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Notice of annual meeting of shareholders
and information circular

Aliant

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Notice of annual meeting of shareholders

Notice is given that the annual meeting of shareholders (the "annual meeting") will be held at the Delta Fredericton, 225 Woodstock Road, in the Grand Ballroom, Fredericton, New Brunswick, on Monday, June 28, 2004 at 2:00 p.m. (local time) for the following purposes:

(1) to receive the report of the directors, the consolidated financial statements for the year ended December 31, 2003 and the auditors' report on the financial statements;

(2) to elect directors for the ensuing year;

(3) to appoint auditors to hold office until the end of the next annual meeting of shareholders and to authorize the directors to fix their remuneration; and

(4) to transact such other business as may properly be brought before the annual meeting.

The items of business to be put before the meeting are contained in the information circular accompanying this notice of annual meeting.

We invite all shareholders to attend the annual meeting in person. If you are unable to attend, you may convey your voting instructions by appointing a proxy holder. Proxy holders can be appointed electronically using the Internet or by completing, signing and returning the enclosed proxy in the postage-paid envelope provided. Please refer to the information circular for the items of business to be transacted at the annual meeting.

Shareholders registered at the close of business on May 27, 2004 will receive notice of the annual meeting and will be entitled to vote in person or by proxy, at the annual meeting.

By order of the board of directors,
Frederick P. Crooks, QC
Senior vice-president, general counsel
and corporate secretary
May 18, 2004

Information circular

This information circular is provided in connection with the solicitation of proxies by management for use at the annual meeting of shareholders to be held on Monday, June 28, 2004 at 2:00 p.m. (ADT) and at any and all adjournments (the "meeting"). (In this information circular, Aliant, the Corporation, we, us and our mean Aliant Inc.)

APPOINTMENT

Shareholders have the option to appoint a person to act on their behalf at the annual meeting, other than the management representative named in the proxy, by writing the name of the person in the space provided on the enclosed proxy, by completing a subsequent proxy or by indicating so if appointing and providing voting instructions to a proxy holder over the Internet. The common shares represented by proxy will be voted in accordance with the instructions of the shareholder on any ballots that may be called. The proxy will be voted "for" any matter for which no choice is specified and, to the extent permitted by law and subject to the voting instructions, confers discretionary authority with respect to all amendments or variations to matters identified in the notice of annual meeting of shareholders and any other matter, which may properly come before the meeting.

MAIL DELIVERY

Shareholders may send their completed proxy by mail in the enclosed postage-paid envelope.

INTERNET

Shareholders may submit their proxy using the Internet, by accessing the following website: www.eproxyvoting.com/aliant.

In order to submit a proxy using the Internet, shareholders are required to enter the 13 digit control number provided on the enclosed paper proxy. The shareholder can then appoint a proxy holder and convey voting instructions electronically over the Internet.

NON-REGISTERED SHAREHOLDERS

Shareholders who hold shares through a bank, trust company, securities broker or other intermediary ("non-registered shareholders") may vote by providing voting instructions to the intermediary or by attending the meeting in person. Non-registered shareholders will receive from their intermediary the documentation required to provide voting instructions and are required to carefully follow the procedures set out in such documentation. Aliant does not have access to the names of its non-registered shareholders.

A non-registered shareholder wishing to vote in person at the annual meeting should insert his or her name in the space provided on the voting instruction form sent by the intermediary to be appointed as proxy holder and follow all other instructions of the intermediary.

REVOCATION

A proxy may be revoked at any time before it is voted at the annual meeting by depositing a written instrument of revocation executed by the shareholder or the shareholder's attorney authorized in writing (a) at our registered office at any time up to and including the last business day before the day of the annual meeting; or (b) with the chair on the day of the annual meeting.

If the voting instructions were conveyed by use of the Internet, new instructions may be conveyed by use of the Internet before 2:00 p.m. (ADT) on June 24, 2004 (two business days prior to the annual meeting). A shareholder may also revoke a proxy in any other manner permitted by law.

DEADLINE FOR PROXY SUBMISSION

Proxies to be used at the annual meeting, whether returned by mail or by Internet, must be received by CIBC Mellon Trust Company before 2:00 p.m. (ADT) on June 24, 2004, or in the case of any adjournment of the annual meeting, not less than 48 hours (with the exception of Saturday, Sunday and holidays) before the recommencement of the annual meeting.

VOTING SHARES AND PRINCIPAL HOLDER

Common shareholders of record at the close of business on May 27, 2004, will be entitled to one vote for each share registered in such shareholder's name.

As of May 18, 2004, there were 132,684,563 outstanding common shares of the Corporation. To the knowledge of our directors and officers, the only person or corporation beneficially owning, directly or indirectly, or exercising control or direction over common shares carrying more than 10 per cent of the voting rights attached to all common shares of Aliant is BCE Inc. ("BCE").

BCE is the beneficial owner of 70,986,262 common shares, representing approximately 53.5 per cent of the outstanding common shares of Aliant. Our directors and senior officers, as a group, beneficially owned or controlled 74,231 common shares of the Corporation as of May 18, 2004.

NOMINEES FOR ELECTION AS DIRECTORS

The following table provides information on the people who intend to stand for election as a director.

Name and position or office[1]	Aliant committee membership[2]	Director since	Other directorships	Share units	Common shares[6]	Preferred shares
Miller Ayre, C.M. Publisher The Telegram (Newspapers)	Corporate governance *(chair)* Human resources & compensation	April 22, 1999	Mansbord Incorporated Canadian Forces Liaison Council Canadian Labour and Business Centre	9,984[3,7]	1,639	
Charles Caty Corporate director	Human resources & compensation *(chair)* Investment	April 22, 1999	NAL Energy Inc. Market Regulation Services Inc. Aviva Canada Ltd.	2,676[3]	2,803	
Robert Dexter, QC Chairman and chief executive officer Maritime Travel Inc. (Travel)	Investment *(chair)* Audit	April 22, 1999	Empire Company Limited The Maritime Life Assurance Co. High Liner Foods Inc. Sobeys Inc. Wajax Limited	9,558[3]	1,814	
Jay Forbes President and chief executive officer Aliant Inc.		April 19, 2002	Atlantic Provinces Economic Council Dalhousie School of Business Rothesay Netherwood Saint John Regional Hospital Foundation Dalhousie University	21,370[5]	1,052	
Lawson Hunter Executive vice-president BCE Inc.		New nominee	Ottawa Art Gallery	N/A		
Terry Mosey Executive vice-president Bell Canada		December 15, 2003	Bell Nordiq NorthwesTel Toronto Board of Trade Ontario Science Centre ProAction	N/A[4]		
Dr. Margot Northey Corporate director	Human resources & compensation	April 20, 2001	Wawanesa Insurance Company British Columbia Transmission Corp. Nexfor Inc. Alliance Atlantis Communications Stressgen Biotechnologies Corporation	3,809[3]		
Edward Reevey Chairman and chief executive officer Addee Developments Limited and Eedda Capital Inc. (Private holding corporations)	Audit *(chair)* Pension-defined benefit *(chair)* Pension-defined contribution *(chair)*	April 22, 1999	The Greater Saint John Community Foundation Inc. Stratos Global Corporation	2,676[3]	37,937	6,000
Karen Sheriff President, Small & Medium Business Bell Canada		New nominee	Gardiner Museum of Ceramic Art Canadian Marketing Association Board Advisor – Adventis Corporation	N/A		

