

2007 Business Review



Bell Aliant



Zeda Redden
Vice President Investor Relations

Agenda



9:00 – 9:45	Stephen Wetmore Overview
9:45 - 10:15	Heather Tulk Marketplace Strategy
10:15 – 10:30	Break
10:30 – 10:55	Frank Fagan Customer Service Improvements and Productivity
10:55 – 11:15	Glen LeBlanc Financial Review
11:15 – 12:00	Q&A

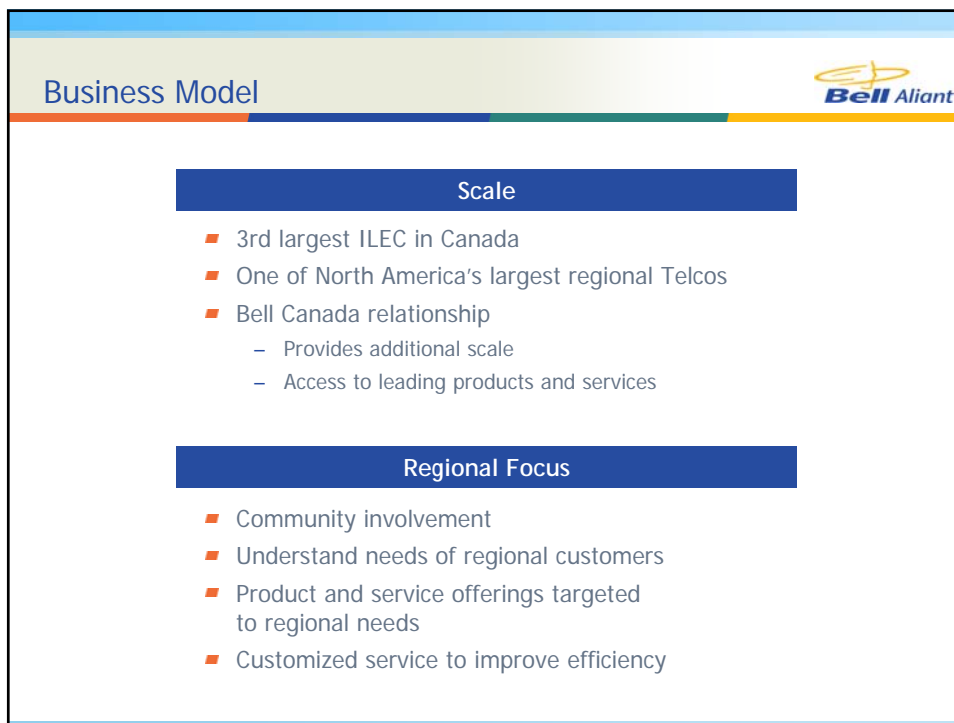
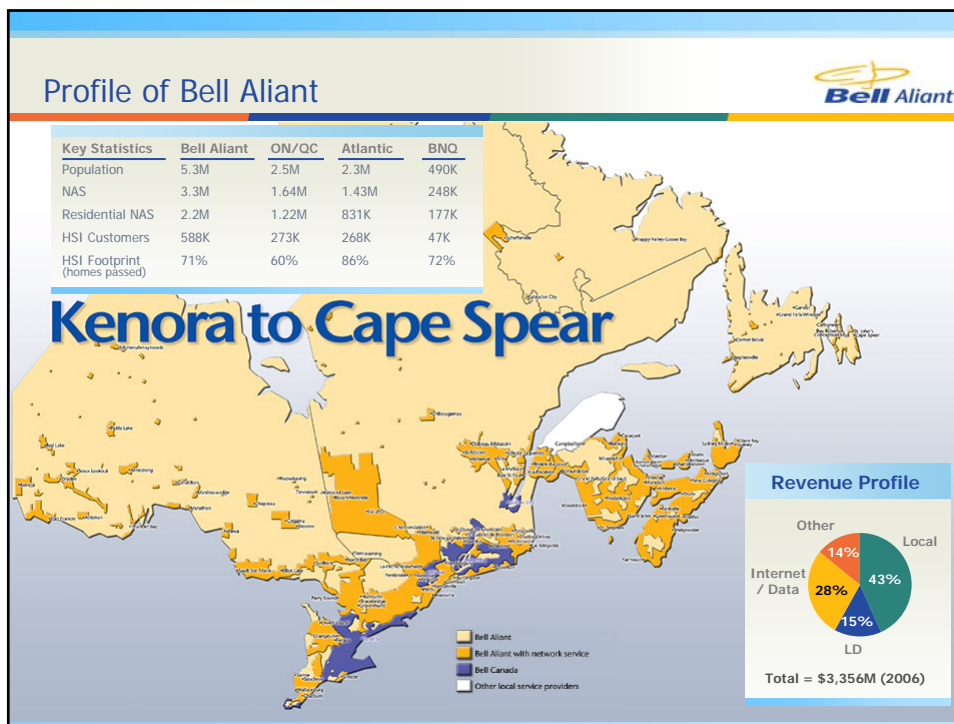
Forward-looking Statements



