

It's all about change

Notice of annual and special meeting
of shareholders and information circular



Annual and special meeting of shareholders

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Notice of annual and special meeting of shareholders

Management invites each shareholder to attend the meeting in person. Shareholders who are unable to attend the meeting and vote in person may still convey their voting instructions by appointing and instructing a proxy by Internet or by completing, signing and returning the enclosed proxy in the postage-paid envelope. If you are able to attend the meeting, completing and returning your proxy will not prevent you from voting in person. Please refer to the information circular for details of items of business to be transacted at the meeting.

NOTICE IS GIVEN that the annual and special meeting of shareholders of Aliant Inc. will be held at the Fairmount Newfoundland, in the Ballroom, St. John's, Newfoundland and Labrador, on Friday April 19, 2002 at 9:00 a.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, 2001 and the auditors' report on the financial statements;
- (2) to consider and, if thought advisable, to approve, with or without variation, a resolution (the full text of which is reproduced in the information circular) authorizing Aliant Inc. to amend its by-laws, which amendment was adopted by the board of directors of the Corporation on June 5, 2001;
- (3) to elect directors for the ensuing year;
- (4) to appoint auditors to hold office until the close of the next annual meeting of shareholders and to authorize the directors to fix their remuneration; and,
- (5) to transact such other business as may properly be brought before the meeting.

Shareholders registered at the close of business on March 4, 2002 will receive notice of the annual and special meeting and will be entitled to vote, in person or by proxy, at the meeting.

By order of the board of directors,

Barrie H. Black
Vice president, general counsel and corporate secretary

March 4, 2002

Information circular*

This information circular is furnished in connection with the solicitation of proxies by management of Aliant Inc. (the "Corporation" or "Aliant") for use at the annual and special meeting of shareholders of the Corporation to be held on Friday, April 19, 2002 at 9:00 a.m. (local time) and at any and all adjournments thereof (the "meeting").

Proxies

The enclosed proxy is solicited by management of Aliant for use at the meeting. A shareholder has the right to appoint a person to represent him or her, other than the management nominee named in the proxy, by inserting the name of such person in the space provided on the enclosed proxy or by indicating so if appointing and providing voting instructions to a proxy over the Internet. The common shares of the Corporation 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 in respect of which no choice is specified and confers discretionary authority with respect to all amendments or variations to matters identified in the notice of annual and special meeting of shareholders and any other matter, which may properly come before the meeting.

Mail delivery

Shareholders may send their completed, dated and signed proxy form by mail in the enclosed postage prepaid envelope.

Internet

A shareholder may submit a proxy by use of the Internet, by accessing the following website: www.proxyvoting.com/aliant.

In order to submit a proxy via the Internet, shareholders will be required to enter the 13 digit control number, which is provided on the enclosed paper form of proxy. The appointment of proxy and voting instructions are then conveyed electronically by the shareholder over the Internet.

Revocation

A proxy, regardless of whether it has been submitted on the enclosed form or over the Internet, may be revoked by the shareholder giving such proxy, at any time before it is voted at the meeting: (1) by depositing a written instrument of revocation executed by the shareholder or the shareholder's attorney authorized in writing;

(a) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the meeting, at which the proxy is to be used; or (b) with the chairman on the day of the meeting; or (2) in any other manner permitted by law. If the voting instructions were conveyed by use of the Internet as described above, new instructions submitted by use of the Internet within the time frames set forth below will revoke the prior instructions.

The cost of solicitation of proxies by management will be borne by the Corporation. The solicitation will be primarily by mail, but directors, officers and employees of the Corporation or employees of the Corporation's transfer agent, CIBC Mellon Trust Company, may also solicit proxies by telephone or in person.

Proxies to be used at the meeting, whether returned by mail or by Internet, must be received by the transfer agent before 9:00 a.m. (AST) on April 17, 2002.

Voting shares and principal holder

Common shareholders of record as at the close of business on March 4, 2002, being the record date for the meeting, will be entitled to one vote for each share registered in such shareholder's name, unless such shareholder has transferred any shares after that date and the new holder of such shares produces a certificate in the new holder's name or a properly endorsed share certificate or otherwise establishes ownership of such shares and requests, not later than the close of business ten days prior to the meeting date, that the holder's name be included in the list of shareholders entitled to vote at the meeting. Such request may be sent to the corporate secretary of the Corporation.

As of March 4, 2002, there were 137,731,846 outstanding common shares of the Corporation. To the knowledge of the directors and officers of the Corporation, the only person or corporation beneficially owning, directly or indirectly, or exercising control or direction over common shares carrying more than 10% of the voting rights attached to all common shares of the Corporation is BCE Inc. ("BCE"). BCE is the beneficial owner of 72,943,116 common shares, representing approximately 53% of those outstanding. The directors and senior officers as a group beneficially owned or controlled 167,008 common shares of the Corporation as of March 4, 2002.

