Bell Aliant Regional Communications Holdings, Limited Partnership

ANNUAL INFORMATION FORM
for the year ended December 31, 2008

March 31, 2009

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GENERAL MATTERS

Throughout this Annual Information Form (**AIF**), "we", "us", "our" and "Bell Aliant Holdings LP" refer to Bell Aliant Regional Communications Holdings, Limited Partnership and its subsidiaries. Throughout this AIF, the term "Aliant" refers to the former Aliant Inc. and its subsidiaries. Certain capitalized bolded terms used throughout this AIF have the meanings set forth in the "Glossary".

On July 7, 2006, the plan of arrangement (**Arrangement**) of Aliant was completed, combining Aliant's wireline telecommunications operation in Atlantic Canada, information technology (**IT**) operation and other related operations with Bell Canada's wireline telecommunications operation in certain of its regional territories in Ontario and Québec (**Bell Aliant Business**) and Bell Canada's then 63.4 per cent indirect interest in NorthernTel, Limited Partnership (**NorthernTel LP**) and Télébec, Limited Partnership (**Télébec LP**, together the **Bell Nordiq Partnerships)**. As a result of the Arrangement, Bell Aliant Regional Communications Income Fund (**Fund**) indirectly acquired an 81.5 per cent non-controlling equity interest in us.

On January 30, 2007, the Fund completed a series of transactions (**Bell Nordiq Transaction**) taking Bell Nordiq Income Fund (**Bell Nordiq**) private and pursuant to which each outstanding unit of Bell Nordiq was redeemed in exchange for 0.4113 of a **Fund Unit** and each Bell Nordiq unitholder received a special distribution of $4.00 per Bell Nordiq unit held. The Bell Nordiq Transaction resulted in the Fund issuing an additional 13,467,791 Fund Units and indirectly acquiring, through Bell Nordiq Trust, the remaining 36.7 per cent limited partnership interest in the Bell Nordiq Partnerships we did not already hold. On January 1, 2008, a series of transactions was completed whereby the 36.7 per cent interest in the Bell Nordiq Partnerships held through Bell Nordiq Trust was transferred to Bell Aliant Holdings LP (**Bell Nordiq Transfer**). Subsequently, Télébec LP and NorthernTel LP each issued one Class B limited partnership unit to Bell Nordiq Trust. As a result of these transactions, the Fund now indirectly holds an 82.46 per cent non-controlling equity interest in us.

We consolidate the operations of (i) Bell Aliant Regional Communications, Limited Partnership (**Bell Aliant LP**), our core asset, which carries on the Bell Aliant Business, (ii) the Bell Nordiq Partnerships and (iii) other subsidiary partnerships and corporations. We are a reporting issuer under securities laws in each Province of Canada. The Fund is also a reporting issuer under Canadian securities laws, and its AIF, financial statements and notes, management's discussion and analysis (MD&A) and other continuous disclosure documents are posted on the System for Electronic Document Analysis and Retrieval (SEDAR) website of the Canadian securities administrators (www.sedar.com). Under the policies of the Canadian securities administrators, our financial statements and notes and MD&A will also be posted on the SEDAR website under the Fund's SEDAR profile. Bell Aliant LP is also a reporting issuer, but Bell Aliant LP has obtained exemptive relief whereby it may satisfy certain of its continuous disclosure obligations under Canadian securities laws by simultaneously filing, under Bell Aliant LP's SEDAR profile, among other things, copies of continuous disclosure documents we are required to file under Canadian securities laws. For information about the Fund, readers are referred to the consolidated financial statements and other continuous disclosure documents of the Fund.

The information contained in this AIF is dated as of March 31, 2009 unless otherwise indicated. Bell Aliant Holdings LP's financial information is derived from our consolidated financial statements and notes as at and for the year ended December 31, 2008. Unless otherwise indicated, all amounts are expressed in Canadian dollars and references to "$" are to Canadian dollars.

CAUTIONARY NOTE CONCERNING FORWARD-LOOKING STATEMENTS

This document contains forward-looking information related to our future financial condition and results of operations. The purpose of this forward-looking information is to provide the reader with information about management's expectations and plans for fiscal 2009 or other future periods. Readers are cautioned that such information may not be appropriate for other purposes. This information is based on our current expectations and estimates about the markets in which we operate and our beliefs and assumptions regarding these markets. Unless otherwise indicated, forward-looking information in this AIF describes our expectations as of March 31, 2009. In some cases, forward-looking information may be identified by words such as "anticipate", "believe", "could", "expect", "plan", "seek", "may", "intend", "will" and similar expressions. This information is 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: our ability to achieve strategies and plans; general economic conditions; increasing competition; changing regulations; reliance on systems; dependence on key suppliers; changing technology; required operating and capital expenditures; our relationship with BCE Inc. (**BCE**) and Bell Canada; pension plan funding; liquidity and financing risk; leverage and restrictive covenants; BCE's governance rights; reliance on key personnel and labour relations; success of acquisitions and dispositions; and legal contingencies and changes in laws. Some of these factors are largely beyond our control. In addition, a number of assumptions were made by us in providing forward-looking information in this AIF, such as certain assumptions about the Canadian economy, market assumptions, operational and financial assumptions, and assumptions about transactions. Refer to the "Risk Factors" section of this AIF for further discussion of these and other assumptions and risk factors. Should any factor affect us in an unexpected manner, or should assumptions underlying the forward-looking information prove incorrect, the actual results or events may differ materially from the results or events predicted. Unless otherwise indicated, forward-looking information does not take into account the effect that transactions or non-recurring or other special items announced or occurring after this information is provided may have on our business. All of the forward-looking information reflected in this document and the documents referred to within are qualified by these cautionary statements. There can be no assurance that the results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences for us. Except as may be required by Canadian securities laws, we disclaim any intention and assume no obligation to update or revise any forward-looking information, 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 information.

STRUCTURE OF BELL ALIANT HOLDINGS LP

Bell Aliant Holdings LP

Bell Aliant Holdings LP is a limited partnership formed under the laws of the Province of Québec pursuant to a limited partnership agreement dated June 29, 2006, as amended (**Bell Aliant Holdings LP Partnership Agreement**). Bell Aliant Holdings LP's principal and head office is located at 7 South Maritime Centre, 1505 Barrington Street, Halifax, Nova Scotia, B3J 2W3. The general partner of Bell Aliant Holdings LP is Bell Aliant Regional Communications Holdings Inc. (**Bell Aliant Holdings GP**), a corporation incorporated under the laws of Canada.

Inter-corporate relationships

The Fund owns 100 per cent of the voting securities of Bell Aliant Holdings Trust (**Holdings Trust**), 100 per cent of the voting securities of Bell Nordiq Trust, (both trusts formed under the laws of the Province of Québec), and 81.5 per cent of the voting securities of Bell Aliant Holdings GP. Bell Aliant Holdings GP acts as the general partner of Bell Aliant Holdings LP and holds the general partnership interest in Bell Aliant Holdings LP.

Holdings Trust and Bell Nordiq Trust own 77.32 and 5.14 per cent respectively of the limited partnership units of Bell Aliant Holdings LP, which in turn owns 36.7 per cent of the limited partnership units of each of the Bell Nordiq Partnerships. Bell Aliant Holdings LP owns 100 per cent of the voting securities of Bell Aliant Regional Communications Inc. (**Bell Aliant GP**), a corporation incorporated under the laws of Canada. Bell Aliant GP acts as the general partner of Bell Aliant LP, a limited partnership formed under the laws of the Province of Manitoba, and of the Bell Nordiq Partnerships. Bell Aliant GP also owns 62.14 per cent of the limited partnership units of Bell Aliant LP and 63.3 per cent of the limited partnership units of each of Télébec LP and NorthernTel LP. Bell Nordiq Trust also owns one unit each of the Bell Nordiq Partnerships.

We refer to the "**Fund Group**", as collectively including us, the Fund, Holdings Trust, Bell Nordiq Trust, Bell Aliant Holdings GP, the Bell Nordiq Partnerships, Bell Aliant LP, Bell Aliant GP, and their respective subsidiaries.

Certain subsidiaries, whose total assets individually represent less than 10 per cent of the consolidated assets of Bell Aliant Holdings LP, and whose total sales and operating revenues individually represent less than 10 per cent of the consolidated sales and operating revenues of Bell Aliant Holdings LP, and whose total assets and sales and operating revenues, respectively, in aggregate, represent not more than 20 per cent of such consolidated amounts of Bell Aliant Holdings LP, have not been disclosed above.

As at December 31, 2008, BCE owned, directly or indirectly, 44.15 per cent of the Fund on a fully diluted basis (in the form of exchangeable limited partnership units of Bell Aliant Holdings LP and Bell Aliant LP). See “Other Material Agreements” and “Interest of Management and Others in Material Transactions” for more information about BCE’s ownership interest in the Fund and other rights.

Refer to our MD&A for the year ended December 31, 2008 for an organizational chart depicting significant entities within the Fund Group.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

2006 Highlights

Throughout the year, we advanced our key priorities: (i) evolving key broadband attributes to improve user experience and drive profitable revenue growth; (ii) simplifying and enhancing the customer experience; (iii) renewing our focus on enterprise customers, continuing to pursue our information and communications technology (**ICT**) strategy and expanding our presence in key industry verticals; and (iv) implementing productivity and cost structure improvements.

In regard to our focus on key industry verticals, we made significant advancements in the healthcare segment, and received industry recognition as “Company of the Year” by Canadian Health Infomatics. New healthcare contracts during 2006 included the Newfoundland and Labrador Prescription Drug Program, the Cancer Care Ontario Client Registry and the Ontario Association of Community Care Access Centres case management system.

In July 2006, the Arrangement was completed, creating Canada’s third largest incumbent local exchange carrier (**ILEC**). As a result of the Arrangement, Bell Aliant LP acquired the Bell Aliant Business and disposed of Aliant’s wireless telecommunications operation to Bell Canada, and we acquired an indirect 63.4 per cent limited partnership interest in the Bell Nordiq Partnerships.

On July 13, 2006, Bell Aliant LP established a commercial paper program with a maximum borrowing capacity of $400 million. Proceeds from the issuance of notes under the program were used to repay existing bank indebtedness and for general operating purposes. Bell Aliant LP filed a short form prospectus dated September 14, 2006 (the **Prospectus**), allowing for the issuance of medium-term notes (**LP Notes**) for an aggregate principal amount of up to $3 billion. Pursuant to the Prospectus, on September 25, 2006, Bell Aliant LP sold an aggregate $1.25 billion principal amount of the LP Notes in two tranches. The proceeds were used to repay bank debt incurred in connection with the Arrangement.

On October 31, 2006, the Minister of Finance (Canada) announced a proposal whereby publicly-listed or traded income trusts and limited partnerships would be subject to a special tax on certain income. Where securities of the trust or partnership were publicly-listed or traded before November 1, 2006, the proposal would apply beginning in the 2011 taxation year, unless the benefit of this transitional delay is lost because there has been “undue expansion” of the trust or partnership.

2007 Highlights

On January 30, 2007, the Fund completed the Bell Nordiq Transaction whereby it took Bell Nordiq private. The Bell Nordiq Transaction resulted in the Fund issuing an additional 13,467,791 Fund Units and indirectly acquiring, through Bell Nordiq Trust, the remaining 36.7 per cent limited partnership interest in the Bell Nordiq Partnerships not already held by us. Bell Nordiq unitholders also received a special distribution of $4.00 per Bell Nordiq unit held.

As a result of positive regulatory changes regarding local service regulation, our ability to compete with other service providers improved in 2007. Bell Aliant LP, Télébec LP and NorthernTel LP filed for and received **forbearance** from regulation of local residential and business telephone service in a number of competitive exchanges throughout our territory. In addition, changes to regulatory pricing rules (including what is known as the price cap regime) now allow improved bundling flexibility and removal of price ceilings for some services. 2007 was a year of significant regulatory change for ILECs. Further information on the regulatory changes is provided in our MD&As for the years ended December 31, 2007 and 2008, under "Risk Management – Changing Regulations".

In 2007, we made significant network enhancements by completing an accelerated investment in fibre-to-the-node (**FTTN**) technology. Telecom companies have been using digital subscriber loop (DSL) electronics to provide higher levels of bandwidth on existing copper lines for the past decade. Placing DSL equipment, or nodes, closer to customers allows for increases in speed. The nodes are connected by fibre optic cable, thus the term "fibre-to-the node" or FTTN. Our customers benefit from FTTN's capacity to deliver higher bandwidth to support applications such as Internet Protocol TV (**IPTV**), music and movie downloads, gaming, video conferencing and other applications. In 2007 we grew our FTTN coverage to pass an additional 137,000 homes with FTTN technology, reaching approximately 188,000 homes passed in our operating territory at year end 2007.

In the first quarter of 2007, the Fund initiated a normal course issuer bid (**NCIB**) which allowed it to purchase up to 13.7 million Fund Units at market prices through the Toronto Stock Exchange (**TSX**) until February 27, 2008. On April 30, 2007, Bell Aliant Holdings LP completed the sale of the assets and operations of Aliant Directory Services (**ADS**) to Yellow Pages Group for our proportionate share of proceeds of $327.4 million. The proceeds substantially funded the repurchase of approximately 10.7 million Fund Units under the NCIB over several months. There were no purchases made under the NCIB after December 31, 2007.

On February 26, 2007, Bell Aliant LP sold an aggregate $1 billion principal amount of LP Notes in three tranches under its Prospectus. The proceeds were used to further repay borrowings under bank credit facilities incurred in connection with the Arrangement.

On June 30, 2007, our significant stakeholder, BCE, announced that it had entered into a definitive agreement (the **Definitive Agreement**) to be acquired by an investment group (the **BCE Purchaser**) led by Teachers Private Capital, the private investment arm of the Ontario Teachers Pension Plan, Providence Equity Partners Inc., Madison Dearborn Partners, LLC, and Merrill Lynch Global Private Equity. On September 21, 2007, the transaction received BCE shareholder approval but as discussed below, ultimately did not proceed.

2008 Highlights

On January 1, 2008, Bell Nordiq Trust transferred its 36.7 per cent limited partnership interest in each of the Bell Nordiq Partnerships to us in return for 8,246,429 **Holdings Class 2 LP Units** of Bell Aliant Holdings LP. Subsequently, the Bell Nordiq Partnerships each issued one Class B limited partnership unit to Bell Nordiq Trust for nominal cash consideration.

On January 3, 2008 we announced our intention to acquire the assets and operations of Kenora Municipal Telephone System (**KMTS**) for approximately $27 million; the acquisition was completed by Bell Aliant LP on February 1, 2008.

During the second quarter of 2008, we announced that we intended to eliminate the wholesale mobility products business of Atlantic Mobility Products Limited Partnership (**AMP**), a wholly-owned subsidiary, of Bell Aliant GP, following the discontinuance of a significant contract AMP held with Bell Mobility.

Also during the second quarter, Bell Mobility in-sourced a significant portion of the operations of its wireless business in Atlantic Canada that had previously been outsourced to Bell Aliant LP since July 2006. This will result in an estimated reduction of $15 million to $20 million of revenue to Bell Aliant LP in 2009, but the impact on net earnings and cash flow is expected to be mitigated by related cost reductions.

On July 9, 2008 we announced that Stephen Wetmore, President and Chief Executive Officer, would be leaving his position at the end of the year. On October 27, 2009 we announced that Karen Sheriff had been appointed President and Chief Executive Officer, effective November 3, 2008.

On August 5, 2008, we announced that CAE had signed an asset purchase agreement to acquire Bell Aliant LP's Defence, Security and Aerospace (**DSA**) business unit, currently operated by its xwave division. The purchase price paid on closing will be in the range of $13 million to $14 million, subject to the date of closing, with an additional $11 million to be paid contingent upon the occurrence of certain events for a potential total purchase price in the range of $24 million to $25 million. The transaction is expected to close in the first half of 2009.

On December 11, 2008, BCE announced that it received from the BCE Purchaser, a notice purporting to terminate the Definitive Agreement. The Definitive Agreement was terminated and the BCE privatization transaction did not proceed.

In the fourth quarter of 2008 we commenced a significant restructuring initiative and on January 12, 2009 announced a new organizational structure. The restructuring affected all levels of management across Bell Aliant Holdings LP, which resulted in the reduction of approximately 500 management positions, representing about 15 per cent of management or five per cent of the overall workforce by the end of the first quarter of 2009. A restructuring charge of $60 million was recorded in the fourth quarter of 2008 and has an estimated payback period of one year.

Recent Developments

On February 2, 2009, we issued our 2009 financial guidance in the Fund's 2008 earnings results and 2009 financial guidance news release. Information on our 2009 outlook is contained in the release, as well as the "2009 financial guidance" section of our MD&A for the year ended December 31, 2008, both of which are available on SEDAR at www.sedar.com.

In 2008, the Department of Finance released proposed amendments to the *Income Tax Act* (Canada) (the **Tax Act**) to facilitate the conversion of existing income trusts, such as the Fund, into corporations on a tax-deferred basis (the Conversion Rules) as discussed in the "Planning for future taxation changes" section of our MD&A for the year ended December 31, 2008. The Conversion Rules were enacted into law on March 12, 2009.

DESCRIPTION OF THE BUSINESS

General

We are one of North America's largest regionally focused telecommunications service providers and have been serving customers for over a century. We offer customers across Atlantic Canada, Ontario and Québec a complete range of voice and data communications services as well as IT consulting, infrastructure management, product fulfillment and advanced technology solutions. Communications services we provide include local telephone, long distance, data and Internet, wireless, television and other products and services. Our IT services include system integration, application development, local and wide area network installations and management, data centre operations, computer hardware, package software and IT planning services. We also provide complementary services in knowledge management, including e-learning, technical documentation and tele-web sales and services.

Our results are accounted for on a continuity of interest basis, therefore, any comparative information for any period prior to July 7, 2006 is for Aliant. Following the privatization of Bell Nordiq in January 2007 and the sale of the net assets and operations of ADS in April 2007, we have been operating as one reportable segment representing the manner in which we are organized and managed for planning, assessing performance and making resource allocation decisions. The following table shows our operating revenues for the years ended December 31, 2008 and 2007.

For the years ended December 31 (millions of dollars)	2008	2007	% change
Local and access	**$1,404.8**	$1,430.9	(1.8)
Long distance	**452.3**	474.8	(4.7)
Data and Internet	**800.2**	755.8	5.9
IT services and fulfillment	**315.3**	262.4	20.2
Wireless	**80.8**	64.4	25.5
Other revenues	**228.6**	265.0	(13.7)
Operating revenues	**$3,282.0**	$3,253.3	0.9

Products and Services

Local and access

Our local and access revenue is earned primarily through the provision of network access services (NAS), along with enhanced service features, contribution payments and competitor network access payments.

Long distance

Long distance revenue is earned through toll and long distance terminating services.

Data

Data and Internet revenue is earned through data access, data circuits, high-speed and dial-up Internet service, managed services, and enhanced services and applications, such as security services, music download service, dial-up accelerator and IPTV.

IT services and fulfillment revenue

IT services and fulfillment revenue is earned primarily by Bell Aliant LP's xwave division, through systems integration, software engineering, IT consulting, hardware and software fulfillment.

Wireless

Wireless revenue is earned through the provision of cellular, paging and mobile radio services over analog and digital wireless networks in our Télébec, NorthernTel and KMTS-branded territories in Québec and Ontario.

Other revenues

Other revenues consist of knowledge management provided through Innovatia Inc., terminal rentals and sales, personal computer (PC) sales, revenue generated by our outsourcing arrangement with Bell Mobility and other sources.

Marketing and distribution channels

We sell our products and services through face to face sales representatives, telemarketing centres, sales agents, including partner owned retail stores, and Internet portals including aliant.net, bell.ca and bell.aliant.ca.

Our ability to combine service offerings is integral to our success, driving loyalty and protecting our customer base. Beginning in 2007, changes to regulatory rules relating to local service provided greater bundling and pricing flexibility enabling us to further increase our market penetration by offering bundles that offer a combination of high-speed or dial-up Internet service, home phone, local features, a long distance plan and, if desired, cellular service or TV. In our business market, we also provide combined service offerings in the form of business bundles and customized solutions.

Specialized skill and knowledge

Leadership development and skills transfer remain two key priorities to advance our differentiating strategy and to address the aging demographic of our employees. We will continue to invest in the development of our leaders at every level of the organization to ensure that employees understand our future direction and have the capability to deliver the best customer experience in this increasingly competitive sector. Through selective hiring and formal skills transfer programs, we will also ensure that the growth of our broadband business is well supported by qualified internet protocol (IP) professionals. Also, as we build our capabilities within specific industry verticals, demand for industry specific expertise will also increase and we anticipate some recruitment will be required for these specialized roles.

Competitive conditions

We face a number of different competitors across our lines of business and the geographies we service. These competitors include long distance carriers, competitive data network providers, equipment manufacturers and retailers, systems integrators, cable TV providers, Internet-based voice carriers and wireless carriers. Competition from cable companies continues to present our most significant competitive challenge.

In the residential market, competition for most product lines is maturing. Competition for local telephone service is most mature in Nova Scotia and Prince Edward Island, where it has existed in the residential market since 1999. In 2008, the competitive local service market expanded greatly, with the number of households passed with a cable telephony provider increasing by nine percentage points primarily due to increased competitor coverage occurring in Newfoundland, New Brunswick, Ontario and Québec. We expect growth in the competitive footprint to continue.

The historical delineation between the provision of telecommunications and Internet services is now fading due to the constantly accelerating development of new technologies, services and products. Technology substitution and voice over Internet Protocol (**VoIP**), in particular, have allowed competitors to launch new products and services and therefore gain market share with far less capital expenditure than we have historically incurred. In turn, these new technologies also present an opportunity for us to offer new services to our customers and to lower our future network development and maintenance costs.

Our long distance services continue to face significant competitive pressure given the expanded presence of cable telephony and the continuing impact from non-traditional suppliers, including prepaid card suppliers, dial-around services and VoIP providers, as well as from traditional competitors such as inter-exchange carriers and resellers.