The presentation and answers today may contain certain forward-looking statements related to the future financial conditions and results of operations of Bell Aliant. Consequently, please refer to the Bell Aliant Regional Communications Income Fund and Bell Aliant Regional Communications Holdings, Limited Partnership Notice Concerning Forward-Looking Information dated February 20, 2007 as filed on SEDAR. All of the forward-looking statements made in the course of this presentation are qualified by the cautionary statements found in that document, and there can be no assurance that the results or developments anticipated by us will be realized, or, even if substantially realized, they will have the expected consequences for us. Except as may be required by applicable law, we disclaim any intention and assume no obligation to update or revise any forward-looking statements even if new information becomes available, as a result of future events or for any other reason. Participants should not place undue reliance on any forward-looking statements.



Stephen Wetmore
President & CEO



Delivering on Commitments



- Met or exceeded financial objectives
- Met or exceeded operational objectives
- Improved customer service experience
- Increased cash distributions
- Completed Bell Nordiq Privatization

Financial Performance

	2 nd Half 2006	2006 Objectives
Revenue growth	1.9%	1% – 2%
Distributable cash growth	2.7%	2% – 3%
Capital intensity	15.6%	15% – 16%
Debt / EBITDA	1.8x	2.0x
Payout ratio	80%	90%

Recent Announcements



- Sale of Aliant Directory Services to YPG
- Normal Course Issuer Bid (NCIB)
- Take-over Bid to Acquire Amtelecom
- Accelerated Fibre-To-The-Node (FTTN) Investment
- 2007 Financial Outlook

Sale of Aliant Directory Services



- Asset sale representing 87.14% to Yellow Pages Group
- Strong financial contributor but non-strategic asset
 - 2006 revenue of \$57M and EBITDA of \$33M
 - Divestiture consistent with industry trend
- Transaction value of \$330M
 - 10.2x adjusted EBITDA
- Use of proceeds to fund unit buy-back

Improving our Broadband Offering



- Efficient use of opening cash reserve of \$140M
- Improves future revenue trajectory
 - Builds the network for future customer bandwidth requirements
 - Allows for expansion of our IPTV service
- Incremental cost of \$35M - \$45M

Amtelecom



- Announced intention to make a take-over bid to acquire the publicly traded units of Amtelecom Income Fund (AMT.UN)
- Small ILEC operating in southwest and central Ontario providing telecommunications, Internet and cable TV services
 - Customers: 27K NAS, 13.5K Internet and 8.8K Cable TV
 - 2006 Revenues of \$31.5M, EBITDA of \$16M
- Strong strategic fit
 - Contiguous with Bell Aliant footprint
 - Stable customer base and revenue stream
- All cash offer of \$119M, including debt
 - 16.7% premium over 20 trading days

2007 Outlook Performance



Information circular

- Positive to 2% Revenue Growth
- \$75M – \$85M Productivity
- 15% – 16% Capital Intensity
- 2% – 3% Distributable Cash Growth

