



Management's Discussion and Analysis

Third Quarter 2003

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This is a discussion and analysis of the financial condition and results of operations of Aliant Inc. ("Aliant" or "the Company") for the third quarter and the first nine months of 2003. This document should be read in conjunction with Aliant's unaudited interim consolidated financial statements and accompanying notes for the period ended September 30, 2003, and with the Company's audited annual consolidated financial statements and management's discussion and analysis for the year ended December 31, 2002.

All amounts in this management's discussion and analysis are in thousands of Canadian dollars, except where otherwise noted.

This document contains certain statements and information about potential future circumstances and developments. Such forward-looking statements and information are qualified by any of the inherent risks and uncertainties surrounding future expectations generally and may differ materially from Aliant's actual future experience. Reference is made to the "Risk and risk management" and "Forward-looking statements" sections below for further discussion about the inherent risks and uncertainties surrounding future expectations. Aliant disclaims any intention or obligation to update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise.

Overview of the business

Aliant is a communications focused company based in Atlantic Canada. The Company operates through three segments, with a primary focus on Telecommunications and additional capabilities in Information Technology and Remote Communications.

The Telecommunications segment provides a full range of voice and data communications services including local, long distance, Internet and other wireline and wireless services. Aliant Telecom Inc. (“Aliant Telecommunications”) carries out the primary business of this segment. Aliant Telecommunications is the third largest full-service telecommunications company in Canada as measured by gross revenues.

The business of the Information Technology segment is carried out through Xwave Solutions Inc. (“xwave”). xwave provides integration and software engineering, infrastructure services and product fulfillment to clients in several industry and geographic markets, including Telecommunications. xwave is an established Information Technology (IT) company, with offices in Canada, the United States and Europe.

The Remote Communications segment, as represented by Aliant’s 53.2% ownership of Stratos Global Corporation (“Stratos”), is expected to be disposed of in late 2003 as discussed below. Stratos is a publicly traded (TSX:SGB) company offering mobile and fixed remote communication solutions to a global customer base through a combination of its own satellite and microwave telecommunications facilities and the distribution of services of other network operators. Refer to Stratos’ “Management’s Discussion and Analysis of Financial Condition and Results of Operations for the Three and Nine Months Ended September 30, 2003” for a more detailed discussion of Stratos and its results.

Aliant’s primary objective is to maximize value to its shareholders. During 2003 Aliant’s operations were strategically focused on several initiatives: exiting non-core businesses, preserving and growing revenue, continuing cost structure efficiencies and investing in human capital. These areas are discussed in greater detail below.

Success in achieving these initiatives has grown shareholder value. This is evidenced with the return of this value to shareholders as follows:

- The Board of Directors approved an increase of 2.5 cents in the quarterly dividend effective June 30, 2003, raising the annual rate to \$1.10 per common share;
- Aliant purchased and cancelled 1,335,700 shares, completing the total purchase of 1,600,000 shares permitted under a Normal Course Issuer Bid (“NCIB”) announced in July 2002; and
- Aliant commenced a second NCIB in August 2003 allowing the Company to purchase and cancel up to 6,925,000 additional outstanding common shares before August 2004.

Refer to the “Financial and capital management” section of this document for a complete discussion of dividends and progress under the NCIB.

Exiting non-core businesses

Last year Aliant announced its intention to focus on its core Telecommunications operations and the activities below reflect that decision:

- January 1, 2003, the Emerging Business segment was dismantled;
 - January 1, 2003, Aliant transferred Innovatia Inc. (“Innovatia”) from the Emerging Business segment to the Telecommunications segment for operating and reporting purposes;
 - April 2003, Aliant’s 29.3% interest in iMagicTV Inc. (“iMagicTV”) was sold;
 - May 2003, the assets of Prexar LLC (“Prexar”) were sold; and
 - August 2003, subsidiaries of AMI Offshore Inc. (“AMI”) were sold. AMI has virtually no operations following the sale of the subsidiaries and Aliant is in the process of divesting of AMI at September 30, 2003.
- August 2003, Aliant Telecom Inc.’s 50% interest in 3618412 Canada Inc. (“SableCom”) was sold; and
- Aliant Energy Services Inc. (“Aliant Energy Services”) was wound up in September 2003.

Aliant has recorded a year to date gain on sale, net of taxes, of approximately \$8.9 million on the disposal of its non-core investments listed above, which is included in the results from discontinued operations. For a more detailed description of the operations of the above noted companies, refer to Aliant’s management’s discussion and analysis for the year ended December 31, 2002.

Information Technology

On January 24, 2003, Aliant announced that it would seek a partner and buyer for its Information Technology business, xwave. Aliant held discussions with several potential buyers, but none were able to satisfy all of Aliant’s conditions. As announced on June 19, 2003, Aliant concluded that it was better for its customers, employees and shareholders to retain and restructure xwave.

With the decision to retain xwave, a comprehensive restructuring plan was prepared and executed with the objectives of restoring profitability, improving productivity, realigning xwave’s strategy with Aliant’s and simplifying xwave’s business model. The restructuring plan reviewed all elements of the business including leadership, business processes, systems and organizational structure. A restructuring charge of \$15.5 million was recorded in the third quarter. The restructuring charge was comprised of severance and related benefits for over 200 employees, as well as equipment lease cancellation penalties and real estate rationalization costs.

Remote Communications

On September 18, 2003 Aliant announced that it had entered into an agreement to sell its 53.2% ownership in Stratos. On October 6, 2003 Aliant sold 26,141,024 Subscription Receipts to a syndicate of underwriters led by RBC Capital Markets at a price of \$13.00 per receipt. Each Subscription Receipt represents an agreement to acquire one common share of Stratos following receipt of approval of the sale by the U.S. Federal Communications Commission (“FCC”). The total purchase price is payable in two equal instalments. The first instalment was received on the purchase date and the second will

be paid upon receipt of regulatory approval. Total gross proceeds to Aliant from the offering will be \$339.8 million. These funds will be deployed in a manner consistent with Aliant's objective to maximize shareholder value.

If approval by the FCC is not granted on or before February 1, 2004, the first instalment will be returned to the holders of the Subscription Receipts together with interest thereon. The disposition of Aliant's investment in Stratos will be terminated, and Aliant will then assess its alternatives for maintaining or disposing of this investment.

The sale of Aliant's investment in Stratos is consistent with its strategy to exit non-core investments. Stratos has become increasingly independent of Aliant and, with its formidable market presence and strong operating capability, is well positioned to successfully continue with its evolution and growth. Upon completion of this sale transaction Aliant's Remote Communications segment will cease to exist and will be presented as discontinued operations.

Progress towards other strategic initiatives

With the exit from non-core businesses well underway, progress has also been made on the remaining strategic initiatives of preserving and growing revenue, continued cost structure efficiencies and investing in human capital. Some of the significant developments regarding these strategic initiatives during the first nine months of 2003 are as follows:

- The launch of Aliant.net - Aliant.net provides a single point of access to information about Aliant products and services, enables customer self-service, and provides access to online media, applications and content all from a single web site;
- The launch of the Aliant brand - which included Aliant signage conversion on major corporate buildings in each of the four Atlantic Provinces, launch of a major advertising campaign designed to increase public awareness of Aliant Telecommunications' products and services and agreements with some of its top dealers to redesign their existing stores to become Aliant branded stores;
- Introduction of new Internet services - Anti-spam, anti-virus, personal firewall and parental control services increase value to customers and enhance the profitability of broadband;
- Continued productivity improvements - As Aliant moves towards its goal of attaining an industry leading cost structure, initiatives such as contact centre integration, reduction of maintenance costs, renegotiation of vendor contracts and improvements to credit and collection processes contribute to overall efficiency. Additionally, the Bell Canada relationship continues to generate ongoing productivity savings;
- Commitment to Voice over Internet Protocol (VoIP) solutions - In conjunction with Bell Canada and Nortel, Aliant Telecommunications will begin transition to a new VoIP network, investing over \$40.0 million in the next five years as customer demand, needs and technological availability dictates;
- The launch of the BlackBerry® 6750™ handheld from Research In Motion - The new Blackberry operates on Aliant Mobility's CDMA 1X network and features wireless

email, cell phone, text messaging, and browser and organizer functionality all in a single handheld device;

- Introduction of innovative solutions - Aliant is the first company in Canada to use Microsoft's new Windows Messenger (instant messaging client) product. Microsoft recently recognized Aliant for its work as a pioneer in introducing this Enterprise Instant Messaging service, benefiting employees through increased connectivity and as an optimum communications tool; and
- Implementation of the Aliant Achievement Award - This award is performance based and is designed to recognize and reward individual employees or teams for outstanding contributions that impact the business.

Senior management changes

During the past nine months, Aliant has had several senior management changes.

Retirements in 2003 include:

- Barrie H. Black, Vice President, General Counsel and Corporate Secretary in March;
- Harry Connors, Vice President of Communications and Public Affairs in June; and
- Bob Neal, Senior Vice President of Business Development announced his retirement in September.

Robyn Tingley was appointed Vice President, Communications and Public Affairs in June 2003. Robyn brings tremendous skill and energy to her new role and will contribute valuable leadership to Aliant's external and internal communications programs.

Mike Roberts was appointed Vice President, Government Relations in September 2003. Mike brings a broad base of experience in telecommunications and a strong track record of results to this new role. Mike has held a number of leadership roles in strategic planning, logistics and real estate, collective bargaining, carrier services, field services and business transformation. In addition to his broad knowledge of Aliant's business, Mike has direct experience working with government and regulatory issues and will aid Aliant in fostering stronger government ties.

Fredrick Crooks, Q.C., joined Aliant as Senior Vice President, General Counsel and Corporate Secretary in September 2003. Fred's extensive background in administrative law and expertise in the fields of public policy development, legislative strategy, and local government law, will add strength to Aliant's senior management team. As Corporate Secretary, Fred will interact and advise Aliant's Board on matters of corporate governance, regulatory compliance, risk management, and material disclosure and will play an important role in charting the Aliant's strategic course.

