



Bell Aliant Regional Communications Income Fund

**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 the “Fund” refer to Bell Aliant Regional Communications Income Fund. “You” and “your” refers to a unitholder of the Fund. “Fund Group” refers to, collectively, the Fund, Bell Aliant Holdings Trust (**Holdings Trust**), Bell Nordiq Trust, Bell Aliant Regional Communications Holdings, Limited Partnership (**Bell Aliant Holdings LP**), Bell Aliant Regional Communications Holdings Inc. (**Bell Aliant Holdings GP**), Télébec, Limited Partnership (**Télébec LP**), NorthernTel, Limited Partnership (**NorthernTel LP**), Bell Aliant Regional Communications, Limited Partnership (**Bell Aliant LP**), Bell Aliant Regional Communications Inc. (**Bell Aliant GP**), and their respective 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 Inc. (**Aliant**) was completed, combining Aliant’s wireline telecommunications operation in Atlantic Canada, information technology 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 LP and Télébec LP (together, the **Bell Nordiq Partnerships**). As a result of the Arrangement, we indirectly acquired an 81.5 per cent non-controlling equity interest in Bell Aliant Holdings LP.

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 equity interest in the Bell Nordiq Partnerships not already held indirectly by Bell Aliant Holdings LP. On January 1, 2008, a series of transactions was completed whereby the indirect 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, we now indirectly hold an 82.46 per cent non-controlling equity interest in Bell Aliant Holdings LP.

Under Canadian generally accepted accounting principles (**GAAP**), the Fund does not consolidate the financial results of Bell Aliant Holdings LP or its subsidiaries. Bell Aliant Holdings LP consolidates the operations of (i) Bell Aliant LP, its core asset, which carries on the Bell Aliant Business, (ii) the Bell Nordiq Partnerships and (iii) other subsidiary partnerships and corporations. Bell Aliant Holdings LP is a reporting issuer under securities law in each Province in Canada, 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, the financial statements and notes and MD&A of Bell Aliant Holdings LP will also be posted on the SEDAR website under the Fund’s SEDAR profile. Bell Aliant LP is also a reporting issuer, but it 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 Bell Aliant Holdings LP is required to file under Canadian securities laws. For information about Bell Aliant Holdings LP and its subsidiaries, readers are referred to the consolidated financial statements and notes and other continuous disclosure documents of Bell Aliant Holdings LP.

The information contained in this AIF is dated as of March 31, 2009, unless otherwise indicated. The Fund’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 the future financial condition and results of operations of the Fund Group. The purpose of this forward-looking information is to provide the reader with information about our expectations and plans for 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 the Fund Group operates 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 dependence on Bell Aliant Holdings LP, and therefore all of the risks and uncertainties to which its operations are subject as described in the “Risk management” section of Bell Aliant Holdings LP’s MD&A for the year ended December 31, 2008; unpredictability and volatility of unit price; the nature of fund units; limitation on non-resident ownership; dilution through issuance of additional Fund units; and changing taxation rules for income trusts. Some of these risk factors are largely beyond our control. Refer to the “Risk Factors” section of this AIF for further discussion of these and other risk factors. Should any risk 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 the Fund Group’s 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. See also the “forward-looking information” section of our 2008 earnings results and 2009 financial guidance news release dated February 2, 2009, which is available at www.bell.aliant.ca and on SEDAR at www.sedar.com for more information.

STRUCTURE OF THE FUND

The Fund

The Fund is an unincorporated, open-ended trust governed by the laws of the Province of Ontario pursuant to an amended and restated declaration of trust dated July 6, 2006 (**Fund Declaration of Trust**). The Fund’s principal and head office is located at 7 South Maritime Centre, 1505 Barrington Street, Halifax, Nova Scotia, B3J 2W3.

Inter-corporate relationships

The Fund owns 100 per cent of the voting securities of 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, a corporation incorporated under the laws of Canada. Bell Aliant Holdings GP is the general partner of 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, a limited partnership formed under the laws of the Province of Québec, which in turn owns 36.7 per cent of the limited partnership units of each of the Bell Nordiq Partnerships, both of which are limited partnerships formed under the laws of the Province of Québec. Bell Nordiq Trust also owns one unit of each of the Bell Nordiq Partnerships. Bell Aliant Holdings LP owns 100 per cent of the voting securities of Bell Aliant GP, a corporation incorporated under the laws of Canada. Bell Aliant GP is 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 the Bell Nordiq Partnerships.

Certain subsidiaries, whose total assets, sales and operating revenues, individually and in aggregate represent less than the prescribed thresholds have not been disclosed above.

As at December 31, 2008, BCE Inc. (**BCE**) owned, directly or indirectly, 44.15 per cent of the Fund on a fully diluted basis. 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.

GENERAL DEVELOPMENT OF THE BUSINESS

Overview

The Fund was created on March 30, 2006, and did not carry on any business for the period from establishment until July 7, 2006. As a result of the Arrangement, the Fund indirectly acquired an 81.5 per cent non-controlling equity interest in Bell Aliant Holdings LP, which in turn consolidates the operations of (i) Bell Aliant LP, which carries on the Bell Aliant Business, (ii) the Bell Nordiq Partnerships and (iii) other subsidiary partnerships and corporations. As a result of the Bell Nordiq Transfer on January 1, 2008, the Fund now indirectly owns an 82.5 per cent non-controlling equity interest in Bell Aliant Holdings LP.

Three Year History

2006 Highlights

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 Bell Aliant Holdings LP acquired a then 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 are used to repay existing bank indebtedness and for general operating purposes. Bell Aliant LP filed a short form prospectus (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 LP Notes in two tranches. Proceeds were used to repay bank debt incurred through 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. See our MD&A for the year ended December 31, 2008, under “Risk management – Tax related risks”.

2007 Highlights

On January 30, 2007, the Fund completed the Bell Nordiq Transaction whereby it took Bell Nordiq Income Fund 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 indirectly by Bell Aliant Holdings LP. 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, T  l  bec 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.

In 2007, Bell Aliant LP 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, we initiated a normal course issuer bid (**NCIB**) which allowed us to purchase up to 13.7 million outstanding Fund Units at market prices through the Toronto Stock Exchange (**TSX**) until February 27, 2008. For the year ended December 31, 2007, we purchased for cancellation 10,630,000 Fund Units for an aggregate price of \$330.2 million, which reduced our stated capital by \$350.5 million and increased contributed surplus by \$20.3 million. There were no purchases made under the NCIB after December 31, 2007. On April 30, 2007, Bell Aliant Holdings LP completed the sale of the assets and operations of Aliant Directory Services to Yellow Pages Group for our proportionate share of proceeds of \$327.4 million, and these proceeds substantially funded the repurchase of the Fund Units under the NCIB.

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 also used to repay bank debt incurred through 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 ultimately did not proceed as discussed in the *2008 Highlights* section.

2008 Highlights

Pursuant to the Bell Nordiq Transfer, on January 1, 2008, Bell Nordiq Trust transferred its 36.7 per cent limited partnership interest in each of the Bell Nordiq Partnerships to Bell Aliant Holdings LP in exchange for 8,246,429 **Holdings Class 2 LP Units**. 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 Bell Aliant Holdings LP’s intention to acquire the assets and operations of Kenora Municipal Telephone System (KMTS) for approximately \$27 million. This 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 \$15-20 million of annualized 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 of the Fund Group, 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 the xwave division of Bell Aliant LP. The purchase price paid on closing will be in the range of \$13 to \$14 million 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 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 the Fund Group, 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 by Bell Aliant Holdings LP 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 a news release which included the announcement that our distribution rate remains unchanged at \$0.2417 per month, or \$2.90 per year, per Fund Unit. Information on our 2009 outlook is contained in the release which is incorporated by reference herein and 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 us, into corporations on a tax-deferred basis (the Conversion Rules), as discussed in the section "Planning for future changes in taxation" in our MD&A for the year ended December 31, 2008. The Conversion Rules were enacted into law on March 12, 2009.

For additional information about the Fund Group's business, please see the AIF of Bell Aliant Holdings LP for the year ended December 31, 2008 which is available on SEDAR at www.sedar.com.

DESCRIPTION OF THE BUSINESS

The Fund, through the operating entities in the Fund Group, is one of North America's largest regionally focused telecommunications service providers and has been serving customers for over a century. We offer customers across Atlantic Canada, Québec and Ontario a complete range of voice and data communications services as well as information technology (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. We also provide complementary services in knowledge management, including e-learning, technical documentation and tele-web sales and services.

We qualify as a "mutual fund trust" for the purposes of the Tax Act. The Fund is administered by its trustees (**Fund Trustees**) and by Bell Aliant LP pursuant to an administration agreement dated July 6, 2006 (**Administration Agreement**). The Fund does not carry on any business directly, and its activities are generally restricted to holding securities of subsidiary entities of the Fund, including Bell Aliant Holdings LP, which in turn consolidates the financial results of Bell Aliant LP, Télébec LP and NorthernTel LP. We are economically dependent on our significant investee, Bell Aliant Holdings LP. As we are indirectly affected by the events and transactions, financial and capital management activities, and risks and uncertainties that affect or are undertaken by Bell Aliant Holdings LP, these factors could materially influence the distributions we receive from Bell Aliant Holdings LP, and in turn, our ability to pay distributions. See our MD&A for the year ended December 31, 2008 under "Risk management – Dependence on Bell Aliant Holdings LP".

