		347.8	287.3	361.3	337.2		416.2	366.5	376.8	401.1
Distributions payable		199.4	128.2	55.5	55.4		55.3	55.3	55.5	55.4
Other current liabilities		38.8	25.3	-	-		-	1.9	0.4	5.7
Short-term debt		249.2	187.8	140.6	150.1		40.0	77.5	78.8	293.4
Long-term debt due within one year		427.4	424.3	19.0	17.8		17.2	18.6	15.5	114.8
Current liabilities		1,311.3	1,059.2	582.6	564.3		531.3	522.1	530.1	871.6
Long-term debt		2,360.9	2,365.6	2,761.0	2,759.4		2,759.9	2,754.0	2,750.5	2,451.5
Accrued benefit liability		368.7	374.2	378.8	381.6		382.9	397.6	411.0	416.9
Other long-term liabilities		255.3	457.0	460.0	469.4		456.4	466.9	471.8	494.2
Other liabilities		2,984.9	3,196.8	3,599.8	3,610.4		3,599.2	3,618.5	3,633.3	3,362.6
Non-controlling interest		977.1	1,530.2	1,548.9	1,568.3		1,587.9	1,609.6	1,627.8	1,646.4
Partners' equity		3,854.0	4,703.9	4,740.5	4,764.2		4,799.4	4,819.4	4,840.5	4,852.9
Total liabilities and partners' equity		\$9,127.3	\$10,490.1	\$10,471.8	\$10,507.2		\$10,517.8	\$10,569.6	\$10,631.7	\$10,733.5

**BELL ALIANT REGIONAL COMMUNICATIONS INCOME FUND**
**BELL ALIANT HOLDINGS LP**
**Supplementary Information (unaudited)**
**Summary of quarterly financial results**
*(millions of dollars, except as otherwise indicated)*

	2010 <sup>(3)</sup>					2009 <sup>(3)</sup>				
	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
<b>BELL ALIANT HOLDINGS LP</b>										
<b>Cash flow</b>										
Net earnings (loss) from continuing operations	(\$491.2)	(\$735.2)	\$75.2	\$91.6	\$77.2	\$370.8	\$96.5	\$98.5	\$93.0	\$82.8
Depreciation and amortization	703.9	177.7	177.9	176.9	171.4	709.5	182.9	176.1	175.7	174.8
Write-down of finite-life intangibles	1,540.7	1,540.7	-	-	-	-	-	-	-	-
Loss (gain) on disposal of assets	(0.2)	(0.3)	0.1	-	-	0.3	0.2	-	0.1	-
Future income tax recovery	(219.6)	(201.6)	(4.1)	(11.0)	(2.9)	(53.6)	(23.7)	(7.7)	(13.2)	(9.0)
Net cost of benefit plans	81.2	20.2	20.4	20.3	20.3	77.4	18.4	18.3	20.4	20.3
Funding of defined benefit pension and other post-employment benefit plans	(148.0)	(44.7)	(40.9)	(28.9)	(33.5)	(135.5)	(40.2)	(36.5)	(29.5)	(29.3)
Non-controlling interest	(401.4)	(500.7)	33.6	33.0	32.7	134.9	30.7	34.1	33.8	36.3
Other	11.7	0.2	13.0	(1.4)	(0.1)	2.8	(5.4)	(2.2)	10.6	(0.2)