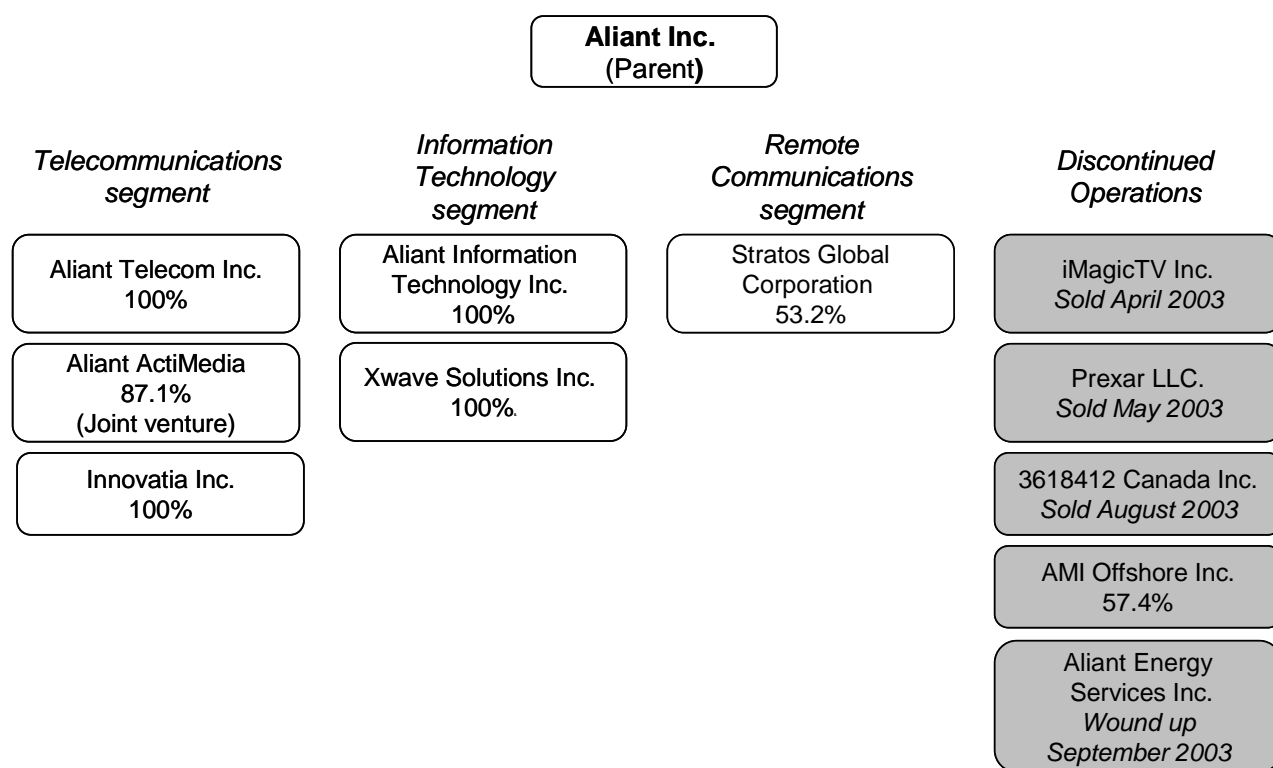
In September 2003, Paul Kent accepted the role of Senior Vice President of Aliant and Chief Operating Officer of xwave, replacing Rod Wark, who left the company in January 2003. Paul possesses significant industry expertise in business development and growth, performance, and strategic planning. Paul will drive the ongoing revitalization of xwave, helping the company achieve new levels of client service, operational effectiveness and

sustained profitability.

Stratos announced on September 11, 2003 that its Board of Directors appointed James Parm as President and Chief Executive Officer. James replaced Carmen Lloyd who early in the year announced his intention to retire by year end. Prior to the appointment, James was Stratos' Chief Operating Officer. He possesses a proven track record of delivering solid performance, including successfully integrating mergers and acquisitions, while creating additional value for shareholders. Mr. Parm's leadership and vision will be valuable in advancing Stratos' growth in the mobile and remote communications sector.

Aliant's legal and operating structure

The accompanying chart reflects the Company's segments and discontinued operations, and the main corporate entities or joint ventures in each of these segments for the first nine months of 2003. This chart also shows the percentage of voting securities or joint venture interest that Aliant currently holds, directly or indirectly, in these entities. As a result of recent divestitures the structure has become significantly more streamlined and more operationally integrated than before.



Operating results

Consolidated operating results

The following is a summarized discussion of the consolidated operating results for the three and nine months ended September 30, 2003. A more detailed discussion of the items that impact operating revenues and expenses is included in the "Operating results by segment" section.

Operating revenues

For the period ended September 30

<i>(thousands of dollars)</i>	Three months			Nine months		
	2003	2002	% change	2003	2002	% change
		(Reclassified) ¹			(Reclassified) ¹	
Telecommunications	\$ 460,459	\$ 465,502	(1.1)	\$ 1,354,393	\$ 1,344,698	0.7
Information Technology	82,213	83,180	(1.2)	276,990	308,361	(10.2)
Remote Communications	136,620	128,215	6.6	432,082	383,504	12.7
Other and eliminations	(32,796)	(39,306)	16.6	(108,376)	(119,807)	9.5
	\$ 646,496	\$ 637,591	1.4	\$ 1,955,089	\$ 1,916,756	2.0

Robust wireless and Internet growth during the first nine months of 2003 has positively contributed to Telecommunications' total revenue. Partially offsetting this growth are lower local and long distance revenues as a result of regulatory impacts and lower other revenue due to the absence of Internet help desk revenues, as that service is now provided by the Information Technology segment, and lower product sales. The timing of product sales resulted in Telecommunications total revenues being below the prior year for the third quarter and above for the first nine months.

Weak economic conditions affecting the Information Technology industry and reduced service revenues, due in part to the indirect effect of the divestiture process undertaken by Aliant during the first half of the year, have contributed to declining revenues year over year. Signs of stabilization are beginning to emerge, as revenues for the third quarter are more in line with the prior year.

Remote Communications' revenue continues to show strong growth resulting from new contracts, expansion of the customer base and responding to customers' increased needs for remote communications solutions.

Cost of operating revenues

For the period ended September 30

<i>(thousands of dollars)</i>	Three months			Nine months		
	2003	2002	% change	2003	2002	% change
		(Reclassified) ¹			(Reclassified) ¹	
Telecommunications	\$ 43,716	\$ 58,182	(24.9)	\$ 124,990	\$ 153,351	(18.5)
Information Technology	28,906	27,463	5.3	102,774	118,153	(13.0)
Remote Communications	89,071	83,069	7.2	280,621	244,971	14.6
Other and eliminations	1	(93)	101.1	1	(338)	100.3
	\$ 161,694	\$ 168,621	(4.1)	\$ 508,386	\$ 516,137	(1.5)

The decrease in Telecommunications' cost of operating revenues is reflective of reduced product sales and the absence of Internet help desk revenues.

¹ The 2002 results have been reclassified to reflect the impact of discontinued operations as required under Canadian generally accepted accounting principles (Canadian GAAP) to conform to the presentation adopted in the current year.

Changes in cost of operating revenues for Information Technology are also a reflection of product sales. Product sales are \$15.5 million below the prior year for the first nine months but for the third quarter are \$1.9 million above the same period in 2002.

Remote Communications' cost of operating revenues increased in correlation to revenue growth and product sales mix.

Operating expenses

For the period ended September 30

<i>(thousands of dollars)</i>	Three months			Nine months		
	2003	2002	% change	2003	2002	% change
	<i>(Reclassified)¹</i>			<i>(Reclassified)¹</i>		
Telecommunications	\$ 199,973	\$ 190,542	4.9	\$ 601,495	\$ 559,312	7.5
Information Techonlogy	49,319	67,176	(26.6)	169,917	184,252	(7.8)
Remote Communications	18,684	18,407	1.5	57,343	57,237	0.2
Other and eliminations	(27,864)	(32,268)	13.6	(94,832)	(99,946)	5.1
	\$ 240,112	\$ 243,857	(1.5)	\$ 733,923	\$ 700,855	4.7

Telecommunications' operating expense increase was mainly attributable to higher pension expense of \$11.6 million for the third quarter and \$31.1 million for the first nine months of 2003. In addition, increases to salary and benefits and other expenses due to inflationary pressures and amortization of wireless commissions and subsidies were offset by the results of productivity gains, savings from continued close working relationships with Bell and cost reduction initiatives.

The reduction in Information Technology's operating expenses result mainly from an \$11.3 million impairment charge in the third quarter of 2002 to reflect the revised value of assets. As well, the new cost structure in 2003 resulting from the downsizing and restructuring activities undertaken during the year, reduced salaries and benefits and other operating expenses.

Remote Communications' operating expenses have increased over the same periods in 2002 due to the overall growth in revenues of this business. This increase was mitigated by the effect of foreign exchange upon translation of the US dollar results into Canadian dollars.

Depreciation and amortization

For the period ended September 30

<i>(thousands of dollars)</i>	Three months			Nine months		
	2003	2002	% change	2003	2002	% change
	<i>(Reclassified)¹</i>			<i>(Reclassified)¹</i>		
Depreciation and amortization	\$ 108,299	\$ 109,364	(1.0)	\$ 326,268	\$ 320,557	1.8

Depreciation and amortization increased throughout the year due to the higher proportion of capital investment in recent years being in broadband and wireless assets which have depreciable lives as short as three years. In the third quarter this increase is offset as some software application assets became fully depreciated.

Restructuring charge

For the period ended September 30

<i>(thousands of dollars)</i>	Three months			Nine months		
	2003	2002	% change	2003	2002	% change
Restructuring charge	\$ 15,500	\$ -	-	\$ 15,500	\$ -	-

During the third quarter of 2003, the Information Technology segment incurred a \$15.5 million restructuring charge. This charge was comprised of severance and related benefits, equipment lease cancellation penalties and real estate rationalization costs.

Gain on foreign exchange

For the period ended September 30

<i>(thousands of dollars)</i>	Three months			Nine months		
	2003	2002	% change	2003	2002	% change
Gain on foreign exchange	\$ -	\$ -	-	\$ -	\$ 23,944	-

A gain on foreign exchange was incurred in relation to Stratos in the first six months of 2002. Commencing July 1, 2002, Stratos qualified as a self-sustaining operation as discussed under the "Accounting policy changes" section of the Company's 2002 annual management's discussion and analysis. Gains and losses on foreign exchange resulting from translation of Stratos results into Canadian dollars are no longer recorded in earnings after that date but recorded as cumulative translation adjustments in shareholders' equity in accordance with Canadian GAAP.

Other income (expenses)

For the period ended September 30

<i>(thousands of dollars)</i>	Three months			Nine months		
	2003	2002	% change	2003	2002	% change
		(Reclassified) ¹			(Reclassified) ¹	
Gain on dilution of reduction in ownership interest in Stratos	\$ -	\$ -	-	\$ -	\$ 32,525	-
Investment writedowns	-	-	-	-	(5,599)	-
Gain on sale of investments	-	-	-	-	2,200	-
Miscellaneous charges	2,074	(720)	-	1,582	(978)	-
Other income (expenses)	\$ 2,074	\$ (720)	-	\$ 1,582	\$ 28,148	(94.4)

Other income on a year to date basis is significantly lower than the prior year due mainly to the impact of items outside the normal course of operations as identified above. Miscellaneous charges include various sundry expenses, such as the gain (loss) on sale of property, netted with interest income. The increase in miscellaneous charges over the prior year is due to an increase in interest earned relating to the settlement of prior years' claims for Scientific Research and Experimental Development investment tax credits.