Bell Nordiq

Aliant Directories

NCIB

Amtelecom

Network Investment

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2007
Guidance

Topics



- Competitive intensity
- NAS erosion
- Revenue growth
- Maintaining margins - productivity
- Business Model – Scale and Customer Experience
- Network enhancements – Broadband and TV offerings
- 2007 financial guidance
 - Pension funding
 - Capital structure

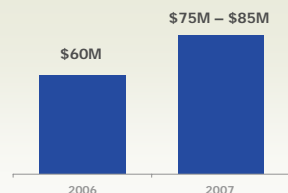
Strategic Imperatives



Productivity

- Required to Maintain Margin
- Synergy Realization

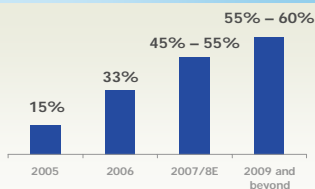
Pro forma Productivity



Increasing Competition

- Cable Telephony Expansion
- Mature in 24 months
- Proven Approach to Competition

% of households passed by cable telephony



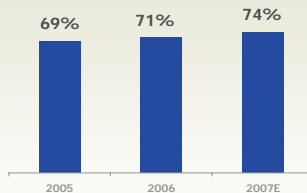
Strategic Imperatives (Continued)



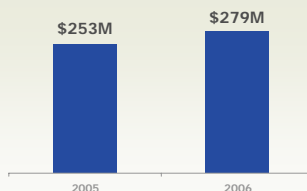
Growth

- Broadband Growth
 - Penetration
 - Footprint expansion
- Wireless, TV and Subsidiaries
- xwave (IT)
 - Industry Verticals
 - Sell IT services to Telecom customers
 - Extend IT services to Central
 - Extend IT services to SMB

HSI Homes Passed



IT Revenue Growth



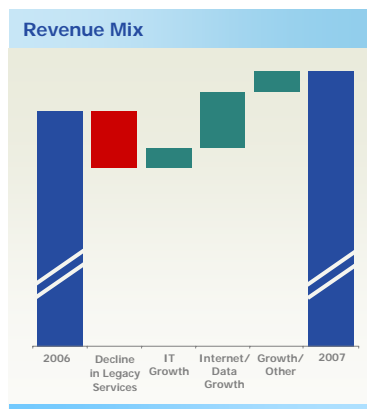
Heather Tulk
Senior Vice President - Marketing

Revenue

Stable Growth in the Face of Increasing Competition



- Organic revenue growth of up to 2%
- Internet and IT growth offset Local and LD losses
- Priorities for 2007
 - Strengthen Competitive Position in the Home
 - Aggressively drive growth services
 - IT and Internet offerings for business customers

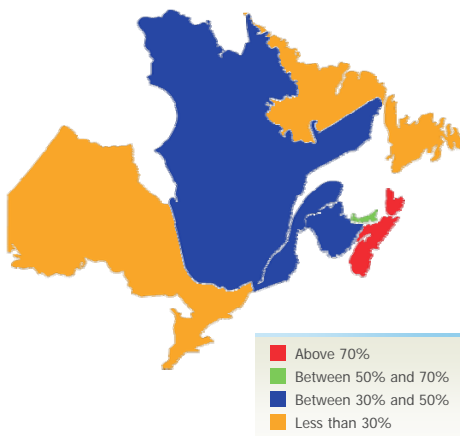


Bell Aliant Territory

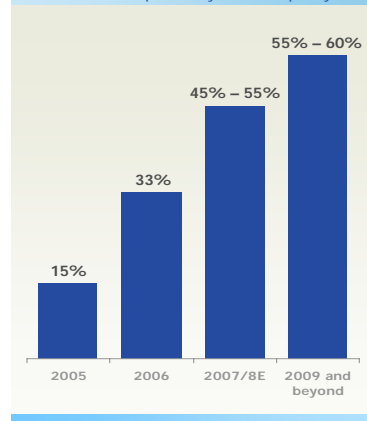
Competitive Footprint (Cable Telephony)