Change in operating assets and liabilities	(48.6)	56.4	(17.0)	26.1	(114.1)	19.8	67.8	(1.4)	12.5	(59.1)
<b>Cash from operating activities</b>	<b>1,028.5</b>	<b>312.7</b>	<b>258.2</b>	<b>306.6</b>	<b>151.0</b>	<b>1,126.4</b>	<b>327.2</b>	<b>279.2</b>	<b>303.4</b>	<b>216.6</b>
Repurchase of accounts receivable	(37.0)	(22.0)	-	(15.0)	-	-	-	-	-	-
Net proceeds (repayments) of short-term debt	209.2	61.4	47.2	(9.5)	110.1	(168.2)	(37.5)	(1.3)	(214.6)	85.2
Net proceeds (repayments) of notes payable to related parties	46.1	42.4	0.1	2.4	1.2	(3.6)	0.3	(0.9)	2.0	(5.0)
Proceeds of long-term debt	348.7	-	348.7	-	-	348.6	-	-	348.6	-
Repayments of long-term debt	(358.8)	(0.5)	(357.0)	(0.2)	(1.1)	(156.8)	(4.8)	(0.9)	(150.2)	(0.9)
Repayments of capital lease obligations	(19.2)	(5.5)	(5.1)	(4.5)	(4.1)	(8.8)	(2.8)	(2.4)	(1.4)	(2.2)
Net settlement of financial derivatives	-	-	-	-	-	(15.4)	-	-	(15.4)	-
Distributions paid by subsidiaries to non-controlling interest	(104.7)	-	-	(52.3)	(52.4)	(209.5)	(52.4)	(52.4)	(52.3)	(52.4)
Distributions paid	(413.2)	(91.9)	(93.6)	(114.0)	(113.7)	(455.5)	(113.6)	(114.0)	(114.0)	(113.9)
<b>Cash used in financing activities</b>	<b>(328.9)</b>	<b>(16.1)</b>	<b>(59.7)</b>	<b>(193.1)</b>	<b>(60.0)</b>	<b>(669.2)</b>	<b>(210.8)</b>	<b>(171.9)</b>	<b>(197.3)</b>	<b>(89.2)</b>
Purchase of capital investments	(494.0)	(162.0)	(113.4)	(124.3)	(94.3)	(462.4)	(120.0)	(114.3)	(121.2)	(106.9)
Proceeds on sale of capital investments	0.9	0.8	0.1	-	-	0.6	0.6	-	-	-
Increase in notes receivable from related parties	(145.6)	(72.8)	(72.8)	-	-	-	-	-	-	-
<b>Cash used in investing activities</b>	<b>(638.7)</b>	<b>(234.0)</b>	<b>(186.1)</b>	<b>(124.3)</b>	<b>(94.3)</b>	<b>(461.8)</b>	<b>(119.4)</b>	<b>(114.3)</b>	<b>(121.2)</b>	<b>(106.9)</b>
Net increase (decrease) in cash from continuing operations	60.9	62.6	12.4	(10.8)	(3.3)	(4.6)	(3.0)	(7.0)	(15.1)	20.5
Net increase (decrease) in cash from discontinued operations	(22.6)	(12.2)	(9.5)	4.9	(5.8)	17.1	2.7	18.9	6.9	(11.4)
Cash and cash equivalents, beginning of period	27.1	15.0	12.1	18.0	27.1	14.6	27.4	15.5	23.7	14.6
<b>Cash and cash equivalents, end of period</b>	<b>\$65.4</b>	<b>\$65.4</b>	<b>\$15.0</b>	<b>\$12.1</b>	<b>\$18.0</b>	<b>\$27.1</b>	<b>\$27.1</b>	<b>\$27.4</b>	<b>\$15.5</b>	<b>\$23.7</b>