We continue to face competition in our Internet and data services portfolios from both local and national players. In order to meet the needs of our customers for data and Internet services, we have invested heavily to build on our network capacity and are constantly evolving our product offerings to ensure that our bandwidth and value-added service offerings are competitive in our marketplace.

The intensity of competition in our market creates constant pressure to keep our prices and service offerings competitive, which could affect our revenues and profitability, or our ability to gain new customers and retain our existing ones. We constantly try to find the balance in our pricing mix, considering the prices our competitors are charging and the value we offer in our products and services.

In response to competitive pressures, we continue to enhance our products and services, promote our bundled and Value Package™ service offerings, and work with customers to provide innovative and complete solutions. We also continue to invest in our communities and support activities that are important to our customers and employees.

Changes to regulations that were implemented in 2007 have improved our ability to compete, with a number of exchanges now forborne from local service regulation and greater pricing and bundling flexibility for our products and services.

New products and services

In 2008, we developed and introduced new and innovative product and service bundles, offering convenience and ease of use for residential customers and a source of competitive advantage for business customers.

We launched several new services in Atlantic Canada including Voicemail Online, which allows our customers to stay connected to their personal voice messages whenever they have access to email; Personal Vault, a secure online product to store, manage, access and share pictures, music, videos and other files anytime and from anywhere; and Aliant Learning Centre, an online library of over 2,000 titles on educational, lifestyle and business topics. In Ontario and Québec, we launched several new services including Start Surfing Sooner, a program which streamlines Internet account set up for new users; Kids Mania, an online destination providing games, videos and comic books for children; and Bell Video Store, offering movies and TV shows for purchase or rental. We continued the build-out of our fibre network and by December 31, 2008, reached approximately 236,000 homes in our territory with fibre. We also enhanced the quality of our Aliant TV service and launched Aliant TV's High Definition (**HD**) service with 20 HD content channels. We introduced High-Speed Service-Max and High Speed Service-Professional, increasing speeds for our customers to 10 mega bytes per second. We partnered with Apple® to become the first telecommunications provider in North America to offer a combined Internet access service and MacBook® package.

For small and medium businesses, we introduced Aliant PC Expert and IT Expert. IT Expert looks after our customers' entire IT infrastructure, while PC Expert provides comprehensive online, remote and onsite PC support for desktops, laptops and tablets. In addition, Security Monitor (PC Health Check), a web application that provides extra security when surfing the Internet, was launched in November 2008. We also introduced Atlantic Deals, an online marketplace designed to help businesses promote themselves to thousands of Atlantic Canadian households.

For large business or enterprise customers in Atlantic Canada, we launched Personal Communications Manager and Centrex IP, both VoIP services. Personal Communications Manager gives our customers the ability to add features such as enhanced call management, where businesses can prioritize communications by originating telephone number, deliver voicemail to email and experience click-to-call convenience.

Intangible Properties

We believe that our trade-marks, brands and domain names and other intangible assets (such as spectrum licences, software, customer relationships and residuals) are important to our success. Our exclusive trade-mark registrations may be renewed every 15 years provided we continue to use the trade-marks in our business activities. We take appropriate measures to protect, renew and defend our trade-marks. We spend considerable time and resources overseeing, registering, renewing, licensing and protecting our trade-marks and prosecuting those who infringe on them. Given our sensitivity to the importance of these assets, we are also very careful not to infringe the intellectual property of others.

Cycles

Our operating revenues and expenses for our telecommunications operation have historically experienced some degree of seasonality. However, with the disposition of the Atlantic wireless business as a result of the Arrangement in 2006, our quarterly results now tend to be quite stable.

The comparability of quarterly results can be affected by the timing of product sales, which are typically large and sporadic in nature. For the IT fulfillment business, the first quarter of the year is historically the strongest as a result of government fiscal year-end spending. IT service revenues are contract-based and fluctuate in accordance with the size and number of outstanding contracts.

Environmental Policy

We have adopted a comprehensive environmental policy for Atlantic Canada that guides our actions related to environmental responsibility. The policy provides for the identification of activities and situations which may have potential to harm the environment, and the implementation of environmentally positive practices and preventive measures. Our environment program is designed to ensure that we comply with all environmental regulatory requirements and that our activities are carried out in a manner that minimizes risk to the environment through a continuous improvement process. Our environmental responsibilities in Québec and Ontario are managed by Bell Canada in an equivalent manner.

We continuously monitor our operations for compliance with environmental requirements and standards, and take action to prevent and correct problems, when needed. We have an environmental management and review system that:

- provides early warning of potential problems;
- establishes a course of action; and
- ensures ongoing improvement through regular monitoring and reporting.

A committee (the Environmental Council) composed of senior managers from key areas of the business oversees the implementation of environmental initiatives throughout our business. The Environmental Council is responsible for the approval of an annual environmental action plan that establishes and prioritizes key environmental activities for our various business units and monitors progress in meeting the established objectives.

We are not aware of any environmental matters that materially threaten our future earnings, or our financial or competitive position. In the event there is a significant environmental infraction, it will be brought to the attention of our Audit Committee.

Continuous improvements to our environmental program are not expected to have a material impact on our earnings or capital expenditures, nor on our competitive position in the current year. Integrating effective environmental management into our business operations is beginning to create synergies and will help sustain our performance in the future.

Employees

Bell Aliant Holdings LP, through its subsidiary entities, had approximately 9,200 employees as at December 31, 2008.

DESCRIPTION OF BELL ALIANT HOLDINGS LP

Within the Fund Group structure, Bell Aliant Holdings LP largely serves as the holding entity, consolidating the financial results and operations of the principal operating subsidiaries of the Fund Group. The description below is a summary only of the material attributes and characteristics of Bell Aliant Holdings LP and the partnership units of Bell Aliant Holdings LP and is qualified in its entirety by reference to the provisions of the Bell Aliant Holdings LP Partnership Agreement, which is available on SEDAR at www.sedar.com.

Capitalization

We are entitled to issue various partnership units for such consideration and on such terms and conditions as may be determined by Bell Aliant Holdings GP. We have issued a general partnership interest of a nominal value held by Bell Aliant Holdings GP, Holdings Class 2 LP Units held by Holdings Trust and Bell Nordiq Trust and **Holdings Class 1 Exchangeable LP Units** held by BCE and Bell Canada. Together with the Holdings Class 1 Exchangeable LP Units, BCE holds, directly or indirectly, an equal number of **GP Shares** and **Special Voting Units**.

Distributions

It is intended that we will declare distributions (or pay advances in lieu of distributions) to limited partners from Bell Aliant Holdings LP's distributable cash as set out below (after nominal distributions to Bell Aliant Holdings GP on its general partnership interest) in respect of each month, and pay such distributions or advances on or before the 15th day of the immediately following month. Distributions or advances on the Holdings Class 1 Exchangeable LP Units and Holdings Class 2 LP Units will be made on an equal per-unit basis provided, however, that for so long as each of the Holdings Class 1 Exchangeable LP Units and Fund Units are outstanding, Bell Aliant Holdings GP shall provide for unequal distributions as between the Holdings Class 1 Exchangeable LP Units and Holdings Class 2 LP Units so that such distributions on the Holdings Class 1 Exchangeable LP Units are equal on a per-unit basis to the distributions made by the Fund on the Fund Units (other than distributions made in Fund Units). We may, in addition, make a distribution at any other time.

Our distributable cash will represent, in general, our earnings before interest, taxes, depreciation and amortization and certain other items (**EBITDA**), as defined in the Bell Aliant Holdings LP Partnership Agreement, after: (i) satisfaction of our debt service obligations (principal and interest) under credit facilities or other agreements with third parties; (ii) satisfaction of our other liabilities and expense obligations; and (iii) retaining reasonable reserves for administrative and other expense obligations and retaining such other reasonable reserves as may be considered appropriate by Bell Aliant Holdings GP.

Holdings Class 1 Exchangeable LP Units

Holdings Class 1 Exchangeable LP Units are intended to be, to the greatest extent practicable, the economic equivalent of Fund Units. Holders of Holdings Class 1 Exchangeable LP Units are entitled to receive distributions or advances from Bell Aliant Holdings LP which are intended to be equal, on a per-unit basis, to the greatest extent practicable, to distributions paid by the Fund to holders of Fund Units (other than distributions made in Fund Units) as described above. Each Holdings Class 1 Exchangeable LP Unit is indirectly exchangeable, together with a GP Share, for one Fund Unit, subject to customary anti-dilution adjustments. See “Other Material Agreements - Investor Liquidity and Exchange Agreement”.

Allocation of Net Income and Losses

Our income or loss as determined pursuant to the Tax Act for a particular taxation year, net of 0.001 per cent of such income allocated to the general partner, will be allocated to each limited partner in proportion to the cash of Bell Aliant Holdings LP distributed or advanced to such limited partners in respect of such year (other than distributions which are used by the partner to repay prior advances from Bell Aliant Holdings LP). The amount of income allocated to a partner may exceed or be less than the amount of cash distributed or advanced to that partner.

Transfer of Bell Aliant Holding LP Units and Bell Aliant Holdings GP Shares

Our limited partnership units are transferable only in accordance with the terms of the Bell Aliant Holdings LP Partnership Agreement. Subject to the requirements of applicable securities laws, including the requirements of the TSX (if any), our limited partnership units may be transferred subject to the limitations set forth in the Bell Aliant Holdings LP Partnership Agreement, including: no **Bell Aliant Holdings LP Units** may be transferred to any person (i) that is a non-resident of Canada under the Tax Act, (ii) that is not a Canadian or Canadian-owned and controlled and is not appropriately licensed for purposes of applicable regulatory laws and instruments including the **Broadcasting Act**, the **Radiocommunication Act** and the **Telecommunications Act** (as applicable), or (iii) without the prior approval (as applicable and if then required) of the Canadian Radio-television and Telecommunications Commission (**CRTC**) under the Broadcasting Act, the Radiocommunication Act or the Telecommunications Act. Any transferee shall become a limited partner and be bound by the Bell Aliant Holdings LP Partnership Agreement.

In addition to the foregoing, the Bell Aliant Holdings LP Partnership Agreement provides that no holder of Holdings Class 1 Exchangeable LP Units will be permitted to transfer such Holdings Class 1 Exchangeable LP Units, other than in connection with the exercise of **Exchange Rights** or the **Liquidity Right** under the **Investor Liquidity and Exchange Agreement** (described below), unless: (i) such transfer would not require that the transferee make an offer to holders of Fund Units to acquire such Fund Units on the same terms and conditions under applicable securities laws, if such Holdings Class 1 Exchangeable LP Units, and all other outstanding Holdings Class 1 Exchangeable LP Units and other outstanding **Exchangeable Securities**, were converted into Fund Units at the then applicable exchange ratio; or (ii) the offeror acquiring such Holdings Class 1 Exchangeable LP Units makes a contemporaneous identical offer for the Fund Units (in terms of price, timing, proportion of securities sought to be acquired and conditions and at the then current exchange ratio in effect under the Investor Liquidity and Exchange Agreement) and does not acquire such Holdings Class 1 Exchangeable LP Units unless the offeror also acquires a proportionate number of Fund Units actually tendered to such identical offer.

BCE, Bell Canada and their affiliates are permitted to transfer Bell Aliant GP Shares and Special Voting Units to affiliates independently of the related Holdings Class 1 Exchangeable LP Units or **Bell Aliant Exchangeable LP Units**, provided that BCE or Bell Canada directly or indirectly owns 100 per cent of the common shares of such affiliate or, in the case of a limited partnership, BCE or Bell Canada directly or indirectly owns 100 per cent of the common shares of the general partner. Unless the transfer is made to an affiliate of BCE or Bell Canada as contemplated in the preceding sentence, a Holdings Class 1 Exchangeable LP Unit may only be transferred together with the accompanying GP Share and Special Voting Unit.

Meetings

Bell Aliant Holdings GP may call meetings of partners and will be required to convene a meeting on receipt of a request in writing of the holder(s) of not less than 10 per cent of the outstanding limited partnership units. Each partner is entitled to one vote for each limited partnership unit held.

DESCRIPTION OF BELL ALIANT HOLDINGS GP

General

Bell Aliant Holdings GP is a corporation existing under the laws of Canada and is our general partner. The Fund and Bell Canada own 81.5 per cent and 18.5 per cent, respectively, of the issued and outstanding Bell Aliant Holdings GP Shares.

Functions and Powers of Bell Aliant Holdings GP

Bell Aliant Holdings GP has, subject to the Securityholders' Agreement (described below), exclusive authority to manage the business and affairs of Bell Aliant Holdings LP, to make all decisions regarding the business of Bell Aliant Holdings LP and to bind Bell Aliant Holdings LP. Bell Aliant Holdings GP is to exercise its powers and discharge its duties honestly, in good faith and in our best interests and to exercise the care, diligence and skill of a reasonably prudent person in comparable circumstances. Bell Aliant Holdings GP cannot dissolve us or wind up our affairs except in accordance with the provisions of the Bell Aliant Holdings LP Partnership Agreement.

Withdrawal or Removal of Bell Aliant Holdings GP

Bell Aliant Holdings GP may resign on not less than 180 days' written notice to the limited partners of Bell Aliant Holdings LP provided that Bell Aliant Holdings GP may not resign if the effect would be to dissolve Bell Aliant Holdings LP.

Bell Aliant Holdings GP may not be removed as general partner of Bell Aliant Holdings LP by the limited partners unless: (i) Bell Aliant Holdings GP has committed a material breach of the Bell Aliant Holdings LP Partnership Agreement, which breach has continued for 30 days after notice thereof, and that removal is also approved by a special resolution (as defined in the Bell Aliant Holdings LP Partnership Agreement); or (ii) the shareholders or directors of Bell Aliant Holdings GP pass a resolution in connection with the bankruptcy, dissolution, liquidation or winding-up of Bell Aliant Holdings GP, or Bell Aliant Holdings GP commits certain other acts of bankruptcy or ceases to be a subsisting corporation, provided in each case that certain other conditions are satisfied, including a requirement that a successor general partner with the same ownership and governance structure at the relevant time agrees to act as general partner under the Bell Aliant Holdings LP Partnership Agreement.

DESCRIPTION OF BELL ALIANT LP

Bell Aliant LP is the main operating entity of the Fund Group, operating the Bell Aliant Business. The description below is a summary only of the material attributes and characteristics of Bell Aliant LP and the partnership interests of Bell Aliant LP and is qualified in its entirety by reference to the full text of the **Bell Aliant LP Partnership Agreement**, which is available on SEDAR at www.sedar.com.

General

Bell Aliant LP is a limited partnership established under the laws of the Province of Manitoba. The general partner of Bell Aliant LP is Bell Aliant GP.

Capitalization

Bell Aliant LP is entitled to issue various partnership units for such consideration and on such terms and conditions as may be determined by Bell Aliant GP. Bell Aliant LP has issued a nominal value general partnership interest held by Bell Aliant GP, Class A limited partnership units held by Bell Aliant GP and a subsidiary of Bell Aliant GP, and Bell Aliant Exchangeable LP Units held by Bell Canada. Together with its Bell Aliant Exchangeable LP Units, Bell Canada holds an equal number of Special Voting Units.

Distributions

It is intended that Bell Aliant LP will declare distributions (or pay advances in lieu of distributions) to limited partners from Bell Aliant LP's distributable cash as set out below (after nominal distributions to Bell Aliant GP on its general partnership interest) in respect of each month, and pay such distributions or advances on or before the 15th day of the immediately following month. Distributions or advances on the Class A limited partnership units and Bell Aliant Exchangeable LP Units will be made on an equal per-unit basis; provided, however, that for so long as each of the Bell Aliant Exchangeable LP Units and Fund Units are outstanding, Bell Aliant GP shall provide for unequal distributions as between the Bell Aliant Exchangeable LP Units and the Class A limited partnership units so that such distributions on the Bell Aliant Exchangeable LP Units are equal on a per-unit basis to the distributions made by the Fund on the Fund Units (other than distributions made in Fund Units). Bell Aliant LP may, in addition, make a distribution at any other time.

Distributable cash of Bell Aliant LP will represent, in general, its earnings before interest, taxes, depreciation, amortization and certain other items, after: (i) satisfaction of its debt service obligations (principal and interest) under credit facilities or other agreements with third parties; (ii) satisfaction of Bell Aliant LP's other liabilities and other expense obligations; and (iii) retaining reasonable reserves for administrative and other expense obligations and working capital and retaining such other reasonable reserves as may be considered appropriate by Bell Aliant GP.

Bell Aliant Exchangeable LP Units

Bell Aliant Exchangeable LP Units are intended to be, to the greatest extent practicable, the economic equivalent of Fund Units. Holders of Bell Aliant Exchangeable LP Units are entitled to receive distributions or advances from Bell Aliant LP which are intended to be equal, on a per-unit basis, to the greatest extent practicable, to distributions paid by the Fund to holders of Fund Units (other than distributions made in Fund Units) as described above. Each Bell Aliant Exchangeable LP Unit is indirectly exchangeable for one Fund Unit, subject to customary anti-dilution adjustments. See "Other Material Agreements - Investor Liquidity and Exchange Agreement".

Allocation of Net Income and Losses

The income or loss of Bell Aliant LP as determined pursuant to the Tax Act for a particular taxation year, net of 0.001 per cent of such income allocated to the general partner, will be allocated to each limited partner in proportion to the cash of Bell Aliant LP distributed or advanced to such limited partners in respect of such year (other than distributions which are used by the partner to repay prior advances from Bell Aliant LP). The amount of income allocated to a partner may exceed or be less than the amount of cash distributed or advanced by Bell Aliant LP to that partner.

Transfer of Partnership Units

The limited partnership units of Bell Aliant LP are transferable only in accordance with the terms of the Bell Aliant LP Partnership Agreement. Subject to the requirements of applicable securities laws, including the requirements of the TSX (if any), limited partnership units of Bell Aliant LP may be transferred subject to the limitations set forth in the Bell Aliant LP Partnership Agreement, including: no limited partnership units of Bell Aliant LP may be transferred to any person (i) that is a non-resident of Canada under the Tax Act, (ii) that is not a Canadian or Canadian-owned and controlled and is not appropriately licensed for purposes of applicable regulatory laws and instruments including the Broadcasting Act, the Radiocommunication Act and the Telecommunications Act (as applicable), (iii) that is not a corporation licensed under the Broadcasting Act with respect to the broadcasting undertakings and/or broadcasting distribution undertakings of Bell Aliant LP (as applicable and only if then required) and (iv) without the prior approval (as applicable and if then required) of the CRTC under the Broadcasting Act, the Radiocommunication Act and the Telecommunications Act. Any transferee shall become a limited partner and be bound by the Bell Aliant LP Partnership Agreement.

In addition to the foregoing, the Bell Aliant LP Partnership Agreement provides that no holder of Bell Aliant Exchangeable LP Units will be permitted to transfer such Bell Aliant Exchangeable LP Units, other than in connection with the exercise of Exchange Rights or the Liquidity Right under the Investor Liquidity and Exchange Agreement, unless: (i) such transfer would not require that the transferee make an offer to holders of Fund Units to acquire such Fund Units on the same terms and conditions under applicable securities laws, if such Bell Aliant Exchangeable LP Units, and all other outstanding Bell Aliant Exchangeable LP Units and other outstanding Exchangeable Securities, were converted into Fund Units at the then applicable exchange ratio; or (ii) the offeror acquiring such Bell Aliant Exchangeable LP Units makes a contemporaneous identical offer for the Fund Units (in terms of price, timing, proportion of securities sought to be acquired and conditions and at the then current exchange ratio in effect under the Investor Liquidity and Exchange Agreement) and does not acquire such Bell Aliant Exchangeable LP Units unless the offeror also acquires a proportionate number of Fund Units actually tendered to such identical offer.

BCE, Bell Canada and their affiliates are permitted to transfer Special Voting Units to affiliates independently of the related Bell Aliant Exchangeable LP Units or Holdings Class 1 Exchangeable LP Units, provided that BCE or Bell Canada directly or indirectly owns 100 per cent of the common shares of such affiliate or, in the case of a limited partnership, BCE or Bell Canada directly or indirectly owns 100 per cent of the common shares of the general partner. Unless the transfer is made to an affiliate of BCE or Bell Canada as contemplated in the preceding sentence, a Bell Aliant Exchangeable LP Unit may only be transferred together with the related Special Voting Unit.

DESCRIPTION OF THE BELL NORDIQ PARTNERSHIPS

As at December 31, 2008, Bell Aliant Holdings LP, directly and indirectly through Bell Aliant GP, except for a nominal interest held by Bell Nordiq Trust, held a 100 per cent limited partnership interest in each of the Bell Nordiq Partnerships. The Bell Nordiq Partnerships are each limited partnerships established under the laws of the Province of Québec. Bell Aliant GP became the general partner of each of the Bell Nordiq Partnerships upon the wind-up of Bell Nordiq Group Inc. (**BNG**), effective June 30, 2007. The Bell Nordiq Partnerships are leading integrated providers of wireline (local access and long distance), data, cable, wireless, and other communications services to residential and business customers across regional areas of Québec and northern Ontario.

OTHER MATERIAL AGREEMENTS

Administration Agreement

The Fund, Holdings Trust, Bell Aliant Holdings GP and Bell Aliant LP have entered into the Administration Agreement. The following is a summary only and is qualified in its entirety by reference to the full text of the Administration Agreement which is available on SEDAR at www.sedar.com. Under the terms of the Administration Agreement, Bell Aliant LP provides administrative and support services to the Fund, Holdings Trust and Bell Aliant Holdings GP including, without limitation, those necessary to:

(a) seek to ensure compliance by the Fund with continuous disclosure obligations under applicable securities legislation;

(b) provide investor relations services;

(c) provide or cause to be provided to Voting Unitholders all information to which Voting Unitholders are entitled under the **Fund Declaration of Trust** and applicable laws, including relevant information with respect to financial reporting and income taxes;

(d) prepare for and hold meetings of Voting Unitholders and distribute or make available required materials, including notices of meetings and information circulars, in respect of all such meetings;

(e) assist the **Fund Trustees** in calculating and making distributions to Unitholders;

(f) attend to all administrative and other matters arising in connection with any redemption of Fund Units, Trust Units or **Trust Notes**;

(g) seek to ensure compliance with the Fund's limitations on non-resident ownership;

(h) attend to all administrative and other matters arising in connection with the conversion, exercise or exchange of Holdings Class 1 Exchangeable LP Units or Bell Aliant Exchangeable LP Units or other Exchangeable Securities including the issuance and delivery of Fund Units, Trust Units and/or Trust Notes in connection therewith; and

(i) generally, provide all other services as may be necessary or as may be requested by the Fund Trustees, the trustees of Holdings Trust or Bell Aliant Holdings GP, as applicable.