It is expected that the Fund will make monthly cash distributions out of its distributable cash to Unitholders, subject to approval by the Fund Trustees. See “Description of the Fund – Distributions”. For information about distributions made by the Fund to Unitholders since the establishment of the Fund, see “Distributions and Distribution Policy”.

The table below illustrates selected financial information for the Fund as reflected in our 2008 financial statements, as at and for the periods ended December 31.

As reported (in \$ millions)	2008	2007
Total assets	\$4,211.6	\$4,316.4
Total liabilities	\$30.9	\$30.2
Total unitholder equity	\$4,180.7	\$4,286.2
Net earnings from continuing operations	\$251.7	\$292.7
Net earnings (loss) from discontinued operations	(\$0.3)	\$208.8
Net earnings	\$251.4	\$501.5
Distributions declared	\$367.5	\$368.9

For additional information on the Fund Group’s business, please see the Bell Aliant Holdings LP’s AIF for the year ended December 31, 2008, which is available on SEDAR at www.sedar.com.

DESCRIPTION OF THE FUND

The description below is a summary only of the material terms of the Fund Units and the Fund Declaration of Trust which is available on SEDAR at www.sedar.com, and is qualified in its entirety by reference to the full text thereof.

Activities of the Fund

The Fund Declaration of Trust provides that the Fund’s operations and activities shall be restricted to:

- (a) acquiring, investing in, holding, transferring, disposing of and otherwise dealing with investments in debt and/or equity securities of any member of the Fund Group;
- (b) acquiring, investing in, holding, transferring, disposing of and otherwise dealing with investments in debt and/or equity securities of other corporations, partnerships, trusts or other persons as the Fund Trustees may determine, and such other assets or properties as the Fund Trustees may determine;
- (c) temporarily holding cash and other short-term investments for the purposes of the Fund’s activities, including making investments, paying the expenses and liabilities of the Fund, paying amounts payable by the Fund in connection with the redemption or repurchase of any Fund Units or other securities of the Fund, and making distributions to Unitholders;
- (d) issuing Fund Units, Special Voting Units and other securities of the Fund (including securities convertible into or exercisable or exchangeable for Fund Units, Special Voting Units or other securities of the Fund, or warrants, options or other rights to acquire Fund Units, Special Voting Units or other securities of the Fund), including for the purposes set forth in the Fund Declaration of Trust;

- (e) issuing debt securities or otherwise borrowing and mortgaging, hypothecating, pledging, charging, granting a security interest in or otherwise encumbering any assets or property of the Fund as security;
- (f) to the extent the Fund would not cease to qualify as a “mutual fund trust” for purposes of the Tax Act as a result thereof, guaranteeing (as guarantor, surety or co-principal obligor) the payment of any indebtedness, liability or obligation of any member of the Fund Group or any other person or the performance of any obligation of any member of the Fund Group or any other person, and mortgaging, hypothecating, pledging, granting a security interest in or otherwise encumbering all or any part of the property or assets of the Fund, including securities issued by members of the Fund Group, as security for such guarantee, and subordinating its rights under the Trust Notes or other indebtedness owed to the Fund to other indebtedness;
- (g) disposing of all or any part of the property or assets of the Fund, subject to the provisions of the Fund Declaration of Trust;
- (h) repurchasing and redeeming securities issued by the Fund, including Fund Units, subject to the provisions of the Fund Declaration of Trust, applicable law and applicable regulatory requirements;
- (i) satisfying the obligations, liabilities or indebtedness of the Fund;
- (j) undertaking such activities, or taking such actions, that are required to comply with the Canadian ownership and control requirements prescribed by or under the **Broadcasting Act**, the **Radiocommunication Act** or the **Telecommunications Act**, as applicable from time to time; and
- (k) undertaking such other activities, or taking such other actions as are approved by the Fund Trustees from time to time, or as are contemplated by, related to or in connection with the Fund Declaration of Trust, subject to the limitations set forth therein,

provided that the Fund shall not undertake any activity, take any action, or make or retain any investment that would result in the Fund not being considered a “mutual fund trust” for purposes of the Tax Act.

The Securityholders’ Agreement (see “Other Material Agreements - Securityholders’ Agreement”) contains certain additional restrictions on the activities of the Fund for so long as BCE holds, directly or indirectly, 20 per cent or more of the Fund Units (on a fully-diluted basis).

Fund Units and Special Voting Units

The beneficial interests in the Fund are divided into interests of two classes, described and designated as “Units” (referred to herein as **Units** or **Fund Units**) and “Special Voting Units”, respectively. An unlimited number of Fund Units and Special Voting Units are issuable pursuant to the Fund Declaration of Trust.

Each Fund Unit is transferable and represents an equal undivided beneficial interest in any distributions from the Fund of net income, net realized capital gains (other than net realized capital gains distributed to redeeming Unitholders) or other amounts and in the net assets of the Fund in the event of a termination or winding up of the Fund. The Fund Units are not subject to future calls or assessments and each Fund Unit entitles the holder thereof to one vote at all meetings of Voting Unitholders. Except as set out under “Description of the Fund - Redemption Right” below, the Fund Units have no conversion, retraction, redemption or pre-emptive rights.

Special Voting Units are not entitled to any beneficial interest in any distribution from the Fund whether of net income, net realized capital gains or other amounts, or in the net assets of the Fund in the event of a termination or winding up of the Fund. Special Voting Units may be redeemed by the holder at any time for no consideration.

Special Voting Units may be issued in series and will only be issued in connection with or in relation to the **Holdings Class 1 Exchangeable LP Units**, the **Bell Aliant Exchangeable LP Units** and, if the Fund Trustees so determine, other **Exchangeable Securities**, in each case for the sole purpose of providing voting rights with respect to the Fund to the holders of such securities. Unless the Fund Trustees determine otherwise in their discretion, Special Voting Units are not transferable separately from the related Exchangeable Securities. Each Special Voting Unit entitles the holder thereof to a number of votes at any meeting of Voting Unitholders equal to the number of Fund Units for which the related Exchangeable Security is exchangeable (subject to customary anti-dilution adjustments). Upon the exchange of an Exchangeable Security for a Fund Unit, a Special Voting Unit issued in connection with such Exchangeable Security will immediately be cancelled for no consideration without any further action of the holder or the Fund Trustees.

Issued and outstanding Fund Units may be subdivided or consolidated from time to time by the Fund Trustees without notice to or the approval of Voting Unitholders.

Issuance of Fund Units

Fund Units or rights to acquire Fund Units may be issued, at such times, to such persons, for such consideration and on such terms and conditions, as the Fund Trustees may determine. At the option of the Fund Trustees, Fund Units may be issued in satisfaction of any distribution to Unitholders on a pro rata basis to the extent that the Fund does not have available cash to fund such distribution. The Fund Declaration of Trust also provides that, immediately after any distribution of Fund Units to all Unitholders in satisfaction of all or any part of any such distribution, the number of outstanding Fund Units will automatically be consolidated such that each Unitholder will hold the same number of Fund Units after the consolidation as the Unitholder held before the distribution, except where tax was required to be withheld in respect of the Unitholder's share of such distribution. In the case of such a consolidation, each certificate representing a number of Fund Units prior to the distribution will be deemed to represent the same number of Fund Units after the distribution and the consolidation. Where Unitholders that are **Non-Residents** are subject to withholding tax in respect of such a distribution, the consolidation will not result in such Unitholders holding the same number of Fund Units. Such Unitholders will be required to surrender the certificates, if any, representing their original Fund Units in exchange for a certificate representing their post-consolidation Fund Units.

The Fund Declaration of Trust provides that Non-Residents must not beneficially own more than 45% of Fund Units. In addition, Canadian broadcasting and telecommunication regulatory laws require that Canadians own and control a minimum percentage of Fund Units. The Fund Trustees have broad powers to ensure that the Fund complies with these requirements, and may, among other things, require declarations of residency from Unitholders, refuse to issue or register a transfer of Fund Units in the absence of a declaration of Canadian residency, and order the sale of, and if necessary sell, Fund Units beneficially owned by a Non-Resident or a non-Canadian. The Fund Trustees may also suspend voting rights and distribution rights attached to the applicable Fund Units. See our MD&A for the year ended December 31, 2008 under "Risk management - Limitation on non-resident ownership".

Distributions

It is expected that the Fund will make monthly cash distributions out of its distributable cash, which will generally consist of all amounts received by the Fund for or in respect of the relevant period, less:

- (a) all costs, expenses and liabilities of the Fund that, in the opinion of the Fund Trustees, may reasonably be considered to have accrued and become owing in respect of, or that relate to, the relevant period (to the extent not previously deducted), including any tax liability;
- (b) all amounts payable in cash by the Fund in connection with any redemptions or repurchases of Fund Units;

- (c) satisfaction of the Fund's debt service obligations (principal and interest) on indebtedness, if any, incurred by the Fund; and
- (d) any amount that the Fund Trustees may reasonably consider to be necessary to provide for the payment of any costs, expenses or liabilities that have been or are reasonably expected to be incurred by the Fund, including any tax liabilities of the Fund, and/or such other reasonable reserves as the Fund Trustees may at any time deem necessary or advisable;

provided that any funds borrowed by the Fund, the proceeds of any issuance of Fund Units or other securities of the Fund and any associated expenses shall not be included in the above calculations. Monthly distributions, if declared, are payable to Unitholders of record on the last business day of each calendar month, or such other date as may be determined from time to time by the Fund Trustees (provided that December 31 in each calendar year shall be a record date for distributions), and will be paid, generally, on or before the 15th day of the following month. For a description of distributions made by the Fund since its establishment, see "Distributions and Distribution Policy".

