



Aliant announces Third Quarter Results

- Wireless revenues grow 15.5 per cent in the third quarter
- Offers Early Retirement Incentive Plan to unionized and non-unionized employees

Atlantic Canada - October 28, 2004 -- Aliant Inc. (TSX: AIT) today announced its third quarter results and an early retirement incentive program for employees.

Late in the third quarter, following a five-month strike, Aliant's unionized employees returned to work upon signing a new collective agreement which will be in effect until December 31, 2007. Aliant estimates that the labour disruption negatively impacted revenues by \$17 million and expenses by \$17 million in the third quarter, and by \$26 million and \$29 million respectively for the year-to-date. Aliant estimates that EPS was negatively impacted by \$0.16 during the quarter and \$0.26 for the year-to-date.

Consolidated revenues were \$497.2 million and net income from continuing operations was \$37.0 million for the third quarter of 2004. Excluding the estimated impacts of the labour disruption, noted above, revenues and net income from continuing operations in the quarter would have grown by 0.1 per cent and 16.3 per cent respectively over the prior year quarter, and by 1.4 per cent and 8.9 per cent respectively over the prior year-to-date.

Underlying growth in wireless and Internet services during the quarter remained strong. Wireless revenues were up 15.5 per cent and Internet revenues rose 12.9 per cent compared to the third quarter last year despite the challenges of operating during the labour disruption.

"With our full complement of employees back to work, we are quickly regaining our momentum. Further, the new collective agreement provides the flexibility needed to manage our operations in a highly competitive marketplace," said Jay Forbes, President and CEO of Aliant. "We can now focus our energies on generating revenue and bottom-line growth by leveraging the combined strengths of our information and communications technology capabilities and by significantly lowering our cost structure."

As an Information and Communications Technology (ICT) service provider, Aliant will complement its communications expertise by leveraging strengths in IT to develop integrated solutions for its customers. Small to mid-sized businesses (SMB), enterprise customers and consumers will have access through a single point of contact to solutions which integrate core communications and infrastructure services, computing solutions, and consulting services. To advance this innovative market strategy Aliant, in collaboration with Bell Canada, recently announced its intention to open an SMB Innovation Centre in Atlantic Canada which will develop unique applications for this important market segment.

Today, Aliant also announced a voluntary early retirement incentive plan (ERIP) to eligible employees. Aliant anticipates approximately 400 people will accept this offer by the end of 2004. Based on this estimate, Aliant expects to record a pre-tax restructuring charge of \$40 million in the fourth quarter of 2004. This offer is expected to generate total annual operating expense savings of \$23 million and annual capital savings of approximately \$5 million beginning early in 2005.

Third Quarter Financial Highlights

(\$millions except per share amounts)	Three Months			Nine Months		
	2004	2003	% Change	2004	2003	% Change
Total operating revenue	\$497.2	\$513.9	-3.2%	\$1,527.2	\$1,532.1	-0.3%
Net income from continuing operations	\$37.0	\$50.7	-27.1%	\$127.8	\$149.4	-14.5%
Earnings per common share from continuing operations	\$0.26	\$0.35	-25.7%	\$0.91	\$1.03	-11.7%
Weighted average number of common shares outstanding (millions)	132.1	137.9	-4.2%	132.8	138.6	-4.2%

Guidance

After accounting for the financial impacts of the labour disruption, assessing the pace of recovery in the fourth quarter, and allowing for the impact of the sale of a portion of xwave's operations during the second quarter the Company has updated its guidance for 2004.

	Updated Guidance Range	Original Guidance
Operating Revenues	\$2,030 to \$2,040 million	low single digit percentage growth
EPS	\$1.03 to \$1.07	low double digit percentage growth
Capital Investments	\$285 to \$300 million	consistent with 2003 levels at \$336 million
Cash from Operations	over \$550 million	over \$550 million

The EPS Guidance of \$1.03 to \$1.07 includes a (\$0.19) bottom-line impact resulting from the ERIP. This number is dependent on the estimate of 400 employees accepting the offer and is therefore subject to change.

Dividend Declaration

Today, Aliant's Board of Directors declared a common share dividend of \$0.275 per common share, payable on December 30, 2004 to shareholders of record on December 15, 2004. Aliant's Board also declared a preferred share dividend of \$0.340625 per preferred share payable on December 31, 2004 to shareholders of record on December 15, 2004.

About Aliant

From its home base in Atlantic Canada, Aliant delivers a wide variety of innovative and traditional communications services, including local and long distance telephony, wireless, Internet, e-commerce, interactive multimedia, data and managed network services, to more than two million consumers and over 80,000 enterprises. Aliant complements its industry-leading telecommunications business with strengths in information technology solutions and knowledge-services applications. The Company's approximately 8,600 employees build on Aliant's 100-plus year history by collaborating to deliver the highest quality of customer service, choice and convenience. Aliant is a TSX 100 company with a market capitalization of approximately \$3.5 billion.

Analyst conference call

A conference call with analysts is scheduled for October 29, 2004 at 8:30 a.m. (ET), (9:30 a.m. Atlantic, 10:00 a.m. N&L). The dial in number is 1-888-789-0089 or (416) 695-5261. Media are invited to attend in a listen mode. The title of the call is "Aliant 3rd Quarter 2004 Financial Results." A replay of the session can be heard between October 29 at 11:00 a.m. (ET) to November 4 at midnight (ET). To access the replay, dial 1-888-509-0081.

Forward-looking Statements

This news release contains forward-looking statements related to the 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. 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 which could cause results or events to differ materially from current expectations include but are not limited to: general economic conditions, market or business conditions; increased competition; changing regulatory conditions or requirements; changing technology; extent of acceptance of Aliant's ERIP; and success in implementing productivity initiatives. Some of these factors are largely beyond the control of Aliant. Should any factor impact Aliant in an unexpected manner, or should assumptions underlying the forward-looking statements prove incorrect, the actual results or events may differ materially from the results or events predicted. Consequently, all of the forward-looking statements made in this document 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 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.

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