Bell Aliant LP also provides similar services under the Administration Agreement to Holdings Trust and Bell Aliant Holdings GP, in its capacity as general partner of Bell Aliant Holdings LP.

The Administration Agreement has an initial term of 10 years, and will be automatically extended for additional five-year periods unless notice of termination is given by the Fund, Holdings Trust, Bell Aliant Holdings GP or Bell Aliant LP not less than 180 days before expiry of the then-current term. The Administration Agreement may be terminated by a party in the event of the insolvency or receivership of another party, or in the case of default by another party in the performance of a material obligation to the terminating party under the Administration Agreement, with certain exceptions, which is not remedied within 30 days after written notice has been delivered.

Investor Liquidity and Exchange Agreement

Upon completion of the Arrangement, the Fund, Holdings Trust, Bell Aliant Holdings GP, Bell Aliant Holdings LP, Bell Aliant GP, Bell Aliant LP, BCE and Bell Canada entered into the investor liquidity and exchange agreement dated July 7, 2006 (**Investor Liquidity and Exchange Agreement**). The description below is a summary only and is qualified in its entirety by reference to the full text of the Investor Liquidity and Exchange Agreement, which is available on SEDAR at www.sedar.com.

Exchange Rights

Under the Investor Liquidity and Exchange Agreement, BCE and Bell Canada (or any of their respective assignees) have been granted the right (**Exchange Right**), at any time and from time to time, in respect of GP Shares and Holdings Class 1 Exchangeable LP Units and in respect of Bell Aliant Exchangeable LP Units (each pair of one GP Share and one Holdings Class 1 Exchangeable LP Unit, and each Bell Aliant Exchangeable LP Unit, an **Exchangeable Interest**), upon the delivery of an exchange notice by Bell Canada (or its assignee) or BCE (or its assignee), as applicable, to exchange an Exchangeable Interest for Fund Units in accordance with the terms of the Investor Liquidity and Exchange Agreement. One Fund Unit is to be delivered upon exchange of each Exchangeable Interest, subject to customary anti-dilution adjustments.

Liquidity Right

Under the Investor Liquidity and Exchange Agreement, BCE and Bell Canada (or any of their respective assignees) have been granted the right (**Liquidity Right**), exercisable at any time and from time to time, to require Bell Aliant Holdings LP or Bell Aliant LP, as applicable, to purchase, in accordance with the terms of the Investor Liquidity and Exchange Agreement, the number of Exchangeable Interests specified by BCE or Bell Canada (or their respective assignees) (**Liquidated Interest**) for a cash payment (**Cash Purchase Price**) in an amount equal to the net proceeds (less any "Selling Expenses" and "Distribution Expenses") of an underwritten offering of the applicable number of Fund Units that would be issuable upon the exchange of such Exchangeable Interests. Exercise of the Liquidity Right is subject to the Fund's ability to undertake such an underwritten offering on terms reasonably acceptable to the Fund Trustees and the board of directors of Bell Aliant Holdings GP and BCE or Bell Canada (as applicable) (or their respective assignees) in an aggregate amount to purchase the Liquidated Interest at the Cash Purchase Price; provided, however, that the Fund will use commercially reasonable efforts to complete, if necessary, such an underwritten offering.

Restrictions on Actions of Fund

Under the Investor Liquidity and Exchange Agreement, the Fund has agreed that it shall not, directly or indirectly, take any of the following actions without the prior written approval of the board of directors of Bell Aliant Holdings GP: (a) make any investment in any person other than Holdings Trust, Bell Aliant Holdings LP and its subsidiary entities as at July 7, 2006; or (b) issue any Fund Units or other securities or repurchase outstanding Fund Units or other securities, other than (i) in connection with the exercise of rights granted to BCE and Bell Canada (and their respective assignees), including the Exchange Right or the Liquidity Right, (ii) pursuant to the redemption right contained in the Fund Declaration of Trust, (iii) a distribution by the Fund in kind in the form of Fund Units (and immediate consolidation) under the Fund Declaration of Trust, or (iv) a redemption or repurchase pursuant to the non-resident ownership limitations contained in the Fund Declaration of Trust; or (c) issue any debt securities (other than to certain members of the Fund Group) or guarantee the indebtedness of any third party.

Demand Registration Rights

The Investor Liquidity and Exchange Agreement provides that the Fund will, upon the written request of Bell Canada or BCE (or their respective assignees), file a prospectus under applicable Canadian securities laws in respect of the distribution of all or part of the Fund Units then held by Bell Canada or BCE (or their respective assignees) or issuable upon exercise of the Exchange Rights, subject to certain restrictions. The Fund is required to use its best efforts to file a prospectus (**Demand Registration**) in order to permit the offer and sale or other disposition or distribution in Canada of all or any portion of the Fund Units held, directly or indirectly, by Bell Canada or BCE (or their respective assignees) or to be delivered following the exercise by Bell Canada or BCE (or their respective assignees) of the Exchange Rights. The Fund may satisfy its obligations through a shelf prospectus and applicable supplements. The Demand Registration rights are subject to the following limitations: (i) the Fund is not required to effect a Demand Registration during the period ending 120 days after the date of the receipt or other decision document from applicable securities regulators for the Fund's most recent prospectus (other than a shelf prospectus); (ii) the Fund is not required to cause a Demand Registration if two or more Demand Registrations have been completed within the preceding 12 months; and (iii) the Fund is not required to file a Demand Registration unless the anticipated gross proceeds from the distribution will be not less than $50 million.

Fund Participation

The Fund may elect to include authorized but unissued Fund Units in any prospectus filed pursuant to a Demand Registration request unless Bell Canada or BCE (or their respective assignees) or its underwriter or agent determines, acting reasonably, that including such Fund Units in the distribution qualified by such prospectus would adversely affect Bell Canada's or BCE's (or their respective assignees') distribution; provided, however, that such inclusion will be permitted only to the extent that the Fund agrees to and the Fund Units are sold pursuant to, and subject to the terms of, the underwriting agreement or arrangements entered into by Bell Canada or BCE (or their respective assignees).

Piggy-Back Registration Rights

The Investor Liquidity and Exchange Agreement also provides Bell Canada and BCE (or their respective assignees) with "piggy-back" registration rights, subject to certain restrictions, requiring the Fund to qualify for distribution under applicable securities laws all or any portion of the Fund Units owned, directly or indirectly, by Bell Canada or BCE or issuable upon exercise of the Exchange Rights in the event that the Fund proposes to file a prospectus to qualify Fund Units for distribution.

Co-operation on Spin-Off

The Fund, Holdings Trust, Bell Aliant Holdings LP, Bell Aliant LP and their subsidiaries have agreed that, at the request of BCE, they will co-operate and reasonably assist Bell Canada and BCE if BCE wishes to distribute Fund Units to its shareholders, including without limitation by filing a prospectus or providing prospectus-level disclosure concerning the Fund, Holdings Trust, Bell Aliant Holdings LP, Bell Aliant LP and their subsidiaries in a proxy circular relating to any such distribution.

Securityholders' Agreement

Upon completion of the Arrangement, the Fund, Holdings Trust, Bell Aliant Holdings GP, Bell Aliant Holdings LP, Bell Aliant GP, Bell Aliant LP, BCE and Bell Canada entered into the Securityholders' Agreement which provides for, among other things, the size and composition of the boards of directors of Bell Aliant Holdings GP and Bell Aliant GP, the size of and nominees for election to the board of Fund Trustees, and certain other governance matters.

The following is a summary only and is qualified in its entirety by reference to the full text of the Securityholders' Agreement, which is available on SEDAR at www.sedar.com.

Board of Directors of Bell Aliant Holdings GP

The Securityholders' Agreement provides that the number of directors of Bell Aliant Holdings GP will be between 11 and 15, with the number of directors to be fixed from time to time by the board of Bell Aliant Holdings GP. Currently the board of directors of Bell Aliant Holdings GP consists of 11 directors.

BCE and its affiliates are entitled to appoint up to a majority of the directors of Bell Aliant Holdings GP for so long as BCE, directly or indirectly, holds not less than 30 per cent of the Fund Units on a fully-diluted basis and the **Major Commercial Agreements** are in place. If the Major Commercial Agreements are terminated by any of the parties thereto in accordance with their terms, or if BCE and its affiliates, directly or indirectly, hold less than 30 per cent of the Fund Units on a fully-diluted basis, BCE is entitled to appoint its proportionate share of the directors of Bell Aliant Holdings GP (rounded up to the next whole number) based on its fully-diluted direct and indirect ownership of Fund Units. In any event, BCE is entitled to nominate two directors to the board of Bell Aliant Holdings GP for as long as the Major Commercial Agreements are in place, irrespective of its ownership interest in the Fund (on a fully-diluted basis). The BCE nominees to the board of Bell Aliant Holdings GP may be directors, officers or employees of BCE or its affiliates. The Fund is entitled to appoint the balance of the directors of the board of Bell Aliant Holdings GP. If the chair of the board is not independent (as defined in National Instrument 52-110 – *Audit Committees*), a lead independent director will also be appointed.

Committees of the Bell Aliant Holdings GP Board

The Securityholders' Agreement provides that the board of Bell Aliant Holdings GP will establish an audit committee consisting of between three and five members appointed by the board of Bell Aliant Holdings GP. The board of Bell Aliant Holdings GP may also establish such other committees as it may determine from time to time. BCE is entitled to designate one member of the audit committee for so long as BCE, directly or indirectly, holds not less than 20 per cent of the Fund Units on a fully-diluted basis. For more information about the committees of the board of Bell Aliant Holdings GP, see "Directors and Officers".

Fund Trustees

The persons to be elected as Fund Trustees will be nominated by the board of Bell Aliant Holdings GP and will be elected by Voting Unitholders in accordance with the Fund Declaration of Trust. The number of Fund Trustees from time to time shall, within the range provided by the Fund Declaration of Trust, be as determined by the board of Bell Aliant Holdings GP. The principles set forth in the Securityholders' Agreement relating to the composition of the board of Bell Aliant Holdings GP shall also apply to the selection of nominees for election as Fund Trustees.

Boards of Directors and Trustees of Other Entities

The Securityholders' Agreement provides that the boards of directors and trustees of each of Holdings Trust, Bell Aliant GP and each material entity within the structure of the Fund shall be the same as the board of Bell Aliant Holdings GP (unless the parties agree otherwise).

BCE Approval for Certain Matters

The Securityholders' Agreement provides that, for so long as BCE, directly or indirectly, holds not less than 20 per cent of the Fund Units on a fully-diluted basis, the Fund and its subsidiaries (including Holdings Trust, Bell Aliant Holdings LP, Bell Aliant Holdings GP, Bell Aliant GP, Bell Aliant LP and the Bell Nordiq Partnerships) shall not, directly or indirectly, without the affirmative vote of a majority of the board of Bell Aliant Holdings GP and the written consent of BCE:

(a) enter into any merger, amalgamation, consolidation, business combination, joint venture, arrangement, reorganization or other material corporate transaction, including acquisitions, having a value in excess of $200 million;

(b) sell, assign, lease, convey, exchange or otherwise dispose of assets having a value in excess of $200 million;

(c) take, or permit to be taken, any action that would prevent its affairs or business, as it then exists, from continuing on an ongoing basis in the ordinary course;

(d) appoint or remove any Chief Executive Officer, and BCE shall have the ability to nominate a candidate for consideration by the relevant board of directors or an appropriate committee thereof;

(e) take any action which could reasonably be expected to result in a material change in the nature of the business of the members of the Fund Group taken as a whole;

(f) incur debt (including guarantees) such that at the consolidated level debt would be in excess of 2.5 times EBITDA as defined in the Securityholders' Agreement at the time of incurrence;

(g) enter into any material commercial agreements with any "Competitor" of BCE or Bell Canada (as such term is defined in the Major Commercial Agreements from time to time), other than ordinary course agreements and agreements that are required by applicable regulatory authorities;

(h) approve any business plan; or

(i) make any commitment or agreement to do any of the foregoing.

The Securityholders' Agreement provides that, for so long as BCE has the rights described above, the sole business or investment activity of the Fund shall be to hold the securities of Holdings Trust, Bell Nordiq Trust, and Bell Aliant Holdings GP, the sole business or investment activity of Holdings Trust shall be to hold the securities of Bell Aliant Holdings LP, and all business and investment activities shall occur at Bell Aliant Holdings LP or entities owned, directly or indirectly, by Bell Aliant Holdings LP, unless BCE otherwise agrees.

Pre-Emptive Rights

The Securityholders' Agreement provides that if any of the Fund, Holdings Trust, Bell Aliant Holdings GP or Bell Aliant Holdings LP, Bell Aliant GP or Bell Aliant LP or any of their subsidiaries authorizes the issuance of additional units, shares or partnership units or securities convertible into Fund Units, shares or partnership units, respectively, then it shall offer to sell to BCE or Bell Canada such units, shares, partnership units or convertible securities (as the case may be) in proportion to BCE's and Bell Canada's then current direct or indirect fully-diluted ownership of Fund Units. BCE or Bell Canada may exercise the pre-emptive right by either purchasing additional Fund Units or purchasing additional shares or partnership units or convertible securities, as it determines.

This pre-emptive right also applies in respect of the issuance of debt securities by the Fund, Holdings Trust, Bell Aliant Holdings GP, Bell Aliant Holdings LP, Bell Aliant GP, Bell Aliant LP or any of their subsidiaries.

RISK FACTORS

A discussion of the risks affecting us and our businesses appears in the "Risk management" section of our MD&A for the year ended December 31, 2008, as well as the “forward-looking information” section of our 2008 earnings results and 2009 financial guidance news release dated February 2, 2009, as available on SEDAR at www.sedar.com, which discussion is incorporated by reference in this AIF.

Regulatory Updates

Our business is affected by decisions made by the CRTC and the federal government. Refer to our MD&A for the year ended December 31, 2008, for a complete discussion of regulatory developments which occurred up to and including March 10, 2009. Regulatory developments which have occurred since that date up to and including the date of this AIF which are significant to our business as described below.

On March 11, 2009, Bell Aliant LP and Bell Canada jointly filed a petition requesting that the Governor in Council rescind Telecom Order CRTC 2009-111 and vary Telecom Decision 2008-117. These directives required both companies to provide aggregated wholesale DSL services at speeds matching their retail Internet services, including those offered over their FTTN facilities. The petition seeks removal of the speed matching requirement when the retail service is provided over FTTN facilities. Bell Aliant LP and Bell Canada have also jointly filed an application asking the CRTC for a stay of execution of Telecom Decision 2008-117 and Telecom Order 2009-111 as they relate to the speed matching requirement, pending a determination of the petitions to the Governor in Council.

On March 11, 2009, a competitor also submitted a petition to the Governor in Council requesting reconsideration of other aspects of the CRTC’s regulatory framework for wholesale services. The petition asks that the Governor in Council direct the CRTC to require more unbundling of wholesale ethernet and asymmetric digital subscriber line (ADSL) services and to reclassify such services as essential, thus lowering the price of those services.

DISTRIBUTIONS AND DISTRIBUTION POLICY

The distribution policy of Bell Aliant Holdings LP is described above under the heading “Description of Bell Aliant Holdings LP – Distributions”. The objective of the Fund Trustees is to target a long-term distribution payout ratio of approximately 90 per cent of the combined distributable cash of the Fund Group, although the payout ratio may differ from this range in any given year. The remaining 10 per cent of distributable cash is intended to fund such obligations as working capital, pension plan deficits, restructuring and other charges, cash capital taxes, and repaying long-term debt.

The following table shows the consolidated distributions paid by Bell Aliant Holdings LP, consisting of amounts paid to the Fund and to BCE and Bell Canada for the years ended December 31, 2006, 2007 and 2008. These amounts do not include distributions paid by Bell Aliant LP directly to Bell Canada in respect of its ownership of Bell Aliant Exchangeable LP units.

$ millions **Distribution Periods**	**Consolidated Distributions Declared**	**Distributions to the Fund**	**Distributions to the BCE and Bell Canada**
July 7 – December 31, 2006	$201.1	$164.1	$37.0
January 1 – December 31, 2007	$410.3	$331.2	$79.1
January 1 – December 31, 2008	$454.3	$372.8	$81.5

The increase for 2008 compared to 2007 reflects an increase in the distribution rate by the Fund in February 2008, combined with the transfer of the Fund's interest in the Bell Nordiq Partnerships to Bell Aliant Holdings LP in January 2008, such that virtually all cash distributions by these partnerships are now paid to Bell Aliant Holdings LP and then in turn we declare distributions payable to the Fund and BCE and Bell Canada.

In February 2009, the Fund announced that the distribution per Fund unit to Fund unitholders would remain unchanged at $0.2417 per month or $2.90 per year. With an increase in expected distributable cash of the Fund Group, this is expected to result in a payout ratio of less than 90 per cent in 2009. This decision was made by the Fund Trustees in order to preserve liquidity and financial flexibility in the operating entities of Bell Aliant Holdings LP, considering current market conditions. The target payout ratio and the declaration of future distributions are subject to the consideration of numerous factors and are at the discretion of the Fund Trustees.

Restrictions on Distributions

In the future, the Fund's and Bell Aliant Holdings LP's distributions could become subject to restrictions imposed under our bank credit facilities. The Credit Agreement, as described in the "Material Contracts" section of this AIF, specifies that if Bell Aliant LP's or Bell Aliant Holdings LP's credit ratings fall below investment grade (generally below the 'BBB' rating category), Fund distributions during any 12 month period will be restricted to 100 per cent of the distributable cash (as defined in the Credit Agreement) generated during that 12 month period. Events of default under the Credit Agreement or the indenture governing the LP Notes would also restrict our ability, and ultimately the ability of the Fund, to pay distributions. The trust indentures of the Bell Nordiq Partnerships also contain provisions that could restrict distributions by those partnerships if there were an event of default or in certain cases, if certain financial tests are not met.

DESCRIPTION OF CAPITAL STRUCTURE

General Description of Capital Structure

The capital structure of Bell Aliant Holdings LP is described above under the heading "Description of Bell Aliant Holdings LP – Capitalization". The issued and outstanding partnership units at December 31, 2008 are outlined in the table below:

Bell Aliant Holdings LP units issued and outstanding					
As at December 31, 2008					
(millions of dollars, except as otherwise noted)	**Number of units**	**Held by BCE/Bell Canada**	**Held by Holdings Trust**	**Held by Bell Nordiq Trust**	**Held by Bell Aliant Holdings GP**
Class 1 exchangeable limited partnership units	**28,168,803**	**28,168,803**			
Class 2 limited partnership units	**132,367,606**		**124,121,177**	**8,246,429**	
General partnership units	**54,000**				**54,000**
	160,590,409	**28,168,803**	**124,121,177**	**8,246,429**	**54,000**

Debt securities, issued by certain of our subsidiaries, also represent a portion of our capital structure. The consolidated debt securities of Bell Aliant Holdings LP at December 31, 2008, are outlined in the table below:

($ millions)	Maturity date	Interest rate (%)	Principal amount
LP Notes:			
	September 26, 2011	4.72%	$ 750.0
	February 26, 2014	4.95%	400.0
	September 26, 2016	5.41%	500.0
	February 26, 2019	5.52%	300.0
	February 26, 2037	6.17%	300.0
			2,250.0
Télébec LP debentures:			
Series AA	November 5, 2013	5.75%	70.0
Series BB	June 23, 2020	5.34%	30.0
			100.0
NorthernTel LP debentures:			
Series N	October 16, 2009	11.00%	3.2
Series O	June 1, 2012	10.25%	3.2
Series T	January 28, 2013	6.00%	3.3
Series P	April 15, 2014	9.21%	8.0
Series S	December 18, 2016	8.02%	8.0
Series U	September 21, 2020	7.37%	19.0
			44.7
Other long-term debt:			
Bell Aliant LP term bank debt	July 7, 2009	Floating	100.0
Télébec LP term bank debt	June 23, 2010	Floating	50.0
Capital leases	2009 - 2017	4.09% to 5.91%	24.8
Note payable	2009	6.70%	1.5
Télébec LP mortgage	2011	12.50%	2.9
Other	2009 - 2020		4.9
Debt issue costs			(10.1)
			174.0
Long-term debt			**2,568.7**
Short-term debt:			
Bell Aliant LP revolving bank debt			193.0
Bell Aliant LP non-revolving bank debt			15.0
Notes payable to Fund			6.2
Other debt			0.2
Total debt			**$ 2,783.1**

Bell Aliant LP

The LP Notes issued by Bell Aliant LP are issued pursuant a trust indenture dated September 14, 2006 (as described in the “Material Contracts” section of this AIF), among Bell Aliant LP, its credit supporters and CIBC Mellon Trust Company, as trustee. The LP Notes are unsecured and rank *pari passu* with all other unsecured and unsubordinated indebtedness of Bell Aliant LP. The credit supporters for Bell Aliant LP’s notes include certain entities within the Fund Group, but exclude the Fund, Télébec LP and NorthernTel LP. Bell Aliant LP’s term, revolving and non-revolving bank debt is issued pursuant to syndicated bank credit facilities dated July 7, 2006, and expiring July 7, 2009 and July 7, 2011, respectively. Bell Aliant LP may also issue short-term unsecured promissory notes under a $400 million commercial paper program. These notes, none of which were issued at December 31, 2008, are backed at all times by an unused portion of Bell Aliant LP’s revolving bank credit facility.