Nominees for election as directors*

Name and position or office	Principal occupation	Director since	Share units as of December 31, 2001¹	Common shares²
William D. Anderson	President BCE Ventures Inc. (Equity investments)	New nominee	N/A	iMagicTV 2,000
Miller H. Ayre	Publisher The Telegram (Newspapers)	April 22, 1999	5,554.09 ³	Aliant 1,639 Stratos 10,200
J. Charles Caty	Corporate director	April 22, 1999	1,242.15	Aliant 2,803
Robert P. Dexter, Q.C.	Chairman and chief executive officer Maritime Travel Inc.	April 22, 1999	3,759.31	Aliant 1,814 iMagicTV 7,000 Stratos 13,700
Peter J. Nicholson	Chief strategy officer BCE Inc. (Communications)	New nominee	N/A	—
Dr. Margot Northey	Dean, School of Business Queen's University	April 20, 2001	1,034.73	—
Edward Reevey	Chief executive officer Addee Developments Limited and Eedda Capital Inc. (Private holding corporations)	April 22, 1999	1,242.15	Aliant 36,723 iMagicTV 7,000
John W. Sheridan	President Bell Canada (Telecommunications)	April 25, 2000	N/A	Aliant 1,500
Catherine Tait	Communications and entertainment consultant	April 20, 2001	932.35	—
Stephen G. Wetmore	Vice chairman, corporate, Bell Canada (Telecommunications)	April 22, 1999	N/A	Aliant 2,958
Charles W. White, Q.C. Chairman of the board	Partner White Ottenheimer and Baker (Law firm)	April 22, 1999	3,964.69 ³	Aliant 1,500 iMagicTV 4,500
Victor L. Young, O.C.	Corporate director	New nominee	—	Aliant 1,000

*As of March 4, 2002, Jay Forbes, chief financial officer of Aliant, is also acting president and chief executive officer of the Corporation. It has been Aliant's practice to have the president and chief executive officer form part of the board of directors of the Corporation. Pursuant to its authority under the Corporation's by-laws, Aliant intends to increase the size of its board to thirteen (13) members upon the appointment of a president and chief executive officer.

1. A description of the Aliant unit plan is contained in the remuneration of directors section of this information circular.

2. Common shares of the Corporation and its subsidiaries beneficially owned or over which control or direction was exercised as of December 31, 2001.

Definitions: iMagicTV Inc. – iMagicTV, Stratos Global Corporation – Stratos

3. These figures include share units granted under the NewTel Enterprises Limited share unit plan.

Matters to be acted upon by the shareholders at the meeting

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

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, 2001 and the auditors' report on the financial statements will be submitted to the meeting. The financial statements are included in the Aliant 2001 annual report to shareholders.

Item 2 – Special resolution (see item 1 on proxy form)

The shareholders will be asked to review and, if deemed advisable, to adopt a resolution confirming and approving an amendment to Aliant's By-Law No. 1 to reflect that the chair of the board is the chair of any annual meeting of shareholders of the Corporation.

Aliant's By-Law No. 1 provided in section 10.08 that ["The chair of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: managing director, president, chair of the board, or a vice president who is a shareholder...]. The board of directors of Aliant approved an amendment to this section in 2001 and the revised section reads as follows:

10.08 Chair, secretary and scrutineers – The chair of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: chair of the board, president, or a vice president who is a shareholder. If no such officer is present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chair. If the secretary of the Corporation is absent, the chair shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chair with the consent of the meeting.

The text of the resolution that shareholders will be asked to confirm and approve at the annual and special meeting is as follows:

Whereas, on June 5, 2001, the board of directors passed a resolution to an amendment to the Corporation's By-Law No. 1;

Whereas said amendment needs to be confirmed by way of resolution of the holders of common shares of Aliant;

Therefore, on a motion duly made and seconded, it is "RESOLVED that the amendment to By-Law No. 1 of Aliant approved by the board of directors of Aliant on June 5, 2001 to state that the chair of the board shall be the chair of any annual meeting of shareholders is hereby confirmed and approved; and

That any director or officer of Aliant is hereby authorized to take all actions necessary to give effect to the foregoing."

The directors recommend shareholders' confirmation of the amendment to By-Law No. 1. A MAJORITY OF THE VOTES CAST BY THOSE SHAREHOLDERS PRESENT IN PERSON OR BY PROXY AND VOTING IS REQUIRED FOR APPROVAL OF THIS MATTER.