**BELL ALIANT REGIONAL COMMUNICATIONS INCOME FUND**

**Supplementary Information (unaudited)**

*(millions of dollars, except as otherwise indicated)*

**BELL ALIANT HOLDINGS LP**

**Operating revenues and growth**

		2010 <sup>(3)</sup>					2009 <sup>(3)</sup>				
		Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
<b>Operating revenues</b>											
<b>Local and access</b>		\$1,298.4	\$325.2	\$325.3	\$325.0	\$322.9	\$1,356.9	\$336.0	\$341.8	\$340.9	\$338.2
<b>Long distance</b>		393.3	94.6	102.6	99.0	97.1	424.6	100.5	111.4	106.5	106.2
<b>Data:</b>	<b>Internet</b>	458.4	118.2	115.6	113.4	111.2	427.0	109.1	109.1	106.0	102.8
	<b>Other</b>	373.7	94.3	92.8	93.7	92.9	401.0	103.7	98.7	101.2	97.4
	<b>Total data</b>	832.1	212.5	208.4	207.1	204.1	828.0	212.8	207.8	207.2	200.2
<b>Wireless</b>		91.3	24.0	24.3	22.0	21.0	88.8	23.5	24.3	21.2	19.8
<b>Other revenues:</b>	<b>Product sales</b>	63.3	23.6	13.6	12.3	13.8	61.8	19.6	12.1	15.7	14.4
	<b>Rentals</b>	20.6	4.9	5.0	5.3	5.4	25.1	5.8	6.2	6.5	6.6
	<b>Other</b>	86.1	24.5	19.0	23.8	18.8	85.0	20.8	21.1	22.3	20.8
	<b>Total other revenues</b>	170.0	53.0	37.6	41.4	38.0	171.9	46.2	39.4	44.5	41.8
		<b>\$2,785.1</b>	<b>\$709.3</b>	<b>\$698.2</b>	<b>\$694.5</b>	<b>\$683.1</b>	<b>\$2,870.2</b>	<b>\$719.0</b>	<b>\$724.7</b>	<b>\$720.3</b>	<b>\$706.2</b>
<b>Current year Q over same Q last year growth</b>											
<b>Local and access</b>		(\$58.5)	(\$10.8)	(\$16.5)	(\$15.9)	(\$15.3)	(\$49.4)	(\$14.5)	(\$15.0)	(\$11.3)	(\$8.6)
		(4.3%)	(3.2%)	(4.8%)	(4.7%)	(4.5%)	(3.5%)	(4.1%)	(4.2%)	(3.2%)	(2.5%)
<b>Long distance</b>		(\$31.3)	(\$5.9)	(\$8.8)	(\$7.5)	(\$9.1)	(\$29.0)	(\$9.4)	(\$5.6)	(\$6.8)	(\$7.2)
		(7.4%)	(5.9%)	(7.9%)	(7.0%)	(8.6%)	(6.4%)	(8.6%)	(4.8%)	(6.0%)	(6.3%)
<b>Data:</b>	<b>Internet</b>	\$31.4	\$9.1	\$6.5	\$7.4	\$8.4	\$38.4	\$7.3	\$11.1	\$10.0	\$10.0
		7.4%	8.3%	6.0%	7.0%	8.2%	9.9%	7.2%	11.3%	10.4%	10.8%
	<b>Other</b>	(\$27.3)	(\$9.4)	(\$5.9)	(\$7.5)	(\$4.5)	(\$9.1)	(\$3.2)	(\$2.2)	(\$0.1)	(\$3.6)
		(6.8%)	(9.1%)	(6.0%)	(7.4%)	(4.6%)	(2.2%)	(3.0%)	(2.2%)	(0.1%)	(3.6%)
	<b>Total data</b>	\$4.1	(\$0.3)	\$0.6	(\$0.1)	\$3.9	\$29.3	\$4.1	\$8.9	\$9.9	\$6.4
		0.5%	(0.1%)	0.3%	0.0%	1.9%	3.7%	2.0%	4.5%	5.0%	3.3%
<b>Wireless</b>		\$2.5	\$0.5	\$0.0	\$0.8	\$1.2	\$8.0	\$2.0	\$2.4	\$1.7	\$1.9
		2.8%	2.1%	0.0%	3.8%	6.1%	9.9%	9.3%	11.0%	8.7%	10.6%
<b>Other revenues:</b>	<b>Product sales</b>	\$1.5	\$4.0	\$1.5	(\$3.4)	(\$0.6)	(\$8.7)	(\$3.3)	(\$4.8)	\$0.1	(\$0.7)
		2.4%	20.4%	12.4%	(21.7%)	(4.2%)	(12.3%)	(14.4%)	(28.4%)	0.6%	(4.6%)
	<b>Rentals</b>	(\$4.5)	(\$0.9)	(\$1.2)	(\$1.2)	(\$1.2)	(\$4.5)	(\$1.2)	(\$1.2)	(\$1.0)	(\$1.1)
		(17.9%)	(15.5%)	(19.4%)	(18.5%)	(18.2%)	(15.2%)	(17.1%)	(16.2%)	(13.3%)	(14.3%)
	<b>Other</b>	\$1.1	\$3.7	(\$2.1)	\$1.5	(\$2.0)	(\$19.8)	(\$3.6)	(\$3.8)	(\$2.4)	(\$10.0)
		1.3%	17.8%	(10.0%)	6.7%	(9.6%)	(18.9%)	(14.8%)	(15.3%)	(9.7%)	(32.5%)
	<b>Total other revenues</b>	(\$1.9)	\$6.8	(\$1.8)	(\$3.1)	(\$3.8)	(\$33.0)	(\$8.1)	(\$9.8)	(\$3.3)	(\$11.8)
		(1.1%)	14.7%	(4.6%)	(7.0%)	(9.1%)	(16.1%)	(14.9%)	(19.9%)	(6.9%)	(22.0%)

**BELL ALIANT REGIONAL COMMUNICATIONS INCOME FUND**

Supplementary Information (unaudited)