Name and position or office[1]	Aliant committee membership[2]	Director since	Other directorships	Share units	Common shares[6]	Preferred shares
Catherine Tait President Duopoly Inc. (Film and television production and consulting)	Audit Corporate governance	April 20, 2001	Triptych Media	3,312[3]		
Stephen Wetmore Group president national markets of Bell Canada and executive vice-president of BCE Inc. (Telecommunications)	Human resources & compensation	April 22, 1999	Bell Canada Holdings Canadian Tire Corporation Limited The Learning Partnership CD Howe Institute Dalhousie School of Business Stratos Global Corporation	N/A[4]	1,500	
Charles White, QC *Chair of the board* Lawyer White Ottenheimer & Baker (Law Firm)	Audit Corporate governance Human resources & compensation Investment Pension-defined benefit Pension-defined contribution	April 22, 1999	BMO Mutual Funds Unifund Assurance Company North Atlantic Refining Limited Stratos Global Corporation	8,795[3,7]	1,500	
Victor Young Corporate director	Audit Corporate governance	April 19, 2002	Imperial Oil Royal Bank of Canada McCain Foods Limited BCE Inc.	1,870[3]	1,500	

1. With the exception of the following, all of the directors have been employed in the designated principal occupation for the preceding five years or have been engaged in different executive functions with their current company or with one of its affiliates. Mr. Ayre is publisher of The Telegram, St. John's, prior to which he was group publisher and chief executive officer of Thomson Newfoundland, and prior to which he was chairman, president and chief executive officer of Ayre & Sons Limited. Mr. Forbes was appointed president and chief executive officer of Aliant in March 2002. He joined Aliant as executive vice-president and chief financial officer in February 2001 from his role as executive vice-president, corporate resources and chief financial officer of Oxford Properties Group Inc. Prior to this he was chief financial officer and senior vice-president of Emera Inc. Mr. Hunter is executive vice-president of BCE Inc. Prior to this he was a partner with the law firm Stikeman Elliott. Dr. Northey was dean of Queen's University School of Business until her retirement in June of 2002. Ms. Sheriff is president, small and medium business with Bell Canada. She joined Bell Canada in May of 1999 as senior vice-president of product management and development and then took the position of chief marketing officer. Prior to joining Bell Canada, Ms. Sheriff was responsible for corporate marketing and branding at Ameritech Inc. Ms. Tait is president of Duopoly Inc. Prior to this she was a communications and entertainment consultant, and prior to this she was president and chief operating officer of Salter Street Films. Mr. Wetmore is group president national markets of Bell Canada and executive vice-president of BCE Inc. Prior to this he was vice-chairman, corporate, Bell Canada, effective March 1, 2002. Prior to this he was president and chief executive officer of Aliant from April 22, 1999, and prior to this he was president and chief executive officer of NewTel Enterprises Limited ("NewTel") and chief executive officer of NewTel Communications Inc. ("NewTel Communications") from February 1998. Mr. White is currently a lawyer with the law firm White Ottenheimer and Baker. He was a partner with this firm until February 2004. Mr. Young was chairman and chief executive officer of Fishery Products International Ltd. from November 1994 to May 2001.

2. We have an audit committee. Its members are Mr. Reevey (chair), Mr. Dexter, Ms. Tait, Mr. Young and Mr. White. In addition, we have five other committees of our board. The committees are described in the table titled "Aliant's corporate governance practices". Mr. Hunter, Ms. Sheriff, Mr. Mosey, Mr. Wetmore and Mr. Young are nominees of BCE, which is the beneficial owner of 53.5 per cent of our issued and outstanding common shares. We do not have an executive committee of our board of directors.

3. Share units as of December 31, 2003. A description of our share unit plan for non-employee directors (the "share unit plan") is contained in the "Remuneration of directors" section of this information circular.

4. Employees of Aliant, BCE and Bell Canada do not participate in the share unit plan.

5. Mr. Forbes, being an employee of Aliant does not participate in the Aliant share unit plan for non-employee directors. However, he participates in the performance share unit plan (the "PSUP"). The number of share units noted above represents share units granted through the PSUP in 2003. For further details on the PSUP and the ownership guidelines applicable to Mr. Forbes, please refer to the section titled "Composition of the human resources and compensation committee and report on executive compensation".

6. Common shares of the Corporation beneficially owned or over which control or direction was exercised as of December 31, 2003.

7. These figures include share units granted under the NewTel share unit plan.

MATTERS TO BE ACTED UPON BY THE SHAREHOLDERS AT THE ANNUAL MEETING

The following are the matters to be acted upon at the annual meeting (as itemized in the notice of meeting of shareholders):

ITEM 1 – ANNUAL REPORT AND FINANCIAL STATEMENTS

The report of the directors to the shareholders, the financial statements of the Corporation for the year ended December 31, 2003 and the auditors' report on the financial statements will be submitted to the meeting. The financial statements are included in our report to shareholders.

ITEM 2 – ELECTION OF DIRECTORS (REFER TO ITEM 1 ON THE PROXY)

The articles of the Corporation state that the board of directors shall consist of not less than three and not more than 19 directors. The board proposes the 13 nominees named on pages 3 and 4. If elected, they will hold office until the end of the next annual meeting of shareholders. The people nominated are, in our opinion, qualified to direct the activities of the Corporation until the next annual meeting. All nominees have indicated their willingness to stand for election.

Unless otherwise directed, the proxies received will be voted in favour of the election of the people nominated in this information circular. In case any of the listed nominees should become unavailable prior to the annual meeting, the proxy holder will have the right to use discretion in voting for a properly qualified substitute. The term of office of each director will be until the next annual meeting of shareholders or until such director's successor is elected or appointed.

ITEM 3 – APPOINTMENT OF AUDITORS (REFER TO ITEM 2 ON THE PROXY)

A firm of auditors is to be appointed by vote of a majority of the shareholders at the annual meeting to serve as auditors until the end of the next annual meeting of shareholders. We recommend that Ernst & Young LLP, first appointed on April 22, 1999 shortly after our incorporation and reappointed on April 25, 2000, April 20, 2001, April 19, 2002 and May 14, 2003, be reappointed. **Unless otherwise directed, proxies will be voted in favour of appointing the firm of Ernst & Young LLP as auditors and authorizing the directors to fix their remuneration.**

In 2003, the aggregate amount paid to Ernst & Young LLP for professional services rendered to Aliant and its wholly owned subsidiaries was approximately $1,213,200 for audit and related services and $178,000 for tax services.

ITEM 4 – OTHER BUSINESS

The officers will report on recent events of significance to the Corporation and on other matters of interest to the shareholders. As of the date of this information circular, the directors and officers are not aware of any matters, other than those indicated above, which may be submitted to the meeting for action. However, if any other matters should properly be brought before the annual meeting, the proxy, to the extent permitted by law and subject to the voting instructions, confers discretionary authority to vote on such other matters according to the best judgment of the person holding the proxy at the annual meeting.