Interest charges

For the period ended September 30

(thousands of dollars)	Three months			Nine months		
	2003	2002	% change	2003	2002	% change
		(Reclassified) ¹			(Reclassified) ¹	
Interest charges	\$ 25,431	\$ 30,400	(16.3)	\$ 78,859	\$ 96,177	(18.0)

In addition to repayments made in 2002, Telecommunications repaid \$72.5 million in debentures and bonds in the first nine months of 2003, reducing its interest expense by \$2.2 million and \$4.6 million over the third quarter and first nine months of 2002 respectively.

Remote Communications' reduction in interest expense represents most of the reduction in consolidated interest charges, \$2.6 million for the third quarter and \$14.1 million for the first nine months. As a result of Stratos' equity issue in May 2002 a repayment of US\$92.0 million was made to Stratos' bridge facility. Since that time, scheduled and additional payments of US\$10.0 and US\$41.2 million have been made in the fourth quarter of 2002 and in the first nine months of 2003 respectively. As well, Stratos pays interest at LIBOR plus a bank margin fee. Between January 2002 and February 2003 the bank margin fee has been reduced by 1.75%, from 3.75% to 2.00%, as a result of meeting certain conditions under the terms of the bank credit facilities and due to an amendment to these facilities. The LIBOR rate also fluctuates and has declined in 2003 by 0.30%. Together, the result of the decrease in outstanding debt and the decline in the interest rate has contributed to the decrease in interest expense.

Income taxes

Calculation of effective tax rate

For the period ended September 30

(thousands of dollars)	Three months			Nine months		
	2003	2002	% change	2003	2002	% change
		(Reclassified) ¹			(Reclassified) ¹	
Net income from continuing operations	\$ 56,159	\$ 47,476	18.3	\$ 167,330	\$ 203,694	(17.9)
Addback:						
Income taxes	36,447	34,770	4.8	111,131	110,769	0.3
Non-controlling interest	4,928	2,383	106.8	15,274	20,659	(26.1)
Net income from continuing operations before income taxes	\$ 97,534	\$ 84,629	15.2	\$ 293,735	\$ 335,122	(12.3)
Effective income tax rate	37.37%	41.09%	(9.1)	37.83%	33.05%	14.5

Aliant's consolidated income tax provision has increased in correlation with the changes in net income from continuing operations and the changes in the effective income tax rate as detailed below.

Factors impacting effective income tax rate

For the period ended September 30

	Three months		Nine months	
	2003	2002	2003	2002
Statutory income tax rate (including surtax)	37.93 %	42.69 %	38.52 %	41.21 %
Federal large corporation tax	0.17	1.22	0.30	0.74
Tax rate change on future tax asset	1.04	0.28	0.11	(1.88)
Non-taxable loss (gain)	(0.64)	-	0.03	1.12
Non-deductible goodwill	0.04	-	0.04	-
Benefit of non-capital losses not recognized	-	0.68	-	0.22
Benefit of prior period tax loss carryforwards from Stratos	(2.96)	-	(1.63)	(3.43)
Non-taxable gain on dilution in ownership interest of Stratos	-	(0.08)	-	(2.25)
Non-taxable foreign exchange gains in relation to Stratos	-	-	-	(3.31)
Other non deductible/taxable items	1.79	(3.70)	0.46	0.63
Effective income tax rate	37.37 %	41.09 %	37.83 %	33.05 %

Non-controlling interest

For the period ended September 30

(thousands of dollars)	Three months			Nine months		
	2003	2002	% change	2003	2002	% change
		(Reclassified) ¹			(Reclassified) ¹	
Non-controlling interest	\$ 4,928	\$ 2,383	106.8	\$ 15,274	\$ 20,659	(26.1)

The absence of foreign exchange gains from Stratos' net income began in the second quarter of 2002, as discussed above. This has resulted in a decrease in net income for that segment as compared to last year creating a similar decrease in the non-controlling interest expense recorded. The increase in the third quarter of 2003 over 2002 is a direct result of higher net income in Stratos.

Net loss from discontinued operations

For the period ended September 30

(thousands of dollars)	Three months			Nine months		
	2003	2002	% change	2003	2002	% change
AMI	\$ (3,082)	\$ (48)	-	\$ (6,663)	\$ 584	-
Prexar	(267)	(1,367)	-	(4,651)	(9,375)	-
iMagicTV	-	(975)	-	7,564	(10,975)	-
SableCom	(2,097)	(169)	-	(2,434)	(507)	-
Aliant Energy Services	219	(777)	-	(760)	(1,326)	-
Net loss from discontinued operations	\$ (5,227)	\$ (3,336)	56.7	\$ (6,944)	\$(21,599)	(67.9)

Aliant's exit from its non-core businesses has resulted in the reclassification of current and prior period results of these companies as discontinued operations. The disposition of some of these companies has contributed to a significant improvement in year to date

financial results from discontinued operations as the gains or losses on the sale of the businesses are included. The after tax impacts of the gain or loss on disposition were as follows; \$10.9 million gain on iMagicTV and \$2.0 million loss on SableCom. The loss on Prexar was not material. The loss from AMI represents their operating results for the year which have declined from the same periods last year due to the sale of their subsidiaries.

Earnings per common share

For the period ended September 30

	2003	Three months 2002	% change	2003	Nine months 2002	% change
		(Reclassified) ¹			(Reclassified) ¹	
Basic and diluted earnings per common share, from continuing operations	\$ 0.39	\$ 0.33	18.2	\$ 1.16	\$ 1.42	(18.3)
Basic and diluted earnings per common share, from discontinued operations	(0.03)	(0.03)	-	(0.05)	(0.16)	(68.8)
Basic and diluted earnings per common share	\$ 0.36	\$ 0.30	20.0	\$ 1.11	\$ 1.26	(11.9)

The fluctuations in earnings per common share from continuing operations for the three months and nine months ended September 30, 2003 over the same period in 2002 are primarily a result of items outside of the normal operations of the Company as identified below:

Earnings per common share analysis

For the period ended September 30

	2003	Three months 2002	\$ change	2003	Nine months 2002	\$ change
		(Reclassified) ¹			(Reclassified) ¹	
Continuing day-to-day operations	\$ 0.46	\$ 0.38	\$ 0.08	\$ 1.23	\$ 1.16	\$ 0.07
Impact of items outside the normal course of operations:						
Gain on dilution of ownership interest in Stratos, net of tax	-	-	-	-	0.19	(0.19)
Gain on foreign exchange, net of non-controlling interest	-	-	-	-	0.09	(0.09)
Gain on sale of investments, net of tax	-	-	-	-	0.01	(0.01)
Investment write-downs, net of tax	-	-	-	-	(0.03)	0.03
Tax benefit recognized from loss carry forwards	-	-	-	-	0.05	(0.05)
xwave asset impairment, net of tax	-	(0.05)	0.05	-	(0.05)	0.05
xwave restructuring charge of \$15.5 million, net of tax	(0.07)	-	(0.07)	(0.07)	-	(0.07)
Earnings per common share, from continuing operations	\$ 0.39	\$ 0.33	\$ 0.06	\$ 1.16	\$ 1.42	\$ (0.26)

Operating results by segment

Telecommunications operating results

For the period ended September 30

<i>(thousands of dollars)</i>	Three months			Nine months		
	2003	2002	% change	2003	2002	% change
		(Reclassified) ¹			(Reclassified) ¹	
Local	\$ 189,966	\$ 194,326	(2.2)	\$ 566,462	\$ 577,799	(2.0)
Long distance	98,159	99,909	(1.8)	296,762	302,993	(2.1)
Wireless	89,226	75,501	18.2	242,872	204,129	19.0
Internet	26,906	23,178	16.1	78,755	67,465	16.7
Other revenues	56,202	72,588	(22.6)	169,542	192,312	(11.8)
Total operating revenues	460,459	465,502	(1.1)	1,354,393	1,344,698	0.7
Cost of operating revenues	43,716	58,182	(24.9)	124,990	153,351	(18.5)
Net operating revenues	416,743	407,320	2.3	1,229,403	1,191,347	3.2
Operating expenses	199,973	190,542	4.9	601,495	559,312	7.5
	216,770	216,778	-	627,908	632,035	(0.7)
Depreciation and amortization	95,675	94,000	1.8	287,890	278,990	3.2
Operating income	\$ 121,095	\$ 122,778	(1.4)	\$ 340,018	\$ 353,045	(3.7)

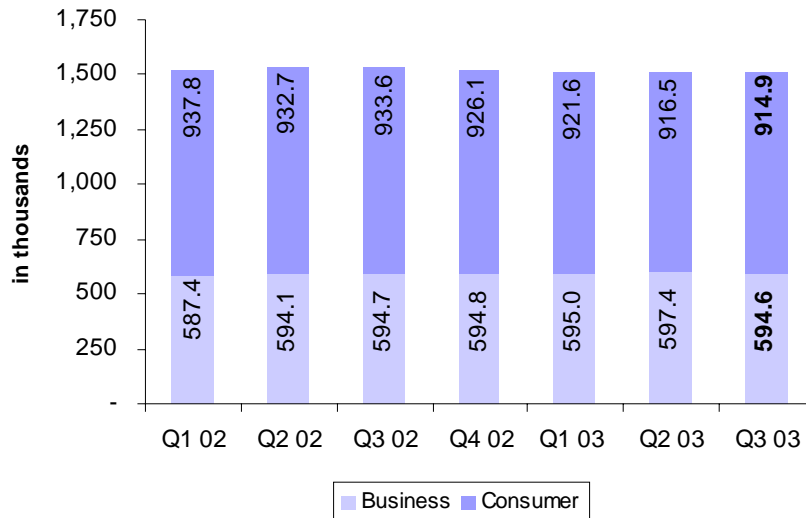
Operating Revenues

Telecommunications' growth in operating revenue over 2002 is attributable mainly to wireless and Internet, but offset by decreases in local, long distance and other revenues.

Local revenue

Local revenues decreased due mainly to reductions in terminal rentals, competitor payments, contribution payments and directory assistance revenue.

Wireline network access service customers



The consumer NAS customer base declined by 2.0% contributing to a 1.2% decline in wireline NAS customer base for the third quarter of 2003 over the third quarter of 2002.