Item 3 – Election of directors (see item 2 on proxy form)

The articles of the Corporation provide that the board of directors of the Corporation shall consist of not less than three (3) and not more than nineteen (19) directors. Management proposes the twelve (12) persons named on page three as nominees for election as directors, to hold office until the close of the next annual meeting of shareholders. The persons nominated in this information circular are, in the opinion of management, qualified to direct the activities of the Corporation until the next annual meeting of shareholders and all nominees have indicated their willingness to stand for election.

It is the intention of the persons whose names are printed on the enclosed proxy form to vote such proxy for the election of the persons listed in this information circular unless specifically instructed by proxy to withhold such vote (see "proxies" above). In case any of the listed nominees should become unavailable prior to the meeting, the persons designated on the proxy form will have the right to use their discretion in voting for a properly qualified substitute. The term of office of each person so elected will be until the next annual meeting of shareholders of the Corporation or until such person's successor is elected or appointed.

Item 4 – Appointment of auditors (see item 3 on proxy form)

A firm of auditors is to be appointed by vote of the shareholders at the meeting to serve as auditors for the Corporation until the next annual meeting. The directors recommend that Ernst & Young LLP, who were first appointed by the Corporation on April 22, 1999, and reappointed on April 25, 2000 and April 20, 2001, be reappointed. Unless otherwise directed, the proxies received by management will be voted in favour of appointing the firm of Ernst & Young LLP as auditors of the Corporation and authorizing the directors to fix their remuneration.

Item 5 – Other business

The officers will report on recent events of significance to the Corporation and on other matters of interest to the shareholders. The directors and officers of the Corporation 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 meeting, the proxy confers discretionary authority to vote on such other matters according to the best judgment of the person holding the proxy at the meeting.

Election of directors (see item 3 on proxy form)

It is proposed that the twelve (12) persons listed on page three be nominated for election as directors at the meeting.

With the exception of the following individuals, 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 corporation or with one of its affiliates:

Mr. Ayre is currently publisher of The Telegram, St. John's, prior to which he was group publisher and chief executive officer of Thomson Newfoundland, prior to which he was chairman, president and chief executive officer of Ayre & Sons Limited.

Mr. Wetmore, prior to his appointment as vice chairman, corporate, Bell Canada, effective March 1, 2002, was president and chief executive officer of Aliant from April 22, 1999, prior to which he was president and chief executive officer of NewTel Enterprises Limited and chief executive officer of NewTel Communications Inc. and, prior to which he was president of Smart Capital Resources Inc. from 1997.

Mr. Young was chairman and chief executive officer of Fishery Products International Ltd. from November 1994 to May 2001.

The Corporation does not have an executive committee of its board of directors. The Corporation does, however, have an audit committee. The members of such committee are E. Reevey, R. P. Dexter, M. H. Ayre and C. W. White. In addition, the Corporation has four other committees of its board. These committees are described in the corporate governance section.

Mr. Anderson, Mr. Nicholson, Mr. Sheridan, Mr. Wetmore and Mr. Young are nominees of BCE, which is the beneficial owner of 53% of the Corporation's issued and outstanding common shares.

Report on executive compensation

The human resources and compensation committee (the "committee") of the board of directors administers Aliant's executive compensation program. The committee was formed on September 20, 1999 to establish: (1) a plan of continuity for executives and other key employees of the Corporation and its subsidiaries; (2) a broad plan of executive compensation that is competitive and motivating in order to attract, hold and incent executive management and other key employees; and (3) a process for the annual review of the performance of each member of executive management to allow recommendations for compensation. The committee consists of the following five directors, none of whom are employed by the Corporation: I. E. H. Duvar, J. C. Caty, M. Northey, R. Reynolds and C. W. White. The committee met seven (7) times in 2001.

Compensation for the executive officers is comprised primarily of three main components: (1) annual base salary; (2) short-term incentive compensation; and (3) long-term incentive compensation. The use of short-term and long-term incentive compensation places a significant portion of the executive officers' total compensation at risk. The compensation for the executive officers is determined mainly with reference to compensation for similar executive positions for comparable Canadian telecommunications and technology corporations.

Annual base salary

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

Short-term incentive compensation

The annual short-term incentive plan provides an opportunity for executive officers to receive competitive cash reward for the achievement of financial and non-financial targets for the year. In 2001, annual short-term incentive compensation was awarded based on (1) achieving corporate financial targets and strategic business objectives, and (2) individual performance measured against a detailed list of specific objectives.

The short-term incentive program has been designed to provide rewards for meeting goals and reaching performance above target levels. Performance targets for each executive officer will reflect the individual's area of responsibility and ability to influence the results of the overall Corporation.

