



News Release

Bell Aliant Regional Communications Income Fund reports third quarter results

Toronto – October 26, 2006 – (TSX: BA.UN) Bell Aliant Regional Communications Income Fund (“Bell Aliant” or the “Fund”) today reported net earnings of \$78.6 million and declared cash distributions of \$77.9 million or \$0.6279 per unit to unitholders, in its first quarter of operations. This represents an annualized distribution of \$2.74 per unit.

The Fund commenced operations on July 7, 2006 following the completion of the Plan of Arrangement of Aliant Inc., which was described in Aliant’s management information circular, dated April 14, 2006. The Fund’s financial statements reflect operations from July 7, 2006 to September 30, 2006. The Fund derives all of its income from its indirect ownership in Bell Aliant Regional Communications Holdings, Limited Partnership (“Bell Aliant Holdings LP”). Bell Aliant Holdings LP’s financial statements combine Aliant’s wireline operation in Atlantic Canada, its information technology and other former operations and Bell Canada’s former wireline operation in its regional territories in Ontario and Quebec, as well as its indirect 63.4 per cent interest in Bell Nordiq.

For the quarter ended September 30, 2006, Bell Aliant Holdings LP reported operating revenues of \$817.6 million, operating income of \$193.0 million and available distributable cash¹ of \$185.9 million. Consolidated cash distributions declared by Bell Aliant were \$141.5 million, consisting of \$78.6 million to the Fund and \$62.9 million to BCE and Bell Canada.

“We are pleased with our first quarter financial performance as Bell Aliant,” said Stephen Wetmore, President and Chief Executive Officer. “In addition to accomplishing a seamless transition for our customers, we had pro forma revenue growth of 1.8 per cent this quarter, and 1.3 per cent revenue growth for the first nine months of 2006 compared to the same periods in 2005, led by high-speed Internet revenue growth of 18.8 per cent in the quarter over the same quarter last year. This is well within our expectations for 2006.”

On October 11, 2006 Bell Aliant announced that it had made a proposal to the Board of Directors of Bell Nordiq Group Inc., in its capacity as administrator of Bell Nordiq Income Fund, to take Bell Nordiq Income Fund private. Bell Aliant has proposed that the transaction be submitted to the Bell Nordiq unitholders for approval. Under the proposal, Bell Nordiq unitholders would receive \$4.75 in cash and 0.4113 of a Bell Aliant unit. This represents \$19.00 per Bell Nordiq unit based on the closing price for Bell Aliant units on October 10, 2006.

¹ We define distributable cash, a non-GAAP measure, as cash from operating activities plus operating items funded through cash reserves or borrowings, such as working capital, pension deficit funding and cash taxes in excess of normalized levels, less capital expenditures, and the portion of distributable cash attributable to minority holders (except Bell Canada and BCE Inc.) in controlled subsidiaries.

Consolidated Operating Highlights (Pro Forma² Q3 2006/Q3 2005)

- Operating revenues up 1.8 per cent
- Operating income up 5.3 per cent
- Distributable cash grew 2.8 per cent year-to-date

On a pro forma basis, Bell Aliant Holdings LP reported operating revenues of \$839.9 million in the third quarter up \$14.8 million or 1.8 per cent over the same period last year. Declines in local and long distance revenue were more than offset by growth in Internet and data revenues, and from information technology (IT) service revenues from our xwave division. Revenue growth combined with cost containment contributed to an increase in operating income in the quarter of \$10.2 million or 5.3 per cent from a year ago. Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)³ were \$375.5 million, an increase of \$3.8 million or 1.0 per cent on a quarter over quarter basis compared to 2005. Pro forma distributable cash increased 8.6 per cent over the third quarter of 2005 and 2.8 per cent year-to-date compared to the same period last year. The increase in distributable cash in the quarter is largely due to timing differences in capital spending in the third quarter of 2006 compared to 2005.

