



NEWS RELEASE

Aliant Announces 2005 Financial Results

- Year shows strong recovery from the 2004 labour disruption

Atlantic Canada - January 26, 2006 -- Aliant Inc. (TSX: AIT) today announced its fourth quarter and year-end results for 2005 and issued its financial guidance for 2006. Consolidated revenues for 2005 were up 3.1 per cent year over year and net income increased 52.6 per cent to \$199.4 million for the twelve-month period ended December 2005. The return to normal business operations in 2005, after the labour disruption of 2004, was a major contributor to the 60.4 per cent growth in earnings per share (EPS) of \$1.46 versus \$0.91 the previous year. Revenue growth in the wireless and Internet businesses and diligent expense management also contributed to the growth in revenues and earnings.

2005 Results

"This has been a very solid year for the company as we achieved strong operating and financial results for 2005," commented Jay Forbes, President and CEO. "It was also a year of significant challenge and transition for our employees, who are to be commended for rebuilding our momentum so quickly. Thanks to their dedication and unwavering commitment to our customers, we are moving into 2006 with a strong focus on each segment of our business and are well positioned for continued success in the year ahead."

Operating revenues for 2005 were up 3.1 per cent to \$2.1 billion over 2004, driven by growth in all areas, with the exception of traditional local and long distance services. Wireless revenue grew 13.8 per cent over 2004 driven by an 11.9 per cent increase in our customer base and a 4.0 per cent increase in average revenue per customer. Internet revenue grew 10.7 per cent for the year, driven by year-over-year high-speed Internet customer growth of 41.8 per cent and high-speed Internet revenue growth of 24.5 per cent.

Fourth quarter revenues for the telecommunication business were up 5.2 per cent to \$480.1 million compared to the previous year. Wireless operating revenues for the fourth quarter rose 13.1 per cent year over year, driven by successful marketing programs that resulted in subscriber net activations of 30,278 for the quarter and growth in revenue generated per customer of 2.2 per cent compared to the same quarter in 2004. Internet revenues for the fourth quarter grew 20.0 per cent compared to the previous year primarily due to strong high speed Internet revenue growth of 40.1 per cent on very active migration of dial up customers to high speed and the rollout of the successful PC purchase program that complemented Aliant's Internet service offering.

Fourth Quarter and 2005 Year End Financial Highlights

(\$ millions except per share amounts)	Three Months ended December 31			Twelve Months ended December 31		
	2005	2004	% change	2005	2004	% change
Total operating revenue	\$534.9	\$509.8	4.9%	\$2,096.7	\$2,033.4	3.1%
Operating income	\$105.2	\$25.8	-	\$394.9	\$269.5	46.5%
Net income	\$55.2	\$7.5	-	\$199.4	\$130.7	52.6%
Earnings per common share	\$0.41	\$0.04	-	\$1.46	\$0.91	60.4%
Weighted average common shares outstanding (millions)	127.7	132.6	-3.7%	130.0	132.7	-2.0%

xwave's service revenue grew 15.9 per cent in the fourth quarter compared to the same period in 2004. This growth is mostly as a result of new contracts, more focused sales effort and an acquisition in late 2004. In the fourth quarter of 2005, xwave announced the signing of a significant contract with General Dynamics Canada, part of the Sikorsky Aircraft-led Maritime Helicopter Team, to develop ground-based simulators and software in support of Canada's new CH148 Cyclone helicopters. This builds on the \$200 million contract xwave signed with L-3 Communications in early 2005 to deliver mission-critical information systems as part of the Maritime Helicopter Program.

Aliant's consolidated operating income for 2005 grew 46.5 per cent compared to the previous year as a result of the strong recovery from the 2004 labour disruption and the early retirement incentive program that removed an estimated \$39 million in operating expenses in 2005. This contributed to strong operating cash flow of \$524.3 million for the year. Capital investments were higher at \$363.2 million as Aliant re-established its pace of investment after the labour disruption of 2004 and continues to expand its wireless and Internet infrastructure to service Atlantic Canadians.

2006 Outlook

For 2006, Aliant expects to achieve the following ranges of results for key financial reporting indicators. The earnings per share forecasted below includes a one-time, non-cash, accounting impact from the anticipated exercise of two interest rate derivative contracts, the loss on which is currently estimated to be \$0.14 per share. Further details can be found in Management's Discussion and Analysis for the year ended December 31, 2005.

<i>(millions of dollars, except earnings per share amounts)</i>	2006 Guidance	
	Low	High
Operating revenues	\$ 2,150	\$ 2,200
Earnings per share	\$ 1.40	\$ 1.46
Earnings per share, excluding derivative accounting loss	\$ 1.54	\$ 1.60
Cash from operating activities	\$ 520	\$ 560
Capital investments	\$ 350	\$ 380

"Our 2006 guidance reflects the confidence we have that our strategy will continue to generate strong earnings and cash flow as we provide our customers with the most up-to-date technology and services," Mr. Forbes concluded.

Dividend Increase

In 2005, Aliant increased its common share dividend by 7.3 per cent to \$1.18 per common share, up from \$1.10 per common share the previous year. Today, Aliant's Board of Directors declared a common share dividend of \$0.31 per common share, payable on March 30, 2006 to shareholders of record on March 15, 2006, an increase of 5.1 per cent over the 2005 rate. Aliant's Board also declared a preferred share dividend of \$0.340625 per preferred share payable on March 31, 2006 to shareholders of record on March 15, 2006.

Normal Course Issuer Bid

To date, Aliant has purchased 5,797,715 shares through a normal course Issuer Bid (NCIB) that is due to expire on February 3, 2006. All common shares of Aliant purchased pursuant to the NCIB have been cancelled. Today Aliant's Board of Directors also approved the renewal of the NCIB.

About Aliant

Through approximately 2.5 million customer connections, Aliant serves consumers across Atlantic Canada with innovative and traditional communications services, including local and long distance telephony, wireless, Internet, e-commerce, interactive multimedia, data and managed network services. In addition to serving residential, small-to-medium sized business and enterprise customers in its home market, Aliant also serves business customers located in other parts of North America. Aliant complements its industry-leading telecommunications business with strengths in information technology solutions and knowledge-services applications. Aliant's approximately 8,400 employees build on its 100-plus year history by collaborating to deliver the highest quality of customer service, choice and convenience. Aliant has a market capitalization of approximately \$3.7 billion.

Analyst conference call

A conference call is scheduled for Friday, January 27, 2006 at 8:30 a.m. (ET), (9:30 a.m. Atlantic, 10:00 a.m. NL). The dial in number is (416) 695-9753 or (877) 461-2814. Media are invited to attend in a listen-only mode. The title of the call is "Aliant Year End and Fourth Quarter 2005 Financial Results." A replay of the session can be heard from January 27 at 11:00 a.m. (ET) to February 3 at midnight (ET). To access the replay, dial (416) 695-5275 or (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, as of January 26, 2006, 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. Please refer to Aliant's Notice Concerning Forward Looking Statements dated January 26, 2006 for a discussion of these key assumptions and risk factors. 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. 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.

Aliant's complete quarterly documents including Management's Discussion and Analysis, Financial Statements and Notes, Supplemental Financial Information and Notice Concerning Forward Looking Statements can be found on www.aliant.ca/investors.

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