**BELL ALIANT HOLDINGS LP**

Operating revenues statistics

	2010					2009				
	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
<b>Network access service (NAS)</b>										
Residential <sup>(10)</sup>		1,802,864	1,837,585	1,866,954	1,888,365		1,918,889	1,955,339	1,988,281	2,008,718
Business <sup>(10)</sup>		973,010	981,016	987,093	989,211		997,267	1,004,518	1,013,767	1,025,010
<b>Total</b>		<b>2,775,874</b>	<b>2,818,601</b>	<b>2,854,047</b>	<b>2,877,576</b>		<b>2,916,156</b>	<b>2,959,857</b>	<b>3,002,048</b>	<b>3,033,728</b>
<b>NAS net declines</b>										
Residential <sup>(10)</sup>		(116,025)	(34,721)	(29,369)	(21,411)		(118,416)	(36,450)	(32,942)	(20,437)
Business <sup>(10)</sup>		(24,257)	(8,006)	(6,077)	(2,118)		(37,103)	(7,251)	(9,249)	(11,243)
<b>Total</b>		<b>(140,282)</b>	<b>(42,727)</b>	<b>(35,446)</b>	<b>(23,529)</b>		<b>(155,519)</b>	<b>(43,701)</b>	<b>(42,191)</b>	<b>(31,680)</b>
<b>Long distance minutes (thousands)</b>	<b>4,050,735</b>	<b>971,683</b>	<b>996,703</b>	<b>1,026,133</b>	<b>1,056,216</b>	<b>4,361,051</b>	<b>1,079,950</b>	<b>1,062,830</b>	<b>1,087,420</b>	<b>1,130,851</b>
Revenue per long distance minute	\$0.093	\$0.093	\$0.099	\$0.092	\$0.088	\$0.093	\$0.089	\$0.099	\$0.094	\$0.090
<b>Wireless customers</b>		<b>132,362</b>	<b>128,781</b>	<b>125,568</b>	<b>121,390</b>		<b>121,019</b>	<b>119,654</b>	<b>116,948</b>	<b>113,990</b>
Wireless net additions	11,343	3,581	3,213	4,178	371	7,072	1,365	2,706	2,958	43
Wireless - average revenue per customer (ARPC)	\$59.45	\$60.22	\$62.29	\$58.39	\$56.71	\$62.07	\$64.04	\$66.96	\$60.09	\$56.90
<b>High-speed Internet (HSI) customers <sup>(10)</sup></b>		<b>842,460</b>	<b>837,167</b>	<b>827,591</b>	<b>819,886</b>		<b>807,640</b>	<b>795,456</b>	<b>780,493</b>	<b>769,449</b>
HSI customer net additions	34,820	5,293	9,576	7,705	12,246	52,713	12,184	14,963	11,044	14,522
HSI customer net additions, normalized for one-time adjustment <sup>(10)</sup>						50,683	10,154			
Residential HSI ARPC <sup>(10)</sup>	\$39.70	\$40.14	\$39.98	\$39.63	\$39.05	\$37.71	\$37.62	\$38.26	\$37.96	\$36.99
<b>Current year Q over same Q last year growth</b>										
Long distance minutes	(310,316) (7.1%)	(108,267) (10.0%)	(66,127) (6.2%)	(61,287) (5.6%)	(74,635) (6.6%)	(187,425) (4.1%)	(52,224) (4.6%)	(40,947) (3.7%)	(53,904) (4.7%)	(40,350) (3.4%)
Wireless ARPC	(\$2.62) (4.2%)	(\$3.82) (6.0%)	(\$4.67) (7.0%)	(\$1.70) (2.8%)	(\$0.19) (0.3%)	\$1.71 2.8%	\$2.36 3.8%	\$3.13 4.9%	\$1.56 2.7%	(\$0.10) (0.2%)
Residential HSI ARPC <sup>(10)</sup>	\$1.99 5.3%	\$2.52 6.7%	\$1.72 4.5%	\$1.67 4.4%	\$2.06 5.6%	\$1.70 4.7%	\$0.66 1.8%	\$2.10 5.8%	\$2.20 6.2%	\$1.90 5.4%
<b>Current year-to-date over same year-to-date last year</b>										
Residential NAS <sup>(10)</sup>		(116,025) (6.0%)	(117,754) (6.0%)	(121,327) (6.1%)	(120,353) (6.0%)		(118,416) (5.8%)	(112,662) (5.4%)	(103,075) (4.9%)	(100,915) (4.8%)
Business NAS <sup>(10)</sup>		(24,257) (2.4%)	(23,502) (2.3%)	(26,674) (2.6%)	(35,799) (3.5%)		(37,103) (3.6%)	(41,131) (3.9%)	(33,212) (3.2%)	(25,297) (2.4%)
<b>Total NAS</b>		<b>(140,282)</b> <b>(4.8%)</b>	<b>(141,256)</b> <b>(4.8%)</b>	<b>(148,001)</b> <b>(4.9%)</b>	<b>(156,152)</b> <b>(5.1%)</b>		<b>(155,519)</b> <b>(5.1%)</b>	<b>(153,793)</b> <b>(4.9%)</b>	<b>(136,287)</b> <b>(4.3%)</b>	<b>(126,212)</b> <b>(4.0%)</b>
Wireless customers		11,343 9.4%	9,127 7.6%	8,620 7.4%	7,400 6.5%		7,072 6.2%	5,974 5.3%	6,996 6.4%	8,002 7.5%
HSI customers <sup>(10)</sup>		34,820 4.3%	41,711 5.2%	47,098 6.0%	50,437 6.6%		52,713 7.0%	52,735 7.1%	57,477 7.9%	60,872 8.6%

<sup>(10)</sup> Q4 2009 includes a one-time adjustment that increased Q4 2010 HSI customers net additions by 2,030.