The Fund may make additional distributions in excess of the monthly distributions during the year, as the Fund Trustees may determine in their sole discretion. The distribution payable in respect of the month ending December 31 in each year may include an amount in respect of the income and net realized capital gains, if any, of the Fund for such year to the extent necessary to ensure that the Fund will not be liable for regular income taxes under the Tax Act in such year and, in such case, the amount of income allocated to Unitholders may exceed the amount of cash distributed.

Any income of the Fund that is unavailable for cash distributions will, to the extent necessary to ensure that the Fund will not be liable for regular income taxes under Part I of the Tax Act, be distributed to Unitholders in the form of additional Fund Units. See "Description of the Fund – Issuance of Fund Units". Such additional Fund Units are expected to be issued pursuant to applicable exemptions under applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or by way of a prospectus or similar filing.

Although the Fund intends to continue to make distributions out of its available cash, these distributions are not assured. Actual distributions will depend on numerous factors and are subject to approval by the Fund Trustees. See "Risk Factors".

Redemption Right

Fund Units are redeemable at any time on demand by Unitholders upon delivery to the Fund of a duly completed and properly executed redemption notice in a form approved by the Fund Trustees, requesting redemption and specifying the number of Fund Units to be redeemed. If Fund Units are held through a broker, securities dealer, bank, trust company or other intermediary, a Unitholder who wishes to exercise its redemption right will be required to obtain a redemption notice form from the applicable intermediary, who will be required to deliver the completed redemption notice form to the Fund at its head office and to CDS Clearing and Depository Services Inc (**CDS**).

Upon receipt of the redemption notice by the Fund, all rights to and under the Fund Units tendered for redemption will be surrendered and the Unitholder will be entitled to receive a price per Unit (**Redemption Price**) equal to the lesser of:

- 90 per cent of the "market price" of the Fund Units on the principal market on which the Fund Units are listed or quoted for trading calculated as of the redemption date; and
- 100 per cent of the "closing market price" on the principal market on which the Fund Units are listed or quoted for trading on the redemption date.

The "market price" calculated as of any date shall be (i) an amount equal to the weighted average trading price of a Fund Unit on the principal market on which the Fund Units are listed or quoted for trading

during the period of 10 consecutive trading days ending on the last trading day immediately prior to such date, (ii) an amount equal to the weighted average of the closing prices of a Fund Unit on the principal market on which the Fund Units are listed or quoted for trading during the period of 10 consecutive trading days ending on the last trading day immediately prior to such date, if the applicable market does not provide information necessary to complete a weighted average trading price; or (iii) if there was trading on the applicable market for fewer than five of the 10 trading days, an amount equal to the simple average of the following prices established for each of the 10 consecutive trading days ending on the last trading day immediately prior to such date: (x) the simple average of the last bid and last asking prices for each day on which there was no trading; (y) the closing price of the Fund Units for each day that there was trading, if the market provides a closing price; and (z) the simple average of the highest and lowest prices of the Fund Units for each day that there was trading, if the market provides only the highest and lowest prices of Fund Units traded on a particular day.

The “closing market price” on a date shall be an amount equal to: (i) the closing price of the Fund Units if there was a trade on the date and the market provides only a closing price; (ii) the simple average of the highest and lowest prices of Fund Units if there was trading on the date and the market provides only the highest and lowest trading prices of Fund Units traded on a particular day; or (iii) the simple average of the last bid and last asking prices if there was no trading on the date.

The aggregate Redemption Price payable by the Fund in respect of any Fund Units surrendered for redemption during any calendar month will be satisfied by way of a cash payment by the Fund no later than the last day of the calendar month following the month in which the Fund Units were tendered for redemption, provided that the entitlement of Unitholders to receive cash upon the redemption of their Fund Units is subject to certain limitations set forth in the Fund Declaration of Trust, including that the total amount payable in cash by the Fund in respect of such Fund Units and all other Fund Units tendered for redemption in the same calendar month will not exceed \$50,000, provided that such limitation may be waived in the sole discretion of the Fund Trustees in respect of all Fund Units to be redeemed in any month.

If a Unitholder is not entitled to receive cash upon the redemption of Fund Units as a result of one or more of the foregoing limitations, then the Redemption Price for each Fund Unit tendered for redemption will, subject to any applicable regulatory approvals, be paid and satisfied by way of a distribution in kind of securities or other property held by the Fund. In such circumstances, it is expected that Series 1 Trust Notes and Trust Units of a value equal to the Redemption Price will be redeemed by Holdings Trust in consideration of the issuance to the Fund of Series 3 Trust Notes and Series 2 Trust Notes, respectively. The Series 2 Trust Notes and the Series 3 Trust Notes will then be transferred to a wholly-owned subsidiary of the Fund in exchange for Series 2 Exchange Notes and Series 3 Exchange Notes, respectively. The Series 2 Exchange Notes and Series 3 Exchange Notes will have terms similar to the Series 2 Trust Notes and Series 3 Trust Notes, respectively, except that the interest rates on the Series 2 Exchange Notes and Series 3 Exchange Notes will be 0.05 per cent less than the interest rates on the Series 2 Trust Notes and Series 3 Trust Notes. The Series 2 Exchange Notes and Series 3 Exchange Notes will then be distributed in satisfaction of the Redemption Price. Where the Fund makes a distribution in kind as described above upon the redemption of Fund Units of a Unitholder, the Fund currently intends to allocate to that Unitholder any capital gain realized by the Fund as a result of the redemption of Series 1 Trust Notes and Trust Units and the distribution of Series 2 Exchange Notes and Series 3 Exchange Notes to the Unitholder.

It is anticipated that the redemption right described above will not be the primary mechanism for holders of Fund Units to dispose of their Fund Units. Series 2 Exchange Notes and Series 3 Exchange Notes which may be distributed to Unitholders in connection with a redemption will not be listed on any stock exchange, no market is expected to develop in Series 2 Exchange Notes and Series 3 Exchange Notes and they may be subject to resale restrictions under applicable securities laws. See our MD&A for the year ended December 31, 2008 under “Risk management - Redemption right” for a further discussion.

Meetings of Voting Unitholders

Meetings of Voting Unitholders are required to be called and held annually for the election of Fund Trustees, the approval of persons to be appointed by the Fund as directors of Bell Aliant Holdings GP and the appointment of auditors of the Fund and transacting such other business as the Fund Trustees may determine or as may be properly brought before the meeting. The Fund Declaration of Trust provides that Voting Unitholders will be entitled to pass resolutions that will bind the Fund only with respect to certain matters, including:

- (a) the election or removal of Fund Trustees;
- (b) for so long as BCE (or its affiliates or assignees) has the right to appoint a majority of the directors of Bell Aliant Holdings GP under the Securityholders' Agreement, the approval of the persons to be appointed by the Fund as directors of Bell Aliant Holdings GP;
- (c) the appointment or removal of the auditors of the Fund;
- (d) the appointment of an inspector to investigate the performance by the Fund Trustees of their responsibilities and duties in relation to the Fund;
- (e) the approval of amendments to the Fund Declaration of Trust (except as described under "Amendments to the Fund Declaration of Trust");
- (f) the sale, lease, exchange or other disposition of all or substantially all of the assets of the Fund (other than pursuant to a guarantee of an obligation by the Fund, a charge, pledge, mortgage or other encumbrance granted by the Fund, in connection with a redemption in kind of Fund Units or an internal reorganization or a termination or winding-up of the Fund);
- (g) the termination, liquidation or winding-up of the Fund prior to the end of its term;
- (h) an amalgamation, arrangement, combination, merger or similar transaction by the Fund with any other person;
- (i) the approval or ratification of any Unitholder rights plan, distribution reinvestment plan, distribution reinvestment and Fund Unit purchase plan, Fund Unit option plan or other compensation plan or Unit-based plan requiring Unitholder approval; and
- (j) any other matters as the Fund Trustees may determine or as may be required by securities law, stock exchange rules or other laws or regulations to be submitted to Voting Unitholders for their approval,

provided that any resolution of Voting Unitholders that would cause the Fund or any of the members of the Fund Group to breach the terms of the Investor Liquidity and Exchange Agreement or the Securityholders' Agreement or, other than matters referred to in paragraph (h), above, that would result in the Fund not being considered a "mutual fund trust" for purposes of the Tax Act shall not be valid or binding upon the Fund Trustees.

Resolutions regarding: (i) electing or removing Fund Trustees or approving the persons to be appointed by the Fund to serve as directors of Bell Aliant Holdings GP; (ii) appointing or removing the auditors of the Fund; (iii) appointing an inspector; or (iv) approval or ratification of plans, must be passed by an Ordinary Resolution. Other matters required by securities law, stock exchange rules or other laws or regulations to be submitted to Voting Unitholders for their approval must be passed by an Ordinary Resolution or such other level of approval as may be required by such applicable laws, rules or regulations. The balance of the foregoing matters must be passed by a Special Resolution.

A meeting of Voting Unitholders may be convened at any time and for any purpose by the Fund Trustees and must be convened, except in certain circumstances, if requisitioned by the holders of not less than 5 per cent of the Voting Units then outstanding, by a written requisition to such effect. A requisition must state in reasonable detail the business proposed to be transacted at the meeting.

Voting Unitholders may attend and vote at all meetings of Voting Unitholders either in person or by proxy, and a proxy holder need not be a Voting Unitholder. Two persons present in person or represented by proxy and representing in the aggregate at least 10 per cent of the votes attached to all outstanding Voting Units will constitute a quorum for the transaction of business at all such meetings.