COMPOSITION OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE AND REPORT ON EXECUTIVE COMPENSATION

The human resources and compensation committee (the "committee") of the board administers our executive compensation program. The committee was formed on September 20, 1999 to establish: (1) a plan of continuity for executives and other key employees; (2) a broad plan of executive compensation that will attract, retain and motivate executive management and other key employees; and (3) a process for the annual performance review of executive management to allow recommendations for compensation. The committee consists of the following five directors, none of whom is employed by the Corporation and four of whom are unrelated and independent: Charles Caty *(chair)*, Miller Ayre, Dr. Margot Northey, Stephen Wetmore and Charles White.

Compensation for the executives, including the chief executive officer, is comprised primarily of three main components:

- annual base salary;
- short-term incentive compensation – the target short-term incentive award ranges from 40 per cent to 75 per cent of the executive's annual base salary; and
- long-term incentive compensation – the target long-term incentive award ranges from 50 per cent to 170 per cent of the executive's annual base salary.

The use of short-term and long-term incentive compensation places a significant portion of the executive's total compensation at risk. For instance, approximately 70 per cent of the chief executive officer's potential compensation is at risk. The compensation plan for the Aliant executives is determined mainly with reference to compensation for similar executive positions at comparable Canadian corporations.

ANNUAL BASE SALARY

Salaries are determined by evaluating the responsibilities of each executive's position as well as the executive's experience, knowledge and performance. Annual base salary ranges are within the median range of the comparable Canadian corporations studied by the committee. Adjustments are made annually to maintain salary levels that are consistent with the foregoing.

COMPENSATION AT RISK

Short-term incentive compensation

The short-term incentive compensation plan provides an opportunity for executives to receive a competitive cash reward for the achievement of specific financial and non-financial targets. This plan was based on (1) achieving financial targets and strategic business objectives, and (2) individual performance measured against a detailed list of specific objectives. Financial targets, which represented 70 per cent of total short-term incentive compensation available, were based on earnings before interest, taxes, depreciation and amortization (EBITDA). As financial targets were not met for 2002, most members of the executive team did not receive short-term incentive compensation in 2003.

We recently introduced a Balanced Scorecard approach, which will define short-term incentive compensation awards payable in 2004. The Balanced Scorecard will promote a closer alignment of the measures and targets used to assess employee performance to the Corporation's strategic objectives. The Balanced Scorecard provides a structured framework for converting strategy through the use of performance measures in four perspectives; financial, customer, internal process and employee learning and growth. Performance targets for each executive reflect the individual's area of responsibility and ability to influence the results of the Corporation through these four perspectives.

Long-term incentive compensation

The long-term incentive compensation program aligns employees' performance with the long-term growth in shareholder value. Our program is comprised of a stock option plan ("SOP") and a performance share unit plan ("PSUP").

Stock option plan

Selected officers and senior management are eligible under the SOP. Share options are granted by the board based upon overall corporate performance and performance of the individual. Under the SOP, the board designates the key individuals to be granted options for the purchase of common shares of the Corporation and the number of options to be granted.

The option price is, unless otherwise determined by the Corporation, the closing price of a trade of at least a board lot of the shares on the Toronto Stock Exchange (the "TSX") on the trading day preceding the date of the grant. Each option granted is for a period of 10 years and unless specified otherwise, the right to exercise options occurs in one-third increments on the first, second and third anniversary dates from the date of grant.

The number of shares, which may be issued under options issued and outstanding pursuant to the SOP is limited to 6,500,000. However, the number of shares to be issued pursuant to the SOP combined with the options outstanding under any other employee-related plan or granted to any one person shall not exceed 5 per cent of the issued and outstanding shares.

In granting options, we take into account the number of shares available for issuance pursuant to the SOP. However, we do not, on an individual basis, take into account the amounts and terms of outstanding options when determining whether and how many new option grants would be made to an employee.

Performance share unit plan

In 2003, we established the PSUP for selected officers and senior management of Aliant and its subsidiaries to better align the long-term incentive compensation payout with total shareholder return. We modified our long-term compensation plan, the value of which remained unchanged, by reducing the number of stock options by 50 per cent and replacing this with performance share units. We also implemented share ownership guidelines.

Participants in the PSUP are required to, over a period of five years, hold a value of shares reflecting their position and responsibilities. The table below outlines the ownership guidelines for the named executive officers. Under the PSUP, share units are granted by the human resources and compensation committee and each share unit represents the right to receive, for each vested share unit, one Aliant common share acquired in the secondary market or cash payment equal to the fair market value, subject to adjustment as indicated below depending on the achievement of performance criteria. In 2003, 59,012 share units were granted. Share units are subject to both time-based and performance-based vesting. Share units granted in 2003 do not vest until November 30, 2005, subject to performance conditions. Grantees are also entitled to receive additional share units based on dividends paid on our common shares, with each grantee receiving additional share units equal to the number of share units held by the grantee multiplied by the dividend paid on a common share, divided by the fair market value of a share on the dividend payment date. At the time of vesting, the number of shares (or equivalent value in cash) to which an executive officer may be entitled can range from nothing to twice the original number of share units in the grant, depending upon actual performance against the predetermined performance conditions. The performance conditions consist of a comparison of our total shareholder return (share price appreciation plus reinvestment for dividends) compared to the total shareholder return for comparative groups of companies. If Aliant experiences negative total shareholder return, payouts are reduced from what they otherwise would be, based on the comparison of shareholder returns.

Share ownership guidelines table

Ownership guidelines	*$ value*
Jay Forbes	1,000,000
Frank Fagan	500,000
Barry Kydd	500,000
David Rathbun	250,000
Wendy Paquette	250,000

Report presented by the human resources and compensation committee.
Charles Caty *(chair)*
Miller Ayre
Dr. Margot Northey
Stephen Wetmore
Charles White

SHARE PERFORMANCE

The cumulative price return chart and share performance graph below were prepared using the year-end Aliant share prices from 1998 to 2003. Since 1998 pre-dated the formation of Aliant, the 1998 year-end price was calculated as a weighted average of the share prices of Bruncor Inc. ("Bruncor"), Island Telecom Inc. ("Island Tel"), Maritime Telegraph and Telephone Company Limited ("MTT") and NewTel (collectively, the "combining corporations"). This weighted average was obtained by taking the sum of the market capitalization of the combining corporations (minority portion of Island Tel only) as at December 31, 1998 and dividing by the number of Aliant shares that would have been outstanding, using the share exchange ratios established for the combining corporations at the time of Aliant's formation in May 1999.