Network access services (NAS) revenues are relatively unchanged year over year despite the decrease in the NAS customer base due mainly to the impact of pricing initiatives. Consumer NAS customers are declining year over year due to a combination of competition, regulatory restrictions on win-back promotions, replacement of consumer lines with wireless solutions, and reduction in consumer second lines due to migration from dial up to high speed Internet. These factors offset the seasonal increase in consumer NAS normally experienced in the third quarter as a result of students returning to university. Business NAS customers had shown steady growth in the first and second quarter over the same periods in the prior year due to growth in the small to medium sized business segment; however this was negatively impacted in the third quarter of 2003 due to the loss of one large customer to the competition as a result of regulatory pricing restrictions.

Regulatory factors negatively impacted NAS, data access, competitor payments and contribution revenues. A 2002 ruling from the Canadian Radio-television Telecommunications Commission (CRTC) resulted in contribution regime change that lowers the annual contribution rate and related revenue. In addition, the annual price changes required by the 2002 price caps decision decreased competitor payment rates and data access revenues.

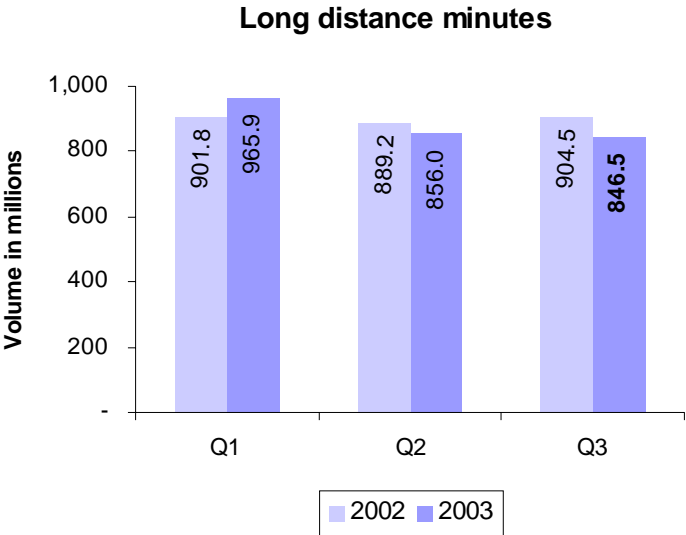
Enhanced service features revenue continues to grow due to increased usage and marketing efforts, mitigating some of the declines in local revenues.

Revenues from terminal rentals have decreased over the past year as more customers decide to purchase terminals.

Directory assistance revenues are lower due to NAS losses and customers' use of alternate sources, such as the Internet.

Long distance revenue

Moderate increases in year to date long distance voice revenues are due to pricing plan restructuring, and are more than offset by the negative impact of competition, CRTC mandated reductions for settlement rates (the rate paid by other telecommunications carriers for calls terminating in Aliant's region) and the general softness in the data market, especially in the enterprise segment.



Aliant's third quarter minute volumes decreased by 6.4% over the same period in 2002, bringing the year to date decrease in minute volumes to 1.0% compared to the same period in 2002.

Year to date long distance voice revenues increased due to consumer pricing changes, such as the capping of the minutes of the unlimited plans introduced in the second and third quarter, which offset the effect of decreased minute volumes. This is reflected in the \$0.01 increase in the average revenue per minute to \$0.09 per minute. In comparison to the same period in the prior year, business long distance minutes have increased in Atlantic Canada, in part due to growth in the small to medium sized business segment, but consumer minutes are lower as a result of planned changes in customer calling patterns, driven by pricing plan restructuring. Aliant's estimated market share of 85.9% of the long distance market in Atlantic Canada at September 30, 2003 has decreased slightly compared to the same point in time in the prior year due primarily to the loss of lower margin customers due to the impacts of the pricing changes. Aliant continues to have focused price awareness and service oriented marketing campaigns in the long distance market.

Wireless revenue

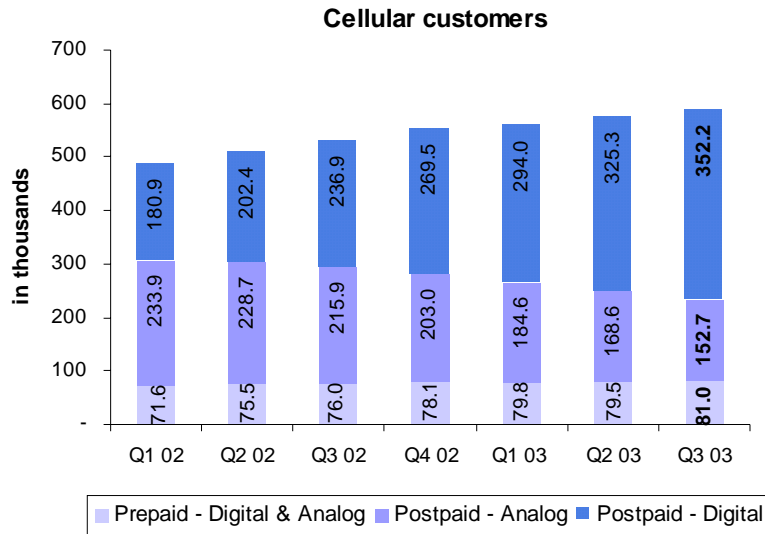
The increase in cellular revenues is driven by increased average revenue per customer (ARPC) and continued new demand for voice and data wireless services.

Wireless - statistics

For the period ended September 30

	2003	2002	Three months change	% change
Monthly - Average revenues per customer (ARPC)				
Postpaid	\$55.21	\$51.98	\$3.23	6.2
Prepaid	\$8.13	\$7.85	\$0.28	3.6
Total	\$48.71	\$45.57	\$3.14	6.9
Monthly - Average minutes of use per customer	256	223	33	14.8
Churn	1.5%	1.4%	0.1%	7.1

The growth in total ARPC results from an increase in the average minutes of use, select pricing action and more customers choosing digital service and postpaid plans. Digital customers generate higher monthly ARPC than analog, likewise postpaid customers generate higher monthly ARPC than prepaid. Postpaid ARPC is increasing as a result of increased minutes of use, selective pricing action and increased data revenues. Prepaid ARPC is also increasing as a result of recent price increases and program changes.



The number of Aliant's cellular customers at September 30, 2003 grew 10.8% compared to September 30, 2002. Included in these results is a 50.7% digital growth and an 11.5% postpaid growth.

Customer growth remains strong at 10.8%. This growth is related to the growth in new digital services and digital coverage expansion. Aliant's wireless market share of approximately 75% at September 30, 2003 remains relatively unchanged over the same point in time in the prior year. At September 30, 2003 approximately 77% of Atlantic Canada's population had access to Aliant's digital cellular service up from 60% at the same point in time in the prior year. Digital coverage is expected to increase to 83% by the end of 2003.

In addition to the increase in customers there is also a significant shift in service type to digital and postpaid, which generate higher ARPC. Currently, 61.8% of all cellular customers are digital compared to 45.5% for the same period in 2002. Aliant has the highest postpaid customer mix in Canada at 86.2% of total cellular customers.

Internet revenue

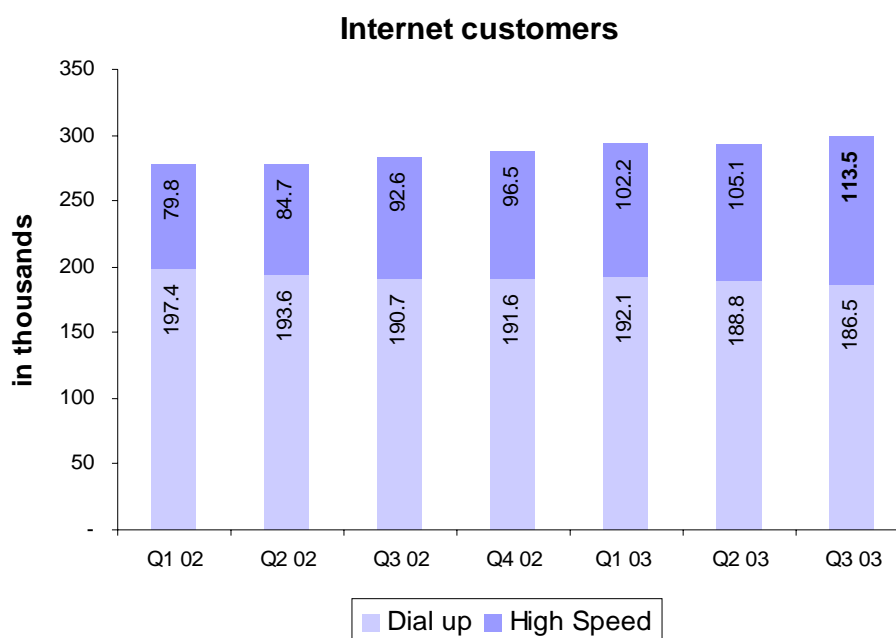
Continued customer growth and a higher ARPC have resulted in an increase in Internet services revenue.

Internet - statistics

For the period ended September 30

	2003	2002	Three months change	% change
Monthly - Average revenues per customer (ARPC)				
Consumer Dial up	\$19.21	\$18.80	\$0.41	2.2
Consumer High Speed	\$33.30	\$30.97	\$2.33	7.5
Business Dial up	\$44.58	\$46.73	(\$2.15)	(4.6)
Business High Speed	\$97.80	\$85.96	\$11.84	13.8
Churn	2.2%	2.9%	-0.7%	(24.1)

The ARPC for high speed customers has increased due to targeted pricing initiatives as well as the migration from introductory to regular pricing in the consumer segment and increased usage in the business segment.



Aliant's internet customer base grew 5.9%, representing high speed customer growth of 22.6% and a decline in dial up customers of 2.2%, from September 30, 2002 to September 30, 2003.

Competitive pricing and advertising campaigns surrounding high speed services drive Internet customer growth. Aliant's estimated market share of the Internet market in Atlantic Canada has decreased from 67% at September 30, 2002 to 65% at September 30, 2003, primarily as a result of competition. On September 30, 2003 Aliant's high speed Internet services passed 63% of the homes in Atlantic Canada up from 60% at the same point in time in the prior year. Aliant continues to roll out high speed availability where

warranted by customer demand. Aliant is aggressively managing an Internet churn of 2.2% through new contract offers and increased customer retention activities.