Fund Trustees

The Fund will have a minimum of three Fund Trustees and a maximum of 20 Fund Trustees. Currently, the Fund Trustees are Siim Vanaselja, Edward Reevey, Louis Tanguay, Charles White and Victor Young. For more information about the Fund Trustees, please see "Trustees, Directors and Officers". The Fund Trustees are to supervise the activities and manage the investments and affairs of the Fund.

The Fund Declaration of Trust provides that not less than two-thirds of the Fund Trustees must be resident in Canada (for purposes of the Tax Act) and, while such a requirement is applicable, each of the Fund Trustees shall be Canadians for the purposes of the Broadcasting Act, the Radiocommunication Act and the Telecommunications Act (or, if there is a change in such requirements, the minimum number as may then be required).

The Fund Declaration of Trust provides that, subject to its terms and conditions, the Fund Trustees will have full, absolute and exclusive power, control, authority and discretion over the Fund's assets and management of the affairs of the Fund to the same extent as if the Fund Trustees were the sole and absolute legal and beneficial owners of the Fund's assets. Subject only to express limitations in the Fund Declaration of Trust, the Fund Trustees' powers and authorities include:

- (a) acting for, voting on behalf of and representing the Fund as a holder of Trust Units, Trust Notes and other securities and investments;
- (b) maintaining records and providing reports to Voting Unitholders;
- (c) supervising the activities and managing the investments and affairs of the Fund; and
- (d) effecting payments of distributions from the Fund to Unitholders.

Any one or more of the Fund Trustees may resign upon written notice to the Fund and may be removed by an Ordinary Resolution and the vacancy created by such removal may be filled at the same meeting, failing which it may be filled by the affirmative vote of a quorum of the Fund Trustees.

Fund Trustees will be elected by Ordinary Resolution at each annual meeting of Voting Unitholders to hold office for a term expiring at the close of the next annual meeting. The Securityholders' Agreement provides that the board of directors of Bell Aliant Holdings GP shall nominate the individuals to be proposed for election as Fund Trustees. The principles set forth in the Securityholders' Agreement relating to the composition of the board of directors of Bell Aliant Holdings GP shall also apply to the selection of the nominees for election as Fund Trustees. See "Other Material Agreements - Securityholders' Agreement".

A quorum of the Fund Trustees will be the greater of two trustees and a majority of the Fund Trustees then holding office provided that a majority of Fund Trustees present are resident in Canada. A majority of the Fund Trustees may fill a vacancy in the Fund Trustees, except a vacancy resulting from an increase in the maximum number of Fund Trustees or from a failure of Voting Unitholders to elect the minimum required number of Fund Trustees. In the absence of a quorum of Fund Trustees, or if the vacancy has arisen from a failure of Voting Unitholders to elect the required number of Fund Trustees, the Fund Trustees will promptly call a special meeting of Voting Unitholders to fill the vacancy. If the Fund Trustees

fail to call that meeting or if there are no Fund Trustees then in office, any Voting Unitholder may call the meeting. Except as otherwise provided in the Fund Declaration of Trust, the Fund Trustees may, between annual meetings of Voting Unitholders, appoint one or more additional Fund Trustees to serve until the next annual meeting of Voting Unitholders, but the number of additional Fund Trustees will not at any time exceed one-third of the number of Fund Trustees who held office at the expiration of the immediately preceding annual meeting of Voting Unitholders.

The Fund Declaration of Trust provides that the Fund Trustees must act honestly and in good faith with a view to the best interests of the Fund and Unitholders and shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Fund Declaration of Trust provides that each Fund Trustee is entitled to indemnification from the Fund in respect of the exercise of the Fund Trustee's powers and the discharge of the Fund Trustee's duties, unless the Fund Trustee failed to act honestly and in good faith with a view to the best interests of the Fund and Unitholders or, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, where the Fund Trustee did not have reasonable grounds to believe that his or her conduct was lawful.

Liability of Fund Trustees

The Fund Declaration of Trust contains customary provisions stating that the Fund Trustees will not be liable to any Voting Unitholder or any other person, in tort, contract or otherwise, for any action taken or not taken in good faith in reliance on any documents that are, prima facie, properly executed; for any depreciation of, or loss to, the Fund incurred by reason of the sale of any asset; for the loss or disposition of money or securities; or any action or failure to act of any other person to whom the Fund Trustees have delegated any of their duties under the Fund Declaration of Trust; or for any other action or failure to act (including failure to compel in any way any former Fund Trustee to redress any breach of trust or any failure by any person to perform its duties under, or delegated to it under, the Fund Declaration of Trust), unless, in each case, such liabilities arise out of a breach of the Fund Trustees' duty to act honestly and in good faith with a view to the best interests of the Fund and Unitholders. If the Fund Trustees have retained an appropriate expert or advisor with respect to any matter connected with their duties under the Fund Declaration of Trust, the Fund Trustees may in good faith act or refuse to act based on the advice of such expert or advisor and the Fund Trustees will not be liable for any action or refusal to act based on the advice of such expert or advisor. In the exercise of the powers, authorities or discretion conferred on the Fund Trustees under the Fund Declaration of Trust, the Fund Trustees are and will be conclusively deemed to be acting as trustees of the Fund's assets and will not be subject to any personal liability in any capacity other than as trustees for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Fund or the Fund's assets.

Amendments to the Fund Declaration of Trust

The Fund Declaration of Trust may be amended or altered from time to time by Special Resolution, except where otherwise provided in the Fund Declaration of Trust.

The Fund Trustees may, without the approval of Voting Unitholders, make certain amendments to the Fund Declaration of Trust, including amendments:

- (a) to ensure continuing compliance and conformity with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Fund Trustees or the Fund (including to ensure that the Fund continues to qualify as a "mutual fund trust" within the meaning of the Tax Act);
- (b) to provide additional protection or added benefits for the Unitholders and/or holders of Special Voting Units;
- (c) to remove any conflicts or inconsistencies in the Fund Declaration of Trust or make minor changes or corrections, including the correction or rectification of any ambiguities,

defective provisions, errors or mistakes that are, in the opinion of the Fund Trustees, necessary or desirable and not prejudicial to Voting Unitholders; or

- (d) to make amendments that, in the opinion of the Fund Trustees, are necessary or desirable as a result of changes in taxation or other laws or policies of any governmental authority having jurisdiction over the Fund Trustees or the Fund,

provided that, notwithstanding the foregoing, (i) the Fund Trustees may not amend the Fund Declaration of Trust in a manner that would result in the Fund failing to qualify as a “mutual fund trust” under the Tax Act without the consent of Voting Unitholders by Special Resolution, (ii) no such amendment that reduces the beneficial interest in the Fund represented by a Unit shall be made without the consent of Unitholders by Special Resolution and (iii) no amendment may reduce the percentage of votes required to amend the Fund Declaration of Trust without the consent of all Voting Unitholders or affected Special Voting Unitholders, as applicable.

The terms of Special Voting Units may not be amended without the approval of the holders of affected Special Voting Units, voting as a class, by Special Resolution.

Term of the Fund

Unless sooner terminated as provided in the Fund Declaration of Trust, the Fund will continue in full force and effect so long as any property of the Fund is held by the Fund Trustees. At any time, Voting Unitholders may by Special Resolution require the Fund Trustees to commence to wind up the affairs of the Fund. In the event of termination or winding up of the Fund, the Fund Declaration of Trust contains provisions regarding disposition of the Fund’s assets, discharge of its liabilities and final distributions to Unitholders.

Take-Over Bids

The Fund Declaration of Trust provides that if a take-over bid is made for the Fund Units (including securities convertible into Fund Units in accordance with the Investor Liquidity and Exchange Agreement) and not less than 90 per cent of the Fund Units (including securities convertible into Fund Units in accordance with the Investor Liquidity and Exchange Agreement) are taken up and paid for by the offeror within the time provided in the offer for its acceptance or within 120 days of the date of the take-over bid, whichever is shorter, and the offeror agrees to be bound by, and complies with, applicable provisions of the Fund Declaration of Trust, the offeror will be entitled to acquire the Fund Units held by Unitholders who did not accept the take-over bid for the same consideration per Fund Unit as the offeror paid to acquire Fund Units from Unitholders who accepted the take-over bid.

Limitation on Non-Resident Ownership

In order for the Fund to maintain its status as a mutual fund trust under the Tax Act, the Fund must not be established or maintained primarily for the benefit of Non-Residents. Accordingly, the Fund Declaration of Trust provides that at no time may Non-Residents be the beneficial owners of more than 45 per cent of the Fund Units (on both a non-diluted and fully-diluted basis for these purposes). The Fund Trustees may require declarations as to the jurisdictions in which beneficial owners of Fund Units are resident or as to their status as Canadian partnerships.

If the Fund Trustees become aware that the beneficial owners of 45 per cent of the Fund Units then outstanding are or may be Non-Residents or that such a situation is imminent, the Fund Trustees may make a public announcement thereof and will not accept a subscription for Fund Units from, or issue or register a transfer of Fund Units to, any person unless the person provides a declaration that he or she is not a Non-Resident and that he or she does not hold Fund Units for the benefit of beneficiaries who are Non-Residents. If, notwithstanding the foregoing, the Fund Trustees determine that 45 per cent or more of the Fund Units are held by Non-Residents, the Fund Trustees may send a notice to such holders of Fund Units, chosen in inverse order to the order of acquisition or registration or in such manner as the Fund Trustees may consider equitable and practicable, requiring them to sell their Fund Units or a portion

thereof within a specified period determined by the Fund Trustees. If the Unitholders receiving such notice have not sold the specified number of Fund Units or provided the Fund Trustees with satisfactory evidence that they are not Non-Residents, the Fund Trustees may sell such Fund Units on behalf of such Unitholders, and in the interim, the voting and distribution rights attached to such Fund Units will be suspended. Upon such sale, the affected holders will cease to be holders of the Fund Units and their rights will be limited to receiving the net proceeds of such sale. In any situation where it is unclear whether Fund Units are held for the benefit of Non-Residents, the Fund Trustees may exercise their discretion in determining whether such Fund Units are or are not so held.