Stock-based compensation

Aliant has a stock option plan ("ASOP") for selected officers and senior managers of Aliant and its subsidiaries, which seeks to align the employees' performance with the long-term growth in shareholder value. Share options are granted by the board of directors based upon overall corporate performance and performance of the individual. Under the ASOP, the board of the Corporation designates the key individuals to whom options for the purchase of common shares of Aliant are granted and the number of options to be granted to each individual in order to align the employees' performance with long-term growth in shareholder value.

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 "TSE") on the trading day proceeding the date of the grant. Each option granted is for a period of 10 years and may not be exercised during the first 12 months following the date of grant. Unless specified otherwise by the Corporation, the right to exercise options occurs in the following manner, with the time reference being calculated from the date of grant: (1) one third of the options on the first day following 12 months, (2) two thirds of the options on the first day following 24 months, and (3) all of the options on the first day following 36 months.

If the number of outstanding shares of the Corporation is increased or decreased as a result of a stock split, consolidation or recapitalization, Aliant may make appropriate adjustments to the designated amount of any option which has previously been granted under the plan, the maximum number of shares which the participant may thereafter purchase under such option, the option price in respect of such option and the maximum number of shares which may be issued under the plan. The number of shares, which may be issued under options issued and outstanding pursuant to this plan is limited to 6,500,000. However, the number of shares to be issued pursuant to this plan combined with the options outstanding under any other employee-related plan of the Corporation or granted by the Corporation to any one person shall not exceed 5% of the issued and outstanding shares.

Report presented by the committee.

Share performance

For the years 1996 to 1998, the cumulative total return chart was prepared using the sum of the market capitalization of Bruncor Inc. ("Bruncor"), Island Telecom Inc. ("IslandTel"), Maritime Telegraph and Telephone Company Limited ("MTT") and NewTel Enterprises Limited ("NewTel") (collectively, the "Combining Corporations") (minority portion of Island Tel only) as at December 31 and dividing by the number of shares outstanding after using the share exchange ratios established for the combination of the Combining Corporations.

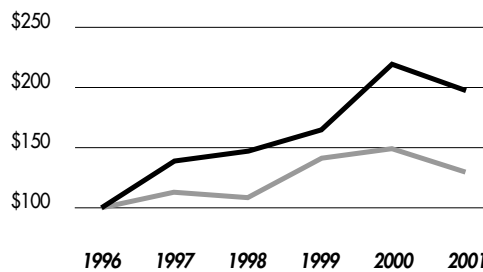
Cumulative total return

	1996	1997	1998	1999	2000	2001	Return*
Aliant	100	139	148	165	220	198	14.64%
TSE 300	100	113	109	141	150	130	5.39%

*Annualized return

Performance graph

The performance graph is based upon an initial investment of \$100 invested on December 31, 1996. For comparison purposes, we have shown the corresponding information in respect of the TSE 300 Index.



(as at December 31)

— Aliant
— TSE 300

Compensation of officers

The summary compensation table below sets forth the total compensation paid by the Corporation or its subsidiaries to the named executive officers for 1999,

2000 and 2001. The compensation shown for 1999 includes compensation received in 1999 prior to the combination of the Combining Corporations.

Summary compensation table

Name and principal position		Annual compensation			Common shares under options granted ⁴	All other compensation ⁵
		Salary ¹	Short-term incentive compensation ²	Other annual compensation ³		
		(\$)	(\$)	(\$)		
S. G. Wetmore President and chief executive officer	2001	524,865	256,861	See	72,164	0
	2000	498,953	276,000	note	121,355	0
	1999	427,019	117,000	6	39,175	0
G. L. Pond ⁷ Executive vice president and president Telecom and Emerging Business	2001	367,669	143,839	0	38,794	See note 5
	2000	335,288	155,000	0	65,426	0
	1999	307,900	135,000	0	18,198 ⁷	0
J. Forbes ⁸ Executive vice president and chief financial officer	2001	289,904	0	100,000 ⁸	38,761	0
R. Wark President Xwave Solutions Inc. and Information Technology	2001	234,904	139,012	0	0	0
	2000	225,000	20,475	0	6,085	0
	1999	177,981	45,000	0	0	0
R. E. Neal President Innovatia Inc. and Emerging Business	2001	242,061	74,934	70,500 ⁹	11,975	33,000
	2000	188,189	80,000	0	23,904	0
	1999	179,377	40,000	0	6,572 ⁷	0
C. Latham ¹⁰ Executive vice president and president Telecom	2001	198,439	143,839	93,321 ¹¹	38,794	548,050
	2000	335,288	150,000	0	65,426	0
	1999	304,200	152,000	0	31,507	0