During 2010, we made the following changes to statistics of prior periods:

- Q2 - restated the split of customers between residential and business within NAS and HSI as a result of a comprehensive review of our definitions.

- Q4 - reduced our business NAS customers by 10,065 and HSI customers by 2,226 in all prior periods for certain internal customers. The reduction in HSI customers also increased residential HSI ARPC in those periods.

**BELL ALIANT REGIONAL COMMUNICATIONS INCOME FUND**
**BELL ALIANT HOLDINGS LP**

Supplementary Information (unaudited)

Capital structure

	2010					2009				
	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
<b>Capital structure</b>										
Partners' equity		49.1%	51.1%	51.5%	51.5%		52.3%	52.1%	52.0%	52.0%
Non-controlling interest		12.4%	16.6%	16.8%	17.0%		17.3%	17.4%	17.5%	17.6%
Net debt <sup>(11)</sup>		38.5%	32.3%	31.7%	31.5%		30.4%	30.5%	30.5%	30.4%
		<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>		<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<b>Return Statistics</b>										
Return on partners' equity <sup>(12)</sup>	(10.9%)	(69.2%)	6.4%	7.5%	6.5%	7.4%	7.7%	7.6%	7.4%	6.8%
Return on invested capital <sup>(13)</sup>	(8.8%)	(56.9%)	6.0%	6.5%	6.0%	6.4%	6.6%	6.6%	6.4%	6.2%
Net debt to EBITDA <sup>(24) (14)</sup>		2.1	2.1	2.0	2.0		1.9	1.9	1.9	2.0
Interest coverage <sup>(15)</sup>		(5.8)	3.7	3.8	3.8		3.8	3.8	3.8	3.9
Cash flow to interest <sup>(16)</sup>		6.6	6.6	6.7	6.8		7.0	7.0	7.1	7.2

Ratings	Standard & Poor's	DBRS
Bell Aliant LP senior unsecured debt	BBB, stable outlook	BBB (high), stable trend
Bell Aliant LP commercial paper	Not rated	R-1 (low), stable trend
Télébec, LP and NorthernTel, LP debentures	BBB, stable outlook	BBB (high), stable trend
Bell Aliant Income Fund units	Not rated	Not rated
<i>In 2010, Standard &amp; Poor's changed its outlook on our senior unsecured debt from negative to stable and both Standard &amp; Poor's and DBRS withdrew their Canadian income fund stability ratings.</i>		

<sup>(11)</sup> Net debt - long-term debt, long-term debt due within one year, short-term debt, and notes payable to related parties, less cash and cash equivalents and notes receivable from related parties that are readily convertible to cash.

<sup>(12)</sup> Return on partners' equity - net earnings (loss), divided by average book value of partners' equity for the period. This calculation is annualized.

<sup>(13)</sup> Return on invested capital - net earnings (loss) plus non-controlling interest and interest charges net of taxes for the period, divided by average book value of total capital (partners' equity, non-controlling interest and net debt) for the period. This calculation is annualized.

<sup>(14)</sup> Net debt to EBITDA <sup>(24)</sup> - Net debt at the end of the period divided by EBITDA <sup>(24)</sup> (current quarter plus three (3) previous quarters).

<sup>(15)</sup> Interest coverage - Operating income plus other income (expense) divided by interest charges (current quarter plus three (3) previous quarters).

<sup>(16)</sup> Cash flow to interest - Cash from operating activities (before change in operating assets and liabilities) divided by interest charges (current quarter plus three (3) previous quarters).

**BELL ALIANT REGIONAL COMMUNICATIONS INCOME FUND**
**NON-GAAP FINANCIAL MEASURES**
**Supplementary Information (unaudited)**
**Distributable cash**
*(millions of dollars)*