The Fund Trustees may place such other limits on Fund Unit ownership by non-residents as the Fund Trustees may deem necessary in their sole discretion, including unilaterally altering the limit on Non-Resident ownership above, to the extent required, in the opinion of the Fund Trustees, to maintain the Fund's status as a mutual fund trust under the Tax Act.

In addition, the Broadcasting Act, the Radiocommunication Act, the Telecommunications Act, the regulations thereunder, and the directions by the federal Cabinet to the CRTC also impose limitations on non-Canadian ownership of Fund Units and provide the Fund with certain powers to maintain compliance with non-Canadian ownership requirements.

For these purposes, the Fund Declaration of Trust provides that, for so long as such ownership requirements are in force and applicable to the Fund, the Fund Trustees shall be entitled to use all remedies available under the Broadcasting Act, the Radiocommunication Act, the Telecommunications Act and the related directions to the Canadian Radio-television and Telecommunications Commission (**CRTC**) to ensure that at no time will Canadians (as defined for purposes of those laws and directions) own and control less than the applicable minimum number of Fund Units or the Fund be otherwise controlled by non-Canadians. Such remedies may include without limitation any one or more of the following:

- (a) refusing to accept any subscription for Fund Units from a non-Canadian;
- (b) refusing to allow any transfer of Fund Units to a non-Canadian to be recorded in the Fund's registers;
- (c) suspending the rights of a non-Canadian holder of Fund Units to vote at a meeting of Unitholders or otherwise vote the Fund Units; and
- (d) selling, repurchasing or redeeming any Fund Units held by a non-Canadian,

in accordance with the procedures prescribed under those laws and directions, including those contained in the Canadian Telecommunications Common Carrier Ownership and Control Regulations (**Canadian Ownership and Control Regulations**).

By acceptance of a Fund Unit certificate or upon receipt of a customer confirmation from a CDS participant or other intermediary through which Fund Units may be held, Unitholders are deemed to acknowledge and agree to be bound by the provisions of the Fund Declaration of Trust relating to such legislation and the Canadian Ownership and Control Regulations.

Information and Reports

The Fund will, in accordance with and subject to applicable securities laws, furnish to Unitholders such financial statements of the Fund (including quarterly and annual financial statements) and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of Unitholders' tax returns under the Tax Act and equivalent provincial legislation.

Prior to each meeting of Voting Unitholders, the Fund Trustees will provide Unitholders (along with notice of such meeting) all such information as is required by applicable law and by the Fund Declaration of Trust to be provided to such holders.

Bell Aliant Holdings LP has agreed to provide the Fund with (i) a report of any material change that occurs in the affairs of Bell Aliant Holdings LP and its subsidiaries; and (ii) all financial statements accompanied by the MD&A for the period covered by such financial statements; in each case, in form and content consistent with applicable securities regulatory requirements as if it were a reporting issuer under applicable securities laws, in each case in a timely manner so as to permit the Fund to comply with applicable continuous disclosure requirements relating to reports of material changes in its affairs and the delivery of financial statements as required under applicable securities laws.

Fund Trustees will be required to file insider reports and comply with insider trading provisions under applicable Canadian securities legislation in respect of trades made by them in securities of the Fund.

Rights of Unitholders

The rights of Voting Unitholders are set out in the Fund Declaration of Trust. Although the Fund Declaration of Trust confers upon a Voting Unitholder many of the same material protections, rights and remedies an investor would have as a shareholder of a corporation governed by the CBCA, there are significant differences, some of which are discussed below.

Provisions comparable to many of the provisions of the CBCA respecting the governance and management of a corporation have been incorporated in the Fund Declaration of Trust. For example, Voting Unitholders are entitled to exercise voting rights in respect of their holdings of Fund Units and Special Voting Units in a manner comparable to shareholders of a CBCA corporation and to elect the Fund Trustees and appoint the auditors of the Fund. The Fund Declaration of Trust also includes provisions modeled after comparable provisions of the CBCA dealing with the calling and holding of meetings of Voting Unitholders and Fund Trustees, the quorum for and procedures at such meetings and the right of investors to participate in the decision-making process where certain fundamental actions are proposed to be undertaken. The matters in respect of which Voting Unitholder approval is required under the Fund Declaration of Trust are generally less extensive than the rights conferred on the shareholders of a CBCA corporation, but effectively extend to certain fundamental actions that may be undertaken by the Fund. These approval rights are supplemented by provisions of applicable securities laws that are generally applicable to issuers (whether corporations, trusts or other entities) that are "reporting issuers" or the equivalent or listed on the TSX. Voting Unitholders do not have the right to make proposals to raise matters at a meeting, unlike shareholders of a CBCA corporation.

Voting Unitholders do not have recourse to a dissent right under which shareholders of a CBCA corporation are entitled to receive the fair value of their shares where certain fundamental changes affecting the corporation are undertaken (such as an amalgamation, a continuance under the laws of another jurisdiction, the sale of all or substantially all of its property, a going private transaction or the addition, change or removal of provisions restricting (i) the business or businesses that the corporation can carry on, or (ii) the issue, transfer or ownership of shares). As an alternative, Unitholders seeking to terminate their investment in the Fund are entitled, subject to certain conditions and limitations, to require the Fund to redeem their Fund Units through the exercise of the redemption rights provided by the Fund Declaration of Trust, as described under "Description of the Fund - Redemption Right". Voting Unitholders similarly do not have recourse to the statutory oppression remedy that is available to shareholders of a CBCA corporation where the corporation undertakes actions that are oppressive, unfairly prejudicial or disregard the interests of securityholders and certain other parties. Shareholders of a CBCA corporation may also apply to a court to order the liquidation and dissolution of the corporation in those circumstances, whereas Voting Unitholders could rely only on the general provisions of the Fund Declaration of Trust which permit the winding up of the Fund with the approval of a Special Resolution of Voting Unitholders.

Shareholders of a CBCA corporation may also apply to a court for the appointment of an inspector to investigate the manner in which the business of the corporation and its affiliates (as defined in the CBCA) is being carried on where there is reason to believe that fraudulent, dishonest or oppressive conduct has occurred. The Fund Declaration of Trust allows Voting Unitholders to pass resolutions appointing an inspector to investigate the Fund Trustees' performance of their responsibilities and duties, but this process would not be subject to court oversight or assure the other investigative procedures, rights and

remedies available under the CBCA. The CBCA also permits shareholders to bring or intervene in derivative actions in the name of the corporation or any of its subsidiaries, with the leave of a court. The Fund Declaration of Trust does not include a comparable right of Voting Unitholders to commence or participate in legal proceedings with respect to the Fund.

DESCRIPTION OF HOLDINGS TRUST

Within the Fund Group structure, Holdings Trust largely exists to facilitate a redemption in kind of Fund units as described in “Description of the Fund - Redemption Right”. The Holdings Trust Declaration of Trust contains provisions substantially similar to those of the Fund Declaration of Trust relating to the Fund. Certain of the principal differences between the Holdings Trust Declaration of Trust and the Fund Declaration of Trust are those described below. The description below is a summary only and is qualified in its entirety by reference to the full text of the Holdings Trust Declaration of Trust, which is available on SEDAR at www.sedar.com.

General

Holdings Trust is an unincorporated, open-ended trust established under the laws of the Province of Québec pursuant to the Holdings Trust Declaration of Trust. Holdings Trust’s activities are restricted essentially to holding its investment in Bell Aliant Holdings LP and such other investments as the trustees of Holdings Trust may determine, including all activities ancillary or incidental thereto. The Securityholders’ Agreement contains certain additional restrictions on the activities of Holdings Trust for so long as BCE holds, directly or indirectly, 20 per cent or more of the Fund Units (on a fully-diluted basis). See “Other Material Agreements - Securityholders’ Agreement”.

Redemption Right

The Trust Units are redeemable at any time on demand by the holders thereof on terms, and for a redemption price, set forth in the Holdings Trust Declaration of Trust.

The trustees of Holdings Trust are also entitled to call for redemption, at any time, all or part of the outstanding Trust Units registered in the name of the holders thereof other than the Fund on terms, and for a redemption price, set forth in the Holdings Trust Declaration of Trust.

Distributions

Holdings Trust intends to make monthly cash distributions to the Fund of its net monthly cash receipts, after satisfaction of its interest obligations, if any, and less any estimated cash amounts required for expenses and other obligations of Holdings Trust, any cash redemptions of **Trust Units** or **Trust Notes**, any tax liability and any reserve as the trustees of Holdings Trust determine, in their sole discretion, to be necessary or advisable. Such distributions are intended to be paid within a period following each calendar month end so that these distributions would be received by the Fund prior to its related cash distributions to Unitholders.

Trust Notes

The following is a summary only of the material attributes and characteristics of the Trust Notes issuable by Holdings Trust under the Trust Note Indenture. The description below is a summary only and is qualified in its entirety by reference to the full text of the Trust Note Indenture, which is available on SEDAR at www.sedar.com.