1. Mr. Wetmore, Mr. Latham and Mr. Neal were appointed to the above noted offices with Aliant on April 22, 1999. Mr. Forbes was appointed on February 19, 2001. Mr. Wark became president of Xwave Solutions Inc. on February 16, 2000. Mr. Pond was executive vice president and president Information Technology and Emerging Business from April 22, 1999 until he was appointed executive vice president and president Telecom and Emerging Business in February 2001.
2. Short-term incentive compensation shown is in respect of the results for the preceding fiscal year. For 1999, the compensation shown is for the applicable Combining Corporation.
3. Other benefits not disclosed do not exceed the lesser of \$50,000 or 10% of the total of the annual salary and short-term incentive compensation for any of the named executive officers for the reporting period.
4. Figures for 1999 have been adjusted based on the exchange ratios for the applicable Combining Corporations pursuant to the combination: 1.567 for NewTel applicable to Mr. Wetmore; 1.011 for Bruncor applicable to Mr. Pond and Mr. Neal; and 1.667 for MTT applicable to Mr. Latham.
5. In connection with the merger of the Combining Corporations, the named executive officers, except Mr. Forbes and Mr. Wark, were entitled to additional compensation if they remained with the Corporation until June 1, 2001. 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. Latham, Mr. Neal and Mr. Pond elected to receive a lump sum payment. Mr. Wetmore elected to receive a pension enhancement. The figures above reflect the amounts paid as a retention bonus as of December 31, 2001. See Employment contracts and change of control arrangements.
6. See Employment contracts and change of control arrangements.
7. Options granted under the Bruncor stock option plan for key employees. The holder of options will receive, upon exercise, a special compensation payment to cover the income tax resulting from the taxable benefit created by the exercise.
8. Mr. Forbes received a hiring bonus of \$100,000.
9. This figure represents additional performance compensation.
10. Mr. Latham retired from the Corporation on July 15, 2001.
11. This figure represents prorated short-term incentive compensation for 2001 for the period Mr. Latham was employed by the Corporation.

Indebtedness of directors and senior officers

As of the end of the financial year 2001, 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 of the Corporation or proposed nominee for election as a director of the Corporation or its subsidiaries 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.

Employment contracts and change of control arrangements

Aliant entered into an agreement of employment with Mr. Wetmore on December 12, 2000. Pursuant to the agreement, effective April 1, 2000, Mr. Wetmore's annual gross base salary is to be reviewed annually and is currently set at \$530,000. Mr. Wetmore is entitled to participate in Aliant's short-term incentive plan and long-term incentive plan. In addition, Aliant has arranged and pays for a one million-dollar life insurance policy on Mr. Wetmore, which policy is transferable at the direction of Mr. Wetmore upon termination of his employment. If the policy is transferred, Aliant is not responsible for the premiums on the policy.

In recognition of Mr. Wetmore's contribution to the success of the Aliant merger and to incent future success, he was granted a total of 100,000 stock options, with an exercise price of \$40.00 per share for the first 50,000 options and with an exercise price of \$50.00 per share for the last 50,000 options. The first 50,000 stock options will vest at such time as the weighted average of the prices at which Aliant's common shares traded on all exchanges on which its shares are listed and posted for trading reaches \$50.00 per share on five consecutive trading days per share and when it reaches \$60.00 on five consecutive days for the last 50,000 stock options. A supplementary bonus of \$200,000 becomes payable to Mr. Wetmore when the weighted average of the price at which the Corporation's shares are traded on all exchanges on which such shares are listed and posted for trading reaches \$40.00 per share on five consecutive trading days.

Mr. Wetmore was previously granted 50,000 stock options by NewTel which the parties agreed to convert to 78,350 Aliant stock options at an exercise price of \$21.966 per share. Mr. Wetmore was given the opportunity to sell all or a portion of these options to Aliant provided that he advised the Corporation before December 31, 2000 of his intent to do so, which advice was received by the Corporation. The sale of the options to Aliant occurred in 2001 and Mr. Wetmore received \$1,119,151.40.

Mr. Wetmore may also elect to terminate his employment within two years of a change of control, in which case Aliant shall pay an amount equal to three times the total of base salary, and perquisite allowance, plus three times 60% of the base salary at the date of termination. He also becomes eligible for a prorated portion of the long-term and short-term incentive plans.

Aliant entered into an agreement with Mr. Forbes in 2001. Pursuant to the agreement, should a change of control occur and the services of Mr. Forbes no longer be required or should he be terminated without cause, Aliant shall provide Mr. Forbes with compensation equivalent to 24 months.