Competitive Footprint Intensity
% of Households



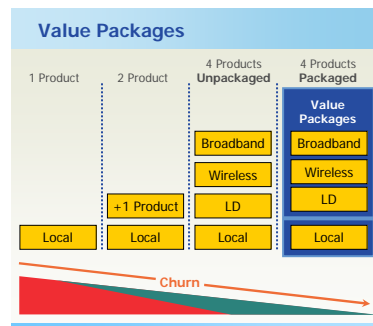
Residential Competitive Households
% of households passed by cable telephony



Residential Market Winning Against Increasing Local Competition



- Competitive Footprint growth will reach maturity in next 2-3 years
- We know how to prepare for, address and manage new competitive markets
- Integrated and unique offers win
- Internet and TV penetration is integral to curb NAS erosion
- Close customer relationships and community presence is critical




Best Overall Customer Value in Residential Market Customer Loyalty through Being Close to our customers



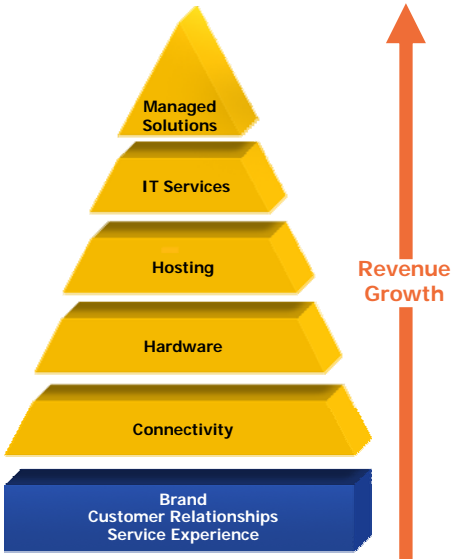
- Offers tailored to unique customer needs
- Close attention to customer 'life moments'
- "Making it Personal"
- Community Visibility
- Expanded Distribution Channels
- Customer Experience




Integrated ICT Solutions for Business



- Channel effectiveness
 - Dedicated Account Teams to deliver world class customer satisfaction
 - Expanded reseller channel
- Strong Internet revenue and customer growth
- Manage Evolution to IP
- ICT Leadership
 - IT tailored for SMB
 - Converged Solutions for Mid and Enterprise
 - Bring xwave services to telecom customers

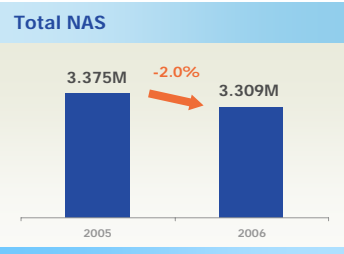


Local



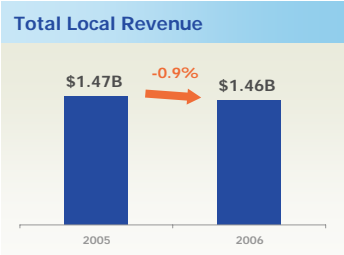
- Feature growth and pricing activity mitigate local losses
- Strong focus on customer experience, retention and winbacks
- Emphasis on quality and reliability
- Managed IP migration
- Anticipated regulatory changes will provide new opportunities for innovative pricing and packaging

Total NAS



Year	Total NAS
2005	3.375M
2006	3.309M (-2.0%)

Total Local Revenue



Year	Total Local Revenue
2005	\$1.47B
2006	\$1.46B (-0.9%)

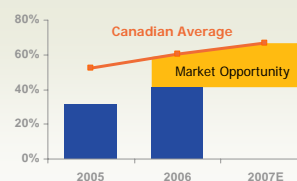
Internet

Driving Growth through Internet Market Expansion

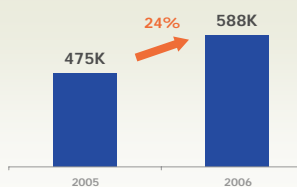


- Footprint expansion
 - HSI to 74% homes passed in 2007
 - Dial to 100% of homes passed in 2007
- Focus on total value rather than speed and price
- Programs for under-penetrated markets and to make it easier to get online
- Expand "Home Entertainment" hardware bundles
- ARPC lift through up-selling
- Value Added Services