Three series of Trust Notes are initially authorized for issuance under the Trust Note Indenture. Currently, only Series 1 Trust Notes are issued and outstanding, all of which are held by the Fund. The Series 1 Trust Notes mature on the 15th anniversary of the date of issuance and bear interest at a rate of 1 per cent per annum. Series 2 Trust Notes are reserved by Holdings Trust to be issued exclusively to holders of Trust Units as full or partial payment of the redemption price for Trust Units as trustees of Holdings Trust may decide or, in certain circumstances, be obliged to issue. Series 3 Trust Notes are reserved by Holdings Trust to be issued exclusively as full or partial payment of the redemption price for

Series 1 Trust Notes in the event of payment in kind of the Redemption Price for Fund Units redeemed by Unitholders. The Series 2 Trust Notes and Series 3 Trust Notes will have a maturity date and a market rate of interest to be determined by the trustees of Holdings Trust at the time of issuance.

Trust Notes are issuable in Canadian currency, in denominations of \$10 and integral multiples of \$10. No fractional Trust Notes will be issued or distributed and, where the principal amount of Trust Notes to be received by any person includes a fraction, such number will be rounded to the next lowest whole number. The Trust Notes are unsecured debt obligations of Holdings Trust.

Payment of the principal amount and interest on the Trust Notes will be subordinated in right of payment to the prior payment in full of the principal of, and accrued and unpaid interest on, and all other amounts owing in respect of all senior indebtedness, which is defined as all indebtedness, liabilities and obligations of Holdings Trust, including Holdings Trust's guarantee of senior credit facilities of Bell Aliant LP, which, by the terms of the instrument creating or evidencing the same are expressed to rank in right of payment in priority to Trust Notes, or are otherwise designated by Holdings Trust as senior indebtedness. The Trust Note Indenture provides that, upon any distribution of the assets of Holdings Trust in the event of any dissolution, liquidation, reorganization or other similar proceedings relative to Holdings Trust, the holders of all such senior indebtedness will be entitled to receive payment in full before the holders of Trust Notes are entitled to receive any payment.

Redemption

The Trust Notes are redeemable (at a redemption price equal to the principal amount thereof plus accrued and unpaid interest thereon, payable in cash or, in the case of a redemption of Series 1 Trust Notes on a payment in kind of the Redemption Price for Fund Units, in Series 3 Trust Notes) at the option of Holdings Trust and, in the case of Series 1 Trust Notes, also at the option of the holder, prior to their respective maturity dates.

Default

The Trust Note Indenture provides that any of the following shall constitute an event of default:

- (a) default in payment of the principal of the Trust Notes when the same becomes due and the continuation of such default for a period of 90 days;
- (b) default in payment of any interest due on any Trust Notes and continuation of such default for a period of 90 days;
- (c) default in the observance or performance of any other covenant or condition of the Trust Note Indenture and continuance of such default for a period of 90 days after notice in writing has been given to Holdings Trust specifying such default and requiring the Trust to rectify the same;
- (d) certain events of bankruptcy, insolvency, dissolution, liquidation, reorganization or other similar proceedings relative to Holdings Trust; and
- (e) an encumbrancer takes possession of property of Holdings Trust having an aggregate value of more than \$50 million, or any process or execution is levied or enforced upon any such property of Holdings Trust and remains unsatisfied for such period as would permit any such property to be sold accordingly, unless such process is in good faith disputed by Holdings Trust and the enforcement is stayed.

The provisions governing an event of default under the Trust Note Indenture and remedies available thereunder do not provide protection to the holders of Trust Notes which would be comparable to the provisions generally found in debt securities issued to the public.

DESCRIPTION OF BELL NORDIQ TRUST

Bell Nordiq Trust is a trust established under the laws of Québec pursuant to a declaration of trust dated April 23, 2002, as amended, and originally held 36.7 per cent of the limited partnership units of the Bell Nordiq Partnerships. The terms of the Bell Nordiq Trust Declaration of Trust are similar to those contained in the Holdings Trust Declaration of Trust. Effective January 1, 2008, Bell Nordiq Trust transferred its 36.7 per cent limited partnership interest in each of the Bell Nordiq Partnerships to Bell Aliant Holdings LP in return for 8,246,419 Holdings Class 2 LP Units. Bell Nordiq Trust now owns one limited partnership unit of each of the Bell Nordiq Partnerships.

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 full text of the **Bell Aliant Holdings LP Partnership Agreement**, which is available on SEDAR at www.sedar.com.

General

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

Capitalization

Bell Aliant Holdings LP is entitled to issue various partnership units for such consideration and on such terms and conditions as may be determined by Bell Aliant Holdings GP. Bell Aliant Holdings LP has issued a nominal value general partnership interest 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 Bell Aliant Holdings LP will declare distributions (or pay advances in lieu of distributions) to limited partners of 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). Bell Aliant Holdings LP may, in addition, make a distribution at any other time.

Distributable cash of Bell Aliant Holdings 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 Holdings LP's 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

The income or loss of Bell Aliant Holdings 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 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 by Bell Aliant Holdings LP to that partner.

Transfer of Partnership Units and GP Shares

The limited partnership units of Bell Aliant Holdings LP 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), **Bell Aliant Holdings LP 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, (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 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, 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 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.

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 of 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 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, (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) 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 or 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 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.

OTHER MATERIAL AGREEMENTS

Administration Agreement

The Fund, Holdings Trust, Bell Aliant Holdings GP and Bell Aliant LP have entered into the Administration Agreement which is available on SEDAR at www.sedar.com. The following is a summary only and is qualified in its entirety by reference to the full text of the Administration Agreement. 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.

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 an 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 dated July 7, 2006 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 description below 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 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 “Trustees, 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 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 earnings before interest, taxes, depreciation and amortization and certain other items (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, 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 Bell Aliant Holdings LP's 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 which are significant to our business are 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

Distribution Policy

The distribution policy of the Fund is described above under the heading "Description of the Fund – Distributions". The objective of the Fund Trustees is to target a 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 aggregate distributions declared by the Fund to Unitholders, and by Bell Aliant Holdings LP and Bell Aliant LP to holders of their respective limited partnership units that

are exchangeable into Fund Units, compared to combined distributable cash of the Fund Group and the resulting payout ratio for the years ended December 31, 2008, December 31, 2007, and the period from July 7, 2006 to December 31, 2006, are shown in the following table:

Distribution Periods	Aggregate Distributions Declared (in millions)	Distributable Cash (in millions)	Payout Ratio (per cent)
July 7 – December 31, 2006	\$294.8	\$372.7	79.1
January 1 – December 31, 2007	\$651.1	\$701.4	92.8
January 1 – December 31, 2008	\$657.9	\$715.6	91.9

In February 2009, we announced that the distribution per unit to unitholders would remain unchanged at \$0.2417 per month or \$2.90 per year. With an anticipated increase in distributable cash in 2009, 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. This does not necessarily indicate a departure from the 90 per cent long-term payout target, however, this target and the declaration of future distributions is subject to the consideration of numerous factors and at the discretion of the Fund Trustees.

Distributable cash is a non-GAAP measure. For a reconciliation of cash from operating activities to distributable cash, please refer to the section entitled “Non-GAAP Financial Measures – Standardized Distributable Cash and Distributable Cash” in the Bell Aliant Holdings LP MD&A for the year ended December 31, 2008, which is available on SEDAR at www.sedar.com, which section is incorporated by reference herein.

Restrictions on Distributions

In the future, the Fund’s distributions could become subject to restrictions imposed under Bell Aliant LP’s bank credit facilities. Bell Aliant LP’s credit agreement specifies that if the Fund Group’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 generated during that 12 month period.

Dividends and Distributions Declared

Prior to completion of the Arrangement on July 6, 2006, Aliant paid quarterly dividends on its common shares as approved by its board of directors, with the quarterly dividend per share as follows:

Aliant Inc. Cash Distribution 2006				
Distribution Period	Record Date	Dividend (per share)	Dividend (in millions)	Payment Date
First Quarter 2006	March 15, 2006	\$0.31	\$41.8	March 31, 2006
Second Quarter 2006	June 15, 2006	\$0.31	\$41.9	June 30, 2006

Aliant’s series 2 preference shareholders were entitled to a fixed cumulative preferential cash dividend of \$1.3625 per share per annum, if, as and when declared by the Aliant board of directors, payable quarterly on the last day of March, June, September and December in each year. On January 26, 2006 and May 16, 2006, Aliant’s board declared a preferred share dividend of \$0.340625 per preferred share payable on March 31, 2006 and June 30, 2006, respectively, to shareholders of record on March 15, 2006 and June 15, 2006, respectively. A dividend of \$0.340625 per preferred share had been paid quarterly since July 2001. The Aliant series 2 preference shares were redeemed on June 30, 2006, in accordance with their terms.