	2010 <sup>(3)</sup>					2009 <sup>(3)</sup>				
	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
<b>Distributable cash<sup>(17)</sup> reconciled to EBITDA<sup>(24)</sup></b>										
EBITDA <sup>(24)</sup>	\$1,429.6	\$358.5	\$362.5	\$356.9	\$351.7	\$1,457.5	\$364.8	\$372.7	\$365.0	\$355.0
Cash funding of current service cost for net benefit plans <sup>(18)</sup>	(69.2)	(18.6)	(16.7)	(17.3)	(16.6)	(69.2)	(16.7)	(16.4)	(18.6)	(17.5)
Cash capital taxes included in EBITDA <sup>(24)</sup> <sup>(19)</sup>	4.2	1.1	1.0	1.1	1.0	6.3	0.6	1.4	2.2	2.1
Fund expenses <sup>(20)</sup>	(3.4)	(0.9)	(0.5)	(1.4)	(0.6)	(4.2)	(0.8)	(0.9)	(1.5)	(1.0)
	\$1,361.2	340.1	346.3	339.3	335.5	\$1,390.4	347.9	356.8	347.1	338.6
Other income (expenditures) <sup>(21)</sup>	(2.9)	1.5	0.4	(0.1)	(4.7)	(5.2)	(5.1)	1.7	(2.3)	0.5
Interest expense <sup>(22)</sup>	(155.4)	(39.9)	(39.6)	(38.2)	(37.7)	(151.7)	(40.0)	(38.3)	(37.4)	(36.0)
Capital expenditures	(494.0)	(162.0)	(113.4)	(124.3)	(94.3)	(462.4)	(120.0)	(114.3)	(121.2)	(106.9)
Distributable cash <sup>(17)</sup> of discontinued operations <sup>(23)</sup>	1.6	0.6	-	(0.5)	1.5	2.3	(0.3)	1.9	0.4	0.3
<b>Distributable cash<sup>(17)</sup></b>	<b>\$710.5</b>	<b>\$140.3</b>	<b>\$193.7</b>	<b>\$176.2</b>	<b>\$200.3</b>	<b>\$773.4</b>	<b>\$182.5</b>	<b>\$207.8</b>	<b>\$186.6</b>	<b>\$196.5</b>
<b>Distributable cash<sup>(17)</sup> reconciled to cash from operating activities</b>										
Cash from operating activities	\$1,028.5	\$312.7	\$258.2	\$306.6	\$151.0	\$1,126.4	\$327.2	\$279.2	\$303.4	\$216.6
Add (deduct):										
Standardized distributable cash <sup>(17)</sup> of discontinued operations <sup>(23)</sup>	(22.6)	(12.2)	(9.5)	4.9	(5.8)	(7.1)	1.5	16.6	(13.8)	(11.4)
Cash from operating activities of the Fund	(3.7)	(0.8)	(1.1)	(1.8)	-	(15.8)	(0.8)	(2.7)	(0.3)	(12.0)
Capital expenditures	(494.0)	(162.0)	(113.4)	(124.3)	(94.3)	(462.4)	(120.0)	(114.3)	(121.2)	(106.9)
<i>Standardized distributable cash<sup>(17)</sup></i>	<i>508.2</i>	<i>137.7</i>	<i>134.2</i>	<i>185.4</i>	<i>50.9</i>	<i>641.1</i>	<i>207.9</i>	<i>178.8</i>	<i>168.1</i>	<i>86.3</i>
Add (deduct):										
Operating items funded through cash reserves or borrowing:										
Change in operating assets and liabilities (working capital)	48.6	(56.4)	17.0	(26.1)	114.1	(19.8)	(67.8)	1.4	(12.5)	59.1
Change in operating assets and liabilities (working capital) of the Fund	0.3	(0.1)	0.6	0.4	(0.6)	11.8	-	2.0	(1.2)	11.0
Change in operating assets and liabilities (working capital) and other non-cash items of the discontinued operations <sup>(23)</sup>	24.2	12.8	9.5	(5.4)	7.3	9.4	(1.8)	(14.7)	14.2	11.7
Pension deficit funding <sup>(18)</sup>	86.3	28.2	25.8	13.6	18.7	73.8	25.3	21.9	12.9	13.7
Restructuring charges	27.9	12.6	0.6	4.0	10.7	37.6	13.7	12.1	2.5	9.3
Capital taxes in excess of normalized levels <sup>(19)</sup>	4.2	1.1	1.0	1.1	1.0	6.3	0.6	1.4	2.2	2.1
Other adjustments <sup>(17)</sup> :										
Current income tax expense (recovery)	3.1	0.2	2.9	-	-	(2.0)	-	-	(2.0)	-
Other non-cash items provided for in working capital changes	7.7	4.2	2.1	3.2	(1.8)	15.2	4.6	4.9	2.4	3.3
<b>Distributable cash<sup>(17)</sup></b>	<b>\$710.5</b>	<b>\$140.3</b>	<b>\$193.7</b>	<b>\$176.2</b>	<b>\$200.3</b>	<b>\$773.4</b>	<b>\$182.5</b>	<b>\$207.8</b>	<b>\$186.6</b>	<b>\$196.5</b>

**BELL ALIANT REGIONAL COMMUNICATIONS INCOME FUND**
**NON-GAAP FINANCIAL MEASURES**
**Supplementary Information (unaudited)**
**Free cash flow**
*(millions of dollars, except as otherwise indicated)*