Bell Aliant HSI Penetration



Total HSI Subscribers



TV

A compelling addition to our offerings



- Selling through value packages to maximize retention benefits
- IPTV as an "analog cable buster" to capture digital conversion
- Increased penetration and accelerated footprint expansion – FTTN
- Bell ExpressVu Partnership to bring TV to non-FTTN areas and Premium segments

Canadian Consumer IPTV Forecast



Source: IDC Canada 2006

Customer Satisfaction with Aliant TV



Long Distance

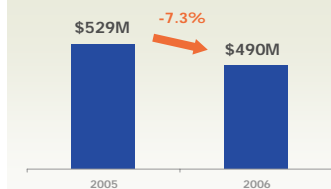


- Stable trends in LD performance will continue
- LD decline will be mitigated through:
 - New Product Introductions
 - Balancing pricing action with programs to drive share and usage
 - Aggressive acquisition programs

Long Distance ARPM



Long Distance Revenue



Summary



- We are confident in our ability to manage through the transition to a more competitive marketplace
- We are focused on driving revenue growth
 - Unique programs in our marketplace
 - Internet
 - IT
 - Prudent Pricing



Frank Fagan
Chief Operating Officer

The Strength of Our Business Model

We are uniquely positioned to take advantage of scale and tailor solutions to our regional markets

<p>Scale</p>  <ul style="list-style-type: none"> ■ Bell provided services for Ontario and Quebec ■ Access to technology and product development ■ Solutions for Atlantic Canada - incremental cost <p>Comprehensive service level agreements</p>	<p>Regional Focus</p>  <ul style="list-style-type: none"> ■ 10,000 employees in our communities ■ Managing our territory through 39 Regional Managers ■ Tailored approach to the unique markets we serve <p>Strategy, Execution and Governance</p>
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Our strategy is about delivering a superior customer experience while at the same time driving significant productivity

Customer Experience

We have listened to our customers and are focused on what is important to them

Drivers of Customer Experience

Service

- Being more accessible
- Meeting our commitments
- Doing it right the first time

Value

- Leading products and services
- Packages that provide exclusive benefits
- Network availability and reliability

Community

- Proud employees involved in the community

Superior customer experience will drive greater customer loyalty

2006 Successes

The journey began in 2006 with some early successes

Service

Customer Service Index



Customer service index improved 6.5% in 6 months

Value

Incremental Homes Passed



Expanded DSL footprint

Community

Community Involvement



Ranked #1 as Good Corporate Citizen

In 2007 Bell Aliant will continue to focus on Service, Value and Community

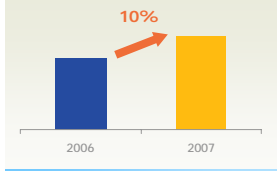
Service 2007



Our service priorities are focused on making things easy for our customers

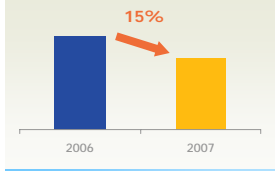
Being More Accessible

Online Transactions



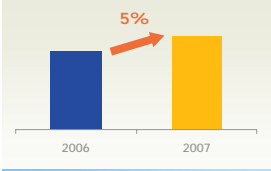
Meeting Our Commitments

Missed Appointments



Doing It Right The First Time

Doing It Right The First Time



2007 Priorities:

- Online service options for customers
- Shorten order to installation time
- Morning, afternoon and evening appointments
- Tools and training

Value 2007



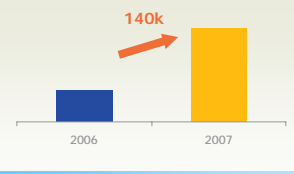
We will deliver value through solutions that meet our customers' needs

Leading products and services

Packages that provide exclusive benefits

Network availability and reliability

FTTN Homes Passed



2007 Priorities:

- Expand FTTN footprint
- Expand DSL footprint
- Ensure IP network reliability
- Introduce new VoIP service offerings



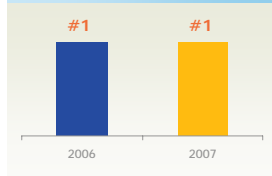
Community 2007



Bell Aliant and its employees will continue to be an integral part of the communities we serve