The Fund declared an inaugural distribution on August 22, 2006 of \$0.3996 per Fund Unit, covering the last three weeks of July and the entire month of August, and thereafter declared distributions of \$0.2283 per Fund Unit for each month through to December 2006. The following table shows the distributions declared and paid by the Fund for the periods between July 7, 2006, and December 31, 2006:

Bell Aliant Cash Distribution 2006				
Distribution Period	Record Date	Distribution (per fund unit)	Distribution (in millions)	Payment Date
July 7 - August 31, 2006	August 31, 2006	\$0.3996	\$49.6	September 15, 2006
September, 2006	September 29, 2006	\$0.2283	\$28.4	October 13, 2006
October, 2006	October 31, 2006	\$0.2283	\$28.4	November 15, 2006
November, 2006	November 30, 2006	\$0.2283	\$28.3	December 15, 2006
December, 2006	December 29, 2006	\$0.2283	\$28.3	January 15, 2007

On February 1, 2007, the Fund announced an increase to its monthly distributions from \$0.2283 per Fund Unit to \$0.2350 per Fund Unit, commencing with the distribution for the month of February 2007, payable on March 15, 2007. The following table shows the distributions declared and paid by the Fund for 2007.

Bell Aliant Cash Distribution 2007				
Distribution Period	Record Date	Distribution (per fund unit)	Distribution (in millions)	Payment Date
January, 2007	January 31, 2007	\$0.2283	\$31.4	February 15, 2007
February, 2007	February 28, 2007	\$0.2350	\$32.3	March 15, 2007
March, 2007	March 31, 2007	\$0.2350	\$32.3	April 13, 2007
April, 2007	April 30, 2007	\$0.2350	\$31.3	May 15, 2007
May, 2007	May 31, 2007	\$0.2350	\$30.9	June 15, 2007
June, 2007	June 29, 2007	\$0.2350	\$30.7	July 13, 2007
July, 2007	July 31, 2007	\$0.2350	\$30.5	August 15, 2007
August, 2007	August 31, 2007	\$0.2350	\$30.1	September 14, 2007
September, 2007	September 28, 2007	\$0.2350	\$29.9	October 15, 2007
October, 2007	October 31, 2007	\$0.2350	\$29.9	November 15, 2007
November, 2007	November 30, 2007	\$0.2350	\$29.8	December 14, 2007
December, 2007	December 31, 2007	\$0.2350	\$29.8	January 15, 2008

On February 5, 2008, the Fund announced an increase to its monthly distributions from \$0.2350 per Fund Unit to \$0.2417 per Fund Unit, commencing with the distribution for the month of February 2008, payable on March 14, 2008. The following table shows the distributions declared and paid by the Fund for 2008.

Bell Aliant Cash Distribution 2008				
Distribution Period	Record Date	Distribution (per fund unit)	Distribution (in millions)	Payment Date
January, 2008	January 31, 2008	\$0.2350	\$29.8	February 15, 2008
February, 2008	February 29, 2008	\$0.2417	\$30.7	March 14, 2008
March, 2008	March 31, 2008	\$0.2417	\$30.7	April 15, 2008
April, 2008	April 30, 2008	\$0.2417	\$30.7	May 15, 2008
May, 2008	May 30, 2008	\$0.2417	\$30.7	June 13, 2008
June, 2008	June 30, 2008	\$0.2417	\$30.7	July 13, 2008
July, 2008	July 31, 2008	\$0.2417	\$30.7	August 15, 2008
August, 2008	August 29, 2008	\$0.2417	\$30.7	September 15, 2008
September, 2008	September 30, 2008	\$0.2417	\$30.7	October 15, 2008
October, 2008	October 31, 2008	\$0.2417	\$30.7	November 14, 2008
November, 2008	November 28, 2008	\$0.2417	\$30.7	December 15, 2008
December, 2008	December 31, 2008	\$0.2417	\$30.7	January 15, 2009

DESCRIPTION OF CAPITAL STRUCTURE

General Description of Capital Structure

The capital structure of the Fund is described above under the heading “Description of the Fund – Fund Units and Special Voting Units”.

Constraints

Constraints on ownership of the Fund Units are described above under the heading “Description of the Fund – Limitation on Non-Resident Ownership”.

Ratings

As at the date of this AIF, the Fund has stability ratings of STA-2 (high) from DBRS Limited (**DBRS**) and SR-2/Stable outlook (Moderate distribution profile) from Standard & Poor's, a division of the McGraw-Hill Companies, Inc. (Standard & Poor's). A stability rating measures an income trust's stability of distributions relative to other rated Canadian income trusts.

The DBRS income fund stability rating provides an indication of the stability and sustainability of an income fund's cash distributions per unit over the longer term. DBRS' stability rating categories range from “STA-1” to “STA-7”, with “STA-1” being the highest. DBRS further separates the ratings into “high”, “middle” and “low” to indicate where within the ratings category they fall. Ratings take into account the seven main factors of (1) operating and industry characteristics, (2) asset quality, (3) financial flexibility, (4) diversification, (5) size and market position, (6) sponsorship/governance and (7) growth. In addition, consideration is given to specific structural or contractual elements that may eliminate or mitigate risks or other potentially negative factors. A rating of “STA-2 (high)” is an indication of very good stability and sustainability of distributions, and income funds with this rating typically show above-average strength in areas of consideration, and possess levels of distributable income per unit which are less likely to be significantly negatively affected by foreseeable events.

The Standard & Poor's Canadian income fund stability ratings scale conveys opinions about the relative sustainability and variability of the cash distribution stream across various income funds. A stability rating, ranging from “SR-1” to “SR-7”, reflects Standard & Poor's assessment of fund structure and governance, the underlying business model, its sustainability, and the variability in distributable cash flow generation in the medium to long term. Income funds rated “SR-2” have a very high level of distributable cash flow stability relative to other income funds in the Canadian market place.

The Standard and Poor's ratings include a rating outlook which conveys opinions about the potential direction of a 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. Positive means that a rating may be raised; Negative means that a rating may be lowered; Stable means that a rating is not likely to change; and Developing means a rating may be raised or lowered.

In addition, Standard & Poor's stability ratings include a rating of the distribution profile expressed on a seven step scale from “very conservative” to “very aggressive”. The distribution profile assessment considers an income fund's distribution policy in the context of its cash flow dynamics, and comments on the ability of a fund to maintain a given level of distributions, expressed on a seven-step scale, ranging from very conservative to very aggressive. The distribution profile assessment takes into account, among other factors, how aggressive or conservative the income fund's distribution policy is relative to the variability of its distributable cash flow generation. A “moderate” assessment is assigned where a distribution profile is determined be sustainable across a reasonable range of future scenarios.

A rating is not a recommendation to buy, sell or hold Fund Units and may be revised or withdrawn at any time. Stability ratings do not take into consideration such factors as pricing or stock market risk.

MARKET FOR SECURITIES

Trading Price and Volume

The Fund Units are listed on the TSX under the trading symbol "BA.UN". The following table shows the high and low trading prices of the Fund Units and the volume of trading on the TSX according to published sources for 2008.

	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
January	29.57	26.00	4,260,558
February	30.15	27.55	4,072,361
March	30.00	28.71	3,204,979
April	30.55	29.54	2,853,783
May	30.50	28.76	3,477,466
June	29.97	29.05	3,458,674
July	29.42	26.28	4,308,923
August	27.82	26.42	4,501,358
September	27.95	24.83	5,018,264
October	26.20	21.66	6,175,128
November	26.19	21.77	3,887,904
December	23.92	21.00	5,665,897

TRUSTEES, DIRECTORS AND OFFICERS

On March 1, 2009, the Fund Trustees and the directors and officers of Bell Aliant Holdings GP and Bell Aliant GP, as a group, beneficially owned, directly or indirectly, or exercised control or direction over approximately 157,795 or 0.124 per cent of the Fund Units.

Fund Trustees

The name, board position, principal occupation and province of residence for each of the Fund Trustees as at March 1, 2009, and the period during which they have served as a trustee are shown in the table below:

Name	Principal Occupation	Province and Country of Residence	Fund Trustee Since
Siim Vanaselja Chairman	Executive Vice-President and Chief Financial Officer of BCE and Bell Canada	Québec, Canada	July 2008
Edward Reevey, FCA	Chairman and Chief Executive Officer of Eedda Capital Inc., a private holding company	New Brunswick, Canada	July 2006
Louis Tanguay	Corporate Director	Québec, Canada	July 2006
Charles White, Q.C.	Lawyer with the law firm White, Ottenheimer & Baker	Newfoundland and Labrador, Canada	July 2006
Victor Young, O.C.	Corporate Director	Newfoundland and Labrador, Canada	July 2006

The Board of Trustees of the Fund has established the following committees: Audit, Governance, and Management Resources and Compensation. See “Directors and Officers” below for information regarding the composition of the committees.

All of the Fund Trustees have been employed in the designated principal occupation for the preceding five years, except Mr. Reevey who was also Chairman and chief executive officer of Addee Developments Limited, a private holding company, until December 2006.

Directors and Officers

The persons listed in the chart below serve as directors of Bell Aliant Holdings GP and Bell Aliant GP. Bell Aliant GP is the general partner of Bell Aliant LP, which serves as the administrator of the Fund. See “Other Material Agreements – Administration Agreement”. 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	Chairman and 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. Governance committee, Audit committee, and Management Resources and Compensation committee	Chairman and Chief Executive Officer of Maritime Travel Inc.	Nova Scotia, Canada	April 1999
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

Name and Committee Membership	Principal Occupation	Province and Country of Residence	Director Since (includes Aliant)
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 GP (and, where noted, Bell Aliant Holdings GP). The name, position with Bell Aliant 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 ⁽¹⁾	Nova Scotia and Ontario, Canada
George Cope	Chairman ⁽¹⁾	Ontario, Canada
Charles White, Q.C.	Vice-Chairman and Lead Independent Director ⁽¹⁾	Newfoundland and Labrador, Canada
Mary-Ann Bell	Senior Vice President Québec and Ontario	Québec, Canada
Allison Bodnar	Assistant Secretary ⁽¹⁾	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 ⁽¹⁾	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 ⁽¹⁾	Nova Scotia, Canada
Eleanor Marshall	Vice President and Treasurer ⁽¹⁾	New Brunswick, Canada
Alana Patterson	Director Human Resource Operations and Assistant Secretary ⁽¹⁾	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

⁽¹⁾ The named officer holds the same position with Bell Aliant Holdings GP.