Télébec LP

The debentures issued by Télébec LP are issued pursuant to a trust indenture dated October 5, 1976, as amended or supplemented, between Télébec LP (as successor to Télébec Ltée) and National Bank Trust Inc. (as successor to General Trust of Canada) as trustee. The debentures are secured by a mortgage on an immoveable property located in Val D'Or, Québec, as well as outbuildings on this immoveable property. However, the debentures are largely unsecured obligations of Télébec LP as, at December 31, 2008, the carrying value of this property is $12.1 million. Télébec LP's term bank debt is issued pursuant to a bank credit facility with a single Canadian chartered bank dated June 20, 2008, and expiring June 23, 2010.

NorthernTel LP
The debentures issued by NorthernTel LP are issued pursuant to a trust indenture dated September 1, 1951, as amended or supplemented, between NorthernTel LP (as successor to Northern Telephone Company Limited) and Computershare Trust Company of Canada (as successor to The Toronto General Trusts Corporation) as trustee. The debentures are unsecured. Certain series of the NorthernTel LP debentures require periodic scheduled principal repayments prior to maturity.

Prior Issuance

On January 1, 2008 we issued 8,246,429 Holdings Class 2 LP Units to Bell Nordiq Trust in return for the 36.7 per cent interest in the Bell Nordiq Partnerships that we did not already own.

Constraints

Constraints on ownership of Bell Aliant Holdings LP Units are described above under the heading "Description of Bell Aliant Holdings LP – Transfer of Bell Aliant Holding LP Units and GP Shares".

Ratings

As at the date of this AIF, the securities of Bell Aliant LP, Télébec LP and NorthernTel LP had the following ratings:

	S&P[1]	**DBRS[2]**
Bell Aliant LP senior unsecured debt	BBB negative outlook	BBB (high) stable trend
Bell Aliant LP commercial paper	Not rated	R-1 (low) stable trend
Télébec LP and NorthernTel LP debentures	BBB negative outlook	BBB (high) stable trend

DBRS rates debt instruments by rating categories ranging from a high of AAA to a low of D. In addition, a designation of "high" or "low" after a rating indicates an issue's relative strength within the rating category. Each DBRS rating category is appended with one of three rating trends – "Positive", "Stable", or "Negative". The rating trend helps to give the investor an understanding of DBRS's opinion regarding the outlook for the rating in question. However, the investor must not assume that a positive or negative trend necessarily indicates that a rating change is imminent. Similarly, S&P ratings range from a high of AAA to a low of D and the issue's relative strength is indicated by a "plus" or a "minus" after the rating. The lack of one of these designations indicates a rating that is essentially in the middle of the category. An S&P rating outlook of "Positive", "Stable" or "Negative" assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). In determining a rating outlook, consideration is given to any changes in the economic and/or fundamental business conditions. An outlook is not necessarily a precursor of a rating change or future credit-watch action. On December 18, 2008, S&P revised the outlook of Bell Aliant Holdings LP's senior unsecured debt ratings to "negative" from "stable" citing their opinion that increasing cable competition combined with higher pension funding requirements could limit the company's ability to reduce debt levels in the next few years.

According to the DBRS rating system, debt securities rated BBB (high) are of adequate credit quality. Protection of interest and principal is considered acceptable, but the entity is fairly susceptible to adverse changes in financial and economic conditions, or there may be other adverse conditions present which

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[1] S&P is a trade-mark of Standard & Poor's, a division of The McGraw-Hill Companies, Inc.
[2] DBRS is a trade-mark of DBRS Limited and DBRS, Inc.

reduce the strength of the entity and its rated securities. According to the S&P rating scale, obligations rated BBB exhibit adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of Bell Aliant LP, Télébec LP or NorthernTel LP to meet their financial commitments on their debt.

The DBRS commercial paper and short-term debt rating scale is meant to give an indication of the risk that a borrower will not fulfill its near-term debt obligations in a timely manner. DBRS rates commercial paper by rating categories ranging from a high of R-1 to a low of D (after R-5). In addition, a designation of "high", "middle" or "low" after a rating indicates an issue's relative strength within the rating category. Each DBRS rating category is appended with one of three rating trends – "Positive", "Stable", or "Negative". The rating trend helps to give the investor an understanding of DBRS's opinion regarding the outlook for the rating in question. However, the investor must not assume that a positive or negative trend necessarily indicates that a rating change is imminent.

According to the DBRS rating system, commercial paper rated R-1(low) is of satisfactory credit quality. The overall strength and outlook for key liquidity, debt, and profitability ratios is not normally as favourable as with higher rating categories, but these considerations are still respectable. Any qualifying negative factors that exist are considered manageable, and Bell Aliant LP is of sufficient size to have some influence in its industry.

A rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn at any time. Ratings do not take into consideration such factors as pricing or market risk of the debt.

DIRECTORS AND OFFICERS

The persons listed in the chart below serve as directors of Bell Aliant Holdings GP and Bell Aliant GP. Bell Aliant Holdings GP is the general partner of Bell Aliant Holdings LP. The term of office of the directors of Bell Aliant Holdings GP and Bell Aliant GP ends at the conclusion of the next annual meeting of shareholders of Bell Aliant Holdings GP and Bell Aliant GP, respectively. The composition of the board of directors of each of Bell Aliant Holdings GP and Bell Aliant GP is governed by the Securityholders' Agreement described above under the heading "Other Material Agreements – Securityholders' Agreement".

The board of directors of Bell Aliant Holdings GP has established the following committees: Audit, Governance, Management Resources and Compensation and Pension. The Board of Trustees of the Fund has established the same committees with the exception of the Pension Committee. Membership on these committees is shown in the table below.

The name, board position, committee membership, principal occupation and Province of residence for each of the directors of Bell Aliant Holdings GP and Bell Aliant GP as at March 1, 2009, and the period during which they have served as a director (including as a director of Aliant), are shown in the table below:

Name and Committee Membership	**Principal Occupation**	**Province and Country of Residence**	**Director Since (includes Aliant)**
George Cope	President and Chief Executive Officer of BCE and Bell Canada	Ontario, Canada	July 2008
Kevin Crull	President, Residential Services of Bell Canada	Ontario, Canada	July 2006
Robert Dexter, Q.C. Audit committee, Governance committee, and Management Resources and Compensation committee	Chairman and Chief Executive Officer of Maritime Travel Inc.	Nova Scotia, Canada	April 1999

Name and Committee Membership	Principal Occupation	Province and Country of Residence	Director Since (includes Aliant)
Edward Reevey, FCA Audit committee (chair), and Pension committee (chair)	Chairman and Chief Executive Officer of Eedda Capital Inc., a private holding company	New Brunswick, Canada	April 1999
Karen Sheriff	President and Chief Executive Officer of Bell Aliant GP	Nova Scotia and Ontario, Canada	June 2004
Andrew Smith	Vice-President of Corporate Development of BCE and Bell Canada	Ontario, Canada	November 2008
Louis Tanguay (1) Audit committee	Corporate Director	Québec, Canada	July 2006
Siim Vanaselja Governance committee, Management Resources and Compensation committee and Pension committee	Executive Vice-President and Chief Financial Officer of BCE and Bell Canada	Québec, Canada	July 2008
David Wells Governance committee and Management Resources and Compensation committee	Executive Vice-President of Corporate Services of Bell Canada	Ontario, Canada	July 2008
Charles White, Q.C. Audit committee, Governance committee (chair), Management Resources and Compensation committee (chair), and Pension committee	Lawyer with the law firm White, Ottenheimer & Baker	Newfoundland and Labrador, Canada	April 1999
Victor Young, O.C. Governance committee and Management Resources and Compensation committee	Corporate Director	Newfoundland and Labrador, Canada	April 2002

(1) Mr. Tanguay was a director of SR Telecom Inc. ("SR Telecom"). SR Telecom was subject to a management cease trade order exceeding 30 days from April 2, 2007 through July 19, 2007. On November 19, 2007, SR Telecom filed for protection from its creditors under the *Companies' Creditors Arrangement Act* (the "CCAA".). The CCAA proceedings were completed in December 2008.

All of the directors of Bell Aliant Holdings GP and Bell Aliant GP have been employed in the designated principal occupation for the preceding five years, except as follows:

Mr. Cope was President and Chief Operating Officer of Bell Canada from October 2005 to July 2008. Prior to that he was President and Chief Executive Officer of TELUS Mobility, a business operated by TELUS Corporation from October 2000 to October 2005.

Mr. Crull was President - Consumer Solutions of Bell Canada from March 2005 to September 2005. Prior to 2005, Mr. Crull was Senior Vice-President and General Manager of AT&T Mobility, a business operated by AT&T Inc. He was also Senior Vice-President of Consumer and Small Business of AT&T Inc. from 2001 to 2004.

Mr. Reevey was Chairman and Chief Executive Officer of Addee Developments Limited, a private holding company, until December 2006.

Ms. Sheriff was Chief Operating Officer of Bell Aliant GP from July 2008 to November 2008 and President, Small and Medium Business of Bell Canada from June 2003 to July 2008.

Mr. Smith was in the Investment Banking Group of Merrill Lynch and practiced law with Sullivan & Cromwell.

Mr. Wells was a consultant to Bell Canada from January 2008 to July 2008. Prior to this he was Executive-Vice President of Employee Services with TELUS Mobility, a business operated by TELUS Corporation from October 2000 to June 2006.

The following persons serve as officers of Bell Aliant Holdings GP. The name, position with Bell Aliant Holdings GP and Province of residence for each of the officers as at March 1, 2009, appears below:

Name	**Position with Bell Aliant**	**Province and Country of Residence**
Karen Sheriff	President and Chief Executive Officer	Nova Scotia and Ontario, Canada
George Cope	Chairman	Ontario, Canada
Charles White, Q.C.	Vice-Chairman and Lead Independent Director	Newfoundland and Labrador, Canada
Mary-Ann Bell	Senior Vice-President Québec and Ontario	Québec, Canada
Allison Bodnar	Assistant Secretary	Nova Scotia, Canada
Helena Cain	Vice President Sales	New Brunswick, Canada
Frederick Crooks, Q.C.	Executive Vice President Corporate Services, Chief Legal Officer and Secretary	Nova Scotia, Canada
Roch L. Dubé	President Bell Aliant, Québec and Ontario	Québec, Canada
Mark Hanlon	Senior Vice-President and Chief Operating Officer, Bell Aliant Ontario and NorthernTel LP and Transition Executive	Ontario, Canada
Charles Hartlen	Senior Vice President Customer Experience	Nova Scotia, Canada
Evan Kipnis	Vice President and General Counsel, Commercial Law and Assistant Secretary	Newfoundland and Labrador, Canada
Glen LeBlanc	Executive Vice President and Chief Financial Officer	Nova Scotia, Canada
Eleanor Marshall	Vice President and Treasurer	New Brunswick, Canada
Alana Patterson	Director, Human Resource Operations and Assistant Secretary	Nova Scotia, Canada
David Rathbun	Executive Vice President Bell Aliant and President, xwave	Nova Scotia, Canada
Catherina Rignanesi	Vice President Taxation	New Brunswick, Canada
Ivan Toner	Vice-President Engineering and Chief Information Officer	Nova Scotia, Canada
Heather Tulk	Senior Vice President Customer Solutions	Nova Scotia, Canada

All of the officers have held their current position or other positions with Bell Aliant GP or Aliant during the past five years with the exception of the following:

Mr. Cope was President and Chief Operating Officer of Bell Canada from October 2005 to July 2008. Prior to that he was President and Chief Executive Officer of TELUS Mobility, a business operated by TELUS Corporation from October 2000 to October 2005.

Ms. Bell held the following positions with Bell Canada: Senior Vice-President Operations BRT (Bell Regional Territories) from November 2005 to July 2006; Senior Vice-President Contact Centres from June 2003 to November 2005; Vice-President Customer Service with Bell Mobilité from September 2002 to June 2003; and Vice President Customer Service from August 1999 to August 2002.

Ms. Bodnar was a lawyer with the law firm of McInnes Cooper and from February 2008 to June 2008. Prior to that, Ms. Bodnar was Vice President, General Counsel and Corporate Secretary for Credit Union Central of Nova Scotia and League Savings and Mortgage Company.

Mr. Dubé was appointed an officer of Bell Aliant GP in January 2007. Prior to this he was President and Chief Executive Officer of Bell Nordiq Group Inc. from June 2003; Senior Vice-President of Bell Canada from 2002 to June 2003; and President of Aliant Telecom Inc. from 2001 to 2002.

Mr. Hanlon held the following positions with Bell Canada: Vice-President, National Markets from October 2005 to July 2006; Chief Operating Officer, Group Telecom from October 2004 to October 2005; Vice President, 360Networks Transition from July 2004 to October 2004; Vice President, CSG Marketing & Carrier Relations from January 2004 to July 2004; Vice President, CSG from January 2002 to January 2004.

Ms. Patterson was the Director, Stakeholder Relations at Nova Scotia Business Inc. from January through October 2005 and previous to that served as Senior Policy Advisor to Ontario's Minister of Economic Development and Trade from January 2004 to August 2004 and Senior Policy Advisor to Canada's Minister for International Cooperation from March 2002 to January 2004.

Conflicts of Interest

Certain of the directors of Bell Aliant Holdings GP and Bell Aliant GP are also directors or officers of BCE, Bell Canada and/or their affiliates. There are significant commercial relationships and agreements between BCE and its affiliates and members of the Fund Group, including Bell Aliant LP and the Bell Nordiq Partnerships, which may give rise to the potential for conflict of interest. The provisions of the *Canada Business Corporations Act* (**CBCA**) relating to conflicts of interest apply to persons who are directors or officers of Bell Aliant Holdings GP and Bell Aliant GP.

LEGAL PROCEEDINGS

Note 22 to Bell Aliant Holdings LP's consolidated financial statements for the year ended December 31, 2008, incorporated by reference herein, describes important legal proceedings relating to Bell Aliant Holdings LP and its subsidiaries. While we cannot predict the final outcome of the claims and litigation described therein or any other pending claims, management believes that the resolution of these claims and litigation will not have a material and negative effect on our consolidated financial position or results of operations.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

BCE owns, directly and indirectly, 44.11 per cent of the Fund on a fully diluted basis as at the date of this AIF. As described above under the heading "Other Material Agreements – Securityholders' Agreement", the Securityholders' Agreement provides that so long as BCE, directly or indirectly, holds not less than 30 per cent of the Fund Units on a fully diluted basis, and certain commercial agreements with Bell Canada have not been terminated, BCE shall be entitled to appoint up to a majority of the directors of Bell Aliant Holdings GP and other material subsidiaries of the Fund. As long as BCE directly or indirectly holds not less than 20 per cent, BCE has certain consent rights, including the right to approve the appointment or removal of any Chief Executive Officer. In addition, the Securityholders' Agreement provides BCE and Bell Canada with pre-emptive rights to purchase securities in the event that units, securities convertible into units, or debt securities are issued by the Fund or Fund subsidiaries.

In addition, the Holdings Class 1 Exchangeable LP Units and Bell Aliant Exchangeable LP Units held by BCE and Bell Canada are exchangeable for Fund Units, as described under the heading “Other Material Agreements – Investor Liquidity and Exchange Agreement”.

The Fund Group has entered into a series of commercial agreements which govern the relationship with Bell Canada. These agreements provide the Fund Group with the telecommunications and support services required to operate the wireline and Internet access operations in territories previously covered by Bell Canada. The agreements also provided Bell Canada with the telecommunications and support services required for Bell Canada to operate its wireless business within Atlantic Canada; however, this was largely in-sourced by Bell Canada during 2008. In addition, there is an extensive Commercial Relationship Management Agreement that governs the relationship with respect to non-competition, primeship, branding and term and termination. Further information regarding the relations with Bell Canada and BCE can be found in note 24 to our consolidated financial statements for the year ended December 31, 2008, which note is incorporated by reference herein, available on SEDAR at www.sedar.com.

Other than as set out in this AIF, none of the directors or executive officers, as applicable, of Bell Aliant GP or Bell Aliant Holdings GP, or any associate or affiliate of such persons, has or has had any material interest, direct or indirect, in any transaction within the past three years or in any proposed transaction that has materially affected or will materially affect Bell Aliant GP, Bell Aliant Holdings GP or any of their subsidiaries.

MATERIAL CONTRACTS

The following is a list of our “material contracts” required to be filed on SEDAR under National Instrument 51-102 - *Continuous Disclosure Obligations*, and that were entered into the most recently completed financial year or prior to the most recently completed financial year and that are still in effect:

- the Bell Aliant Holdings LP Partnership Agreement;
- the Bell Aliant LP Partnership Agreement;
- the Securityholders’ Agreement;
- the Administration Agreement;
- the Investor Liquidity and Exchange Agreement;
- the Credit Agreement dated July 7, 2006, among Bell Aliant LP, Bell Aliant GP, 6583458 Canada Inc., Bell Aliant Holdings LP, Bell Aliant Holdings GP, Holdings Trust and a syndicate of lenders providing for a total of $3.5 billion in bank credit facilities (**Credit Agreement**);
- the LP Notes indenture dated September 14, 2006 among Bell Aliant LP, Bell Aliant GP, 6583458 Canada Inc., Bell Aliant Holdings LP, Bell Aliant Holdings GP, Holdings Trust and CIBC Mellon Trust Company providing for the issuance of medium term notes by Bell Aliant LP;
- the Connecting and Operating Agreement, as described in note 24 to our financial statements for the year ended December 31, 2008, which note is incorporated by reference herein;
- the Commercial Relationship Management Agreement, as described in note 24 to our financial statements for the year ended December 31, 2008, which note is incorporated by reference herein;
- the Bell Licence Agreement;
- the Omnibus Term Sheet together with the following schedules:
    - Term Sheet #5 for the Master Services Agreement;

- o Term Sheet #6 for the Network Services Agreement;
- o Term Sheet # 8 for the Intellectual Property Licence Agreement; and
- o Term Sheet #11 for the Master Information Technology Services Agreement

- the Bilateral Intellectual Property Sharing Agreement

The following is a summary description of the material attributes and characteristics of the material contracts mentioned above and not described elsewhere in this AIF, and is qualified in its entirety by reference to the full text of the applicable contracts available on SEDAR at www.sedar.com.

Credit Agreement

The Credit Agreement provides for the following bank credit facilities:

(a) a revolving term facility for up to an aggregate amount of $550 million, expiring July 7, 2011;

(b) a non-revolving term facility for an aggregate amount of $1.25 billion, expiring July 7, 2009. There remains only $100 million drawn on this facility as the balance was repaid through issuances of LP Notes and other cash flows;

(c) an 18-month non-revolving term bridge facility for an aggregate amount of $1.25 billion. This bridge facility has been fully repaid through the issuance of LP Notes and cancelled; and

(d) a non-revolving term facility for up to an aggregate amount of $450 million, expiring July 7, 2011, to be used as necessary to fund pension deficit payments or provide for letters of credit in lieu of cash funding of pension deficits.

The facilities are repayable without any prepayment penalties and, when drawn, bear interest at floating rates based on either the Canadian prime or U.S. base rates of a Canadian chartered bank, LIBOR or at the rate for bankers' acceptances, as applicable to the types of draws made. The margin over these base rates of interest would increase if Bell Aliant LP's credit rating was to deteriorate.

The Credit Agreement contains customary terms and conditions for investment-grade income trust borrowers, including limits on incurring additional indebtedness, creation of encumbrances on property, sale, lease or other disposition of assets, and the payment of any non-permitted distributions without the consent of the lenders. Specifically, distributions made by Bell Aliant Holdings LP and ultimately the Fund may be restricted to 100 per cent of distributable cash (as defined in the Credit Agreement) if Bell Aliant LP's credit rating was to fall below investment grade (below BBB- level). The Credit Agreement is also subject to customary covenants, including the requirement to maintain a debt-to-EBITDA (as defined in the Credit Agreement) ratio of 3.0 times or less and, if Bell Aliant LP's credit rating falls below investment grade, an additional requirement to maintain the ratio of EBITDA (as defined in the Credit Agreement) to interest expense to 3.5 times or less.

LP Notes Indenture

The LP Notes issued by Bell Aliant LP are issued pursuant a trust indenture dated September 14, 2006 among Bell Aliant LP, its credit supporters and CIBC Mellon Trust Company, as trustee. The LP Notes are unsecured and rank *pari passu* with all other unsecured and unsubordinated indebtedness of Bell Aliant LP. The credit supporters for the LP Notes include certain entities within the Fund Group, but exclude the Fund, Télébec LP and NorthernTel LP.

Additional LP Notes may be issued by Bell Aliant LP from time to time under the LP Notes indenture. The LP Notes indenture includes customary covenants, including restrictions on granting certain security and incurring additional long-term indebtedness unless certain financial tests are met, and customary events of default. Distributions by Bell Aliant LP and by us, and ultimately by the Fund, could be restricted if an event of default under the LP Notes indenture were to occur and not be remedied or waived. A copy of the LP Notes indenture is available on SEDAR at www.sedar.com.

Agreements with BCE and Bell Canada

Under the Securityholders' Agreement, BCE has certain rights in respect of the board of Bell Aliant Holdings GP including the right to appoint up to a majority of directors for so long as BCE and Bell Canada, directly or indirectly, hold not less than 30 per cent of the Fund Units (on a fully diluted basis) and certain commercial agreements are in place. As a result of these rights, BCE controls the board of Bell Aliant Holdings GP, and thus Bell Aliant Holdings LP. The written consent of BCE is also required, along with the majority vote from the board, prior to undertaking certain matters or transactions for so long as BCE and Bell Canada, directly or indirectly, hold not less than 20 per cent of the Fund Units (on a fully diluted basis). See "Other Material Agreements – Securityholders' Agreement".

In 1999, we entered into a Memorandum of Agreement (MOA) with BCE and Bell Canada. This long-term strategic alliance agreement describes the understanding among us, BCE and Bell Canada with respect to the offering, marketing and provisioning of certain telecommunications services on a cooperative basis. Through this MOA, we gained access to Bell Canada's technology, the exclusive right to use specified Bell Canada trade-marks in our territory and a license to use Bell Canada's promotional materials. Bell Canada agreed to promote the use and sale of technology and intellectual property developed by us. We agreed to provide each other with support services, including operational, technical, marketing, training and other support services. The MOA continues to apply to our operations in Atlantic Canada, subject to certain amendments that were made to the MOA in connection with the acquisition in July 2006 of Bell Canada's wireline operations in Ontario and Québec and Bell Nordiq Group Inc. In July 2006, in connection with the Arrangement we entered into a series of long-term commercial agreements with Bell Canada, which provide us with a broad range of technical, operational and human resource support services required for us to operate the wireline and Internet access operations previously operated by Bell Canada in the Ontario and Québec regional territory (**Bell Aliant Central Territory**). These include the Omnibus Term Sheet; Term Sheet #5 for the Master Services Agreement; Term Sheet #6 for the Network Services Agreement; Term Sheet #8 for the Intellectual Property License Agreement; and Term Sheet #11 for the Master Information Technology Services Agreement.