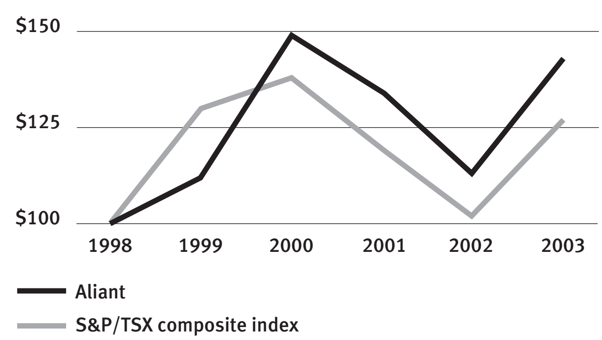
CUMULATIVE TOTAL RETURN

	1998	*1999*	*2000*	*2001*	*2002*	*2003*	*Return**
Aliant	100	112	149	134	113	143	7.45%
S&P/TSX composite index	100	130	138	119	102	127	4.86%

** Annualized return*

PERFORMANCE GRAPH

The performance graph is based upon an initial investment of $100 invested on December 31, 1998. For comparison purposes, we have shown the corresponding information in respect of the S&P/TSX composite index.



COMPENSATION OF OFFICERS

The summary compensation table below sets forth total compensation paid by the Corporation or its subsidiaries to the named executive officers for 2001, 2002 and 2003.

Summary compensation table

Name and principal position[1]	Year	Annual compensation: Salary ($)	Annual compensation: Short-term incentive compensation[2] ($)	Other annual compensation[3] ($)	Long-term compensation at risk[4]: Common shares under options granted[5]	All other compensation ($)
Jay Forbes	2003	524,615	0	0	50,095	52,462[9]
President and chief	2002	451,308	83,750	0	65,760	53,506[9]
executive officer	2001	289,904	0	100,000[6]	38,761	28,990[9]
Frank Fagan	2003	365,192	0	0	22,901	336,911[8]
Executive vice-president	2002	264,493	34,448	0	12,000	385,000[8]
and chief operating officer	2001	213,927	75,969	0	11,975	326,456[8]
Barry Kydd	2003	358,981	0	78,496[7]	21,310	35,898[9]
Executive vice-president	2002	148,173	0	0	20,000	14,817[9]
and chief financial officer						
David Rathbun	2003	258,269	0	0	7,952	20,662[9]
Senior vice-president,	2002	226,145	24,000	0	12,000	10,999[9]
corporate and chief	2001	205,282	51,187	0	8,710	77,500[8]
human resources officer						
Wendy Paquette	2003	258,269	29,363	0	7,952	0
Senior vice-president,	2002	244,691	36,601	0	12,000	0
customer service	2001	213,609	75,969	0	11,975	326,456[8]

1. Mr. Forbes joined Aliant as executive vice-president and chief financial officer in February 2001 and was appointed to the above noted office in March 2002. Mr. Fagan was president wireless services, until his appointment as executive vice-president and chief operating officer in October 2002. Mr. Kydd joined Aliant as executive vice-president and chief financial officer in July 2002. Mr. Rathbun was appointed senior vice-president corporate and chief human resources officer in July 2002, prior to which he was chief human resources officer. Ms. Paquette was president consumer services, until her appointment as senior vice-president customer service and operations in October 2002.

2. Short-term incentive compensation shown is in respect of the results for the preceding fiscal year. See section titled "Short-term incentive compensation".

3. Other benefits not disclosed do not exceed the lesser of $50,000 or 10 per cent of the total of the annual salary and short-term incentive compensation for any of the named executive officers for the reporting period.

4. See section titled "Long-term incentive compensation".

5. See section titled "Stock option plan".

6. Mr. Forbes received a hiring bonus of $100,000.

7. Mr. Kydd was reimbursed for certain costs associated with his relocation.

8. To ensure continuity of leadership following the merger of its predecessor corporations, we entitled the following named executive officers to additional compensation if they remained with the Corporation until June 1, 2001: Mr. Fagan, Mr. Rathbun and Ms. Paquette. Before becoming eligible to receive that additional compensation, each executive elected either a retention bonus payable in a lump sum or a pension enhancement of approximate equivalent value. Mr. Rathbun received $77,500 as a lump sum payment in 2001 and has elected to use the remainder as a pension enhancement. Ms. Paquette and Mr. Fagan elected to receive a lump sum payment. In addition to this retention bonus, Mr. Fagan received special retention payments, totaling $336,911 in 2003 and $385,000 in 2002, to remain with the Corporation.

9. Amounts include amounts contributed or accrued pursuant to the executive defined contribution plans. See section titled "Retirement plans".

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

Aliant has a policy prohibiting loans to directors and officers of the Corporation. At the end of the financial year 2003, neither the Corporation nor its subsidiaries have provided a guarantee, support agreement, letter of credit, or other similar arrangement or understanding with respect to the indebtedness of a director, executive officer, senior officer, proposed nominee for election as a director, or any associate of any such director, officer or proposed nominee.

No director, executive officer or senior officer or proposed nominee for election as a director or any person associated or affiliated with such directors, officers or proposed nominees for election as a director is indebted to the Corporation or its subsidiaries.

TERMINATION OF EMPLOYMENT, CHANGE IN RESPONSIBILITIES AND EMPLOYMENT CONTRACTS

Pursuant to Mr. Forbes' employment agreement, should he be terminated without cause, we shall provide the equivalent of 30 months cash compensation and all outstanding stock options and share units would be considered fully vested.

Under employment agreements with Mr. Kydd, Mr. Rathbun and Ms. Paquette, should they be terminated without cause, we shall provide the equivalent of 24 months cash compensation to the terminated employee and all of their outstanding stock options and share units would be considered fully vested. Mr. Fagan has no employment agreement.

LONG-TERM INCENTIVE COMPENSATION – AWARDS IN MOST RECENTLY COMPLETED FINANCIAL YEAR

Option grants during the most recently completed financial year

Name	Common shares under options granted[1]	Per cent of total options granted to employees in fiscal year	Exercise base price ($/common security)[2]	Market value of common shares underlying options on the date of grant ($/security)	Expiration date of grant
Jay Forbes	50,095	17.5%	26.79	26.79	February 13, 2013
Frank Fagan	22,901	8.0%	26.79	26.79	February 13, 2013
Barry Kydd	21,310	7.4%	26.79	26.79	February 13, 2013
David Rathbun	7,952	2.8%	26.79	26.79	February 13, 2013
Wendy Paquette	7,952	2.8%	26.79	26.79	February 13, 2013

1. Each option granted under the SOP covers one common share of the Corporation. The SOP is described in the section titled "Composition of the human resources and compensation committee and report on executive compensation".
2. The exercise price of the stock options outlined in this table is equal to the closing price of a trade of at least a board lot of the common shares on the TSX on the trading day preceding the grant.