Other revenues

Other revenues - by major category

For the period ended September 30

<i>(thousands of dollars)</i>	Three months			Nine months		
	2003	2002	% change	2003	2002	% change
		(Reclassified) ¹			(Reclassified) ¹	
Product	\$ 29,330	\$ 39,941	(26.6)	\$ 80,632	\$ 83,336	(3.2)
Directory	10,318	9,539	8.2	38,194	36,592	4.4
Innovatia	6,063	5,629	7.7	17,593	16,933	3.9
Internet help desk	-	5,205	-	-	16,404	-
Miscellaneous	10,491	12,274	(14.5)	33,123	39,047	(15.2)
Other revenues	\$ 56,202	\$ 72,588	(22.6)	\$169,542	\$ 192,312	(11.8)

Revenues from product sales decreased due to the timing of call centre switch sales and IT hardware sales, which are typically large and sporadic in nature. The directory revenues increase is reflective of strong growth in the directory business across Atlantic Canada. Revenues from Innovatia increased as a result of new TeleWeb sales operations. There are no revenues from Internet help desk for 2003, as the Information Technology segment now provides that service. Miscellaneous revenues have decreased as a result of Aliant's exit from certain consulting services and lower pole rentals from the sale of poles in Newfoundland in late 2002.

Cost of operating revenues

The decrease in cost of operating revenues is attributable to lower per minute settlement rates, aggressive management of cost of goods sold, lower product sales and the elimination of cost of good sold associated with the Internet help desk due to the transfer of this service to Aliant's Information Technology segment.

Operating expenses

Pension expense increases contributed \$11.6 million and \$31.1 million to the quarterly and nine month increases in operating expenses, respectively. The year to date increase in pension expense is attributable to a change in certain pension accounting assumptions, an increase in amortization of accumulated actuarial losses of prior years, an increasing pension obligation, a lower value for pension plan assets after capital market losses in recent years and higher pensionable earnings for employees (as discussed under "Significant accounting policies").

Salaries and benefits decreased \$1.5 million for the third quarter compared to the same period in the prior year with a reduction in the vacation pay accrual due to the alignment of the vacation pay policy across the four provinces. Year to date salaries and benefits have increased \$8.4 million over the same period in the prior year as a result of cost of

living adjustments, greater support for Aliant's focus on superior customer service and a higher performance incentive accrual.

Amortization of wireless commissions and subsidies increased \$2.9 million and \$7.2 million for the third quarter and year to date, respectively, due to the higher base of deferred costs, reflecting growth in wireless product sales and the increased average cost of wireless phone subsidies.

These and other operating expense increases have been partially offset by various ongoing productivity and cost reduction initiatives. Bell related initiatives include wireless advertising campaigns and market research, contact centre integration and the use of various customer contact workforce management tools. Aliant based initiatives include such activities as the consolidation of server platforms across the four Atlantic Provinces to reduce maintenance costs, renegotiation of vendor contracts and improvements to credit and collection processes.

Depreciation and amortization

Depreciation and amortization has increased due to a larger capital base with a greater proportion of the capital investment in recent years having been in broadband, wireless and application software, having depreciable lives as short as three years. During the third quarter of 2003 certain software application assets became fully depreciated, thereby marginally reducing depreciation.

Information Technology operating results

For the period ended September 30

<i>(thousands of dollars)</i>	Three months			Nine months		
	2003	2002	% change	2003	2002	% change
<i>Service</i>	\$ 50,519	\$ 53,383	(5.4)	\$ 163,951	\$ 179,833	(8.8)
<i>Product</i>	31,694	29,797	6.4	113,039	128,528	(12.1)
Operating revenues	82,213	83,180	(1.2)	276,990	308,361	(10.2)
Cost of operating revenues	28,906	27,463	5.3	102,774	118,153	(13.0)
Net operating revenues	53,307	55,717	(4.3)	174,216	190,208	(8.4)
Operating expenses	49,319	67,176	(26.6)	169,917	184,252	(7.8)
Restructuring charge	15,500	-	-	15,500	-	-
	(11,512)	(11,459)	0.5	(11,201)	5,956	-
Depreciation and amortization	3,000	3,242	(7.5)	8,791	9,042	(2.8)
Operating deficit	\$ (14,512)	\$ (14,701)	(1.3)	\$ (19,992)	\$ (3,086)	547.8

The decline in service revenues in 2003 compared to the same periods in 2002 is a result of the continued general decline in IT market conditions. Service revenues also suffered in the first half of the year, the period in which Aliant undertook the divestiture process for xwave, due to uncertainty amongst potential customers regarding the future of the company. These concerns have diminished following Aliant's subsequent decision to retain xwave (as previously discussed in the Information Technology portion of "Exiting non-core businesses"). The large year over year decline in product revenues is due largely to a slow down in both federal and provincial government year end spending.

During the third quarter signs of stabilization began to emerge as revenues were moving in line with prior year quarterly results. xwave has recently renewed contracts with the Nova Scotia Community College and other organizations, which will sustain revenues. New projects with clients such as the Greater Toronto Airport Authority and the Agricultural Financial Services Corporation in Alberta will begin to generate revenues in the last quarter 2003.

Cost of operating revenue has changed in correlation with product revenue. On both a quarterly and year to date basis the product sales margin has shown an improvement of one percentage point despite a very challenging and competitive market place.

Operating expenses have declined from 2002 mainly as a result of a charge recorded in the third quarter of 2002 to reflect the decline in the continuing value of xwave assets. The total charge was \$12.2 million of which \$11.3 million was recorded in operating expenses. The decline in operating expenses was also influenced by workforce reductions and a sustained focus on cost management. In January 2003, downsizing activities resulted in workforce reductions and a \$5.5 million charge to operating expense relating mainly to salaries and benefits. Following Aliant's decision to retain xwave in June 2003, a comprehensive restructuring plan was prepared and executed in the third quarter resulting in a \$15.5 million restructuring charge. This charge is comprised of severance and related benefits for over 200 employees, as well as equipment lease cancellation penalties and real estate rationalization costs. This has reduced headcount as at September 30, 2003 by approximately 17% from the same point in time last year, in turn reducing operating expenses.

Information Technology's depreciation and amortization expense has decreased as some of its capital base reaches maturity, becomes fully depreciated, and is retired.

Remote Communications operating results

US\$ operating results

For the period ended September 30

<i>(thousands of US dollars)</i>	Three Months			Nine Months		
	2003	2002	% change	2003	2002	% change
Mobile satellite services	\$ 75,562	\$ 58,485	29.2	\$ 230,239	\$ 175,509	31.2
Broadband services	23,491	23,532	(0.2)	72,630	68,699	5.7
Operating revenues	99,053	82,017	20.8	302,869	244,208	24.0
Cost of operating revenues	64,578	53,133	21.5	196,688	155,993	26.1
Net operating revenues	34,475	28,884	19.4	106,181	88,215	20.4
Operating expenses	13,558	11,773	15.2	40,332	34,618	16.5
	20,917	17,111	22.2	65,849	53,597	22.9
Depreciation and amortization	7,236	7,103	1.9	21,970	20,316	8.1
Operating income	\$ 13,681	\$ 10,008	36.7	\$ 43,879	\$ 33,281	31.8

Aliant's Remote Communications line of business is represented by its 53.2% ownership of Stratos Global Corporation, a publicly traded company (TSX:SGB). This section should be read in conjunction with Stratos Global Corporation's "Management's Discussion and Analysis of Financial Condition and Results of Operations for the Three and Nine Months

Ended September 30, 2003". Stratos and Aliant have different definitions of operating income. As a result, US\$3.2 million (CDN\$4.3 million) of other costs are included above in operating expenses but have been excluded from year to date operating income on Stratos' financial statements.

Stratos' mobile satellite service business continues to show strong revenue growth resulting from new contracts, expansion of the customer base and responding to customers' increased needs for remote communications solutions. The broadband business revenues have increased for the first nine months of 2003 compared to the same period in the prior year due to increased revenues from new contracts and increased market penetration of the very small aperture terminals. This was offset in the third quarter by a decline in offshore drilling activity resulting in broadband business revenues for the third quarter that are consistent with the same period last year. Cost of sales increased largely in accordance with revenue growth and in part due to changes in product mix. Operating expenses for the mobile satellite service business have increased due to the overall growth in the revenues of the business. The division has grown revenue while operating expenses as a percentage of revenue have declined. Operating expenses have increased in the broadband business due to start-up expenses on new contracts, geographical expansion and introduction of new products and services, all of which are expected to contribute to future growth. Restructuring activities involving transitioning costs as well as severance and retention expenses have contributed US\$3.2 million to operating expenses during the first nine months of 2003, of which US\$1.2 million was recorded in the third quarter.

As Stratos reports its results in US dollars it is necessary for Aliant to convert those results to Canadian dollars for its presentation. Accordingly, financial results may vary due to foreign exchange rate fluctuations. Stratos' Canadian dollar statements are presented below.

CDN\$ operating results

For the period ended September 30

<i>(thousands of Canadian dollars)</i>	Three Months			Nine Months		
	2003	2002	% change	2003	2002	% change
Mobile satellite services	\$ 104,213	\$ 91,428	14.0	\$ 328,468	\$ 275,619	19.2
Broadband services	32,407	36,787	(11.9)	103,614	107,885	(4.0)
Operating revenues	136,620	128,215	6.6	432,082	383,504	12.7
Cost of operating revenues	89,071	83,069	7.2	280,621	244,971	14.6
Net operating revenues	47,549	45,146	5.3	151,461	138,533	9.3
Operating expenses	18,684	18,407	1.5	57,343	57,237	0.2
	28,865	26,739	8.0	94,118	81,296	15.8
Depreciation and amortization	9,986	11,971	(16.6)	31,383	31,904	(1.6)
Operating income	\$ 18,879	\$ 14,768	27.8	\$ 62,735	\$ 49,392	27.0

The strength in Stratos' US dollar operating results is mitigated in Canadian dollars for 2003 due to strengthening in the Canadian dollar in 2003 when translated for the purposes of consolidating into Aliant's results.

Financial and capital management

Summary of consolidated cash flows

Cash and short term investments at September 30, 2003 were \$226.3 million. Aliant has generated strong cash flow throughout 2003 and anticipates that this will continue unless, and until, there are new opportunities to support its strategy either through expanded capital investments or through strategic acquisitions which are forecasted to generate economic profit. Aliant's current plan is to deploy cash that is not required in its operations at this time in a manner consistent with its objective of returning value to shareholders. This involves the buyback of common shares under the existing NCIB in order to optimize Aliant's cost of capital while keeping its debt ratio at an appropriately conservative level.

Aliant anticipates receiving gross proceeds on disposal of its Stratos shares of \$339.8 million. This sale will close upon approval from the FCC, which is anticipated on or before December 31, 2003. When received, these funds will also be deployed in a manner consistent with Aliant's objective to maximize shareholder value.