These agreements permit us to continue to receive the commercial and telecommunications services that Bell Canada was providing to us in Atlantic Canada prior to 2006. Any pre-existing commercial agreements between us and Bell Canada, which were not amended or replaced by the commercial agreements entered into in 2006, continue to apply. The commercial agreements also provide Bell Canada with the telecommunications and support services from us required to operate its wireless operation in the Bell Aliant Central Territory and in Atlantic Canada; however, these services were largely in-sourced by Bell Canada during 2008.

In July 2006, we also entered into a Commercial Relationship Management Agreement (**CRMA**) with Bell Canada, which governs our general commercial relationship and addresses matters such as marketing co-operation, customer primeship and non-competition, and branding. The CRMA, together with certain agreements it refers to, also amends certain provisions of the MOA and extends the term of the MOA to that of the CRMA.

The CRMA will automatically terminate upon termination or expiration of the Connecting and Operating Agreement, which we entered into with Bell Canada in 2006. Pursuant to the Connecting and Operating Agreement, the parties have agreed to interconnect their respective telecommunications systems for the exchange of telecommunications traffic. This agreement has an original term of 15 years from July 7, 2006, with automatic renewals for consecutive five year periods, unless four years prior notice of non-renewal is provided by one of the parties. The Connecting and Operating Agreement may be terminated for material breach at any time by a party, if (a) the parties mutually agree that the breach has occurred and has not been cured, or (b) a court or arbitrator makes a final and unappealable determination that the other party has materially breached the agreement and has not cured the breach within the appropriate contractual timeframe.

The CRMA and the other commercial agreements may also be terminated by Bell Canada in the event that, without Bell Canada's prior consent, a competitor of Bell Canada acquires, directly or indirectly, more than 30 per cent of Bell Aliant LP or *de facto* control of it or its business. In addition, Bell Canada is entitled to terminate, at its sole discretion, its provision of services to us in circumstances where Bell Canada is ceasing to offer the corresponding services to its customers. Further, Bell Canada is entitled to terminate at its discretion many of the commercial agreements by giving two years prior notice of its intention to terminate the relevant commercial agreement, provided that such notice is not given prior to a fixed date, which is generally July 7, 2011. We are generally permitted to terminate and repatriate services provided to us by Bell Canada in the Bell Aliant Central Territory upon two years notice.

We also have an agreement with Bell Canada that provides access to certain of each other's intellectual property (**Bilateral Intellectual Property Sharing Agreement**), in addition to providing us with access to Bell Canada's engineering and network intellectual property. As part of the Arrangement, we entered into Term Sheet #8 for the Intellectual Property Licence Agreement which reaffirms the Bilateral Intellectual Property Sharing Agreement and extends its application to the Bell Aliant Central Territory.

In connection with the Arrangement, we entered into trade-mark license agreements with Bell Canada whereby each party and its affiliates are permitted to use the trade-marks of the other party in accordance with the terms of the license for 30 years (subject to an additional 10 year renewal on request by the licensee, at the licensor's discretion). The agreement with respect to the Bell Canada trade-marks is the Bell License Agreement.

Financial information relating to these and other agreements with Bell Canada and its controlled investees is contained in note 24 to our financial statements for the year ended December 31. 2008 which note is incorporated by reference herein.

INTERESTS OF EXPERTS

Deloitte & Touche, LLP, our auditors, has provided an audit report on our financial statements for the year ended December 31, 2008. Deloitte & Touche, LLP is independent of Bell Aliant Holdings LP and its subsidiaries under applicable rules of professional conduct.

ADDITIONAL INFORMATION

Additional information relating to Bell Aliant Holdings LP, including our annual and quarterly financial statements, news releases and other continuous disclosure documents, may be found on SEDAR at www.sedar.com.

Additional financial information is provided in our financial statements and management's discussion and analysis for the year ended December 31, 2008.

In addition, quarterly reports, annual reports and supplementary information can be found under the "Investor" section on our website at www.bell.aliant.ca.

SCHEDULE 1: AUDIT COMMITTEE INFORMATION

1. The Audit Committee's Charter

The Audit Committee (**committee**) of Bell Aliant Holdings GP serves as the audit committee of the Fund. The committee's charter is available in the governance section of the Fund Group's website at www.bell.aliant.ca and is attached as Schedule 2 to this AIF. Also included with Schedule 2 is a copy of the audit committee chair responsibilities, as outlined in the committee's charter.

2. Composition of the Audit Committee

The committee is composed of the following four members: Edward Reevey (chair), Robert Dexter, Louis Tanguay and Charles White. Victor Young was a member of the committee until March 1, 2007. Each member of the committee is an external and independent director and is financially literate.

For the purposes of National Instrument 58-101 - *Disclosure of Corporate Governance Practices* (NI 58-101) and National Instrument 52-110 - *Audit Committees* (NI 52-110), a director is independent if he or she has no direct or indirect material relationship with the issuer. A "material relationship" means a relationship which could, in the view of the issuer's board of directors (or equivalent body), be reasonably expected to interfere with the exercise of a director's independent judgment. The Canadian securities regulators have stipulated certain relationships which are deemed to affect independence.

The Bell Aliant Holdings GP board and Fund Trustees are responsible for determining whether a director or trustee is "independent" for the purposes of NI 58-101 and NI 52-110 on the advice of the governance committee. In making this determination, the board, trustees and committee assess whether a director or trustee has any material relationship with the Fund or any of its affiliates which could reasonably interfere with the exercise of independent judgment. The board, trustees and committee assess whether a director or trustee has any material relationship with the Fund or any of its affiliates which could reasonably interfere with the exercise of independent judgment. To assist with this process, information is obtained from directors and trustees as to their particular circumstances and relationships, including through an annual questionnaire completed by directors and trustees.

Based on information provided by individual directors, the board and trustees have concluded that each member of the committee is "independent" within the meaning of NI 58-101 and NI 52-110.

The responsibilities and duties of the committee are set out in the committee's charter, attached as Schedule 2 to this AIF.

3. Relevant Education and Experience

The following sets out the education and experience of each director relevant to the performance of his duties as a member of the committee.

Edward Reevey, F.C.A., is Chair of the committee. Mr. Reevey is Chairman and Chief Executive Officer of Eedda Capital Inc., a private holding company. He holds a Bachelor's degree in Commerce from Dalhousie University and a Chartered Accountancy designation. He has been a Chartered Accountant Fellow since 1998. Mr. Reevey worked previously with Clarkson Gordon & Co. (now Ernst & Young) in Montreal, from 1965 to 1968 and H.R. Doane & Co. in Saint John from 1968 to 1970. He was President of Autotec Inc. from 1970 to 1994 and was Chairman and Chief Executive Officer of Addee Developments Ltd. until 2006. He also serves on the audit committee of Stratos Global Corporation.

Robert Dexter, Q.C., holds both a Bachelor's degree in Commerce and a Bachelor's degree in Law from Dalhousie University and was appointed Queen's Counsel in 1995. He is Chairman and Chief Executive Officer of Maritime Travel Inc. and is also a partner of the law firm Stewart McKelvey. He is Chair of the audit committee of High Liner Foods Inc. and Chairman of Empire Company Limited.

Louis Tanguay is a Corporate Director. Mr. Tanguay was President and Chief Executive Officer of Bell Canada International Inc. from 2000 to November 2001 and Vice-Chairman of Bell Canada International Inc. from 2001 to May 2003. Mr. Tanguay holds a Bachelor's degree in Commerce from Concordia

University. He serves on the audit committee of Saputo Inc. (chair), and has served on the audit committees of Canbras Communications Corp., Medisys Health Group Inc., and SR Telecom Inc.

Charles White, Q.C., is a lawyer with the law firm White, Ottenheimer & Baker. Mr. White holds a Bachelor's degree in Commerce from Memorial University and a Bachelor's degree in Law from Dalhousie University and was appointed Queen's Counsel in 1984. He has served on the audit committees of BMO Mutual Funds, Unifund Assurance Company and The Johnson Corporation.

4. Reliance on Certain Exemptions

Bell Aliant Holdings GP has not relied on any of the exemptions in sections 2.4 (De Minimis Non-audit Services), 3.2 (Initial Public Offerings), 3.4 (Events Outside Control of Member), 3.5 (Death, Disability or Resignation of Audit Committee Member) or Part 8 (Exemptions) at any time since completion of the Arrangement on July 7, 2006.

5. Reliance on Exemption in Subsection 3.3(2) or Section 3.6

Bell Aliant Holdings GP has not relied on the exemption in subsection 3.3(2) (*Controlled Companies*) or section 3.6 (*Temporary Exemption for Limited and Exceptional Circumstances*) at any time since completion of the Arrangement on July 7, 2006.

6. Reliance on Section 3.8

Bell Aliant Holdings GP has not relied on section 3.8 (*Acquisition of Financial Literacy*) at any time since completion of the Arrangement on July 7, 2006.

7. Audit Committee Oversight

At no time since completion of the Arrangement on July 7, 2006 has the board of Bell Aliant Holdings GP not adopted a recommendation of the audit committee to nominate or compensate an external auditor.

8. Pre-Approval Policies and Procedures

In compliance with NI 52-110, the committee is responsible for the appointment, compensation and oversight of the work of the external auditor. On July 7, 2006, the Fund and Bell Aliant Holdings GP adopted an Auditor Independence Policy, a comprehensive policy governing all aspects of the Fund Group's relationship with the external auditor, including:

- Establishing a process for determining whether various audit and other services provided by the external auditor affect its independence;
- Identifying the services that the external auditor may and may not provide to the Fund and its subsidiaries;
- Pre-approving all services to be provided by the external auditor; and
- Establishing a process outlining procedures (as part of a separate policy) when hiring current or former personnel of the external auditor in a financial oversight role to ensure auditor independence is maintained.

The Auditor Independence Policy is available in the governance section of the Fund's website at www.bell.aliant.ca.

9. External Auditor Service Fees (By Category)

Deloitte & Touche LLP (D&T) was appointed as Bell Aliant Holdings LP's auditors upon completion of the Arrangement. Fees incurred for the years ended December 31, 2008 and 2007 are $2.5 million and $3.2 million, respectively, and are detailed below.

	2008	2007
Audit fees	$1,587,112	$2,129,725
Audit-related fees	$914,936	$1,075,444
	$2,502,048	$3,205,169

Audit fees

These fees include professional services rendered by the external auditors for the review of the interim financial statements, statutory audits of the annual financial statements and review of financial accounting and reporting matters.

Audit-related fees

These fees include professional services that reasonably relate to the above services, including non-statutory audits, Sarbanes-Oxley Act initiatives, pension plan audits, review of prospectuses, consultations about financial accounting and reporting matters and French translation of quarterly and annual reports. It also includes fees payable in relation to the Arrangement.

SCHEDULE 2: AUDIT COMMITTEE CHARTER

AUDIT COMMITTEE CHARTER

I. Purpose

The purpose of the Audit Committee is to assist the Board and Trustees in their oversight of:

A. the integrity of Bell Aliant's financial statements and related information;
B. Bell Aliant's compliance with applicable legal and regulatory requirements;
C. the independence, qualifications and appointment of the external auditor;
D. the performance of Bell Aliant's external auditor and internal auditor;
E. management responsibility for internal control and risk management;
F. the administration, funding and investment of Bell Aliant's pension plans ("Plan") and fund; and
G. Bell Aliant's environmental risks.

In this charter, references to the "Board and Trustees" refers to the board of directors of Bell Aliant Regional Communications Holdings Inc., Bell Aliant Regional Communications Inc., Bell Aliant Holdings Trust and 6583458 Canada Inc. and to the trustees of Bell Aliant Regional Communications Income Fund (the "Fund"), as applicable.

II. Duties and Responsibilities

The Audit Committee shall perform the functions customarily performed by audit committees and any other functions assigned by the Board and Trustees. The Audit Committee shall also serve as the Audit Committee for purposes of the Fund, as contemplated under Companion Policy 52-110CP to *National Instrument 52-110 Audit Committees* and as outlined in the Securityholders' Agreement.

In particular, the Audit Committee shall have the following duties and responsibilities:

A. *Financial reporting and control*

1. On a periodic basis, review and discuss with management and the external auditor the following:
   a. major issues regarding accounting principles and financial statement presentation, including any significant changes in Bell Aliant's selection or application of accounting principles, and major issues as to the adequacy of Bell Aliant's internal controls and any special audit steps adopted in light of material control deficiencies;
   b. analyses prepared by management and/or the external auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative generally accepted accounting principles methods on the financial statements when such alternatives have been selected in the current reporting period;
   c. the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of Bell Aliant;
   d. the type and presentation of information to be included in earnings news releases (including any use of pro-forma or adjusted non-generally accepted accounting principles, information).
2. Meet to review and discuss with management and the external auditor, report and, where appropriate, provide recommendations to the Board and Trustees, as applicable, on the following prior to its public disclosure:
   a. the annual and interim consolidated financial statements, Bell Aliant's disclosure under "Management Discussion and Analysis", Annual Information Form, earnings news releases, financial information and any earnings guidance provided to analysts and rating agencies and the integrity of the financial reporting of Bell Aliant.
   b. any audit problems or difficulties and management's response thereto, including any restrictions on the scope of the activities of the external auditor or access to requested information and any significant disagreements with management.

In addition to the role of the Audit Committee to make recommendations to the Board and Trustees, as applicable, where the members of the Audit Committee consider that it is appropriate and in the best interest of Bell Aliant, the interim consolidated financial statements, the interim Bell Aliant's disclosure under "Management Discussion and Analysis" for interim period and interim earnings news releases and earnings guidance, may also be approved on behalf of the Board and Trustees, as applicable, by the Audit Committee, provided that such approval is subsequently reported to the Board and Trustees, as applicable, at its next meeting.

3. Review and discuss reports from the external auditor on:
    a. all critical accounting policies and practices used by Bell Aliant;
    b. all material alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternate treatments and disclosures and the treatment preferred by the external auditor; and
    c. other material written communications between the external auditor and management, and discuss such report with the external auditor.

B. *Oversight of the external auditor*
1. Be directly responsible for the appointment, compensation, retention and oversight of the work of the external auditor and any other auditor preparing or issuing an audit report or performing other audit services or attest services for Bell Aliant or any consolidated subsidiary of Bell Aliant, where required and review, report and where appropriate, provide recommendations to the Board and Trustees, as applicable, on the nomination, terms and review of engagement, removal**,** independence and proposed compensation of the external auditor.
2. Approve in advance all audit, review or attest engagement fees and terms for all audit, review or attest services to be provided by the external auditor to Bell Aliant and any consolidated subsidiary and any other auditor preparing or issuing an audit report or performing other audit services or attest services for Bell Aliant or any consolidated subsidiary of Bell Aliant, where required.
3. Pre-approve all engagements for permitted non-audit services provided by the external auditor to Bell Aliant and any consolidated subsidiary of Bell Aliant and to this effect may establish policies and procedures for the engagement of the external auditor to provide to Bell Aliant and any consolidated subsidiary of Bell Aliant permitted non-audit services.
4. Delegate, if deemed appropriate, authority to one or more members of the Audit Committee to grant pre-approvals of audit, review or attest services and permitted non-audit services, provided that any such approvals shall be presented to the Audit Committee at its next scheduled meeting.
5. Establish policies for the hiring of partners, employees and former partners and employees of the external auditor.
6. At least annually, consider, assess, and report to the Board and Trustees, as applicable, on:
    a. the independence of the external auditor, including whether the external auditor's performance of permitted non-audit services is compatible with the external auditor's independence;
    b. obtaining from the external auditor a written statement (i) delineating all relationships between the external auditor and Bell Aliant; (ii) assuring that lead audit partner rotation is carried out, as required by law; and (iii) delineating any other relationships that may adversely affect the independence of the external auditor; and
    c. the evaluation of the lead audit partner, taking into account the opinions of management and internal audit.
7. At least annually, obtain and review a report by the external auditor describing:
    a. the external auditor's internal quality-control procedures;
    b. any material issues raised by the most recent internal quality-control review, or peer review of the external auditor firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditor firm, and any steps taken to deal with any such issues.

8. Resolve any disagreement between management and the external auditor regarding financial reporting.
9. Review audit plan with the external auditor.
10. Meet periodically with the external auditor in the absence of management and internal audit.
11. Approve the appointment (including the terms thereof and any changes thereto), or removal, of the auditors for Bell Aliant's Defined Benefit pension plans and Master Trust Fund.

C. *Oversight of internal audit*

1. Review and discuss with the head of internal audit, report and, where appropriate, provide recommendations to the Board and Trustees, as applicable, on the following:
   a. the appointment and mandate of internal audit, including the responsibilities, budget and staffing of Bell Aliant's internal audit;
   b. discuss with the head of internal audit the scope and performance of the internal audit, including a review of the annual internal audit plan, and whether there are any restrictions or limitations on internal audit;
   c. obtain periodic reports from the head of internal audit regarding internal audit findings, including Bell Aliant's internal controls, and Bell Aliant's progress in remedying any material control deficiencies.
2. Meet periodically with the head of internal audit in the absence of management and the external auditor.

D. *Oversight of Bell Aliant's internal control system*

1. Review and discuss with management, the external auditor and internal audit, monitor, report and, when appropriate, provide recommendations to the Board and Trustees, as applicable, on the following:
   a. Bell Aliant's internal control system;
   b. compliance with the policies and practices of Bell Aliant relating to business ethics;
   c. compliance by Directors, Officers and other management personnel with Bell Aliant's Disclosure Policy; and
   d. the relationship of the Audit Committee with other committees of the Board and Trustees, as applicable, and management.
2. Review and discuss with the Chief Executive Officer and Chief Financial Officer of Bell Aliant the process for the certifications to be provided in Bell Aliant's public disclosure documents.
3. Review, monitor, report and where appropriate, provide recommendations to the Board and Trustees, as applicable, on Bell Aliant's disclosure controls and procedures,
4. Establish procedures, for the receipt, retention, and treatment of complaints received by Bell Aliant regarding accounting, internal accounting controls or auditing matters, including procedures for confidential, anonymous submission by employees regarding questionable accounting or auditing matters.
5. Meet periodically with management in the absence of the external auditor and internal audit

E. *Oversight of Bell Aliant's risk management*

1. Review, monitor, report and, where appropriate, provide recommendations to the Board and Trustees, as applicable, on the following:
   a. Bell Aliant's processes for identifying, assessing and managing risk; and
   b. Bell Aliant's major financial risk exposures and the steps Bell Aliant has taken to monitor and control such exposures.
2. Review, monitor, report and, where appropriate, provide recommendations to the Board and Trustees, as applicable, on Bell Aliant's risk management and insurance program.
3. Review, monitor, report and, where appropriate, provide recommendations to the Board and Trustees, as applicable, on Bell Aliant's outsourcing relationship with Bell Canada.

F. *Oversight of Bell Aliant's environmental risks*

1. Review, monitor, report, and where appropriate, provide recommendations to the Board and Trustees, as applicable, on Bell Aliant's environmental policy, and environmental management systems.
2. When appropriate, ensure that Bell Aliant's subsidiaries establish an environmental policy, and environmental management systems and review and report thereon to the Board and Trustees, as applicable, of Bell Aliant.

H. *Compliance with legal requirements*

1. Review and discuss with management, the external auditor and internal audit, monitor, report and, when appropriate, provide recommendation to the Board and Trustees, as applicable, on the adequacy of Bell Aliant's process for complying with laws and regulations.
2. Receive, on a periodic basis, reports from Bell Aliant's Chief Legal Officer, with respect to legal issues.

I. *Miscellaneous*

1. Making recommendations to the Board regarding the appointing and removing of Bell Aliant's Chief Financial Officer.

III. Evaluation of the Audit Committee and Report to Board and Trustees

A. The Audit Committee shall evaluate and review with the Governance Committee of the Board and Trustees, as applicable, on an annual basis, the performance of the Audit Committee.

B. The Audit Committee shall review and discuss with the Governance Committee of the Board and Trustees, as applicable, on an annual basis, the adequacy of the Audit Committee charter.

C. The Audit Committee shall report to the Board and Trustees, and applicable, periodically on the Audit Committee's activities.

IV. Outside advisors

The Audit Committee shall have the authority to engage outside counsel and other outside advisors as it deems appropriate to assist the Audit Committee in the performance of its functions. Bell Aliant shall provide appropriate funding for such advisors as determined by the Audit Committee.

V. Membership

The Audit Committee shall consist of between three and five directors, each of whom must be independent, consistent with the terms of the Securityholders' Agreement. The members of the Audit Committee shall meet the independence, experience and other membership requirements under applicable laws, rules and regulations as determined by the Board and Trustees, as applicable.