Aggregated option exercises during the most recently completed financial year and financial year-end option values

Name	Securities acquired on exercise (#)	Aggregated value on exercise[1] ($)	Unexercised options Exercisable/Unexercisable (#)	Value of unexercised in-the-money options at year-end Exercisable/Unexercisable ($)
Jay Forbes	0	0	47,761/106,855	72,555/411,114
Frank Fagan	0	0	69,258/34,893	406,609/145,444
Barry Kydd	0	0	6,667/34,643	27,688/168,488
David Rathbun	0	0	24,581/18,855	244,516/66,065
Wendy Paquette	0	0	66,430/19,944	427,325/66,065

1. Based on $32.10 per common share, which was the closing price on the TSX on December 31, 2003.

LONG-TERM INCENTIVE COMPENSATION – AWARDS IN MOST RECENTLY COMPLETED FINANCIAL YEAR *(continued)*

Performance share unit awards during the most recently completed financial year

Name	Performance share units granted[1]	Performance period
Jay Forbes	21,370	November 30, 2005
Frank Fagan	9,930	November 30, 2005
Barry Kydd	9,370	November 30, 2005
David Rathbun	4,667	November 30, 2005
Wendy Paquette	2,800	November 30, 2005

1. Amounts represent the number of share units granted. These share units are subject to both time-based and performance-based vesting. The number of shares (or the equivalent in cash) to which an executive officer may be entitled at the time of vesting can range from nothing to twice the original number of share units in the grant, depending upon actual performance against the predetermined performance conditions. The performance conditions consist of a comparison of our total shareholder return (share price appreciation plus reinvestment for dividends) compared to the total shareholder return for comparative groups of companies. If Aliant experiences negative total shareholder return, payouts are reduced. See section titled "Performance share unit plan".

RETIREMENT PLANS

JAY FORBES AND BARRY KYDD

Mr. Forbes became a member of our executive retirement plan as of his date of hire, February 19, 2001. Mr. Kydd became a member of the same plan on his date of hire, July 22, 2002. The plan is a non-contributory defined contribution retirement plan with 10 per cent of pensionable earnings contributed to a registered retirement savings plan for contributions up to personal income tax limits and to a notional account for contributions above the income tax limits. Pensionable earnings include salary and short-term incentive payments.

DAVID RATHBUN

Mr. Rathbun participates in the Maritime Tel and Tel Limited ("MTT") defined contribution pension plan and the supplementary executive pension plan. The MTT defined contribution pension plan, as it applies to Mr. Rathbun, is a defined contribution plan under which he contributes 2 per cent of pensionable earnings and the Corporation contributes 6 per cent. The combined contributions are made to the registered pension plan up to the income tax limit and to a notional account for contributions above that limit.

The supplementary executive pension plan provides an annual pension per credited year of service of 1.5 per cent times the best average 36 consecutive months of pensionable earnings (to a maximum of 75 per cent of such earnings). Pensionable earnings include salary, bonuses and other benefits received by the named executive officer. At age 65, the pension benefit is reduced to reflect benefits from the Canada Pension Plan. At December 31, 2003, Mr. Rathbun had 6.1 credited years of service. The plan provides a survivor pension equal to 66.67 per cent of the executive's pension benefit.

Mr. Rathbun is also entitled to a pension enhancement. See table titled "Summary compensation table".

FRANK FAGAN AND WENDY PAQUETTE

The following table illustrates the estimated annual pension benefits payable to Mr. Fagan and Ms. Paquette, who are members of a defined benefit pension plan, at retirement based on specified compensation levels and credited years of service:

Pension plan table *(in dollars)*

Remuneration	Credited years of service			
	10	20	30	40
200,000	38,005	76,010	114,015	150,000
300,000	58,005	116,010	174,015	225,000
400,000	78,005	156,010	234,015	300,000
500,000	98,005	196,010	294,015	375,000
600,000	118,005	236,010	354,015	450,000
700,000	138,005	276,010	414,015	525,000
800,000	158,005	316,010	474,015	600,000
900,000	178,005	356,010	534,015	675,000

Frank Fagan

Mr. Fagan participates in the NewTel Communications Inc. pension plan and the supplementary executive retirement plan. Collectively, the plans provide an annual pension per credited year of service of 1.5 per cent times the best average for 36 consecutive months of pensionable earnings (to a maximum of 70 per cent of such earnings). Pensionable earnings include salary, bonuses and other benefits received by the named executive officer. At age 65, the pension benefit is reduced to reflect benefits payable from the Canada Pension Plan. The plan provides for an additional half-year service for each year of service as a senior officer. At December 31, 2003, Mr. Fagan had 54.0 credited years of service.

The plans provide a survivor pension equal to 66.67 per cent of the named executive officer's pension benefit. At retirement, the supplemental plan provides for a lump-sum payment equal to 12 months of compensation.

Wendy Paquette

Ms. Paquette participates in the MTT pension plan and the supplementary executive retirement plan. Collectively, the plans provide an annual pension per credited year of service of 1.5 per cent times the best average 36 consecutive months of pensionable earnings (to a maximum of 75 per cent of such earnings). If Ms. Paquette retires at or after age 55, the pension rate is increased from 1.5 per cent to 2.0 per cent. At December 31, 2003, Ms. Paquette had 20.9 credited years of service.

Pensionable earnings included salary, bonuses and other benefits received by the named executive officer. At age 65, the pension benefit is reduced to reflect benefits payable from the Canada Pension Plan.

The pension benefits described above include any benefits payable as a result of the executive's participation in the defined contribution portion of the MTT pension plan, to which the executive is required to contribute 2 per cent of pensionable earnings.

The plans provide a survivor pension equal to 66.67 per cent of the named executive officer's pension benefit. At retirement, Ms. Paquette will receive 12 months of base salary.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

INTRODUCTION

We are committed to excellence in corporate governance. We believe we have laid the right foundation for it by systematically promoting a values-based culture across the Corporation. We have maintained a formal governance framework which clearly defines the roles and accountability of the board, its committees and management. We have embraced emerging governance standards, continuing to refine our governance framework to reflect current best practices and evolving regulatory and legislative requirements. We believe that governance excellence is a corporate social responsibility as well as an essential tool in building long-term shareholder value. The following table summarizes Aliant's corporate governance practices which are consistent with the Toronto Stock Exchange guidelines for effective corporate governance (the "TSX guidelines"). It also describes the Corporation's corporate governance practices with reference to the audit committee requirements set out in multilateral instrument 52-110 ("MI 52-110") and governance practices recently proposed in draft multilateral policy 58-201 ("MP 58-201"). While we note that the requirements of MP 58-201 do not yet apply to the Corporation, the board of directors and management of the Corporation believe that it is important for the Corporation to provide its shareholders with information which takes into account emerging standards of corporate governance.