Proud employees involved in the community

Ranking #1 Good Corporate Citizen



Bell Aliant Employees at Work in the Community



2007 Priorities:

- Profile our Regional Managers
- Support community involvement
- Engage employees
- Recognize employee volunteers
- Community newsletters

Productivity



We are on a well-defined path which builds on the synergies of creating the Trust - productivity will increase from \$60M in 2006 to \$75-85M in 2007

Business Requirements

Distributable Cash Growth	\$15M - \$30M
Margin Shift	\$10M - \$15M
Cost Increases	\$40M
	\$65M - \$85M

Plan

Operational Efficiencies	\$45M - \$50M
Synergies (Bell Aliant, Bell Nordiq, Other Acquisitions)	\$20M - \$25M
Bell Outsourcing (3-4% Productivity)	\$10M
	\$75M - \$85M

Our Productivity Focus



To drive productivity we are focused on three key themes:

Operational Efficiencies \$45-50M

- End-to-end process redesign
- System enhancements
- Operational and infrastructure productivity
- Vendor cost improvements

Organization Synergies \$20-25M

- Adopt selected Bell Canada systems
- Trust creation, Bell Nordiq and acquisitions

Bell Outsourcing \$10M

- 3-4% Annual productivity under outsourcing agreement

Summary



Superior Customer Experience - Significant Productivity Improvement


- We have the right business model - scale and regional presence
- We are focused on delivering a superior customer experience
 - Exceptional Service
 - Delivering Value
 - Community Involvement
- We are well positioned to deliver productivity of \$75 – 85 million in 2007
 - Operational Efficiencies
 - Organizational Synergies
 - Bell Outsourcing



Bell Aliant

Glen LeBlanc
Chief Financial Officer

Financial Performance
(pro forma)



	<u>2nd Half 2006</u>	<u>2006 Aliant Circular</u>
Revenue growth	1.9%	1% – 2%
Distributable cash growth	2.7%	2% – 3%
Capital intensity	15.6%	15% – 16%
Debt / EBITDA (Dec '06)	1.8x	2.0x
Payout ratio	80%	90%

Our Financial Model



- Modest revenue growth
- Stable consolidated margins
 - Improving margins in each business area through productivity enhancements
- Appropriate capital structure
- Provide stable, growing cash returns to unitholders
- Look for accretive growth opportunities through acquisition

**A unitholder return formula
that fits our business model**

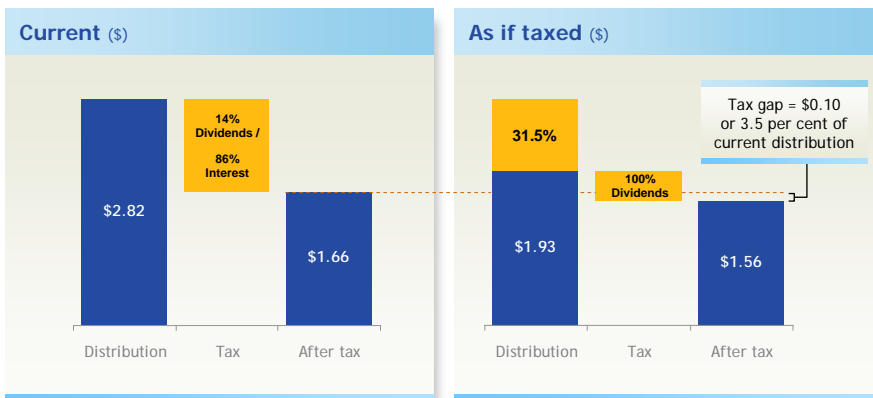
Capital Structure and Distribution Policy



- Best estimate of effective tax rate in 2011: 31.5%
- Distribution policy: 90%
 - Currently under target, providing flexibility
- Committed to 2x Debt:EBITDA
 - Refinancing existing debt, modest new debt on acquisitions
- Opportunistic unit re-purchases
 - Utilizing proceeds on Directories sale for NCIB