Aliant's cash requirements for the remainder of 2003 will consist of funding for normal operations as it currently has no plans for major acquisitions. It is anticipated that Aliant will have sufficient cash flow from operating activities to provide for necessary pension funding, dividend payments, repurchases of shares under the NCIB, required capital investments and scheduled repayment of long-term debt. Scheduled long-term debt repayment of US\$10.0 million is due to be paid to external parties under the Stratos credit facilities within the remainder of 2003.

Operating activities

Summary of cash flows from operating activities

For the period ended September 30

<i>(thousands of dollars)</i>	2003	Three months 2002	% change	2003	Nine months 2002	% change
		(Reclassified) ¹			(Reclassified) ¹	
Net income from continuing operations	\$ 56,159	\$ 47,476	18.3	\$ 167,330	\$ 203,694	(17.9)
Add non-cash items	114,168	96,380	18.5	339,240	275,812	23.0
Change in non-cash working capital	47,282	23,934	97.6	128,005	(19,409)	-
Cash from continuing operations	\$ 217,609	\$ 167,790	29.7	\$ 634,575	\$ 460,097	37.9

Cash generated from operating activities for the third quarter and first nine months has increased significantly over the same periods in 2002 due to Aliant's continued focus on reducing its investment in working capital to improve financial flexibility.

Change in non-cash working capital

For the period ended September 30

(thousands of dollars)	Three months			Nine months		
	2003	2002	% change	2003	2002	% change
		(Reclassified) ¹			(Reclassified) ¹	
Accounts receivable	\$(33,514)	\$ 19,439	-	\$ (15,223)	\$ 38,671	-
Income and other taxes payable	28,686	18,914	51.7	120,151	20,197	-
Prepaid expenses	9,273	5,536	67.5	(16,670)	(22,398)	(25.6)
Inventory	1,718	9,287	(81.5)	2,064	4,026	(48.7)
Accounts payable and other liabilities	40,002	(31,693)	-	43,221	(62,356)	-
Effect of exchange rate changes	1,117	2,451	(54.4)	(5,538)	2,451	-
Change in non-cash working capital	\$ 47,282	\$ 23,934	97.6	\$ 128,005	\$ (19,409)	-

Since December 31, 2002 cash generated from working capital has been \$128.0 million with \$47.3 million of this being generated in the third quarter. Income and other taxes have contributed positively to cash from working capital as a result of \$55.0 million of tax refunds received during the third quarter of 2003. These tax refunds resulted from implementation of tax planning strategies as well as the settlement of prior years' claims for Scientific Research and Experimental Development investment tax credits. Timing differences in the payment of tax instalments and receipt of tax refunds added to the remaining positive contribution from income and other taxes.

Prudent management of working capital, in particular regarding accounts receivable and accounts payable, has together generated additional cash. The increase in accounts receivable during the year is associated with increased revenues.

Financing activities

Summary of cash flows from financing activities

For the period ended September 30

(thousands of dollars)	Three months			Nine months		
	2003	2002	% change	2003	2002	% change
		(Reclassified) ¹			(Reclassified) ¹	
Net repayments of long-term debt	\$ (22,967)	\$ (16,054)	43.1	\$ (131,750)	\$ (107,469)	22.6
Net proceeds from issue (repurchase) of common shares	(78,556)	(4,626)	-	(113,205)	13,873	-
Preferred and common share dividends	(37,934)	(35,025)	8.3	(110,980)	(64,035)	73.3
Other financing activities	22,120	(2,831)	-	(42,666)	80,940	(152.7)
Cash from (used in) financing	\$ (117,337)	\$ (58,536)	100.5	\$ (398,601)	\$ (76,691)	419.7

Cash used in financing activities in 2003 has been largely related to repayment of long-term debt, common share repurchases and payment of dividends.

Telecommunications

The most recent debt issue by Aliant Telecommunications was on January 15, 2002, when it issued \$100.0 million of 5-year notes under its shelf prospectus for the issue of new Medium Term Notes. The shelf prospectus expired in May 2003 and was not renewed at that time, as management does not foresee any need for new borrowings in the capital markets for at least the remainder of 2003.

A \$65.0 million Aliant Telecommunications' debenture matured and was repaid on June 16, 2003 and \$7.5 million of first mortgage bonds were called and repaid on July 28, 2003. No additional debt becomes due during the remainder of 2003.

Aliant Telecommunications maintains bank operating lines of credit totaling \$42.0 million, which had \$2.7 million outstanding as at September 30, 2003.

Information Technology

xwave has reduced its operating and acquisition lines of credit from \$75.0 million at December 31, 2002 to an operating line of credit for \$15.0 million at September 30, 2003. There was \$1.9 million outstanding at September 30, 2003 on this line of credit compared to a balance of \$48.7 million at December 31, 2002. xwave also receives internal financing from Aliant. At December 31, 2002 the balance owing to Aliant was \$26.4 million. In the first quarter, an additional \$44.1 million was advanced to xwave and during the third quarter, Aliant invested an additional \$15.5 million in xwave by converting a portion of xwave's debt to equity. To date repayments have been made totaling \$24.0 million leaving a balance outstanding to Aliant of \$31.0 million at September 30, 2003.

Remote Communications

In the third quarter of 2003, Stratos repaid US\$10.0 million of debt in accordance with its repayment schedule. In the first nine months of 2003 Stratos made US\$41.2 million in scheduled and additional repayments. These payments were split equally between the bridge and term facilities. At September 30, 2003 there is US\$7.4 million and US\$164.4 million remaining under the bridge and term facilities, respectively.

In connection with the anticipated sale of Aliant's interest in Stratos and pursuant to an amending agreement dated September 18, 2003, Aliant no longer guarantees Stratos' credit facilities in any way.

Corporate equity instruments

Aliant issued \$2.2 million in common equity during the third quarter by way of its common shareholder dividend reinvestment and stock purchase plan, and the exercise of options under its employee stock option plan. Shares were purchased on the open market to fulfill the requirements of the Company's employees' stock savings plan.

Purchases under the NCIB in effect from July 22, 2002 to July 21, 2003 were completed by June 30, 2003. Aliant purchased all 1,600,000 shares permitted under this NCIB, purchasing and canceling the balance of 1,335,700 common shares during the first six months of 2003 for an aggregate price of \$37.1 million.

On July 30, 2003, Aliant announced acceptance by the Toronto Stock Exchange ("TSX") of notice of Aliant's intention to purchase, from time to time, up to 6,925,000 of its issued and outstanding common shares which total 138,517,283 as at July 30, 2003. These shares represent approximately 5.0% of the total issued and outstanding shares. Under this NCIB the Company is able to acquire, from time to time, its common shares for cash at the market price through the facilities of the TSX. Bell Canada, Aliant's majority shareholder, will sell shares into the NCIB on a pro-rata basis and the TSX has granted an exemption to Aliant to permit it to make purchases from Bell Canada on that basis.

Purchases of shares under this NCIB may be made during the twelve month period commencing August 6, 2003 and ending on August 5, 2004. All common shares of Aliant purchased pursuant to this NCIB will be cancelled. The Board of Directors of Aliant believes that such purchases are in the best interest of Aliant's shareholders and a desirable use of corporate funds. As of September 30, 2003, Aliant had purchased for cancellation 2,542,153 common shares under this NCIB at an aggregate price of \$78.8 million.

Despite the lower number of shares outstanding total dividends paid by Aliant to its common shareholders in the third quarter and first nine months of 2003 were \$37.8 million and \$110.6 million an increase of \$2.9 million and \$14.4 million respectively over 2002 levels. Based on Aliant's demonstrated financial strength, its Board of Directors approved an increase in the quarterly dividend of 2.5 cents per common share in the third quarter of 2002. In addition, the Board of Directors has since approved another 2.5 cent increase to the quarterly dividend effective with the June 30, 2003 dividend, raising the annual rate to \$1.10 per common share. Dividends paid that were subsequently included in the dividend reinvestment plan were \$2.2 million and \$6.8 million for the third quarter and first nine months of 2003 respectively. Reinvestment was higher in the prior year as there was greater participation.

Aliant paid preferred shareholder dividends of \$2.4 million and \$7.2 million for the third quarter and first nine months of 2003 respectively, consistent with the amounts paid in the same periods in the third quarter of 2002.

Outstanding share information as of October 21, 2003:

Authorized

Unlimited number of preference shares, issuable in series.

Unlimited number of common shares, without par value.

Issued

(thousands of dollars)

	October 21, 2003	
	Number of shares	Value
Preference shares, series 2	7,000,000	\$ 172,264
Common shares	135,367,762	1,045,131
		\$ 1,217,395

A summary of the Company's stock option plan is presented below:

	October 21, 2003	
	Number of options	Weighted average exercise price
Options outstanding	2,619,166	\$ 29.74
Options exercisable	1,869,983	\$ 29.98

Corporate debt instruments

In addition to the debt held by its subsidiaries, Aliant maintains lines of credit totaling \$500.0 million in aggregate with its bankers, of which \$350.0 million is a committed facility supporting the Company's commercial paper program and \$150.0 million is the

total of Aliant's uncommitted operating lines. There were no balances outstanding on these lines of credit as at September 30, 2003.

Investing activities

Summary of cash flows from investing activities

For the period ended September 30

<i>(thousands of dollars)</i>	Three months			Nine months		
	2003	2002	% change	2003	2002	% change
		(Reclassified) ¹			(Reclassified) ¹	
Capital investments	\$ (96,928)	\$ (97,855)	(0.9)	\$ (251,497)	\$ (318,313)	(21.0)
Other investing activities	(463)	1,053	(144.0)	(24,429)	7,312	(434.1)
Cash from (used in) investing	\$ (97,391)	\$ (96,802)	0.6	\$ (275,926)	\$ (311,001)	(11.3)

Cash used in investing activities consists mainly of capital investments. Cash used in other investing activities for the nine months ended September 30, 2003 has increased significantly as it reflects a \$30.5 million in pension and other post employment benefit funding (pension funding discussed below under "other financial arrangements"). Offsetting the effect of the pension funding is a reduction of \$6.1 million relating to collection of long term receivables and lower deferred charges.

Capital investments

For the period ended September 30

<i>(thousands of dollars)</i>	Three months			Nine months		
	2003	2002	% change	2003	2002	% change
		(Reclassified) ¹			(Reclassified) ¹	
Telecommunications	\$ 90,898	\$ 89,350	1.7	\$ 232,068	\$ 282,972	(18.0)
Information Technology	187	486	(61.5)	1,327	4,799	(72.3)
Remote Communications	5,576	7,563	(26.3)	16,676	29,760	(44.0)
Other	267	456	(41.4)	1,426	782	82.4
Total capital investments	\$ 96,928	\$ 97,855	(0.9)	\$ 251,497	\$ 318,313	(21.0)

Telecommunications

Telecommunications' capital investment for the third quarter was consistent with spending in the same period in 2002. Capital spending in the nine months ended September 30, 2003 is \$50.9 million lower than for the same period in 2002. Wireline and network investment have decreased by \$35.0 million and \$26.5 million respectively, offset by a \$6.6 million increase in wireless spending and a \$4.0 million increase for fleet lease buyouts and other spending.