	2010 <sup>(3)</sup>					2009 <sup>(3)</sup>				
	Total	Q4	Q3	Q2	Q1	Total	Q4	Q3	Q2	Q1
<b>Free cash flow<sup>(25)</sup> reconciled to cash flow from operating activities</b>										
Cash from operating activities	\$1,028.5	\$312.7	\$258.2	\$306.6	\$151.0	\$1,126.4	\$327.2	\$279.2	\$303.4	\$216.6
Cash from operating activities of the Fund	(3.7)	(0.8)	(1.1)	(1.8)	-	(15.8)	(0.8)	(2.7)	(0.3)	(12.0)
Total cash from operating activities	1,024.8	311.9	257.1	304.8	151.0	1,110.6	326.4	276.5	303.1	204.6
Capital expenditures	(494.0)	(162.0)	(113.4)	(124.3)	(94.3)	(462.4)	(120.0)	(114.3)	(121.2)	(106.9)
Free cash flow <sup>(25)</sup>	\$530.8	\$149.9	\$143.7	\$180.5	\$56.7	\$648.2	\$206.4	\$162.2	\$181.9	\$97.7
Add (deduct):										
Change in operating assets and liabilities (working capital)	48.6	(56.4)	17.0	(26.1)	114.1	(19.8)	(67.8)	1.4	(12.5)	59.1
Change in operating assets and liabilities (working capital) of the Fund	0.3	(0.1)	0.6	0.4	(0.6)	11.8	-	2.0	(1.2)	11.0
Free cash flow <sup>(25)</sup> before changes in working capital	\$579.7	\$93.4	\$161.3	\$154.8	\$170.2	\$640.2	\$138.6	\$165.6	\$168.2	\$167.8
Distributions declared <sup>(7)</sup>	\$660.5	\$165.2	\$165.1	\$165.1	\$165.1	\$660.2	\$165.1	\$165.1	\$165.1	\$164.9
Payout ratio <sup>(26)</sup>	124.4%	110.2%	114.9%	91.5%	291.2%	101.9%	80.0%	101.8%	90.8%	168.8%
Payout ratio before changes in working capital <sup>(27)</sup>	113.9%	176.9%	102.4%	106.7%	97.0%	103.1%	119.1%	99.7%	98.2%	98.3%

<sup>(17)</sup> The terms Standardized distributable cash and Distributable cash do not have any standardized meanings prescribed by Canadian GAAP. They are therefore unlikely to be comparable to similar measures presented by other issuers. Standardized distributable cash and Distributable cash are presented on a consistent basis from period to period.

We define Standardized distributable cash from a cash flow perspective following CICA guidance which uses cash from operating activities of Bell Aliant Holdings LP and adds or deducts the following items that affect cash flow: (i) cash from operating activities of discontinued operations and the Fund, as this represents operating cash from activities other than the continuing operations of Bell Aliant Holdings LP which is available for distribution; and (ii) capital expenditures. CICA guidance on the calculation of this Standardized distributable cash measure would also include deductions related to any restrictions imposed on the amount of cash distributions as a result of compliance with financial covenants restrictive at the date of calculation. Our credit agreements only impose a restriction that distributions cannot exceed Distributable cash over the last year if our credit ratings fall below investment grade. Since our ratings are within the investment grade categories, we are under no such restrictions.

We further adjust Standardized distributable cash by the following operating items funded through cash reserves or borrowings and other adjustments to define our Distributable cash: (iii) operating items funded through cash reserves or borrowings, such as changes in operating assets and liabilities (working capital), pension deficit funding, restructuring charges, and capital taxes in excess of normalized levels. We then adjust working capital changes by the following items: (iv) current income tax provisions (recoveries) are added back (deducted) as we have tax strategies in place to ensure that they are not payable in cash; and (v) other elements of working capital changes that should not result in actual current or future cash flows.

We also define and calculate Distributable cash as EBITDA less (i) cash funding requirement for current service pension costs for defined benefit pension plans and other employee benefit plans to the extent not already deducted in determining EBITDA; (ii) an adjustment to cash capital taxes to reflect a normalized level that will be achieved once announced provincial tax rate reductions come into effect in future years; (iii) expenses incurred by the Fund as these are not included in the EBITDA of Bell Aliant Holdings LP; (iv) cash interest expense; (v) other cash income or expenses that may be incurred to the extent not included in EBITDA; (vi) capital expenditures; and (vii) the portion of Distributable cash generated by discontinued operations.

Distributable cash is presented on a fully diluted basis (i.e. without deduction for a minority interest that Bell Canada holds in the subsidiaries of Bell Aliant Holdings LP).