VI. Audit Committee Chair

The Chair of the Audit Committee shall be appointed by the Board and Trustees, as applicable. The Chair of the Audit Committee leads the Audit Committee in all aspects of its work and is responsible to effectively manage the affairs of the Audit Committee and ensure that it is properly organized and functions efficiently. More specifically, the Chair of the Audit Committee shall:

A. Provide leadership to enable the Audit Committee to act effectively in carrying out its duties and responsibilities as described elsewhere in this charter and as otherwise may be appropriate;

B. In consultation with the Board and Trustee Chairs, as applicable, the Lead Independent Director and the Chief Executive Officer, ensure that there is an effective relationship between management and the members of the Audit Committee;

C. Chair meetings of the Audit Committee;

D. In consultation with the Chief Executive Officer, the Secretariat, the Board and Trustee Chairs, as applicable, and the Lead Independent Director, determine the frequency, dates and locations of meetings of the Audit Committee;

E. In consultation with the Chief Executive Officer, the Chief Financial Officer, the Secretariat and, as required, other senior executives, review the meeting agendas to ensure all required business is brought before the Audit Committee to enable it to efficiently carry out its duties and responsibilities;

F. Ensure, in consultation with the Board Chair and Lead Independent Director, that all items requiring the Audit Committee's approval are appropriately tabled;

G. Ensure the proper flow of information to the Audit Committee and review, with the Chief Executive Officer, the Chief Financial Officer, the Secretariat and, as required, other senior executives, the adequacy and timing of materials in support of management's proposals;

H. Report to the Board and Trustees, as applicable, on the matters reviewed by, and on any decisions or recommendations of, the Audit Committee at the next meeting of the Board and Trustees, as applicable, following any meeting of the Audit Committee; and

I. Carry out any special assignments or any functions as requested by the Board or Trustees.

VII. Term

The members of the Audit Committee shall be appointed or changed by resolution of the Board and Trustees, as applicable, to hold office from the time of their appointment until the next annual general meeting of the unitholders or until their successors are so appointed.

VIII. Procedures for meetings

The Audit Committee shall fix its own procedure at meetings and for the calling of meetings. The Audit Committee shall meet separately in executive session in the absence of management, internal audit and the external auditor, at each regularly scheduled meeting.

IX. Quorum and voting

Unless otherwise determined from time to time by resolution of the Board, two members of the Audit Committee shall constitute a quorum for the transaction of business at a meeting. For any meeting(s) at which the Audit Committee Chair is absent, the Chair of the meeting shall be the person present who shall be decided upon by all members present. At a meeting, any question shall be decided by a majority of the votes cast by members of the Audit Committee, except where only two members are present, in which case any question shall be decided unanimously.

X. Secretary

Unless otherwise determined by resolution of the Audit Committee, the Secretary of Bell Aliant or his/her delegate shall be the Secretary of the Audit Committee.

XI. Vacancies

Vacancies at any time occurring shall be filled by resolution of the Board and Trustees, as applicable.

XII. Records

The Audit Committee shall keep such records as it may deem necessary of its proceedings and shall report regularly its activities and recommendations to the Board and Trustees, as applicable, as appropriate.

SCHEDULE 3: ADDITIONAL DISCLOSURE REQUIRED UNDER FORM 51-102F2, ITEM 18

This additional disclosure is provided in accordance with Form 51-102F2, Item 18. Any disclosure required under Form 51-102F2, Item 18 which is not contained in this Schedule is otherwise provided in the main portion of this AIF. Any capitalized terms not otherwise defined herein shall have the meaning given to them in the main body of this AIF.

REPORT ON EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

General provisions

In this section, references to "Bell Aliant" are to Bell Aliant Regional Communications, Limited Partnership, which is the principal employer of Bell Aliant's named executive officers.

This document provides the disclosure regarding executive compensation required by the Canadian Securities Administrators National Instrument 51-102 – *Continuous Disclosure Obligations* and the regulations and policies of the Toronto Stock Exchange ("TSX"). It also takes into consideration the guidelines of leading governance organizations as well as other relevant Canadian disclosure practices.

Purpose, mandate and composition of the Management resources and compensation committee (referred to in this Compensation Discussion and Analysis section as the "committee").

The committee assists the directors and trustees to fulfill their responsibilities relating to the compensation, nomination, evaluation and succession of employees at Bell Aliant.

The role of the committee with respect to compensation is to:

- Oversee and recommend for approval by the directors and trustees Bell Aliant's executive compensation policy including all forms of compensation for the chief executive officer and each member of the executive team;
- Oversee the general compensation policies and plans for Bell Aliant;
- Review and approve benefits to be granted under all employee benefit plans, including the levels and types of benefits; and
- Review and approve all proposed enhancements to, or detractions from, the benefits accruing to employees under Bell Aliant's pension plans.

The committee has a written mandate that establishes its purpose, responsibilities, and membership. In addition to its written mandate, the committee has established an annual work plan in the form of a forward agenda. A copy of the committee mandate and forward agenda can be found in Bell Aliant's governance manual, which is available in the Governance section of Bell Aliant's website at www.bell.aliant.ca.

The committee consists of five directors, none of whom is employed by Bell Aliant, and three of whom are independent as that term is defined in National Instrument 52-110 - *Audit Committees*. As of December 31, 2008, the members of the committee are: Charles White (chair), Rob Dexter, Siim Vanaselja, David Wells and Victor Young. None of the members of the committee is an officer, employee or former officer of Bell Aliant or is eligible to participate in Bell Aliant's executive compensation programs. Members of the committee have experience as current and former chief executive officers of large organizations, officers in large complex corporations, and/or directors of various other publicly traded entities. The directors and trustees believe the committee members collectively have the knowledge, experience and background required to fulfill the committee's mandate.

The committee ensures an objective process for determining compensation by holding "in camera" sessions at the end of each committee meeting, without management present, and a record is kept of any decisions made during such sessions. The committee met ten times last year. In addition, from time to time, the committee engages external consultants to provide advice on executive compensation matters. In 2008, Bell Aliant employed the services of the Towers Perrin and Mercer (Canada) Limited consulting firms and paid fees to them in the amounts shown below:

Towers Perrin	$105,049
Mercer (Canada) Limited	29,951
Total	$135,000

Note: Mercer (Canada) Limited also provides general management compensation consulting services to Bell Aliant which is included in the fees shown above.

Bell Aliant's compensation philosophy and direction

Compensation of the company's executives is influenced by a number of factors such as business strategy, organizational performance and governance. The Bell Aliant executive compensation philosophy, approved by the committee in October 2006, aims at the achievement of four key objectives:

- Align total compensation with the interests of unitholders;
- Attract and retain high performing executives;
- Create a performance culture that rewards superior performance; and
- Link compensation with business strategy/objectives.

These objectives have guided the development of a Bell Aliant compensation model that includes base salary, short-term incentives and long-term incentives. Features of the compensation model are as follows:

1. Target base salary at the 50th percentile of the comparator group;
2. Target total compensation at the 60th percentile of the comparator group, if Bell Aliant performance warrants;
3. Support a rigorous performance culture through the use of short-term and long-term incentive plans that place a significant portion of the executive's total compensation at risk; and
4. Align the interests of each executive with those of the unitholders through the establishment of ownership guidelines and the opportunity to earn Fund units through long-term incentive plans.

The base salary target at the 50th percentile was selected to ensure base salaries remain competitive. Overall total compensation at the 60th percentile is only achieved if performance warrants.

Comparator group

Data from comparator groups or information from compensation surveys may be analyzed periodically to maintain a competitive compensation package for executives. In 2006, Bell Aliant conducted a thorough review of its compensation model, comparing it against a group consisting of Canadian companies of similar size or industry and revenue generating capacity. No review was considered necessary in 2008 in view of the comprehensive assessment completed in 2006.

Bell Aliant executive compensation model

Bell Aliant's executive compensation model is composed of base salary, short-term incentive compensation, long-term incentive compensation, and perquisites and benefits. Each element is outlined in detail in the table below and in the narrative descriptions that follow.

	Base salary	Short-term incentive	Long-term incentive	Perquisites & benefits
Overview	Based on responsibilities and market data.	Conditional on performance and rewards achievement of annual targets that support Bell Aliant's strategic direction.	Conditional on performance and aligns interests of executives with those of unitholders through the use of equity compensation.	Based on being market competitive in providing health and other benefits and perquisites.

The short-term and long-term incentive compensation plans place a significant portion of compensation at risk.

Overview of compensation mix for executives in 2008

The table below outlines the mix of base salary and compensation at risk for each named executive officer:

Executive	Base salary	Short-term incentive compensation	Long-term incentive compensation
Karen Sheriff, President and chief executive officer	27%	24%	49%
Glen LeBlanc, Chief financial officer	34%	24%	42%
Roch Dubé, President Bell Aliant Québec and Ontario	39%	23%	38%
David Rathbun, Executive vice president and president, xwave	39%	23%	38%
Fred Crooks, Executive vice president, corporate services and chief legal officer	39%	23%	38%
Stephen Wetmore, former President and chief executive officer	25%	25%	50%
Frank Fagan, former Chief operating officer	31%	23%	46%
Mahes Wickramasinghe, former Executive vice president	34%	24%	42%

Annual base salary
Salaries are determined based on the responsibilities of each position and the executive's experience and knowledge when compared to market data. From time to time, changes in responsibilities may occur, warranting a review of the executive's salary. The review may require the involvement of an outside consultant to provide an independent and objective recommendation for management to bring to the committee for discussion and approval.

Short-term incentive compensation
The short-term incentive plan ("STIP") is designed to reward the achievement of specific annual targets.

Target STIP payouts for each executive are a percentage of base salary ranging from 60% to 100%. Actual payouts are based on salary and results achieved for each performance measure used in the STIP program. The performance measures each have threshold, target and outperform levels which equate, respectively, to a 50%, 100% and 150% of target payout.

In addition, the plan includes two payout "governors" or restrictions – a financial floor (distributable cash) below which no payout is made, and an EBITDA hurdle which, if not met, precludes any payout above target.

Base salary	X	**Annual incentive target payout**	X	**Actual results on performance measures**	=	**Annual STIP award**
		Targets are a % of base salary and range from 60% – 100%		For each measure: ● Threshold of 50% ● Target of 100% ● Maximum of 150%		

STIP targets may be adjusted to take account of factors affecting performance which are beyond the executives' control. Events that have required adjustments in the past include CRTC decisions, accounting classification changes, and acquisitions or divestitures.

2008 STIP
On the committee's recommendation, the board approved the 2008 STIP on February 4, 2008. The 2008 STIP included measures designed to focus executives on improving the customer experience and delivering strong financial performance. There were four performance measures - distributable cash, gross revenue, customer

service index and employee value index. Each measure was weighted equally, accounting for 25% of the overall STIP score. Information about the measures, targets and other features of the plan is set out below.

Distributable cash: This is a measure of financial performance and unitholder value. Distributable cash equals EBITDA minus certain annual cash expenditures such as pension current service cost and other post employment benefit funding, interest expense and capital investments.

Gross revenue: This includes all recurring and one time revenues, before any costs are deducted.

Customer service index: This is a composite of five key metrics:
- Access for residential and small and medium businesses (SMB) installation and repair;
- Satisfaction with the representative composite for residential and SMB installation and repair;
- Provisioning commitments met including all new installs, move orders and change orders for field visit;
- Service assurance commitments met including all trouble reports; and
- Service assurance % total repaired within 48 hours.

Employee value index: This index is based on the concept that employees who feel valued help to create better customer service and overall corporate performance. Results for this index are determined by an annual survey of all employees.

Results of the 2008 STIP
The overall STIP payout was 86% of target for each named executive officer. Four measures contributed to the payout result as follows:
- Distributable Cash – $716M of distributable cash was generated which resulted in a full 25% payout.
- Gross Revenue – $3,282M in revenue was achieved which resulted in a full 25% payout.
- Customer Service Index – customer service improved significantly in the year but came in just short of target resulting in a 21% payout.
- Employee Value Index – a comprehensive effort was made in the year to improve employee engagement, for which a 15% payout was awarded by the board.

The table below summarizes these results:

Measure	Weight	Actual results
Distributable cash	25%	25%
Gross revenue	25%	25%
Customer service index	25%	21%
Employee value index	25%	15%
Total result		86%

The table below outlines the STIP result and payout for each named executive officer:

Executive	Salary	Short-term incentive target (% of base)	Short-term incentive actual result	Short-term incentive payout
Karen Sheriff, President and chief executive officer[1]	$111,233 $187,397	85% 80%	86.0%	$210,241
Glen LeBlanc, Chief financial officer	$400,000	70%	86.0%	$240,800
Roch Dubé, President Bell Aliant Québec and Ontario	$425,000	60%	86.0%	$219,300
David Rathbun, Executive vice president and president, xwave	$300,000	60%	86.0%	$154,800
Fred Crooks, Executive vice president, corporate services and chief legal officer	$300,000	60%	86.0%	$154,800
Stephen Wetmore, former President and chief executive officer	$900,000	100%	73.8%[2]	$664,200
Frank Fagan, former Chief operating officer	$251,922	75%	100%[2]	$186,986[3]
Mahes Wickramasinghe, former Executive vice president	$300,000	70%	73.8%[2]	$155,122[4]

Notes:

(1) *Amounts for Ms. Sheriff represent salary, STIP target and STIP payouts in relation to her roles as President and chief executive officer from November 3, 2008 to December 31, 2008 and as Chief operating officer from July 11, 2008 to November 2, 2008, respectively.*

(2) *Based on year to date results upon date of departure.*

(3) *Amounts for Mr. Fagan represent STIP payout pro-rated from January 1, 2008 to June 30, 2008*

(4) *Amounts for Mr. Wickramasinghe represent STIP payout pro-rated from January 1, 2008 to September 30, 2008*

Long-term incentive compensation

Long-term incentive compensation (LTIP) is designed to align executive performance with long-term growth in unitholder value and to support the objectives of employee ownership, and a strong spirit of performance and entrepreneurship. Long-term incentives are delivered through our deferred unit plan ("DUP"). Under the DUP, individuals are designated by the directors and trustees to receive deferred units and the directors and trustees also determine the date of the grant, the number of deferred units to be granted, vesting conditions, the payout date and the performance criteria. All named executive officers are participants in the DUP. Each deferred unit represents the right to receive one Fund unit, provided certain performance and/or time-vesting criteria are met. The deferred units attract notional distributions which are credited in the form of additional deferred units held in the participant's account.

2008 DUP grant

The DUP grant for each executive is a percentage of base salary ranging from 100% to 200%, as shown in the table below. Deferred units granted in 2008 vest in equal amounts of one-third in each of 2008, 2009 and 2010 subject to performance criteria. The performance measures each have threshold and target levels which equate, respectively, to 50% and 100% of target vesting. The performance measures are total unitholder return, weighted at 30%, and distributable cash, weighted at 70%:

Total unitholder return on investment ("TUR") is the appreciation in the Fund's unit value plus returns in the form of re-invested distributions, measured by taking the average of the unit price for the first 20 business days in year one compared to the average of the last 20 days in each year of the performance period.

Distributable cash equals EBITDA minus certain annual cash expenditures such as pension current service cost and other post employment benefit funding, interest expense and capital investments.

The table below outlines the 2008 DUP grant for each named executive officer:

Executive	**Salary**	**Long-term incentive target (% of base)**	**Long-term incentive grant (units)**	**Long-term incentive grant ($value)[1,3]**
Karen Sheriff, President and chief executive officer	$700,000 $600,000	175% 150%	18,894	$475,751[2]
Glen LeBlanc, Chief financial officer	$400,000	125%	16,595	$500,007
Roch Dubé, President Bell Aliant Québec and Ontario	$425,000	100%	14,106	$425,014
David Rathbun, Executive vice president and president, xwave	$300,000	100%	9,957	$300,004
Fred Crooks, Executive vice president, corporate services and chief legal officer	$300,000	100%	9,957	$300,004
Stephen Wetmore, former President and chief executive officer	$900,000	200%	59,741	$1,799,996
Frank Fagan, former Chief operating officer	$500,000	150%	24,892	$749,996
Mahes Wickramasinghe, former Executive vice president	$400,000	125%	16,595	$500,007

Notes:

(1) *The value of the long-term incentive plan grant is calculated based on a unit price of $30.13.*

(2) *Upon her appointment as President and chief executive officer, Ms. Sheriff was granted units based on a unit value at date of grant of $25.18. Amounts for Ms. Sheriff represent the DUP grant pro-rated for the time in her role as chief operating officer from July 11, 2008 to November 2, 2008 and President and chief executive officer from November 3, 2008 to December 31, 2008.*

(3) *The ultimate value of the grant is dependent on the fair market value of the vested fund units at the time of redemption.*

Results of year one for the 2008 LTIP
Total Unitholder Return on Investment – Result: 0%. The Fund unit price declined during the year such that TUR performance targets were not met, therefore resulting in a 0% vesting based on the TUR measure in Year 1 of the DUP grant.

Distributable Cash – Result: 100%. Distributable cash was above budget therefore the distributable cash target was met, resulting in 100% vesting based on the distributable cash measure in Year 1 of the DUP grant.

Since the distributable cash performance measure has a weighting of 70% with a 100% result and TUR has a weighting of 30% with a 0% result, the DUP vesting for 2008 was 70%. Additional DUP deferred units granted in 2008 may still vest if the cumulative target for TUR is met in the second or third performance year.

Ownership guidelines
Bell Aliant established unit ownership guidelines for its executives in 2006. Credit is given for ownership of Fund units (including units held in the employee unit ownership plan, unitholder reinvestment plan or within an RRSP) and/or deferred units held in the DUP*.* Executives are required to meet the guidelines within a period of five years from the date of appointment to the executive position. The ownership status of our current named executive officers as of December 31, 2008 is as follows:

Name	**Title**	**Unit ownership as of December 31, 2008**[1]	**Unit ownership guideline**	**Target date to achieve Unit ownership**
Karen Sheriff	President and chief executive officer	19,639 $462,504	4 x base salary $2,800,000	December 31, 2013
Glen LeBlanc	Chief financial officer	56,242 $1,324,498	3 x base salary $1,200,000	December 31, 2011
Roch Dubé	President Bell Aliant Québec and Ontario	60,719 $1,429,925	3 x base salary $1,275,000	December 31, 2011
David Rathbun	Executive vice president and president, xwave	45,834 $1,079,387	3 x base salary $ 900,000	December 31, 2011
Fred Crooks	Executive vice president, corporate services and chief legal officer	38,077 $896,704	3 x base salary $ 900,000	December 31, 2011

Note: Total value of unit ownership is calculated based on a unit price of $23.55, the closing price of Fund units on the TSX on December 31, 2008.

Compensation of the President and chief executive officer

Stephen Wetmore, former President and chief executive officer (January 1, 2008 – November 3, 2008)
Mr. Wetmore ceased performing the duties of President and chief executive officer of Bell Aliant on November 3, 2008 and his employment terminated on December 31, 2008. In accordance with his employment agreement, Mr. Wetmore was paid severance of 30 months of base pay ($2,250,000), short-term incentive pay at target ($2,250,000), and 30 days vacation pay ($103,846).

The following table summarizes the severance payments received by Mr. Wetmore.

Severance Pay	
Base Pay	$2,250,000
STIP	$2,250,000
Other	$ 103,846
Total	$4,603,846

In addition, Mr. Wetmore became eligible to receive payments related to earned compensation for 2008 under both the 2008 STIP and LTIP. Under the STIP, he was paid $664,200, based on plan performance of 73.8% as of September 30, 2008. Under the LTIP and in accordance with Mr. Wetmore's employment agreement, all unvested DUP units became vested at target (100%) with a value of $4,472,784.

In accordance with the retirement provision in his supplementary executive retirement plan, Mr. Wetmore became eligible to retire as of December 31, 2007. With the cessation of his employment on December 31, 2008, he commenced receipt of his pension and retirement benefits on January 1, 2009. Mr. Wetmore received a retirement allowance of $900,000. He receives an initial annual pension of $636,018 as well as other post retirement benefits.

Details of Mr. Wetmore's pension arrangement are given in the *Retirement plans* section.

Karen Sheriff, President and chief executive officer (effective November 3, 2008)
Ms. Sheriff was appointed President and chief executive officer effective November 3, 2008. The components of her Bell Aliant compensation included:

	President & chief executive officer
Annualized Base Pay	$700,000
Performance Based Compensation • Short-term incentive plan (85% of base salary) • Long-term incentive plan (175% of base salary)	 $595,000 $1,225,000
Total Direct Compensation	$2,520,000

In determining Ms. Sheriff's compensation, the board took into consideration Bell Aliant's compensation model, as well as her Bell Canada executive experience and compensation. Based on the review, the board approved Ms. Sheriff's total compensation. Details of Ms. Sheriff's pension arrangement are given in the *Retirement plans* section.

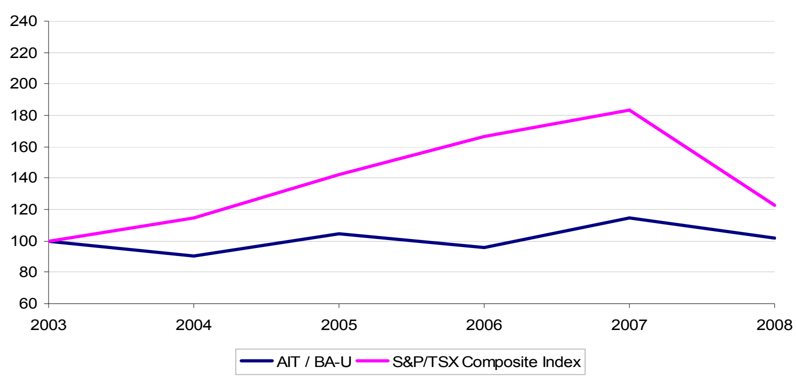
SHARE/UNIT PERFORMANCE

The cumulative total return chart and share/unit performance graph below were prepared based on an investment of $100 in Aliant Inc. ("Aliant") common shares as of December 31, 2003. The chart reflects the total return of Aliant common shares on the TSX for the period from January 2004 to July 2006 and the total return of Fund units on the TSX from July 2006 to December 2008.

Cumulative total return [1]

	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**Return** [2]
Aliant/Fund	100	90	104	96	115	102	0.4%
S&P/TSX composite index	100	114	142	167	183	123	4.2%

Notes:
(1) The final column "Return" reflects results for Aliant and the Fund combined.
(2) 5-year compounded annual total return.



Performance graph
The performance graph is based upon an initial investment of $100 invested in Aliant common shares on December 31, 2003. For comparison purposes, also shown is the corresponding information for the S&P/TSX Composite Total Return index.

Period prior to the Bell Aliant Plan of Arrangement (the "Plan of Arrangement") (January 2004 - July 2006)
For the period leading to the creation of Bell Aliant and the income trust conversion, compensation for named executive officers was based on the compensation model of their respective predecessor organizations: Aliant, Bell Canada and Bell Nordiq. Aliant's executive compensation model included a stock option program and a Performance Share Unit Plan.

Performance share units awarded in 2005 did not meet the performance criterion for this grant and therefore none of the units vested.