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:

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

Ms. Bodnar was a lawyer with the law firm of McInnes Cooper 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. 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. 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 Fund Trustees and 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 Fund Declaration of Trust contains provisions with regard to conflicts of interest involving Fund Trustees. Similarly, the provisions of the 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

There are currently no outstanding claims or litigation involving the Fund.

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 and litigation at the date of this AIF, management believes that the resolution of these claims and litigation will not have a material and negative effect on the Fund's consolidated financial position or results of operations.

INTEREST OF EXPERTS

Deloitte & Touche LLP, the Fund's auditor, has provided an audit report on the Fund's financial statements for the year ended December 31, 2008. Deloitte & Touche LLP is independent of the Fund in accordance with the rules of professional conduct in the province of Nova Scotia.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

BCE owned, directly and indirectly, 44.15 per cent of the Fund (on a fully diluted basis) as at December 31, 2008, and 44.11 per cent 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 of the Fund units on a fully diluted basis, 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 business of the Fund's subsidiaries continues to be a core asset for BCE and that business is closely aligned with that of Bell Canada. 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 marketing cooperation, customer primeship and non-competition, and branding. Further information regarding the relations with Bell Canada and BCE can be found under the "Material Contracts" section of Bell Aliant Holdings LP's AIF for the year ended December 31, 2008, which section is incorporated by reference herein, and available on SEDAR at www.sedar.com.

Other than as set out in this AIF, none of the Fund Trustees or 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 the Fund, Holdings Trust, Bell Aliant GP, Bell Aliant Holdings GP or any of their subsidiaries.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Fund Units is CIBC Mellon Trust Company at its principal office in Halifax, Nova Scotia, Canada.

MATERIAL CONTRACTS

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

- the Fund Declaration of Trust;
- the Holdings Trust Declaration of Trust;
- 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 Bell Aliant Holdings LP's 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 Bell Aliant Holdings LP's financial statements for the year ended December 31, 2008, which note is incorporated by reference herein;
- the Bell Trade-mark Licence Agreement, as described under the "Material Contracts" section of Bell Aliant Holdings LP's AIF for the year ended December 31, 2008, which section is incorporated by reference herein;
- the Omnibus Term Sheet: as described under the "Material Contracts" section of Bell Aliant Holdings LP's AIF for the year ended December 31, 2008, together with the following schedules, which section is incorporated by reference herein:
 - Term Sheet #5 for the Master Services Agreement;
 - Term Sheet #6 for the Network Services Agreement;
 - Term Sheet # 8 for the Intellectual Property Licence Agreement; and
 - Term Sheet #11 for the Master Information Technology Services Agreement
- the Bilateral Intellectual Property Sharing Agreement as described under the "Material Contracts" section of Bell Aliant Holdings LP's AIF for the year ended December 31, 2008, which section is incorporated by reference herein.

Further information on each of these contracts not otherwise disclosed elsewhere in the AIF can be found under the "Material Contracts" section of Bell Aliant Holdings LP's AIF for the year ended December 31, 2008, which section is incorporated by reference herein, and is available on SEDAR at www.sedar.com.

ADDITIONAL INFORMATION

Additional information relating to the Fund, including our annual and quarterly financial statements, news releases and other continuous disclosure documents, may be found SEDAR at www.sedar.com.

Additional information including trustees', directors' and officers' remuneration and indebtedness, principal holders of our securities and securities authorized for purchase under equity compensation plans, where applicable, will be contained in the information circular for the Fund's annual meeting of Unitholders.

Additional financial information is provided in our financial statements and MD&A for the period ended December 31, 2008.

The Fund is largely dependent on distributions from Bell Aliant Holdings LP to make our distributions. Bell Aliant Holdings LP is a reporting issuer under Canadian securities laws, and its financial statements, management's discussion and analysis and other continuous disclosure documents are posted on SEDAR (www.sedar.com). Under the policies of the Canadian securities administrators, the financial statements and MD&A of Bell Aliant Holdings LP will also be posted on the SEDAR website under the Fund's SEDAR profile. For information about Bell Aliant Holdings LP and its subsidiaries, readers are

referred to the consolidated financial statements and other continuous disclosure documents of Bell Aliant Holdings LP.

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 Audit Committee (the "committee") is composed of the following four members: Edward Reevey (chair), Robert Dexter, Louis Tanguay and Charles White. 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. 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 to the board 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

The Fund 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

The Fund 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

The Fund 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 Fund Trustees not adopted a recommendation of the 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 was appointed as the Fund's auditors upon completion of the Arrangement. Fees incurred for the two most recent years ended December 31 are shown below.

Deloitte & Touche LLP

	<u>2008</u>	<u>2007</u>
Audit fees	\$22,000	\$22,000
Audit-related fees	\$25,344	\$16,316
	<u>\$47,344</u>	<u>\$38,316</u>

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.

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 oversight of the work of the external auditor and any other auditor preparing or issuing an audit report or performing other audit review 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 of Directors 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 of Directors 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 of Directors 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 Audit Committee 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

of Directors 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.

GLOSSARY

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

“AIF” means annual information form;

“Aliant” means Aliant Inc., the predecessor corporation to Bell Aliant GP;

“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.;

“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 Exchangeable LP Units” means the Class B exchangeable limited partnership units of Bell Aliant LP;

“Bell Aliant GP” means Bell Aliant Regional Communications Inc., 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 Nordiq” means Bell Nordiq Income Fund;

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

“Bell Nordiq Transaction” means the series of transactions completed on January 30, 2007 in which the Fund privatized Bell Nordiq, as described under the heading “General Development of the Business – Recent Developments”;

“BNG” means Bell Nordiq Group Inc.;

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

“Canadian Ownership and Control Regulations” has the meaning given to such term under “Description of the Fund – Limitation on Non-Resident Ownership”;

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

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

“CDS” means CDS Clearing and Depository Services Inc.;

“Commercial Relationship Management Agreement” 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”;

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

“DBRS” means DBRS Limited;

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

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

“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, convertible into or exchangeable for Fund Units;

“FTTN” has the meaning given to such term under “General Development of the Business”;

“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, NorthernTel LP, Télébec LP, Bell Aliant GP, 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 at such time;

“Fund Units” or **“Units”** means the units of the Fund designated as “Units” in the Fund Declaration of Trust as more particularly described under “Description of the Fund – Fund Units and Special Voting Units”;

“GAAP” means Canadian generally accepted accounting principles;

“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;

“ILEC” means incumbent local exchange carrier;

“Investor Liquidity and Exchange Agreement” means the investor liquidity and exchange agreement described under the heading “Other Material Agreements – Investor Liquidity and Exchange Agreement”;

“IPTV” means Internet Protocol TV;

“IT” means information technology;

“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”;

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

“NCIB” means normal course issuer bid;

“Non-Resident” means (i) a person who is not a resident of Canada within the meaning of the Tax Act or (ii) a partnership that is not a Canadian partnership for the purposes of the Tax Act;

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

“Note Trustee” means CIBC Mellon Trust Company as trustee under the Trust Note Indenture;

“Ordinary Resolution” means a resolution passed as an ordinary resolution at a meeting of Voting Unitholders (including an adjourned or postponed meeting) duly convened for the purpose and held in

accordance with the provisions of the Fund Declaration of Trust by the affirmative votes of the holders of not less than a majority of the Voting Units represented at the meeting and voted upon such resolution;

“**Prospectus**” has the meaning given to such term under “General Development of the Business”;

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

“**Redemption Price**” has the meaning given to such term under “Description of the Fund - Redemption Right”;

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

“**Series 2 Exchange Notes**” means the series 2 notes to be issued by a wholly owned subsidiary of the Fund;

“**Series 3 Exchange Notes**” means the series 3 notes to be issued by a wholly owned subsidiary of the Fund;

“**Series 1 Trust Notes**” means the series 1, unsecured, subordinated Trust Notes authorized to be issued under the Trust Note Indenture;

“**Series 2 Trust Notes**” means the series 2, unsecured, subordinated Trust Notes authorized to be issued under the Trust Note Indenture;

“**Series 3 Trust Notes**” means the series 3, unsecured, subordinated Trust Notes authorized to be issued under the Trust Note Indenture;

“**Special Resolution**” means a resolution passed as a special resolution at a meeting of Voting Unitholders (including an adjourned or postponed meeting) duly convened for the purpose and held in accordance with the provisions of the Fund Declaration of Trust by the affirmative votes of the holders of not less than two-thirds of the Voting Units represented at the meeting and voted on a poll upon such resolution;

“**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 as more particularly described under “Description of the Fund – Fund Units and Special Voting Units”;

“**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 Note Indenture**” means the note indenture dated July 7, 2006 between Holdings Trust and the Note Trustee, governing the Trust Notes, as the same may be amended or amended and restated from time to time;

“**Trust Notes**” means the unsecured, subordinated notes to be issued by Holdings Trust from time to time under the Trust Note Indenture;

“**Trust Units**” means the units of Holdings Trust issued at any time, including the units initially issued to the Fund pursuant to the Arrangement;

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

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

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

“**Voting Units**” means, collectively, the Units and Special Voting Units.