ALIANT'S CORPORATE GOVERNANCE PRACTICES

With reference to the TSX guidelines and emerging standards for best practices from the Canadian securities administrators

TSX guideline and comparable provisions of MP 58-201 and MI 52-110	Aliant's corporate governance practices	Compliance with TSX guidelines
TSX guideline 1 The board should explicitly assume responsibility for the stewardship of the Corporation. **MP 58-201 Recommended best practices 4 (Board mandate)**	**Stewardship of the Corporation** The board has adopted a corporate governance manual which documents the corporate governance principles and practices of the board and provides directors with information and guidance on the fiduciary and functional responsibilities of the board and of each director. The corporate governance manual also contains a detailed written mandate for the board, which sets out the responsibility of the board for the stewardship of the Corporation.	√
TSX guideline 1(a) The board should assume responsibility for adoption of strategic planning process. **MP 58-201 Recommended best practices 4(b) (Board mandate)**	**Adoption of a strategic planning process** The mandate of Aliant's board as set out in Aliant's corporate governance manual provides that the board is responsible for reviewing and approving (i) management's strategic and business plans; and (ii) the Corporation's financial objectives, plans and actions. In fulfillment of this responsibility, the board must develop a depth of knowledge of the business in order to understand and question the assumptions upon which the plans are based and reach an independent judgment as to whether the plans can be realized. Management is required to submit annually to the board a long-term strategic plan as well as an annual business and financial plan setting out the opportunities and risks associated with the business. The board holds an annual planning session to review and discuss this plan with management and also receives reports updating strategic planning at the regular board meetings.	√

TSX guideline and comparable provisions of MP 58-201 and MI 52-110	Aliant's corporate governance practices	Compliance with TSX guidelines
TSX guideline 1(b) The board should assume responsibility for identification of principal risks of the business and implementation of appropriate systems to manage risks. **MP 58-201 Recommended best practices 4(c) (Board mandate)**	**Identification of the principal risks and implementation of systems to manage risks** The board has responsibility pursuant to Aliant's corporate governance manual for ensuring implementation of the appropriate systems to identify and manage the principal risks of the Corporation's business. The board identifies the principal risks of the business of the Corporation taking into consideration economic and compensative factors, technological developments and the regulatory regime. The principal risks are described in Aliant's management discussion and analysis and annual information form. The audit committee of the board has responsibility for reviewing and monitoring the risk assessment systems and internal controls in major accounting and financial reporting systems.	√
TSX guideline 1(c) The board should assume responsibility for succession planning and for appointment, training and monitoring of senior management. **MP 58-201 Recommended best practices 4(d) (Board mandate)**	**Succession planning** Pursuant to Aliant's corporate governance manual, the board is responsible for the appointment, remuneration, performance achievement and replacement of the chief executive officer and senior officers upon the recommendation of the human resources and compensation committee and advice of the chief executive officer, with respect to the senior officers. The board is also responsible for ensuring that plans have been made for management succession. The human resources and compensation committee annually reviews and approves a succession plan for Aliant's executive management. The succession plan includes specific development plans for potential successors. This committee also reviews, on an annual basis and, as required, any proposed or required organizational changes.	√
TSX guideline 1(d) The board should assume responsibility for a communications policy. **MP 58-201 Recommended best practices 4(e) (Board mandate)**	**Communications policy** The board is responsible for ensuring that all public communications by the Corporation are complete and accurate. The board has implemented a disclosure policy, which establishes procedures to ensure that communications to the general public, shareholders and the investing public are timely, factual and accurate, and are broadly disseminated in accordance with all applicable legal and regulatory requirements. The Corporation has established a shareholders relations service to receive and respond to shareholder comments and inquiries. Aliant also holds regular meetings with the investment community and the media to explain results and answer questions.	√
TSX guideline 1(e) The board should assume responsibility for the integrity of internal control and management information systems. **MP 58-201 Recommended best practices 4(f) (Board mandate)**	**Integrity of internal control and management information systems** The board is responsible for ensuring the implementation and integrity of the Corporation's internal control and management information systems. The audit committee is responsible for internal controls in major accounting and financial reporting systems and for a review of the internal audit work being carried out. *Please also refer to TSX guideline 13 for more information.*	√

TSX guideline and comparable provisions of MP 58-201 and MI 52-110	Aliant's corporate governance practices	Compliance with TSX guidelines
TSX guideline 2 The board should be constituted with a majority of individuals who qualify as "unrelated directors". Unrelated is defined as independent of management and free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view in the best interests of the company. **MP 58-201 Recommended best practices 1 (Composition of the board)** The Board should be comprised of a majority of "independent" directors. Independent is defined as having no direct or indirect material relationship with the issuer. A material relationship means a relationship which could, in the view of the board, reasonably interfere with the exercise of a member's independent judgment.	**Composition of the board – unrelated and independent directors** With the exception of Jay Forbes, the chief executive officer of the Corporation and Victor Young, a member of the board of directors of BCE, Stephen Wetmore, the former chief executive officer of the Corporation and current executive officer of BCE and Bell Canada, and Terry Mosey, Karen Sheriff and Lawson Hunter who are executive officers of BCE and or Bell Canada, all of the directors standing for election on June 28, 2004, are "unrelated" within the meaning of the TSX guidelines. With the exception of Messrs. Forbes, Wetmore, Mosey, and Hunter, and Ms. Sheriff, all the directors standing for election on June 28, 2004 are "independent" as that term is defined for purposes of proposed multilateral policy 58-201. The board is currently composed of 13 directors, seven of whom are unrelated and eight of whom are independent.	√
TSX guideline 3 The board should be responsible for applying the definition of "unrelated director" to the circumstances of each individual director and must disclose whether a director is unrelated and the analysis supporting the conclusion. **MP 58-201 section 2.1 (Meaning of independence)** *Refer to recommended best practices 1 of MP 58-201 above.*	**Identification of unrelated and related directors** The board is responsible for determining whether a director is "unrelated" within the meaning of the TSX guidelines and "independent" for purposes of proposed multilateral policy 58-201. In making this determination the board assesses whether a director has any material relationship with the Corporation or any of its affiliates which could reasonably interfere with the exercise of the director's independent judgment. For this purpose, the board obtains information from directors as to their particular circumstances and relationships. The Canadian securities regulators have stipulated certain relationships which are deemed to affect independence. Based on the information provided to the board by individual directors, the board has concluded that Messrs. Forbes, Young, Wetmore, Mosey, and Hunter, and Ms. Sheriff are "related" for purposes of the TSX guidelines. The board has concluded that each of Messrs. Forbes, Wetmore, Mosey and Hunter, and Ms. Sheriff are not "independent" for the purposes of draft multilateral policy 58-201.	√