Aliant's stock option program was terminated as of the date of the Plan of Arrangement on July 7, 2006. Named executive officers, who held options to acquire Aliant common shares, received payment representing the amount by which the Aliant trading price exceeded the exercise price. These payments were made in lieu of the normal practice of exercising such options.

Period since the Bell Aliant Plan of Arrangement
Since the formation of Bell Aliant, executives have received long-term incentive awards in the form of deferred units. The first grants, for 2006, were based on time vesting only. The objective of this grant was to facilitate executive ownership in the new entity and to recognize that a significant period had elapsed without any type of long-term incentive being available to the executive team. The subsequent two grants, for 2007 and 2008 respectively, incorporate performance criteria that together with the underlying ownership feature provide a balance between annual financial performance and investor returns.

The decline in market value from 2007 to 2008 shown in the performance graph affected the variable compensation of our named executive officers. In particular, the long-term incentive plan vested at 0% for year two of the 2007 grant and 70% for year one of the 2008 grant.

SUMMARY COMPENSATION TABLE ("SCT")

Compensation of officers
The named executive officers include the Chief executive officer ("CEO") and Chief financial officer ("CFO"), the three executives with the next highest total compensation in 2008 who are officers as of December 31, 2008, and other officers who were not executive officers at December 31, 2008 whose total compensation exceeded that of the lowest paid among the active year-end named executive officers (other than the CEO or the CFO). Pension value and severance payout amounts are not included in determining total compensation for purposes of identifying named executive officers. Bell Aliant's named executive officers for 2008 are Stephen Wetmore, former President and chief executive officer (January 1, 2008 to November 3, 2008); Karen Sheriff, President and chief executive officer; Glen LeBlanc, Chief financial officer; Roch Dubé, President Bell Aliant Ontario and Québec; David Rathbun, Executive vice president and president, xwave; Fred Crooks, Executive vice president, corporate services and chief legal officer; Frank Fagan, former Chief operating officer (January 1, 2008 to June 30, 2008) and Mahes Wickramasinghe, former Executive vice president (January 1, 2008 to September 30, 2008).

The table below outlines total compensation paid by Bell Aliant or its subsidiaries to the named executive officers for 2008, in the form prescribed by the Canadian securities regulatory authorities.

Name and position	Year	Salary ($)	Share–based Awards ($)	Non-Equity Incentive Plan Compensation Annual Short-term Incentive Compensation ($)	Pension Value ($)	All other Compensation ($)	Total Compensation ($)
Karen Sheriff President and chief executive officer	2008	$298,630	$475,751	$210,241	$452,581	$48,587 [1]	$1,485,790
Glen LeBlanc Chief financial officer	2008	$400,000	$500,007	$240,800	$71,949	$128,108 [2]	$1,340,864
Roch Dubé President Bell Aliant Québec and Ontario	2008	$425,000	$425,014	$219,300	$146,015	$71,203 [2]	$1,286,532
David Rathbun Executive vice president and president, xwave	2008	$300,000	$300,004	$154,800	$121,242	$98,734 [2]	$974,780
Fred Crooks Executive vice president, corporate services and chief legal officer	2008	$300,000	$300,004	$154,800	$72,000	$87,012 [2]	$913,816
Stephen Wetmore Former President and chief executive officer	2008	$900,000	$1,799,996	$664,200	$2,199,855	$5,999,199 [2,3]	$11,563,250
Frank Fagan Former Chief operating officer	2008	$251,922	$749,996	$186,986	($54,053)	$1,243,725 [2,4]	$2,378,576
Mahes Wickramasinghe Former Executive vice president	2008	$300,000	$500,007	$155,122	$0.00	$2,171,966 [2,5]	$3,127,095

Notes:

(1) Karen Sheriff's total compensation for 2008 reflects her actual earnings as Bell Aliant Chief operating officer from July 11, 2008 to November 2, 2008 and as President and chief executive officer from November 3, 2008 to December 31, 2008. Prior to July 11, 2008 she was an employee of Bell Canada. All other compensation includes a transition allowance of $36,000, DUP distributions earned in 2008, along with other taxable benefits.

(2) All other compensation includes accrued distributions in the DUP in 2008, employer contributions and interest paid to the named executive officers under the employee unit ownership plan, and other taxable benefit amounts.

(3) Stephen Wetmore resigned as President and chief executive officer on November 3, 2008 and ceased to be an employee of Bell Aliant effective December 31, 2008. Mr. Wetmore received severance payments pursuant to his employment agreement.

(4) Frank Fagan retired on June 30, 2008. Mr. Fagan did not have an employment contract. All other compensation includes a retention bonus payout of $12,466, a retiring allowance of $978,975 as well as DUP distributions earned in 2008 of $97,254. Following retirement, Mr. Fagan provided consulting services to Bell Aliant for which he received an amount of $50,200.

(5) Mahes Wickramasinghe resigned as Executive vice president effective September 30, 2008. Mr. Wickramasinghe received severance payout amounts as per his employment contract in the amount of $1,450,000.

Incentive plan awards (LTIP and STIP)

The tables below outline the value of vested and unvested equity grants under the DUP and the value of non-equity compensation earned by the named executive officers in 2008.

Outstanding unit awards

Name	Number of units that have not vested	Value of unvested units if performance targets are not achieved	Value of unvested units if performance targets are achieved[1]
Karen Sheriff	14,643	$0	$344,843
Glen LeBlanc	28,010	$0	$659,636
Roch Dubé	20,743	$0	$488,498
David Rathbun	16,806	$0	$395,781
Fred Crooks	15,652	$0	$368,605
Frank Fagan	3,076	$0	$72,440
Mahes Wickramasinghe	2,543	$0	$59,888

Note: Total value of units is calculated based on a unit price of $23.55, the closing price of Fund units on the TSX on December 31, 2008.

Value vested or earned

Name	Number of units that vested in 2008	Value during the year on vesting of deferred units	Non-equity incentive plan compensation (STIP) – value earned during the year[1]
Karen Sheriff	4,457	$104,962	$210,241
Glen LeBlanc	10,546	$248,358	$240,800
Roch Dubé	3,894	$91,704	$219,300
David Rathbun	7,491	$176,413	$154,800
Fred Crooks	6,425	$151,309	$154,800
Stephen Wetmore	134,174[2]	$3,159,798	$664,200
Frank Fagan	11,804	$277,984	$186,986
Mahes Wickramasinghe	10,882	$256,271	$155,122

Notes:

(1) Value during the year on vesting is based on deferred units vested in 2008 for each of the 2006, 2007 and 2008 DUP grants. Actual value of units is determined upon redemption, a date up to two years following the last day of active employment.

(2) Mr. Wetmore's units fully vested in 2008.

Fund units issued for the year ended December 31, 2008

Participants in the DUP have up to two years after the last date of employment to request their vested Fund units under the DUP. In 2008, Frank Fagan, former chief operating officer was issued 23,301 Fund units based on a unit price of $26.49 for a total value of $617,243.

Deferred unit plan

The DUP defines "participant" to mean a permanent employee of a Fund subsidiary who has been designated by the Fund for participation in the plan. All Bell Aliant named executive officers and senior leaders are eligible to participate in the DUP. The directors and trustees designate the individuals to be granted deferred units, the date of the grant, the number of deferred units to be granted, vesting conditions, performance criteria, and the terms of the DUP.

Each deferred unit represents the right to receive one Fund unit provided certain performance and/or time-vesting criteria are met. Upon vesting, deferred units are held for the participant until the participant departs from Bell Aliant. The deferred units attract notional distributions which are credited in the form of additional deferred units held in the account. The number of deferred units granted is based on the targeted long-term incentive compensation amount divided by a five day weighted average closing price of the Fund's units on the TSX prior to the grant. The final balance and value of the units will be determined based upon vesting criteria at the end of the performance period, the accumulation of distributions and the fair market value at time of redemption. The payout date must be a date no later than two years following a participant's departure from Bell Aliant. Deferred units granted under the DUP terminate and are of no force and effect after two years following a participant's departure, if not redeemed or previously terminated.

When a participant ceases to be an employee of Bell Aliant due to resignation or termination with cause, any unvested deferred units terminate and are forfeited, unless otherwise determined by the directors and trustees. In the event of retirement, termination without cause, death or termination by reason of disability, unvested deferred units vest on a prorated basis from the beginning of the performance period to the end of employment date, subject to actual performance results as determined at the end of the performance period. The interest of any participant is not transferable or assignable other than by operation of law.

Any amendment to the DUP that increases the maximum number of Fund units issuable, extends the last date on which Fund units may be issued, or adds additional categories of participants, requires the prior approval of Fund unitholders. The trustees may make any other amendments to the plan, including amendments of a housekeeping nature or amendments related to participants' entitlements in the event of termination of employment.

Securities authorized for issuance under equity compensation plans.
The following table shows, as of December 31, 2008, information regarding compensation plans under which equity securities of the Fund are authorized for issuance. The numbers shown for *Equity compensation plans approved by security holders* relate to the Bell Aliant DUP, the Directors' DUP and the employee unit ownership plan. Please refer to the *Long-term incentive compensation* and the *Compensation of trustees and directors* sections of this Schedule 3 and to note 7 of the Fund's consolidated financial statements for the period ended December 31, 2008, for further information.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights[1]	Number of securities remaining available for future issuance under equity compensation plans[2]
Equity compensation plans approved by security holders	1,181,958	4,956,849

Notes:

(1) Includes 1,181,958 deferred units issued under the Bell Aliant DUP as of December 31, 2008. Of these, 686,145 deferred units were vested at December 31, 2008, and the remaining deferred units are subject to time and performance criteria being met before they become vested and can be exercised. There is no exercise price related to outstanding deferred units.

(2) Includes a remaining reserve of 3,559,280 for the Bell Aliant DUP, less the number of deferred units already issued and outstanding at December 31, 2008; a reserve of 300,000 for the matching deferred ownership plan; a reserve of 200,000 for the Directors' DUP; and a remaining reserve of 2,079,527 for treasury unit issuances under the employee unit ownership plan. The matching deferred ownership plan and the Directors' DUP are approved but have not been implemented. All other equity compensation plans have been implemented.

On June 18, 2008, the trustees and unitholders approved an increase to the maximum number of Fund units issuable under DUP from 1,200,000 to 3,600,000 or approximately 0.5% of the number of outstanding Fund units (on a fully diluted basis assuming the exchange of all Holdings Class 1 LP Units and Bell Aliant Exchangeable LP Units held by BCE and its affiliates).

The maximum number of deferred units issuable to insiders (as defined by the TSX relating to security based compensation arrangements) under the Bell Aliant DUP, together with any Fund units issuable under any other security based compensation arrangement, shall not exceed 10% of the total number of outstanding Fund units on a fully diluted basis. The maximum number of deferred units issued to insiders, together with any Fund units issued under any other security based compensation arrangement, within any one year period, shall not exceed 10% of the total number of outstanding Fund units on a fully diluted basis.

RETIREMENT PLANS
The named executive officers participate in a variety of defined benefit and defined contribution pension plans and supplementary executive retirement plans ("SERP"). While generally similar, certain specific terms regarding an individual's benefits may vary.

The amounts disclosed below are the approximate values of retirement plan obligations accrued as of December 31, 2008, the compensation costs incurred during 2008, and the amounts payable upon retirement of the named executive officers. These amounts are all based on assumptions and contractual entitlements, which may change over time. The major assumptions used in making these estimates are consistent with those used to value all of Bell Aliant's post-employment benefit obligations and are disclosed in note 9 of Bell Aliant Holdings LP's consolidated financial statements for the year ended December 31, 2008.

Defined benefit ("DB") retirement plans table

The following table provides information on accrued obligation for each named executive officer who is a member of a Defined Benefit retirement plan arrangement.

Name	Number of years credited service[1]	Annual Accrued Benefit Payable		Accrued obligation at start of year[4] ($)	Compensatory change in accrued obligation [5] ($)	Non-compensatory change in accrued obligation [6] ($)	Accrued obligation at end of year ($)
		At December 31, 2008 [2]	At age 65 [3]				
Karen Sheriff [7]	14.4 yrs	$311,948	$771,134	$0	$452,581	$1,196,504	$1,649,085
Glen LeBlanc	15.3 yrs	$129,571	$397,195	$1,471,512	$71,949	($438,269)	$1,105,192
Roch Dubé [7]	33.1 yrs	$352,400	$451,114	$4,015,219	$146,015	($619,715)	$3,541,519
David Rathbun	11.1 yrs	$84,238	$170,405	$1,172,326	$92,442	($217,834)	$1,046,934
Stephen Wetmore [8]	14.3 yrs	$636,018	$636,018	$6,666,400	$2,199,855	$1,122,622	$9,988,877
Frank Fagan [8]	60.7 yrs	$649,191	$649,191	$10,052,049	($54,053)	($1,051,247)	$8,946,749
Mahes Wickramasinghe [8]	5.1 yrs	$11,945	$11,945	$499,800	0	($499,800)	0

Notes:

(1) Years of credited service include any additional service granted under a SERP.

(2) Annual pension accrued at year-end is based on deferred pension payable at age 65 based on credited service and average earnings as of December 31, 2008.

(3) Annual pension payable at age 65 is based on projected service at age 65 and average earnings as of December 31, 2008.

(4) The Accrued Obligation refers to the present value of benefits earned to date. Measurement of accrued obligation reflects the accounting assumptions used in the Bell Aliant Regional Communications Holdings, Limited Partnership's financial statements.

(5) Compensatory elements, as reported in the pension value column of the SCT include service cost, impact of plan amendments if any, and the impact of changes to compensation from previous year that differed from the previous year's assumptions.

(6) Non-compensatory elements include change in measurement assumptions (not related to plan amendments), non-pay-related experience, such as interest rates, retirement date assumptions, and benefit payments, if any.

(7) In the event that Ms. Sheriff or Mr. Dubé leave prior to becoming eligible for retirement, no SERP benefits are payable and any additional years of credited service are forfeited.

(8) Mr. Wetmore and Mr. Fagan retired on December 31, 2008 and June 30, 2008 respectively. Mr. Wickramasinghe terminated employment on September 30, 2008, prior to becoming eligible for supplementary plan benefits.

The following table summarizes each named executive officer's years of credited service under their registered pension plan and applicable SERP and years of actual service.

Name	Plan	Years of Credited Service	Years of Actual Service
Karen Sheriff	Registered Pension Plan Supplementary Executive Retirement Plan	9.6 years 14.4 years	14.6 years
Glen LeBlanc	Registered Pension Plan Supplementary Executive Retirement Plan	15.3 years 4.0 years	15.3 years
Roch Dubé	Registered Pension Plan Supplementary Executive Retirement Plan	29.6 years 33.1 years	29.6 years
David Rathbun	Supplementary Executive Retirement Plan	11.1 years	11.1 years
Stephen Wetmore	Registered Pension Plan Supplementary Executive Retirement Plan	10.9 years 14.3 years	10.9 years
Frank Fagan	Registered Pension Plan Supplementary Executive Retirement Plan	46.5 years 60.7 years	46.5 years

Mahes Wickramasinghe	Registered Pension Plan Supplementary Executive Retirement Plan	5.1 years 0.0 years	5.1 years

For all named executive officers except Mr. LeBlanc, Mr. Rathbun, and Mr. Wickramasinghe, the years of service in their applicable SERP includes the service in the registered pension plan as well as an additional half year of credited service for each year that they have served as a senior officer. Ms. Sheriff's actual service includes five years with Ameritech/SBC for pension eligibility purposes only. Mr. Rathbun is not entitled to any additional years of credited service. The years of service in the registered pension plan and SERP for Mr. LeBlanc reflect that his SERP eligibility began upon his appointment to chief financial officer and he had 11.3 years of credited service as a member of the company registered pension plan prior to that date. The credited service for Mr. Wickramasinghe reflects his termination of employment prior to becoming eligible for benefits under his SERP.

Defined contribution ("DC") plans table
The following table provides information on the accumulated values for each named executive officer who is a member of a Defined Contribution plan arrangement.

Name	**Accumulated Value at Start of Year**	**Compensatory Change in Value in the Year** [1]	**Non-compensatory Change in Value in the Year** [2 3]	**Accumulated Value at End of Year**
Fred Crooks	$188,685	$72,000	($23,187)	$237,497
David Rathbun	$363,142	$28,800	($65,688)	$326,253

Notes:
(1) Compensatory elements include actual employer contributions to a registered DC plan or personal registered retirement savings plan ("RRSP") up to the annual income tax limit, as well as employer contributions to a notional account above that limit.
(2) Non-compensatory elements include employee contributions to the registered DC plan for Mr. Rathbun, and investment earnings on all employee and employer contributions for Mr. Rathbun, as well as investment earnings on the employer notional account for Mr. Crooks. Non-compensatory elements do not include investment earnings on the employer contribution to the personal RRSP for Mr. Crooks. The personal RRSP consists of personal accounts for which the company does not have the relevant investment earnings information.
(3) Rate of return for investment earnings in the notional accounts is determined based on one or a combination of six asset classes, as chosen by the plan member. The rate of return for each asset class is represented by a specific index.

Karen Sheriff
Karen Sheriff participates in the defined benefit provision of the Bell Aliant Pension Plan (Ontario and Québec), and a SERP. In general, Ms. Sheriff will be entitled to receive SERP benefits upon attaining the earlier of:

- at least age 55, and the sum of age and credited service of at least 85; or
- at least age 60, and the sum of age and credited service of at least 80; or
- age 65 and at least 15 years of credited service.

Ms. Sheriff will be entitled to unreduced retirement benefits from her SERP effective October 4, 2018, when she attains age 60.65 and service of 19.35 years and the sum of her age and credited service is 80.

At retirement, these plans will provide an annual pension per credited year of service of 1.0% of her best 36 consecutive months' average pensionable earnings up to the maximum pensionable earnings and 1.7% of her best 36 consecutive months' average pensionable earnings over the maximum pensionable earnings, to a maximum of 70% of her average pensionable earnings. Maximum pensionable earnings means the maximum pensionable earnings under the Canada Pension Plan for the year in which the plan member retires. Pensionable earnings include salary and short-term incentive payments up to target, but do not include long-term compensation reported in the SCT. These benefits are not subject to any deductions for government benefits or other offset amounts. Ms. Sheriff's SERP provides for an additional half-year of credited service for each year as a senior officer, and a survivor pension of 60% of Ms. Sheriff's pension benefit. At retirement, Ms. Sheriff's SERP also provides for a lump-sum payment equal to her annual salary immediately prior to retirement.

Glen LeBlanc
Glen LeBlanc participates in the Bell Aliant Defined Benefit Pension Plan and a SERP. Mr. LeBlanc will be entitled to receive unreduced retirement benefits effective August 2, 2022, when he attains age 55 and his service is greater than 25 years.

The plans provide an annual pension of 1.5% of his best 60 consecutive months' average pensionable earnings at retirement for each credited year of service before 2005, plus 1.7% of his best 36 consecutive months' average pensionable earnings at retirement for each credited year of service in or after 2005. Pensionable earnings include salary and short-term incentive payments but do not include long-term compensation reported in the SCT. At age 65, the pension benefit for service before 2005 is reduced to reflect benefits from the Canada Pension Plan. Mr. LeBlanc's SERP provides a survivor pension equal to 60% of Mr. LeBlanc's pension benefit.

Roch Dubé
Roch Dubé participates in the defined benefit provision of the Bell Aliant Pension Plan (Ontario and Québec), and a SERP. In general, Mr. Dubé will be entitled to receive SERP benefits upon attaining the earlier of:

- at least age 55, and the sum of age and credited service of at least 85; or
- at least age 60, and the sum of age and credited service of at least 80; or
- age 65 and at least 15 years of credited service.

Mr. Dubé will be entitled to unreduced retirement benefits from his SERP effective March 19, 2009, when he attains age 55.21 and service of 29.78 years and the sum of his age and credited service is 85.

At retirement, these plans will provide an annual pension per credited year of service of 1.0% of his best 36 consecutive months' average pensionable earnings up to the maximum pensionable earnings and 1.7% of his best 36 consecutive months' average pensionable earnings over the maximum pensionable earnings, to a maximum of 70% of his average pensionable earnings. Maximum pensionable earnings means the maximum pensionable earnings under the Canada Pension Plan for the year in which the plan member retires. Pensionable earnings include salary and short-term incentive payments up to target, but do not include long-term compensation reported in the SCT. These benefits are not subject to any deductions for government benefits or other offset amounts. Mr. Dubé's SERP provides for an additional half-year of credited service for each year as a senior officer, and a survivor pension of about 60% of Mr. Dubé's pension benefit. At retirement, his SERP also provides for a lump-sum payment equal to Mr. Dubé's annual salary immediately prior to retirement.

David Rathbun
Mr. Rathbun participates in the Bell Aliant Regional Communications, Limited Partnership Defined Contribution Pension Plan and a SERP. Mr. Rathbun will be entitled to receive unreduced retirement benefits from his SERP upon attaining 60.

The registered defined contribution pension plan, as it applies to Mr. Rathbun, is a plan under which he contributes 2% of pensionable earnings and Bell Aliant contributes 6%. The combined contributions are made to the registered pension plan up to the income tax limit ($21,000 in 2008) and to a notional account for contributions above that limit.

Mr. Rathbun also participates in a SERP that provides an annual pension of 1.5% of his best 36 consecutive months' average pensionable earnings for each year of credited service (to a maximum of 75% of such earnings). Pensionable earnings include salary, short-term incentive payments and perquisites received by Mr. Rathbun but do not include long-term compensation reported in the SCT. At age 65, the pension benefit is reduced to reflect benefits from the Canada Pension Plan. The plan provides a survivor pension equal to 66.67% of the executive's pension benefit.

Mr. Rathbun is also entitled to a pension enhancement resulting from a 2001 retention bonus. This bonus was used to ensure continuity of leadership following the merger of Aliant's predecessor corporations and named executives were entitled to compensation if they remained with Aliant until June 1, 2001. Prior to becoming eligible for the bonus, Mr. Rathbun elected to take the balance of the retention bonus as a pension enhancement. The total amount accrued with interest for Mr. Rathbun as of December 31, 2008 was $311,000 and the estimated annual benefit payable at normal retirement (age 60) is currently $28,000.