Upon the merger of the Combining Corporations, which formed Aliant on May 31, 1999, certain key executives entered into compensation arrangements designed to ensure that they were incented not to leave Aliant for a period of two years. These arrangements entitled the executives to receive a retention bonus equivalent to one year's annual compensation if they remained with the Corporation until June 1, 2001. The named executive officers, except Mr. Forbes and Mr. Wark, were given the choice to receive, at the end of the two year vesting period, a lump sum payment or a pension enhancement. Mr. Latham, Mr. Neal and Mr. Pond elected to receive a lump sum payment. Although these compensation arrangements became vested on June 1, 2001, Mr. Pond's lump sum payment of \$587,500 was paid in 2002. With respect to Mr. Neal, \$33,000 of the \$330,000 lump sum payment to which he was entitled was paid in 2001 and the balance of \$297,000 was paid in 2002. Mr. Wetmore chose the pension enhancement option.

Long-term incentive plan

Option grants during the most recently completed financial year

Name	Securities under options granted	% of total options granted to employees in fiscal year	Exercise base price (\$/security)	Market value of securities underlying options on the date of grant (\$/security)	Expiration date of grant
S. G. Wetmore	72,164	14.7%	35.40	35.40	February 9, 2011
G. L. Pond	38,794	7.9%	35.40	35.40	February 9, 2011
C. Latham	38,794	7.9%	35.40	35.40	February 9, 2011
R. E. Neal	11,975	2.4%	35.40	35.40	February 9, 2011
J. Forbes	38,761	7.9%	35.40	35.40	February 9, 2011
R. Wark	0	0.0%			

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 (\$)	Unexercised options Exercisable/Unexercisable (#)	Value of unexercised in-the-money options at year-end Exercisable/Unexercisable (\$)
S. G. Wetmore	0	0	69,832 / 162,862	106,979 / 0
G. L. Pond	0	0	100,464 / 95,960	1,089,370 / 0
C. Latham	89,700	1,239,117	284,941 / 0	2,193,369 / 0
R. E. Neal	0	0	22,047 / 32,234	123,512 / 0
J. Forbes	0	0	0 / 38,761	0 / 0
R. Wark	0	0	2,028 / 4,057	0 / 0

Based on \$29.98 per common share, the closing price on the Toronto Stock Exchange on December 31, 2001.

Retirement plans

The named executive officers participate in the non-contributory defined benefit pension plans of the corporations that were merged to form Aliant. The

following table illustrates the estimated annual pension benefits payable to a named executive officer 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	38,085	76,170	114,255	150,000
300,000	58,085	116,170	174,255	225,000
400,000	78,085	156,170	234,255	300,000
500,000	98,085	196,170	294,255	375,000
600,000	118,085	236,170	354,255	450,000
700,000	138,085	276,170	414,255	525,000
800,000	158,085	316,170	474,255	600,000
900,000	178,085	356,170	534,255	675,000

Stephen Wetmore

Upon retirement, Mr. Wetmore will be entitled to an annual pension, payable monthly, equal to 4% of the final average earnings per year of service, commencing February 1998, with such pension payable no earlier than age 55. The maximum pension payable will be 70%. The pension benefit will vest every three years with the pension to be fully vested by age 60. Pensionable earnings will be the total of the base salary and short-term incentive plan. Calculation of final average earnings will be based on the best 12 months earnings if triggered on or during 2001, the best 24 months if triggered in 2002 and the best 36 months if triggered after 2002. The pension plan provides that, on the executive's death, his surviving spouse will receive a pension equal to 2/3 of the pension to which he would be entitled. Mr. Wetmore is also entitled to a pension enhancement. See Employment contracts and change of contract arrangements.

Colin Latham

Mr. Latham retired on July 15, 2001. Until his retirement, Mr. Latham participated in the Maritime Tel & Tel Limited pension plan and the supplementary executive retirement plan. Collectively, the plans provide an annual pension per credited year of service of 2% times the best average 36 consecutive months of pensionable earnings (to a maximum of 75% 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. At his retirement, Mr. Latham had 33.0 credited years of service.

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

The plans provide a survivor pension benefit equal to 66.67% of the named executive officer's pension benefit. At retirement, the executive was paid twelve months of retirement leave.

Gerald Pond and Robert Neal

Mr. Pond and Mr. Neal participate in the NBTel Inc. pension plan, as supplemented by a contractual agreement. The annual pension for each credited year of service as an officer is 2% times the best average 36 consecutive months of pensionable earnings. Pensionable earnings include salary and short-term incentive compensation. The annual pension for each credited year of service prior to becoming an officer is 1.4% times the best average 36 consecutive months of pensionable earnings. At age 65, the pension benefit

is reduced to reflect benefits payable from the Canada Pension Plan. As of December 31, 2001, Mr. Pond had 35.7 credited years of service, including 12.9 years as an officer and Mr. Neal had 22.1 credited years of service, including 3.2 as an officer.