TSX guideline and comparable provisions of MP 58-201 and MI 52-110	Aliant's corporate governance practices	Compliance with TSX guidelines
TSX guideline 4 The board should appoint a committee of directors composed exclusively of outside directors, a majority of whom are unrelated directors, with the responsibility for proposing new nominees to the board and for assessing directors on an ongoing basis. **MP58-201 Recommended best practices 10 to 14 (Nomination of directors)**	**Nominations to the board and continuing assessment of directors** The corporate governance committee has a detailed written mandate pursuant to which it is responsible for recommending to the board nominees for election. The committee, which is composed entirely of "independent" directors, a majority of whom are unrelated, develops a long-term plan for the composition of the board taking into consideration the current strengths, skills and experience of the board, retirement dates and the strategic direction of Aliant. Such a long-term plan assists the committee in determining the essential and desired experience and skills of potential directors and recommending candidates as new directors. The committee is also responsible for assessing the performance of the current directors on a yearly basis.	√
TSX guideline 5 The board should implement a process to be carried out by the nominating committee or other appropriate committee for assessing the effectiveness of the board as a whole, the committees of the board and the contribution of individual directors. **MP 58-201 Recommended best practices 18 (Regular board assessments)**	**Assessment of effectiveness of the board of directors, its committees and individual directors** The corporate governance committee is responsible for assessing the skills and competencies of the board as a whole and the performance of each director on a yearly basis. The committee also conducts an annual review and assessment of the chair of the board and committees of the board. Assessment occurs through various means as determined by the corporate governance committee including surveys, interviews and group discussions. As part of the annual re-nomination process, the committee reviews individual director contribution in terms of meeting attendance, preparedness, participation, value added contribution and other criteria.	√
TSX guideline 6 The Corporation, as an integral element of the process for appointing new directors, should provide an orientation and education program for new recruits to the board. **MP 58-201 Recommended best practices 6 and 7 (Orientation and continuing education)**	**Orientation and education program for new directors** The corporate governance committee is responsible for reviewing, monitoring and making recommendations regarding new director orientation. Aliant has a formal orientation program in place. Each director receives an orientation handbook, which provides information concerning the role and responsibilities of the board and its committees. In addition, new directors attend a series of meetings with the chair of the board and senior executives of the Corporation to discuss the business and operations of the Corporation. Periodic educational sessions for experienced as well as new directors are held at board meetings at which one or more aspects of the business is discussed in detail.	√
TSX guideline 7 The board should examine its size and undertake, where appropriate, a program to establish a board size which facilitates effective decision-making. **MP 58-201 Recommended best practices 12 (Nomination of directors)**	**Size of the board** The size of the board is determined annually based on current needs. The corporate governance committee has concluded that the optimal size of the board is between 10 and 16 members. This year shareholders will be asked to appoint 13 directors, consistent with 2003. This is considered an efficient size and will allow for effective decision making.	√
TSX guideline 8 The board should review the adequacy and form of the compensation of directors in light of the responsibilities and risk involved in being a director.	**Compensation of directors** The corporate governance committee annually recommends the remuneration (fees and retainer) and benefits to be provided or paid to directors. The recommendation follows a review of market data on director compensation at comparable companies. In arriving at its recommendation, the committee also seeks advice from professional compensation consultants. The end result reflects the specific functions and responsibilities of the Corporation's directors and the current market.	√

TSX guideline and comparable provisions of MP 58-201 and MI 52-110	Aliant's corporate governance practices	Compliance with TSX guidelines
TSX guideline 9 Subject to guideline 13, committees of the board should generally be composed of non-management directors, a majority of whom are unrelated directors.	**Composition of committees of the board** A majority of the members of each board committee are "unrelated" and "independent" directors. The board has appointed six committees. The corporate governance committee is composed of four external and independent directors, three of whom are unrelated. The audit committee is composed of five external and independent directors, four of whom are unrelated. The human resources and compensation committee is composed of five external directors, four of whom are unrelated and independent. The investment committee is composed of five external directors, three of whom are unrelated and independent. The defined benefit pension investment committee is composed of three external directors, two of whom are unrelated and independent. The defined contribution pension investment committee is composed of three external directors, two of whom are unrelated and independent, two management representatives and three employee representatives who are participant in the defined contribution pension plan.	√
TSX guideline 10 The board should expressly assume responsibility for, or assign to a committee of directors the general responsibility for, developing the corporation's approach to governance issues. **MP 58-201 Recommended best practices 4(g) (Board mandate)**	**Development of approach to governance issues** The corporate governance committee is charged, among other things, with the responsibility to review governance issues and to make recommendations to the board, in relation to corporate governance best practices, as it deems appropriate. This committee is responsible for the regular review of changes in the governance regulatory area, for the Corporation's annual statement of corporate governance practices and for the Corporation's adherence to the TSX guidelines.	√
TSX guideline 11 The board, together with the chief executive officer, should develop position descriptions for the board and for the chief executive officer, including the definition of the limits to management's responsibilities. In addition, the board should approve or develop the corporate objectives, which the chief executive officer is responsible for meeting, and assess the chief executive officer against these objectives. **MP 58-201 Recommended best practices 5 (Position descriptions)**	**Development of position descriptions for the board and chief executive officer and approval of corporate objectives for chief executive officer** Position descriptions have been prepared for the chair of the board, the chief executive officer and for the directors and form part of the Aliant corporate governance manual. In addition, the board has approved an authorizations practice which governs approval of transactions, delegation of authority and execution of agreements. Under this practice, certain actions are reserved for review and approval by the board. The human resources and compensation committee, together with the board, review and approve on a regular basis corporate objectives for the president and chief executive officer. This committee and the board conduct annual assessment of the chief executive officer's performance against these objectives.	√

TSX guideline and comparable provisions of MP 58-201 and MI 52-110	Aliant's corporate governance practices	Compliance with TSX guidelines
TSX guideline 12 The board should implement structures and procedures which ensure that the board can function independently of management including separate roles for the chair and the chief executive officer. **MP 58-201 Recommended best practices 2 and 3 (Composition of the board)**	**Structure and procedure for independent board function** The chair of Aliant's board is a non-executive chair and is responsible for ensuring that the board discharges its duties. When appropriate, to ensure independence from management, Mr. Forbes is requested to withdraw from meetings of the board and similarly to withdraw from meetings of board committees. Directors meet without management following each meeting of the board and certain meetings of the committees. Also, private sessions are held by the "unrelated" and or "independent" directors, as appropriate.	√
TSX guideline 13 The audit committee should be composed only of outside and unrelated directors. The roles and responsibilities of the audit committee should be specifically defined so as to provide appropriate guidance to audit committee members as to their duties. The audit committee should have direct communication channels with the internal and external auditors to discuss and review specific issues as appropriate. The audit committee duties should include oversight responsibility for management reporting on internal control. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the audit committee to ensure that management has done so. **Multilateral instrument 52-110 (Audit committees)** Every audit committee member must be independent. Independent is defined as having no direct or indirect material relationship with the issuer. A material relationship means a relationship which could, in the view of the board, reasonably interfere with the exercise of a member's independent judgment. An individual who sits on the board of a controlling shareholder is not disqualified as an independent member if the individual is otherwise independent of the issuer and the controlling shareholder.	**Audit committee** The audit committee is composed of five external and independent directors, four of whom are unrelated directors. The audit committee has a written mandate and well-defined responsibilities providing audit committee members with specific duties and responsibilities. Established procedures require that the audit committee meet privately with both the external auditors and internal corporate auditors on a quarterly basis to discuss and review issues that either this committee or the auditors deem appropriate and timely. The audit committee chair is also available to meet with the external auditors and the internal corporate auditors between regular committee meetings as circumstances arise. The audit committee reviews a quarterly report prepared by the internal auditors which discusses internal controls within the Corporation as designed and implemented by management and reviews the duties and responsibilities of the internal auditors. The audit committee reviews all financial statements prepared by the Corporation and other financial documents required by various regulatory authorities and reports to the directors of the Corporation. The audit committee also recommends the appointment and compensation of the external auditors, oversees the procedures for the anonymous reporting of ethical, accounting or audit related concerns and pre-approves the provision of audit and non-audit services by the external auditors.	√