Fred Crooks

Mr. Crooks participates in a Bell Aliant Executive Retirement Plan. This plan is a non-contributory defined contribution retirement plan with Bell Aliant contributing 15% of his pensionable earnings. Pensionable earnings include salary and short-term incentive payments but do not include long-term compensation reported in the SCT. Bell Aliant's contributions up to the personal income tax limit are made to a registered retirement savings plan and contributions in excess of the income tax limit are accrued and tracked in a notional account for Mr. Crooks. The maximum contribution that could be made to registered retirement savings plans for 2008 was $20,000.

Stephen Wetmore

Stephen Wetmore participated in the defined benefit provision of the Bell Aliant Pension Plan (Ontario and Québec), and a SERP. Mr. Wetmore was entitled to receive unreduced retirement benefits upon attaining age 55 which he attained in December 2007.

The defined benefit plan formula provides an annual pension per credited year of service of 1.0% of his best 36 consecutive months' average pensionable earnings up to the maximum pensionable earnings and 1.7% of his best 36 consecutive months' average pensionable earnings over the maximum pensionable earnings, to a maximum of 70% of his average pensionable earnings. Maximum pensionable earnings means the maximum pensionable earnings under the Canada Pension Plan for the year in which the plan member retires. Pensionable earnings include salary and short-term incentive payments up to target, but do not include long-term compensation reported in the SCT. These benefits are not subject to any deductions for government benefits or other offset amounts. Mr. Wetmore's SERP provides for an additional half-year of credited service for each year as a senior officer, and a survivor pension equal to 66.67% of Mr. Wetmore's pension benefit. At retirement, Mr. Wetmore's SERP also provides for a lump-sum payment equal to his annual salary immediately prior to retirement.

Mr. Wetmore's retirement arrangement provides for a minimum benefit at age 55 that is at least equal to 25% of his best 36 consecutive months' average pensionable earnings, plus an additional 3% per year of pensionable employment after age 55 to a maximum of 55% at age 65. Upon retirement, severance of 30 months is included for the purpose of determining his minimum benefit percentage.

Mr. Wetmore retired effective December 31, 2008 with an initial annual pension of $636,018.

Frank Fagan

Frank Fagan participated in the Bell Aliant Defined Benefit Pension Plan and a SERP. These plans provide an annual pension per credited year of service of 1.5% of his best 36 consecutive months' average pensionable earnings, to a maximum of 70% of his average pensionable earnings. Pensionable earnings include salary, short-term incentives and other benefits received by Mr. Fagan, but do not include long-term compensation reported in the SCT. At age 65, the pension benefit is reduced to reflect benefits payable from the Canada Pension Plan. Mr. Fagan's SERP provides for an additional half-year of credited service for each year as a senior officer and at June 30, 2008, Mr. Fagan had 60.7 credited years of service. His SERP provides a survivor pension equal to 66.67% of Mr. Fagan's pension benefit. Mr. Fagan has reached the highest pension percentage and is entitled to receive a pension equal to 70% of the best average 36 consecutive months of pensionable earnings. At retirement, Mr. Fagan's SERP provides for a lump-sum payment equal to his annual salary immediately prior to retirement.

Mr. Fagan retired effective June 30, 2008 with an initial annual pension of $649,191.

Mahes Wickramasinghe

Mahes Wickramasinghe participated in the defined benefit provision of the Bell Aliant Pension Plan (Ontario and Québec), and a SERP.

Mr. Wickramasinghe terminated employment with Bell Aliant effective September 30, 2008. He was not entitled to receive his SERP benefits, as he did not meet the minimum eligibility requirements.

TERMINATION OF EMPLOYMENT, CHANGE IN RESPONSIBILITIES AND EMPLOYMENT AGREEMENTS

All named executive officers as of December 31, 2008 have employment agreements providing for 24 months severance (base pay, STIP at target, and perquisites) in the event of termination without cause. In the event of termination with cause, no incremental payments are owed to any of the named executive officers. In addition, each executive has signed a non-compete, non-solicitation provision. The duration of the provision for Karen Sheriff is 24 months while all others have 12 months subsequent to termination or resignation. There are no provisions in the contracts dealing with a change of control.

Below are the incremental payments to our named executive officers for termination of employment as of December 31, 2008:

Karen Sheriff
In the event of termination without cause, Ms. Sheriff is entitled to severance in the amount of $2,890,000 and a special retirement benefit if termination or resignation occurs prior to February 8, 2018, the date she becomes eligible for retirement under the terms of her SERP. As of December 31, 2008, the amount is equal to $1,942,500 which represents 1.5x base salary and STIP at target. Once Ms. Sheriff becomes eligible for retirement under her SERP, she is entitled to a retirement allowance of 1x base salary.

Glen LeBlanc
In the event of termination without cause, Mr. LeBlanc is entitled to severance in the amount of $1,450,000. In addition, he is entitled to commence receipt of pension benefits from his defined benefit pension plan at age 55 (or his age at termination, if later) without actuarial reduction for early retirement.

Roch Dubé
In the event of termination without cause, Mr. Dubé is entitled to severance in the amount of $1,400,000. Upon retirement, Mr. Dubé is entitled to a retirement allowance of 1x base salary.

David Rathbun
Mr. Rathbun will receive, upon termination without cause, severance in the amount of $1,040,000. In addition, he is entitled to commence receipt of pension benefits from any defined benefit component of his pension plan(s) at age 55 (or his age at Termination, if later) without reduction for early retirement.

Fred Crooks
Mr. Crooks will receive, upon termination without cause, severance in the amount of $1,040,000.

COMPENSATION OF TRUSTEES AND DIRECTORS

Compensation
The directors of Bell Aliant Regional Communications Holdings Inc. ("Bell Aliant Holdings Inc.") are compensated based on an annual fixed fee of $110,000 for all directors including the chair of the board, with an additional $40,000 annual retainer (total retainer $150,000) for the chair of the audit committee and an additional $90,000 (total retainer of $200,000) for the vice-chair and lead independent director (the "Total Annual Retainer"). Directors of Bell Aliant Holdings Inc. employed by Bell Aliant Regional Communications Income Fund (the "Fund"), its subsidiaries, BCE Inc. ("BCE") or Bell Canada do not receive any compensation. In the case of directors employed by BCE or Bell Canada, in respect of their duties as directors, compensation is paid to Bell Canada as agreed by Bell Aliant and Bell Canada. Non-employee members of the board are also reimbursed for travel and other out-of-pocket expenses incurred as a result of attending board and committee meetings. Fund trustees who are also directors of Bell Aliant Holdings Inc. do not receive compensation as trustees that is in addition to the compensation they receive as directors of Bell Aliant Holdings Inc.

Deferred Unit Plan
Bell Aliant established a deferred unit plan for trustees and directors (the "Directors' DUP") effective January 2007, subject to receipt of a favourable advance tax ruling from the Canada Revenue Agency ("CRA"). To date, CRA has not issued a favourable advance tax ruling and such a ruling is not expected to be issued in the near future. Therefore, directors' fees deferred to the Directors' DUP in 2008 were paid in cash. In March 2009, the directors adopted a resolution that, in the absence of CRA approval, the Directors' DUP would be abandoned and that the compensation model for directors will be an all cash payment of the Total Annual Retainer.

2008 compensation

The following table outlines the compensation earned by each director in 2008.

Director	Annual retainer ($)
George Cope, Chair [1, 2]	0
Kevin Crull [1]	0
Robert Dexter	110,000
Lawson Hunter [1, 3]	0
Patrick Pichette [1, 3]	0
Edward Reevey [5]	150,000
Michael Sabia, Chair [1, 3]	0
Karen Sheriff [6]	0
Andrew Smith [4]	0
Louis Tanguay	110,000
Siim Vanaselja [1, 2]	0
David Wells [1, 2]	0
Stephen Wetmore [7]	0
Charles White, Vice-chair and lead independent director	200,000
Victor Young	110,000

Notes:

(1) In the case of directors employed by BCE or Bell Canada, compensation is paid to Bell Canada as agreed by Bell Aliant and Bell Canada.

(2) George Cope, Siim Vanaselja and David Wells were appointed to the Bell Aliant Holdings Inc. board on July 11, 2008.

(3) Lawson Hunter, Patrick Pichette and Michael Sabia resigned from the Bell Aliant Holdings Inc. board on July 11, 2008.

(4) Andrew Smith was appointed to the Bell Aliant Holdings Inc. Board on November 3, 2008.

(5) Edward Reevey is chair of the audit committee.

(6) Karen Sheriff was Chief operating officer of Bell Aliant Inc. from July 11, 2008 until her appointment as President and chief executive officer on November 3, 2008. Prior to this she was President, small and medium business, Bell Canada. Therefore during 2008 Ms. Sheriff did not receive compensation in respect of her duties as a director of Bell Aliant Holdings Inc.

(7) Stephen Wetmore was President and chief executive officer of Bell Aliant Inc. and therefore did not receive compensation in respect of his duties as a director of Bell Aliant Holdings Inc. Mr. Wetmore resigned as President & chief executive officer and as a director of Bell Aliant Holdings Inc. effective November 3, 2008.

Minimum ownership requirements

As part of its compensation model for Directors, the board of Bell Aliant Holdings Inc. established minimum ownership requirements effective in 2007. Directors were required to hold units and/or deferred units with a minimum combined market value of $250,000 within three years. These ownership requirements were established based on the Directors' DUP, which was intended to facilitate ownership of units by directors. The Directors' DUP has not taken effect because a favourable advance tax ruling from CRA has not been received; as a result, the Directors adopted a resolution in March 2009 confirming current compensation levels and minimum ownership requirements for new directors, including a three year period for directors to meet ownership requirements, and requiring current directors to meet the minimum ownership requirements by December 31, 2010. Directors who are employed by the Fund, its subsidiaries, BCE or Bell Canada do not receive compensation and those directors are therefore not required to meet unit ownership requirements. Karen Sheriff was appointed chief operating officer of Bell Aliant Inc. from July 11, 2008 and was subsequently appointed as president and chief executive officer of Bell Aliant Inc. effective November 3, 2008. Prior to this Ms. Sheriff was president, small and medium business of Bell Canada at which time she was not required to meet minimum ownership requirements. As president and chief operating officer of Bell Aliant Inc., Ms. Sheriff is subject to a minimum ownership requirement of Fund units equal to four times her base salary. Fund unit ownership requirements for Ms. Sheriff can be found in the *Report on executive compensation*.

The following table shows each director's minimum ownership requirements as well as the number of Fund units held as at December 31, 2008 and the aggregate value thereof, which is the number of Fund units multiplied by the closing price of Fund units on the TSX on December 31, 2008 ($23.55).

Director	Total units held by directors as at December 31, 2008		
	Unit ownership requirement (must be met by December 31, 2010) ($)	**Fund units (#)**	**Total value of Fund units ($)**
George Cope [1]	NA	11,263	265,244
Kevin Crull [1]	NA	220	5,181
Robert Dexter [2]	250,000	1,814	42,720
Edward Reevey [2]	250,000	37,963	894,029
Karen Sheriff [3]	See footnote 3	19,639 [4]	462,498 [4]
Andrew Smith [1]	NA	38	895
Louis Tanguay [2]	250,000	23,081	543,558
Siim Vanaselja [1]	NA	613	14,436
David Wells [1]	NA	33	777
Charles White [2]	250,000	11,573	272,544
Victor Young [2]	250,000	5,500	129,525

Notes:

(1) In the case of directors employed by BCE or Bell Canada, there is no unit ownership requirement as compensation is paid to Bell Canada as deemed appropriate by Bell Aliant and Bell Canada.

(2) Robert Dexter, Edward Reevey, Louis Tanguay, Charles White and Victor Young were all participants in the Directors' DUP. Had the Directors DUP been approved as expected by Bell Aliant's advisors effective January 1, 2007, deferred units that had been accruing under the plan and which were counted towards the minimum ownership guidelines would have enabled all directors required to meet ownership guidelines to have done so by December 31, 2008. Since the Directors' DUP did not receive CRA approval, no units have been issued under the Directors' DUP. Directors' compensation will now be paid in cash and directors will be required to purchase Fund units to meet ownership guidelines.

(3) Karen Sheriff, being an employee of Bell Aliant Inc., participates in the executive DUP. Executive ownership requirements apply as noted above in the section titled Minimum ownership requirements*. For further information refer to the* Report on executive compensation *section of this Schedule 3.*

(4) This number includes 540 Fund units and 19,099 deferred units. For further details on the DUP ownership guidelines applicable to Karen Sheriff and her DUP holdings, please refer to the section titled Report on executive compensation*.*

GLOSSARY

"**Administration Agreement**" means the administration agreement dated July 6, 2006 between the Fund, Holdings Trust, Bell Aliant Holdings GP, Bell Aliant GP and Bell Aliant LP, as the same may be amended, supplemented or restated from time to time;

"**ADS**" means Aliant Directory Services;

"**AIF**" means annual information form;

"**AMP**" means Atlantic Mobility Products Limited Partnership;

"**Aliant**" means Aliant Inc., the predecessor corporation to Bell Aliant GP;

"**Aliant Telecom**" means Aliant Telecom Inc.;

"**Arrangement**" means the arrangement under Section 192 of the CBCA involving Aliant, BCE, Bell Canada and Aliant's shareholders completed on July 7, 2006;

"**BCE**" means BCE Inc.;

"**BNG**" means Bell Nordiq Group Inc.;

"**BCE Purchaser**" means an investment group that entered into an agreement to acquire BCE in June 2007, led by Teachers Private Capital, the private investment arm of the Ontario Teachers Pension Plan, Providence Equity Partners Inc., Madison Dearborn Partners, LLC, and Merrill Lynch Global Private Equity;

"**Bell Aliant Business**" has the meaning given to such term under "General Matters";

"**Bell Aliant Central Territory**" means the regions of Ontario and Québec, excepting the territory covered by the Bell Nordiq Partnerships, operated by Bell Aliant;

"**Bell Aliant Exchangeable LP Units**" means the Class B exchangeable limited partnership units of Bell Aliant LP;

"**Bell Aliant GP**" means Bell Aliant Regional Communications Inc., a corporation incorporated under the CBCA, and the successor corporation to Aliant following completion of the Arrangement, which acts as general partner of Bell Aliant LP and the Bell Nordiq Partnerships;

"**Bell Aliant Holdings GP**" means Bell Aliant Regional Communications Holdings Inc., a corporation incorporated under the CBCA, which acts as general partner of Bell Aliant Holdings LP;

"**Bell Aliant Holdings LP**" means Bell Aliant Regional Communications Holdings, Limited Partnership, a limited partnership formed under the laws of the Province of Québec;

"**Bell Aliant Holdings LP Partnership Agreement**" means the limited partnership agreement in respect of Bell Aliant Holdings LP as the same may be amended or amended and restated from time to time;

"**Bell Aliant Holdings LP Units**" means the Holdings Class 1 Exchangeable LP Units and the Holdings Class 2 LP Units;

"**Bell Aliant LP**" means Bell Aliant Regional Communications, Limited Partnership, a limited partnership formed under the laws of the Province of Manitoba;

"**Bell Aliant LP Partnership Agreement**" means the limited partnership agreement in respect of Bell Aliant LP as the same may be amended or amended and restated from time to time;

"**Bell Canada**" means Bell Canada;

“Bell License Agreement” has the meaning given to such term under “Material Contracts – Agreements with BCE and Bell Canada”;

“**Bell Nordiq**” means Bell Nordiq Income Fund;

“**Bell Nordiq Partnerships**” means NorthernTel LP and Télébec LP;

“**Bell Nordiq Transaction**” means the transaction completed on January 30, 2007 in which the Fund privatized Bell Nordiq, as described under “General Matters”;

“**Bell Nordiq Transfer**” means the series of transactions completed on January 1, 2008, whereby the 36.7 per cent interest in the Bell Nordiq Partnerships held through Bell Nordiq Trust was transferred to Bell Aliant Holdings LP, as described under the heading “General Matters”;

“Bilateral Intellectual Property Sharing Agreement” has the meaning given to such term under “Material Contracts – Agreements with BCE and Bell Canada”;

“**Broadcasting Act**” means the *Broadcasting Act* (Canada), as amended and where applicable any regulations or directives issued thereunder;

“**CBCA**” means the *Canada Business Corporations Act*, as amended, including the regulations promulgated thereunder;

“**CRTC**” means the Canadian Radio-television and Telecommunications Commission, an agency of the Government of Canada;

“**Cash Purchase Price**” has the meaning given to such term under “Other Material Agreements - Investor Liquidity and Exchange Agreement”;

“**Commercial Relationship Management Agreement**” or “**CRMA**” means the commercial relationship management agreement dated July 7, 2006 between Bell Canada and Bell Aliant LP;

“**Connecting and Operating Agreement**” means the connecting and operating agreement dated July 7, 2006 between Bell Canada and Bell Aliant LP;

“**Credit Agreement**” has the meaning given to such term under “Material Contracts”;

“**DBRS**” means DBRS Limited;

“**DSA**” means Bell Aliant LP’s Defence, Security and Aerospace business unit, operated by its xwave division;

“**Demand Registration**” has the meaning given to such term under “Other Material Agreements – Investor Liquidity and Exchange Agreement”;

“**Definitive Agreement**” has the meaning given to such term under “General Development of the Business – Three Year History – *2007 Highlights*”;

“**EBITDA**” refers to earnings before interest, taxes, depreciation and amortization expenses and certain other items. This term may have a different meaning from that used in our MD&A for the year ended December 31, 2008, in various agreements to which we are party, wherein the term will be defined in those agreements where it is used;

“**Exchange Right**” has the meaning given to such term under “Other Material Agreements – Investor Liquidity and Exchange Agreement”;

“**Exchangeable Interest**” means each pair of one GP Share and one Holdings Class 1 Exchangeable LP Unit, and each Bell Aliant Exchangeable LP Unit;

"**Exchangeable Securities**" means securities that are, directly or indirectly, exchangeable for Fund Units;

"**FTTN**" refers to fibre-to-the-node as discussed under "General Development of the Business – Three Year History";

"**Forbearance**" has the meaning given to such term under "General Development of the Business – Three Year History";

"**Fund**" means Bell Aliant Regional Communications Income Fund, a trust established under the laws of the Province of Ontario pursuant to the Fund Declaration of Trust;

"**Fund Declaration of Trust**" means the amended and restated declaration of trust dated July 6, 2006 establishing and governing the Fund, as the same may be amended or amended and restated from time to time;

"**Fund Group**" means, collectively, the Fund, Holdings Trust, Bell Nordiq Trust, Bell Aliant Holdings LP, Bell Aliant Holdings GP, Bell Aliant LP, Bell Aliant GP, Télébec LP, NorthernTel LP, and their respective subsidiaries;

"**Fund Trustees**" means, at any time, the individuals who are, in accordance with the Fund Declaration of Trust, the trustees of the Fund;

"**Fund Units**" means the units of the Fund designated as "Units" in the Fund Declaration of Trust;

"**GP Shares**" means common shares of Bell Aliant Holdings GP;

"**Holdings Class 1 Exchangeable LP Units**" means Class 1 exchangeable limited partnership units of Bell Aliant Holdings LP;

"**Holdings Class 2 LP Units**" means Class 2 limited partnership units of Bell Aliant Holdings LP;

"**Holdings Trust**" means Bell Aliant Holdings Trust, a trust established under the laws of the Province of Québec pursuant to the Holdings Trust Declaration of Trust;

"**Holdings Trust Declaration of Trust**" means the amended and restated declaration of trust dated July 6, 2006 establishing and governing Holdings Trust, as the same may be amended or amended and restated from time to time;

"**ICT**" means information and communications technology;

"**ILEC**" means incumbent local exchange carrier;

"**IP**" means Internet Protocol;

"**IPTV**" means Internet Protocol TV;

"**IT**" means information technology;

"**Investor Liquidity and Exchange Agreement**" means the investor liquidity and exchange agreement described under "Other Material Agreements – Investor Liquidity and Exchange Agreement";

"**KMTS**" means Kenora Municipal Telephone System;

"**Liquidated Interest**" has the meaning given to such term under "Other Material Agreements - Investor Liquidity and Exchange Agreement";

"**Liquidity Right**" has the meaning given to such term under "Other Material Agreements – Investor Liquidity and Exchange Agreement";

“**LP Notes**” has the meaning given to such term under “General Development of the Business – Three Year History”;

“**Major Commercial Agreements**” means the Commercial Relationship Management Agreement and the Connecting and Operating Agreement;

“**NCIB**” means normal course issuer bid;

“**NorthernTel LP**” means NorthernTel, Limited Partnership, a limited partnership formed under the laws of the Province of Québec;

“**Radiocommunication Act**” means the *Radiocommunication Act* (Canada), as amended, and the regulations thereunder;

“**Securityholders’ Agreement**” has the meaning given to such term under “Other Material Agreements - Securityholders’ Agreement”;

“**Special Voting Units**” means the units of the Fund designated as “Special Voting Units” in the Fund Declaration of Trust, to be issued to the holders of Holdings Class 1 Exchangeable LP Units, Bell Aliant Exchangeable LP Units or, in the discretion of the Fund Trustees, other Exchangeable Securities;

“**TSX**” means the Toronto Stock Exchange;

“**Tax Act**” means the *Income Tax Act* (Canada), including the regulations promulgated thereunder, in each case as amended;

“**Télébec LP**” means Télébec, Limited Partnership, a limited partnership formed under the laws of the Province of Québec;

“**Telecommunications Act**” means the *Telecommunications Act* (Canada), as amended, and the regulations thereunder;

“**Trust Notes**” means the unsecured, subordinated notes to be issued by Holdings Trust from time to time under the Trust Note Indenture dated July 7, 2006 between Holdings Trust and the Note Trustee, as the same may be amended or amended and restated from time to time;

“**Unitholders**” means the holders of Fund Units from time to time;

“**VoIP**” means Voice over Internet Protocol;

“**Voting Unitholders**” means, collectively, Unitholders and holders of Special Voting Units; and

“**xwave**” means our xwave division, previously known as Xwave Solutions Inc.