The plan provides a survivor pension benefit equal to 60% of the named executive officer's pension benefit. At retirement, Mr. Pond and Mr. Neal will receive twelve months of paid retirement leave.

Jay Forbes and Rod Wark

Mr. Forbes became a member of the recently approved executive retirement plan as of his date of hire, February 19, 2001. Mr. Wark became a member of the same plan on January 1, 2001.

The plan is a non-contributory defined contribution plan. The company will contribute 10% of pensionable earnings to a group 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.

Committed to high standards of corporate governance

The TSE passed by-laws requiring companies incorporated in Canada and listed on this exchange to disclose their corporate governance practices in their annual meeting documents. The TSE has issued 14 guidelines ("TSE guidelines") covering such issues as the constitution and independence of the board of directors, its functions, the effectiveness and contribution of the directors, the establishment and delegation of authorities to various committees, and other issues dealing with sound corporate governance.

Aliant's board of directors and management are committed to high standards of corporate governance and have considered the report of the TSE committee on corporate governance. The board of directors believes that it is in substantial compliance with the TSE guidelines outlined in the report. The following is a summary of the company's corporate governance practices.

Composition of the board

The board is currently comprised of 15 directors. At the annual and special meeting in April, 2002, shareholders will be asked to elect 12 directors. The TSE guidelines recommend that the majority of the directors be "unrelated". The guidelines identify an unrelated director as a person who is independent of management and free from any interest, business or other relationship, other than interests and relationships arising from share holdings, that could, or could reasonably be perceived to, materially interfere with the person's ability to act with a view to the best interests of the Corporation. The directors have considered this definition and the relationship of each director to the

Corporation and have concluded that 12 of the current 15 directors are considered by definition to be unrelated. Mr. Wetmore was appointed president and chief executive officer of the company on April 22, 1999 and, as such, is a related director. Mr. Randall J. Reynolds and Mr. John W. Sheridan are BCE's appointees to the board. Mr. White serves as the non-executive chairman of the board. By virtue of his position as chairman, he is an officer of the company. He is not, however, involved in the day-to-day management and is not, therefore, in a position of conflicting interest.

The TSE also defines a "significant shareholder" as a shareholder with the ability to exercise control over the majority of votes for the election of directors. The guidelines go on to state that the board should include a number of directors who do not have interests or relationships with either the company or a significant shareholder and who could fairly protect the investment in the company by shareholders other than the significant shareholder. BCE beneficially controls approximately 53% of the outstanding common shares of the company, and exercises control over the majority of the votes that can be cast for the election of directors. However, the investments of minority shareholders are fairly represented through unrelated directors who represent a wide cross section of business sectors and reasonable geographical areas in relation to shareholders.

Mandate of the board

The board of directors supervises management of the business and affairs of the company. Among other items, it is specifically responsible for:

- the adoption and execution of a strategic planning process for the Corporation;
- the implementation of appropriate systems that identify and manage the principal risks to the business;
- the establishment of succession planning for senior management including appointing, training and monitoring;
- the communications plan for the Corporation; and
- the integrity of the Corporation's management information systems.

In 2001, the board of directors held ten meetings. The frequency of the meetings as well as the nature of the business conducted is dependent on the state of the Corporation's affairs and the opportunities that are presented.

The board of directors has appointed a corporate governance committee, an audit committee, a human resources and compensation committee, an investment committee, a defined benefit pension investment committee and a defined contribution pension investment committee. The following are descriptions of these committees, their mandates and activities. Charles White, in his capacity as chairman of the board, is an ex-officio member of each of the committees.

Corporate governance committee

The committee is responsible for annually developing and updating a long-term plan for the composition of the board taking into account the current strengths, skills and experience of each director and the strategic direction of the Corporation. It monitors the effectiveness of the board of directors, its size and composition, its committees and the performance of the directors. The committee is also responsible for identifying and recommending potential appointees to the board, reviewing, on an annual basis, the compensation and benefits paid to each director, and approving the appropriate induction and education program for new directors.

The corporate governance committee is composed of five outside directors, all of whom are unrelated. The committee held six meetings during 2001.

Audit committee

The audit committee reviews the Corporation's annual and interim financial statements and other documents required by various regulatory authorities and recommends these for approval by the board of directors. The committee also reviews the scope and nature of the Corporation's internal and external audit programs and the nature of internal controls in major accounting and financial reporting systems. The audit committee reviews the mandate and recommends the appointment of the external auditors.