TSX guideline and comparable provisions of MP 58-201 and MI 52-110	Aliant's corporate governance practices	Compliance with TSX guidelines
TSX guideline 14 The board should implement a system which enables an individual director to engage an outside adviser at the expense of the company in appropriate circumstances. **MP 58-201 Recommended best practices 16 (Compensation)**	**Engagement of outside advisors by directors** Individual directors are entitled to appoint an outside advisor at the expense of the Corporation, subject to prior approval by the chair of the board.	√

Other MP 58-201 Recommended best practices	Aliant's corporate governance practices
MP 58-201 Recommended best practices 4(a) (Board mandate) The board should satisfy itself as to the integrity of the chief executive officer and other senior officers and that officers create a culture of integrity.	**Integrity and ethical corporate behaviour** The board has established a code of ethics for the Corporation's financial executives, which is in addition to the principles of ethics, which each employee of the Corporation is expected to adhere to. All employees are expected to act with honesty and integrity in all interactions with customers, suppliers, competitors, employees and others.
MP 58-201 Recommended best practices 8 and 9 (Code of business conduct and ethics) The board should adopt a written code of business conduct and ethics applicable to all directors, officers and employees of the Corporation and should be responsible for monitoring compliance.	**Code of business conduct and ethics** The board has adopted a statement of ethical behaviour entitled "Our Principles of Ethics". This sets out a detailed code of conduct to be followed by all employees of the Corporation. The audit committee monitors compliance with this code and only the board is permitted to grant waivers of this code to officers of the Corporation.
MP 58-201 Recommended best practices 15 to 17 (Compensation) The board should appoint a compensation committee of independent directors with a written charter and responsibility for approving the goals and objectives of the chief executive officer; making recommendations with respect to non-chief executive officer compensation, incentive compensation plans and equity-based plans and reviewing public disclosure of executive compensation.	**Human resources and compensation committee** The board has appointed a human resources and compensation committee composed of five external directors, four of whom are unrelated and independent directors. This committee has a written mandate and is charged with responsibility for establishing and administering: (i) a plan of continuity for executives and other key employees; (ii) a broad plan of executive compensation that is competitive and motivating in order to attract, hold and inspire the executive management and other key employees; and (iii) an annual review of the performance of each member of executive management and recommendations for compensation.

BOARD AND COMMITTEE MEETING ATTENDANCE FOR 2003[1]

Summary of board and committee meetings held

Meeting	Number of meetings held
Board	13
Audit	5
Corporate governance	3
Human resources and compensation	2
Investment	1
Defined benefit pension	5
Defined contribution pension	2

1. Board and committee meetings held in 2003 since the election of directors in May.

Attendance by directors

	Number of meetings attended	
Director	Board	Committees
William Anderson	11 of 13	7 of 8
Miller Ayre	11 of 13	5 of 5
Charles Caty	12 of 13	3 of 3
Robert Dexter	10 of 13	6 of 6
Jay Forbes	13 of 13	N/A
Terry Mosey[1]	N/A	N/A
Dr. Margot Northey	13 of 13	2 of 2
Edward Reevey	13 of 13	12 of 12
John Sheridan	5 of 13	1 of 1
Catherine Tait	12 of 13	8 of 8
Stephen Wetmore	12 of 13	2 of 2
Charles White	13 of 13	14 of 18
Victor Young	10 of 13	7 of 8

1. Mr. Mosey was appointed to the board on December 15, 2003.

REMUNERATION OF DIRECTORS

Directors are compensated on the basis of annual retainers and meeting fees. Directors who are employed by Aliant, BCE or Bell Canada do not receive such compensation. Compensation that would otherwise be payable to Aliant directors employed by BCE or Bell Canada is paid to Bell Canada. Mr. Young is a member of the board of directors of BCE but is not an employee of BCE and therefore is eligible to receive compensation from Aliant. The annual retainer for each eligible director is $35,000, all of which is deferred to the share unit plan for non-employee directors (the "share unit plan") and converted to share units. The share unit plan was designed and implemented solely for members of the board of directors who are not employees of Aliant, BCE or Bell Canada. Committee chairs receive an additional annual retainer of $7,000, the chair of the audit committee receives an additional annual retainer of $15,000 and committee members receive an additional annual retainer of $3,000. The meeting fee for each board and committee meeting is $1,500. The chair of the board of directors is compensated on the basis of an annual retainer of $200,000 with a minimum of $100,000 deferred to the share unit plan. The chair does not receive meeting fees for board and committee meetings.

The share unit plan is intended to enhance our ability to attract and retain high-quality individuals to serve as members on the board and to promote a greater alignment of interests between non-employee members of the board and our shareholders. Eligible directors and the chair may elect to defer to the share unit plan any portion of their fees over and above the minimum deferred amounts of $35,000 and $100,000 for directors and the chair, respectively. At the end of each quarter, fees thus deferred are divided by the market value of a common share and converted to share units. Dividends on share units are credited to each director's share unit plan account in the form of additional share units. Upon termination of board service, the directors receive the cash equivalent value of the number of share units then recorded in the director's share unit plan account based on the market value of a common share at that time.

SHARE OWNERSHIP REQUIREMENTS

Directors are required to own 3,000 Aliant common shares or 3,000 share units under the share unit plan or a combination of both within a reasonable period of time following their appointment. For the threshold ownership requirements applicable to Mr. Forbes, who is an internal director, see table on ownership guidelines under "Composition of the human resources and compensation committee and report on executive compensation".

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The directors and officers of Aliant and its subsidiaries benefit from a group directors and officers liability policy with limits of US$200 million purchased through the BCE group insurance program for the protection of all directors and officers of BCE and subsidiary corporations against liability incurred by them in their capacity as directors and officers.

In 2003, the amount of premium paid by the Aliant group for participatory coverage in respect of directors and officers was US$428,500. Where we grant indemnification to the directors and officers, the deductible is US$1 million for the Corporation. When the Corporation does not indemnify the directors and officers, there is no deductible applicable to payments made on their behalf.

INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS

Except as disclosed in our 2003 audited consolidated financial statements and management discussion and analysis of the Corporation and in our latest annual information form, we are not aware that any of the directors, officers, nominees for election as directors, other insiders of the Corporation or any persons associated or otherwise related to any of them has had an interest in any material transaction carried out since the beginning of the Corporation's last completed fiscal year and which has materially affected or is likely to materially affect the Corporation.

2005 SHAREHOLDER PROPOSALS

Shareholder proposals must be submitted no later than March 9, 2005 to be considered for inclusion in next year's information circular for the purposes of the 2005 annual meeting of shareholders.

I, the undersigned, senior vice-president, general counsel and corporate secretary, do certify that the contents of this information circular and the sending of this information circular to each shareholder entitled to receive notice of the annual meeting, to each director, to the auditors of the Corporation and to the appropriate governmental agencies were approved by the board of directors.

Frederick P. Crooks, QC
Senior vice-president, general counsel
and corporate secretary
May 18, 2004

Annual meeting of shareholders
Delta Fredericton, Grand Ballroom
225 Woodstock Road
Fredericton, New Brunswick
2:00 p.m. (local time)
Monday, June 28, 2004

The annual meeting will be webcast at www.aliant.ca

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Website: www.aliant.ca

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