**An appropriate capital structure
given cash flow strength**

2011 Tax Planning

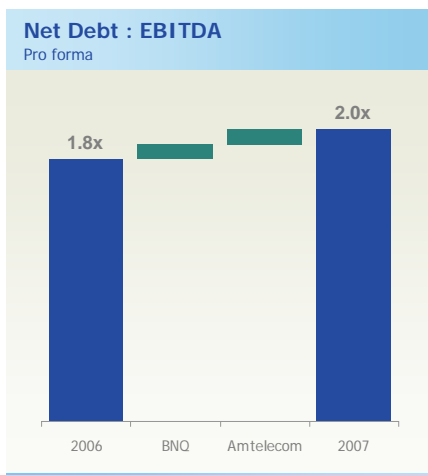


- 2011 distribution taxed at lower dividend rates
- Equivalent corporate yield = 6.7%
- Very attractive for yield-oriented investors

Balance Sheet Strength



- Planned 2007 activities will bring debt level up marginally
 - Maintaining 2x
- Flexibility through use of excess cash
 - 2007 opening cash balance
 - Directories proceeds
- Refinancing plans:
 - MTN issues in 2007 across yield curve
 - 90% fixed rate



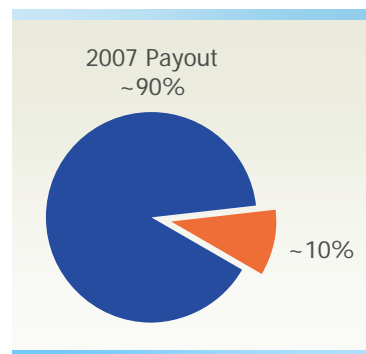
Distributable Cash



Cash Reserve Uses – est. for 2007 (\$ Millions)

Cash balance Dec-06	\$139
Distributable cash 2007	\$735 – \$750
Distributions 2007 (\$2.82 starting Feb-07)	(\$644)
Cash available	\$230 – \$245
Uses:	
FTTN acceleration	\$35 – \$45
Pension deficit	\$40 – \$50
Cash taxes	\$15
Total uses	\$90 – \$110
Cash reserve	\$120 – \$155

- Guidance \$735M – \$750M
 - \$690M – \$710M net of FTTN
- Paying out at target with FTTN

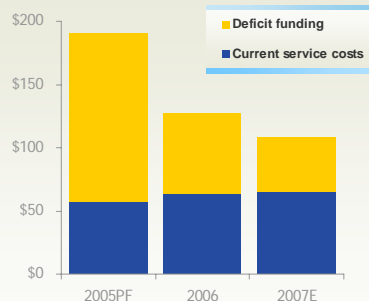


Pension Plan Status



- Current service cost funding through distributable cash
- Deficit funding from cash reserve
- Improvement in funded status is reflected in our funding estimates for 2007
 - Deficit contributions made in 2006
 - Strong asset returns ~12.5%
 - Actual funding will be confirmed with new valuations ~Q3 2007
 - 10-year solvency funding rules

Annual Funding (\$ Millions)



Accretive M&A



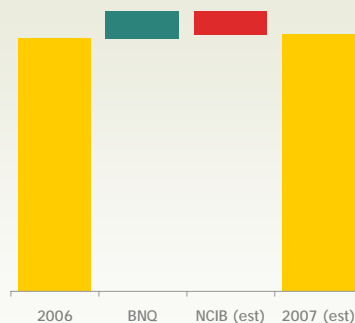
- Equity issued on BNO privatization
- Directories proceeds utilized for NCIB
- All-cash Amtelecom offer



Modest accretion to distributable cash / unit

Units outstanding

Pro forma year-end (millions of units)



2007 Guidance



	2007 Guidance
Revenue	\$3.33B – \$3.40B
Distributable cash	\$735M – \$750M
Distributable cash (net of FTTN)	\$690M – \$710M
Capital intensity	15.0% – 15.5%
Capital intensity (with FTTN)	16.0% – 16.5%

Stability and flexibility:

to invest for the future and provide returns today

Questions?