The decrease in wireline spending relates predominantly to broadband. The decrease in the 2003 broadband investment recognizes the significant investment in Digital Subscriber Line port capacity in 2002 and a reduction in costs from suppliers for customer premises equipment such as modems. The lower network investment level in 2003 has been largely

facilitated by the completion of an intensive voice and data network build in 2002, accounting for \$18.0 million of the 2002 capital investment. The investment in wireless has increased as the digital footprint expansion continued and an increased level of investment in wireless network capacity was required to meet the robust demand experienced this year. First time investment of \$4.8 million in the 1XRTT platform also contributed to growth of the wireless capital allocation.

Information Technology

Information Technology's capital investment for the three months and nine months ended September 30, 2003 are lower than the investment made during the same periods in 2002. Throughout the first nine months of 2002 an extensive business process re-engineering project, including an upgrade of internal business systems, occurred that resulted in a significant capital investment. In the current year, tight controls were maintained over Information Technology's capital investments in order to bring the business model in line with the current and projected information technology market conditions. The information technology industry is not highly capital intensive and capital needs are driven largely by changes in the employee base, the data processing business and customer support requirements.

Remote Communications

Remote Communications' capital spending for the third quarter was lower than for the same period in 2002 due to upgrades in 2002 of land earth stations in England and New Zealand and network upgrades and equipment to support various contracts. Capital spending for the nine months ended September 30, 2003 was lower than the same period in the prior year due primarily to additional expenditures incurred in 2002 such as network upgrades to support the U.S. Navy contract which was awarded to Stratos in December 2001. Capital spending in 2003 relates primarily to network upgrades and enhancements to land earth stations and other broadband equipment in support of new and existing customers and services.

Consolidated capital structure

<i>(thousands of dollars)</i>	September 30, 2003		December 31, 2002	
			(Reclassified)¹	
Common equity	\$ 1,407,362	46.2%	\$ 1,498,311	44.7%
Preferred equity	172,264	5.7%	172,264	5.2%
Non-controlling interest	156,660	5.2%	164,886	4.9%
Long-term debt, including current portion	1,224,273	40.2%	1,402,769	41.8%
Short-term debt, including bank indebtedness and interest payable	82,252	2.7%	113,719	3.4%
	\$ 3,042,811	100.0%	\$ 3,351,949	100.0%

The percentage of debt to total capital was 42.9% at September 30, 2003 compared to 45.2% at December 31, 2002. The reduction in this ratio is due to the reduction in debt outstanding held by Aliant Telecommunications and Stratos being proportionately greater than the net reduction in Aliant's common equity as a result of the repurchase and cancellation of common shares under the NCIB.

Other financial arrangements

Use of off-balance sheet arrangements

Aliant uses a transfer of receivables arrangement whereby it sells certain accounts receivable to a securitization trust. Aliant considers this to be an effective and low-cost working capital management tool. The terms of the purchase and sale arrangement and accounting policy followed by Aliant are described in Notes 2 and 4 to the unaudited interim consolidated financial statements for the period ended September 30, 2003.

The Company's retained interest in securitized accounts receivable as at September 30, 2003 was \$28.7 million and is included in deferred charges. This retained interest equals the amount of overcollateralization in the receivables transferred, calculated as the excess of amounts transferred of \$158.7 million over the cash proceeds of \$130.0 million. A reduction in the amount of receivables eligible for sale to the trust, due to improved collection results, caused a \$5.0 million net reduction in the proceeds to Aliant during the second quarter of 2003.

Aliant's subsidiaries also enter into various operating leases and purchase commitments for equipment, satellite capacity and other network infrastructure. The amounts of estimated future payments under such arrangements are detailed in Note 16 to the unaudited interim consolidated financial statements for the period ended September 30, 2003.

Use of derivative financial instruments

Aliant's subsidiaries use certain derivative financial instruments in the management of foreign currency and interest rate exposures. Further information concerning Aliant's policy and use of derivative financial instruments is contained in Note 2 to the unaudited interim consolidated financial statements for the period ended September 30, 2003.

The following derivative financial instruments were outstanding at September 30, 2003:

- Interest rate swap agreements involving the exchange of LIBOR floating interest rate on US\$145.0 million of Stratos' long-term debt obligations for fixed interest rates of 5.43% in order to manage the associated interest rate exposure. Changes in the LIBOR floating interest rate since the swap commenced would have resulted in a payment of US\$7.2 million to the financial institution had the agreement been cancelled at the option of Stratos on September 30, 2003.
- Interest rate swaption agreements involving the monetization of call options are embedded in certain long-term debt obligations of Aliant Telecommunications. \$5.4 million in unamortized premium income is recorded as a deferred credit on Aliant's balance sheet at September 30, 2003 related to the swaption. Since inception of the agreements, interest rates have changed such that cancellation of the swaptions at September 30, 2003 would have required a payment of \$25.0 million to the financial institution.

Pension obligations

Aliant performs a valuation on its non-contributory defined benefit plans at least every three years to determine the actuarial present value of the accrued pension and other

employment benefits. During the third quarter of 2003, the Company completed the full actuarial valuation of its defined benefit pension plans. In anticipation of the negative impacts of equity market returns and other factors on the results of the 2003 actuarial valuation Aliant began making additional contributions to the plans in the amount of \$15.6 million in the first half of 2003. Total funding requirements of approximately \$63.0 million have now been identified for 2003. During the nine months ended September 30, 2003, special deficit-funding contributions totaling \$22.4 million were made with another contribution of \$24.8 million made on October 1, 2003. The remaining required funding of \$15.8 million will be made prior to December 31, 2003. Aliant anticipates that 2004 funding will be at approximately the same level as 2003. Also as a result of the actuarial valuation, Aliant has revised its estimate of 2003 pension expense to include the amortization of additional actuarial losses identified in the valuation. Refer to the “Significant accounting policies” section under Post Employment Benefits for a discussion of the effect on pension expense.

Significant accounting policies

Aliant’s consolidated financial statements have been prepared in accordance with Canadian GAAP. Greater detail on the significant accounting policies used by the Company is provided in Note 1 to the consolidated financial statements for the year ended December 31, 2002 and Note 2 to the unaudited interim consolidated financial statements for the period ended September 30, 2003. The accounting policies and methods used are consistent with those in effect in the most recent annual audited financial statements except as explained below under stock-based compensation and other stock-based payments.

The preparation of financial statements in conformity with Canadian GAAP requires Aliant to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in the financial statements. Aliant constantly evaluates these estimates and assumptions.

Aliant bases its estimates and assumptions on past experience and other factors that are deemed reasonable under the circumstances. This involves varying degrees of judgment and uncertainty, thus the amounts currently reported in the financial statements could prove to be inaccurate in the future.

Aliant considers the estimates and assumptions described in this section to be an important part in understanding the financial statements. These estimates and assumptions rely heavily on management’s judgment, are based on factors that are inherently uncertain and thus are subject to change.

The following describes key assumptions and estimates used in significant accounting policies and changes in the accounting standards implemented during the period.

Post Employment Benefits

Aliant and its subsidiaries provide certain pension plans and other non-pension post employment benefits to qualified employees. The amounts reported in the financial statements in relation to these benefits are determined using actuarial calculations that are based on assumptions. Significant actuarial assumptions include the discount rate,

expected long-term rate of return on plan assets, rate of compensation increase, and the per capita cost of covered health care benefits. These assumptions are disclosed in Note 2 to the unaudited interim consolidated financial statements for the period ended September 30, 2003. The Company reviews the appropriateness of its assumptions on an annual basis. Aliant reduced the assumed rate of return on pension assets from 9.0% to 7.5% and lowered the discount rate used to calculate pension liabilities from 7.0% to 6.75%, commencing December 31, 2002. Management believes that these assumptions are appropriate, but variances between assumptions and actual results could impact the accrued benefit obligation and related expense. Management disclosed the sensitivity of its key assumptions in Note 10 to the consolidated financial statements for the year ended December 31, 2002. The change in pension assumptions adopted December 31, 2002 translates into increased defined benefit plan pension expense and reduced pre-tax earnings for the third quarter and nine months ended September 30, 2003 of \$5.4 million and \$16.2 million respectively, with an anticipated annual pre-tax increase of approximately \$21.7 million.

Aliant has also disclosed the components of annual pension expense in Note 10 to the consolidated financial statements for the year ended December 31, 2002. These components include: current service cost, interest on the accrued benefit obligation and the expected rate of return on plan assets. An additional component of the expense, the amortization of past actuarial losses, would also be added except that Aliant did not amortize any losses in 2002 or 2001. However, in 2003 Aliant has amortized a portion of the accumulated actuarial losses in its pension plans. Aliant's accounting policies with respect to the recognition of amortization on these losses (or gains should they arise) follows Canadian GAAP and recognizes that future investment returns on plan assets and actuarial changes in the plans can influence the amount of the loss and can even reverse it over time. Specifically, the amortization occurs when the size of the actuarial loss (or gain) exceeds a 'corridor', which is 10% of the greater of the accrued benefit obligation and the market-related value of the plan assets. Using the market-related value of the assets smoothes the effect of actual gains and losses in the plan assets over a three year period. The effect of these accounting policies is to limit the amount of amortization of both gains and losses recognized in the Company's earnings except in situations when they become exceedingly large. Aliant reported unamortized net actuarial losses totaling \$372.3 million in its pension plans at the end of 2002. The updated actuarial valuations indicate that the unamortized actuarial losses will exceed the corridor amount and therefore Aliant will be amortizing \$9.6 million of the losses through pension expense in 2003 and an estimated \$20.0 million in 2004.

The impact of the changes in management's assumptions, along with the amortization of accumulated actuarial losses of prior years, an increasing pension obligation, a lower value for pension plan assets after capital market losses in recent years and higher pensionable earnings for employees will contribute to an anticipated annual pre-tax cost of approximately \$35.9 million for defined benefit plan pension expense in 2003. This expense is estimated to rise to approximately \$55.0 to \$58.0 million for 2004. The impact of prior year unamortized actuarial losses on future pension expense cannot be determined with certainty because it will be influenced by experience in the current and future years. However, it is expected that pension expense will remain at least at the current level for the foreseeable future.