Standardized distributable cash and Distributable cash should not be confused with cash from operating activities which is the most comparable Canadian GAAP financial measure.

We use Distributable cash, among other measures, to assess the financial performance of our ongoing business. We report Standardized distributable cash to meet compliance with the new CICA guidance for income trusts and other flow-through entities. These non-GAAP financial measures should not be seen as a measure of liquidity or as a substitute for comparable metrics prepared in accordance with GAAP. We believe that certain investors and analysts use Distributable cash to measure Bell Aliant Holdings LP's and the Fund's, as well as other open-ended trusts', ability to generate a sustainable return for unitholders.

<sup>(18)</sup> Represents the cash funding requirement related to current service cost in our pension plans and other post employment benefit plans for the period that is not included in EBITDA. The portion of cash funding required for our pension plans that exceeds current service cost (i.e. Pension deficit funding) will be funded through cash reserves or borrowing.

<sup>(19)</sup> EBITDA is net of expenses for certain capital taxes. These are added back in the Distributable cash reconciliation because only a normalized level of these cash taxes (to reflect announced future rate reductions) is deducted in determining our Distributable cash. As the provinces in which we operate have announced the elimination of capital taxes, the entire amount of cash capital taxes is considered to be in excess of normalized levels, and will be funded through cash reserves or borrowing.

<sup>(20)</sup> Represents cash expenses of Bell Aliant Income Fund other than interest expense. See note 22 below.

<sup>(21)</sup> Represents the cash portion of other income (expenditures). Losses and fees associated with our accounts receivable securitization program are included as other expenditures. Also, to the extent that other elements of net earnings include non-cash amounts (such as amortization charges or deferred unit plan costs) they are excluded from Distributable cash.

<sup>(22)</sup> Represents interest expense incurred by Bell Aliant Holdings LP or Bell Aliant Income Fund, excluding non-cash amortization charges.

<sup>(23)</sup> Represents the contribution to Standardized distributable cash / Distributable cash of the discontinued operations of our Defence, Security and Aerospace business, xwave New England Corp., Innovatia Inc., and our xwave business.

<sup>(24)</sup> The term EBITDA (earnings before interest, taxes, depreciation and amortization) does not have any standardized meaning prescribed by Canadian GAAP. It is therefore unlikely to be comparable to similar measures presented by other companies. EBITDA is presented on a consistent basis from period to period. We define EBITDA as operating revenues less expenses, which means it represents operating income before depreciation and amortization expense, net cost of benefit plans, and restructuring and other charges. Operating income is calculated before interest and income taxes are deducted. We use EBITDA, among other measures, to assess the operating performance of our ongoing businesses without the effects of depreciation and amortization expense, net cost of benefit plans, and restructuring and other charges. We exclude depreciation and amortization expense and net cost of benefit plans because they largely depend on the accounting methods and assumptions a company uses, as well as non-operating factors, such as the historical cost of capital investments and the fund performance of a company's pension plans. We exclude these items because they affect the comparability of our financial results and could potentially distort the analysis trends in business performance. Excluding restructuring and other charges does not imply they are non-recurring. EBITDA allows us to compare our operating performance on a consistent basis. We believe that certain investors and analysts use this measure to assess Bell Aliant Holdings LP's and other companies' ability to service debt, make capital distributions to unitholders and to meet other payment obligations, or as a common valuation measurement in the telecommunications industry. EBITDA should not be confused with net earnings or operating income which are the most comparable Canadian GAAP financial measures. Refer to page 5 for a reconciliation of net earnings and operating income to EBITDA.

<sup>(25)</sup> The term Free cash flow does not have any standardized meaning prescribed by Canadian GAAP. It is therefore unlikely to be comparable to similar measures presented by other companies. We define Free cash flow as cash from operating activities less capital expenditures. Since Bell Aliant Holdings LP's operations ultimately support distributions to Fund unitholders, Free cash flow combines Bell Aliant Holdings LP's cash performance with that of the Fund. We may present Free cash flow both including and excluding changes in operating assets and liabilities (working capital) in a period as these changes can be significant given the timing of these cash flows through the year or from one year to the next. Free cash flow is presented on a consistent basis from period to period. We believe that certain investors and analysts use Free cash flow to assess our ability to make distributions to unitholders, to service debt, and to meet other payment obligations, and as a common valuation measurement in our industry. Free cash flow should not be confused with cash from operating activities, which is the most comparable Canadian GAAP financial measure.

<sup>(26)</sup> Payout ratio - distributions declared <sup>(7)</sup> divided by Free cash flow.

<sup>(27)</sup> Payout ratio before changes in working capital - distributions declared <sup>(7)</sup> divided by Free cash flow before changes in working capital.

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