The audit committee, which met seven times in 2001, is composed of four outside directors, all of whom are unrelated.

Human resources and compensation committee

The human resources and compensation committee is responsible for conducting an annual review of the performance of the chief executive officer and in conjunction with him, the performance of the other senior officers. The committee also reviews and recommends to the board the annual remuneration, short-term and long-term incentive plan targets and succession plan for senior officers. This committee is also responsible for the periodic review of the organizational structure and management resources to ensure that they are appropriate to manage the business.

The committee is composed of five outside directors, four of whom are unrelated. This committee held seven meetings during 2001.

Investment committee

The mandate of the investment committee is to review and analyze potential investments in excess of \$5M in value for recommendation to the board of directors. For investment proposals of less than \$5M in value in corporations within the core lines of Aliant's business, the committee shall have, in its discretion, authority to

review, analyze and approve potential investments. The committee also reviews existing investments to ensure that proper business plans and strategies are in place and effective.

The committee consists of six outside directors, five of whom are unrelated. This committee met nine times in 2001.

Pension fund investment committees

Aliant has a defined benefit pension investment committee ("DB committee") and a defined contribution pension investment committee ("DC committee"). The DB committee establishes and monitors the policies and objectives of the defined benefit pension plans. It administers the investment of the funds in accordance with the trust agreements of the defined benefit pension plans of the Aliant group of companies. The DC committee assists Aliant in carrying out its responsibilities regarding the defined contribution pension provisions of the Aliant group of companies. The DB committee evaluates, selects, and monitors the performance of the investment managers. The DC committee is also responsible for such functions and, in addition, is responsible to evaluate the investment options offered to employees and provide input to the Corporation on establishing educational programs for plan participants.

The DB committee consists of three outside directors who are unrelated. This committee met three times in 2001. The DC committee consists of three outside directors who are unrelated, two management representatives and three employee representatives who are participants in the defined contribution pension provisions. The DC committee met three times in 2001.

Other corporate governance matters

The corporate governance committee and the board of directors believe they will continue to function independently of management. As suggested by the TSE, the board of directors has appointed a chairman who is not the chief executive officer. The directors have access to senior management and meet when required without management or inside directors to discuss relevant issues. In addition, any individual director can engage an outside advisor at the expense of the company, with the concurrence of the corporate governance committee.

The directors consider the education and orientation of new directors fundamental to ensuring good corporate governance.

The company has established a shareholder relations service, administered by CIBC Mellon Trust Company, to receive and respond to shareholder or investor inquiries. The board of directors and senior management encourage inquiries from shareholders, which are dealt with promptly.

Remuneration of directors

The directors who are not employed by Aliant are compensated on the basis of an annual retainer and meeting fees. The annual retainer is \$25,000 for each director, of which a minimum of \$13,000 is deferred to the Aliant share unit plan for non-employee directors (the "plan"). The meeting fee for board and committee meetings is \$1,500. Committee chairs receive an additional annual retainer of \$3,000. The chairman of the board is compensated on the basis of an annual retainer of \$150,000 with a minimum of \$51,000 to be deferred to the plan and converted to share units.

The plan is intended to enhance the Corporation's ability to attract and retain high-quality individuals to serve as members of the board and to promote a greater alignment of interests between non-employee members of the board and the shareholders of the Corporation. Outside directors and the chairman may elect to defer to the plan any portion of their fees over and above the minimum deferred amounts of \$13,000 and \$51,000 for directors and the chairman, respectively. Fees thus deferred are converted to share units at the market price on the last day of each quarter. Dividends on the share units are credited to each director's 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 account.

Directors' and officers' liability insurance

The directors and officers of Aliant and its subsidiaries, benefited from a group liability insurance in the amount of \$280 million (U.S.) 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 2001, the amount of premiums paid by the Aliant group for participatory coverage in respect of directors and officers, was \$40,300 (U.S.). In a case in which the Corporation is not permitted by law to reimburse the insured, there is no deductible amount. Where the Corporation is permitted to reimburse the insured, the deductible is \$1 million (U.S.) for the Corporation.

Interest of insiders in material transactions

Except as disclosed in the accompanying 2001 audited consolidated financial statements and management discussion and analysis of the Corporation and in the Corporation's Annual Information Form dated February 12, 2002, the Corporation is 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.

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



Barrie H. Black,
Vice president, general counsel and corporate secretary

March 4, 2002

Annual and special meeting of shareholders
Fairmont Newfoundland Hotel
St. John's, Newfoundland and Labrador
9:00 a.m. (local time)
Friday, April 19, 2002

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

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