Impairment of long-lived assets

The Company annually reviews the value associated with the goodwill of all its reporting units to ensure that the fair value is greater than, or equal to, the carrying value. The Company also evaluates all long-lived assets for impairment whenever indicators of impairment exist. Accounting standards require that if the sum of expected future cash flows from a company asset is less than the reported value of the asset, an asset impairment exists. The amount of impairment recognized is calculated by subtracting the recoverable value of the asset from the reported value of the asset. Any impairment to the value of these assets is charged to income in the period such impairment is determined.

Aliant uses the projected discounted cash flow method to measure impairment. The Company believes that its estimates of future cash flows and fair value are reasonable. The assumptions are based on internal planning and reflect the Company's best estimates. These assumptions are subject to inherent uncertainties that are beyond management's control, hence the results of the impairment test could be different if there is a change in assumptions or conditions. Aliant is unable to predict whether an event that triggers impairment will occur, when it will occur or how it will affect the asset values that have been reported. There have been no events or changes in circumstances throughout the first nine months of 2003 that indicate impairment of the Company's long-lived assets.

Legal and regulatory contingencies

Aliant may become involved in various litigation and regulatory proceedings in the normal course of its business. Pending litigation, regulatory initiatives or regulatory proceedings represent potential financial loss. The Company accrues potential losses if they believe the loss is probable and can be reasonably estimated. Estimates of loss are based on consultation with legal counsel and involve analyzing potential outcomes and assuming various litigation and settlement strategies. Note 17 to the unaudited interim consolidated financial statements for the period ended September 30, 2003 presents a discussion of significant contingencies outstanding at September 30, 2003.

Stock-based compensation and other stock-based payments

The accounting standard issued by the Canadian Institute of Chartered Accountants ("CICA") on stock-based compensation in late 2001 encouraged, but did not require, the use of the fair value method to account for stock-based awards, other than direct awards of stock, stock appreciation rights and similar awards with a cash settlement feature. In recognition of the demands of the financial community and the fact that standard setters in Canada and the United States are moving towards the adoption of mandatory fair value accounting, Aliant began expensing stock-based awards issued to employees subsequent to December 31, 2002 using the fair value approach. Previously, this cost was estimated and disclosed in the notes to the financial statements but not recognized as an expense in the financial statements themselves. This accounting change resulted in an additional expense for the three months and nine months ended September 30, 2003 of \$0.6 million and \$1.0 million, respectively.

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model based on the weighted average assumptions for dividend yield, expected volatility, risk-free interest rate and expected life as disclosed in Note 14 of the unaudited interim consolidated financial statements for the period ended September 30, 2003.

Directory revenues

Industry practice reflects two alternative practices concerning the recognition of directory revenues and expenses: 1) recognize the revenue and expense upon issuance of the directory and 2) defer the revenue and expense and amortize over the period of circulation of the directory. Aliant recognizes the revenue upon issuance as the requirements for performance are complete at that time and all related receivables become due. The revenues fluctuate from quarter to quarter based on the volume of directories issued, and are traditionally highest in the second quarter due to the timing of the release of directories in its large market areas. The matching principle is also adhered to as the related costs are expensed when the revenue is recognized.

Wireless customer acquisition costs

CICA guidance on the accounting treatment of customer acquisition costs allows for two alternative and acceptable accounting practices; 1) expense as incurred and 2) defer and amortize these costs over the life of the customer contract. Aliant has chosen to defer and amortize over the life of the customer contract as the Company feels this provides for a better matching of the costs with the future revenue stream being generated from the customer contract.

Risk and risk management

While management is confident about the Company's long-term prospects, the risks and uncertainties noted below could have a negative effect on the financial condition or results of operations of Aliant or its subsidiaries. The risks noted may not be exhaustive as there may be others that Aliant is currently unaware of or presently considers insignificant to its consolidated operations.

Holding company structure

Aliant Inc. is a holding company that does not directly engage in any significant business operations. The Company derives its revenues through the operations of its subsidiaries. The Company's cash flow and its ability to satisfy its financial undertakings and obligations is dependent upon dividends or other distributions it receives from its subsidiaries. Currently these distributions are primarily received through the Aliant Telecommunications segment.

General economic conditions

Changes in general economic conditions, consumer confidence and spending affect the demand for Aliant's communication products and services. In particular, a downturn in general economic conditions could affect the performance of Aliant's Information Technology and components of the Telecommunications business. Weak industry and economic conditions could lead to:

- lower than anticipated demand for system integration consulting and information technology products;
- lower than expected growth in data revenue, because of softer demand from enterprises and wholesale customers;
- lower than anticipated long distance and wireless revenues due to decreased usage; and
- increased credit risk of customers thus increasing the provisions for uncollectible receivables.

The existence of these conditions or the emergence of new conditions could reduce revenues or increase costs, negatively impacting results. The Company constantly monitors economic conditions and implements strategies to mitigate risks or adjust assumptions used in recording the effects of these risks on the Company's results.

Changing technology

Aliant operates in an industry that experiences constant technological change, driven by rapid advances in technology, evolving industry standards, customer demands and short product life cycles. A timely response to changing technology presents Aliant with the opportunity to obtain gains in new high growth revenue areas. Failure to respond in a timely and effective manner could result in current products or services becoming unmarketable or could cause prices to fall. This may result in reduced net income due to inventory write-offs and decreased revenues. The Company is responding to the fast-pace of technological change by embracing new service development with strategic partners, accelerating new service introduction and developing an integrated growth plan to remain a next generation services provider.

Increasing competition

Atlantic Canada is one of the most competitive regions for telecommunications services in North America. Competition in the area of local service comes from national telecommunications competitors and regional cable companies with the entry of other competitors considered a possibility. Cable companies and independent Internet service providers have increased Internet competition to such a degree that pricing levels in Atlantic Canada are amongst the lowest in North America. The wireless industry is also highly competitive. Aliant competes locally with a number of national wireless carriers. Competition is expected to intensify through the development of new technologies, products and services and through consolidations in the industry. The threat of new competitors or an increased presence of existing competitors is always a possibility. Competition can result in lower revenues if marketing strategies fail to mitigate this risk. Aliant has a competitive action plan, which involves constantly monitoring and reacting to the competitive situation. Aliant also mitigates the risk of competition through continuous efforts to provide superior quality of service and product offerings that are responsive to market demands, reliable and simple to access and use.

Changing regulations

The federal government and the CRTC continue to focus on ensuring that there is a competitive Canadian environment for certain telecommunications services through continued regulation of incumbent local exchange carriers such as Aliant Telecommunications. In the past years, Aliant's profitability has been negatively impacted by regulatory changes concerning price caps, the contribution regime and bundling.

Further, there is a federal government initiative underway in the United States regarding the establishment of a "Do not call" registry, which would prohibit telemarketers from making outbound calls for the purposes of solicitation to individuals on the registry. The CRTC has been looking at a similar initiative and already has a restriction on respecting individual customers "do not call request" incorporated into the General Tariff. Regulation on this issue in the United States and Canada may impact Aliant Telecommunications' call centre volumes and revenues. However, it is probable that most telemarketing companies already have some guidelines in place. Aliant will continue to track developments and customer views in regards to this legislation.

The restrictions on pricing and packaging of Aliant Telecommunications' products and services make it increasingly difficult to respond to rapidly evolving customer demands and competition from competitive local exchange carriers. The federal government is also giving consideration to eliminating the foreign ownership restrictions for Telecommunications carriers, which may result in increased competition from foreign companies with greater access to capital. Changing CRTC regulation may impact Aliant's ability to compete and as a result negatively impact net operating revenues. Aliant will continue its dialogue with the CRTC in an attempt to increase bi-lateral understanding of key business and regulatory initiatives.

Improving productivity and cost reductions

The Company has and will continue to implement productivity and cost reduction initiatives. Many of these initiatives result from Aliant's continued focus on alignments with strategic partners, business process improvements and restructuring activities. In the upcoming quarters Aliant will be continuing initiatives to improve the profitability of the Information Technology segment. There could be a negative impact on the Company's profitability if productivity and cost reduction initiatives are unsuccessful.

Renegotiating labour agreements

Aliant's employees play an integral role in the Company's ability to provide a competitive advantage based on quality of service. The Council of Atlantic Telecommunications Unions (CATU) represents approximately 4,200 of Aliant's unionized employees. These employees have been without a collective agreement since December 31, 2001. The Company has been involved in negotiations with CATU since March 4, 2002. Based on Aliant's application for conciliation in early September 2003, Human Resources Development Canada (HRDC) has appointed two conciliation officers to assist with the bargaining process at the request of Aliant and this conciliation process began on October 7, 2003. Aliant is hopeful that the expertise of HRDC conciliation officers will help achieve a settlement by year-end. Settlement will enable both union employees and

management to focus on serving Aliant customers and meeting business objectives in the coming year. The process of renegotiating collective agreements could result in higher labour costs or work disruptions thus affecting the operating results and financial condition of Aliant.

Other legal and regulatory matters

Pending or future litigation, regulatory initiatives or proceedings, or new or changing laws or regulations or changes in their interpretation could have a material and negative effect on Aliant. Aliant accrues potential losses as previously noted under “Legal and regulatory contingencies” in the “Significant accounting policies” section. If the resolution of a legal or regulatory matter results in a judgment against Aliant that has not been accrued, it could have a significant and adverse effect on its results of operations, cash flows and financial position in the period in which the judgment or settlement occurs.

Forward-looking statements

Certain statements contained in this document and in particular the statements contained in the “Risk and risk management” and “Significant accounting policies” sections, constitute forward-looking statements. These forward-looking statements relate to future financial condition and results of operations of Aliant. These statements are based on current expectations and estimates about the markets in which Aliant operates and management’s beliefs and assumptions regarding these markets. In some cases forward-looking statements may be identified by words such as “anticipate”, “believe”, “could”, “expect”, “plan”, “seek”, “may”, “intend”, “will”, “target”, “goal” and similar expressions. These statements are subject to important risks and uncertainties which are difficult to predict and assumptions which may prove to be inaccurate. Some of the factors that could cause results or events to differ materially from current expectations include but are not limited to those factors identified in the “Risk and risk management” section, many of which are beyond the control of Aliant. Should any of these factors impact the Company in an unexpected manner, or should assumptions underlying the forward-looking statements prove incorrect, the results or events predicted in management’s discussion and analysis may differ materially from actual results or events. Consequently, all of the forward-looking statements made in this document and the documents referred to within are qualified by these cautionary statements, and there can be no assurance that the results or developments anticipated by Aliant will be realized or, even if substantially realized, that they will have the expected consequences for Aliant. Readers should also consult the Annual Information Form for the year ended December 31, 2002 for Aliant Inc., Aliant Telecom Inc., and Stratos Global Corporation. Readers should not place undue reliance on any forward-looking statements. Further, Aliant disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or any other occurrence.