- Local revenues declined by 0.9 per cent to \$367.6 million in the quarter, driven by a decline in network access services (NAS) of 1.2 per cent. Increased local service competition, a reduction in second lines as dial-up Internet customers convert to high-speed and migration to wireless and Voice over Internet Protocol (VoIP) technologies account for the declining NAS. NAS decline was partially offset by selected rate increases and increasing penetration of enhanced features in our customer base.
- Long distance revenues were \$129.2 million in the quarter, a decline of \$6.4 million or 4.7 per cent compared to the same period a year ago. Reductions in residential average revenue per minute reflect increased penetration of our unlimited long distance packages while business long distance revenue per minute increased due to increased network access charge rates. Overall long distance minutes declined by 2.5 per cent in the quarter compared to the same period last year.
- Data and Internet revenue was \$167.2 million, an increase of 9.6 per cent in the quarter compared to the same period last year, led by high-speed Internet revenue growth of 18.8 per cent and customer growth of 26.4 per cent from a year ago. Our Internet business continues to demonstrate strong growth driven by service area expansion, programs which make it easier for customers to get online, such as the PC purchase program, and success with our new home-based business and small business campaigns.
- Information Technology revenue from our xwave division was \$60.7 million, an increase of 12.4 per cent over the same quarter last year and revenues from our other subsidiaries added another \$3.4 million to quarter over quarter growth.
- Capital expenditures in the quarter were \$132.2 million, bringing year-to-date capital intensity⁴ to 15.4 per cent, in line with management targets for 2006.

² In order to provide meaningful year over year comparisons, Bell Aliant has provided pro forma results with all periods restated to reflect the operation of Bell Aliant Holdings LP as if the Plan of Arrangement had been completed on January 1, 2005.

³ We define EBITDA, a non-GAAP measure, as operating income before depreciation and amortization expense, net benefit plans cost, and restructuring and other charges.

⁴ Capital intensity is the ratio of capital expenditures to operating revenues in a period.

Analyst conference call

A conference call is scheduled for Thursday, October 26, 2006 at 4:00 p.m. (ET), (5:00 p.m. Atlantic, 5:30 p.m. NL). The dial in number is (416) 695-9757 or (877) 461-2814. Media are invited to attend in a listen-only mode. The title of the call is "Bell Aliant Third Quarter 2006 Financial Results." A replay of the session can be heard from October 26 to November 2. To access the replay, dial (416) 695-5275 or (888) 509-0081 and enter the pass code 631916.

A live audio webcast of the conference call can be accessed on: <http://www.bell.aliant.ca> under the "Webcasts" link in the Investor Relations section. A rebroadcast of the conference call will be available on the website for approximately 180 days. A pass code is not required for the webcast.

Forward-looking Statements

This news release contains forward-looking statements concerning anticipated future events, results, circumstances or expectations, in particular regarding the Bell Nordiq proposal. Unless otherwise indicated, such forward-looking statements describe our expectations at October 26, 2006. These statements are based on management's beliefs regarding future events, many of which, by their nature are inherently uncertain and beyond management's control. These statements are not guarantees of future performance and are subject to numerous 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: Bell Nordiq unitholder response to the proposal; general economic conditions; stock market volatility; and market or business conditions. Except as may be required by applicable law, we disclaim any intention and assume no obligation to update or revise any forward-looking statement even if new information becomes available, as a result of future events or for any other reason. Readers should not place undue reliance on any forward-looking statements.

About Bell Aliant

Bell Aliant (TSX: BA.UN) is one of North America's largest regional communications providers. Through its operating entities it serves customers in six Canadian provinces with innovative information, communication and technology services including voice, data, Internet, video and value-added business solutions. Through its xwave offices, Bell Aliant also provides IT professional services in Canada, the US and Ireland. Bell Aliant's 10,000 employees are committed to deliver the highest quality of customer service, choice and convenience.

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