



Notice of 2011 annual
meeting of shareholders and
management information circular

Annual meeting: Tuesday, June 14, 2011

BellAliant

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Notice of annual meeting of shareholders

YOU ARE INVITED TO OUR ANNUAL MEETING OF SHAREHOLDERS

When

Tuesday, June 14, 2011, at 9:00 a.m. (Atlantic time)

Where

The Westin Nova Scotian Hotel
Commonwealth Ballroom
1181 Hollis Street
Halifax, Nova Scotia

What the meeting is about

The annual meeting of shareholders (the *Meeting*) of Bell Aliant Inc. (*Bell Aliant*) will cover four items of business:

1. Receiving the consolidated financial statements of Bell Aliant Regional Communications Income Fund and Bell Aliant for the year ended December 31, 2010, together with the report of the auditors;
2. Electing the directors of Bell Aliant;
3. Re-appointing auditors of Bell Aliant; and
4. Considering a non-binding advisory resolution on executive compensation.

These four items of business are outlined in greater detail in the information circular accompanying this notice. The shareholders of Bell Aliant may also consider other business that properly comes before the Meeting or any adjournment.

You have the right to vote

You are entitled to receive notice of and vote at the Meeting, or any adjournment, if you were a holder of common shares of Bell Aliant at the close of business on April 28, 2011.

If you are unable to attend the Meeting, you may convey your voting instructions by appointing a proxyholder. Proxyholders can be appointed by telephone, electronically using the Internet or by completing, signing and returning the enclosed form of proxy either by fax or in the postage-paid envelope provided, in each case for receipt by 9:00 a.m. (Atlantic time) on Friday, June 10, 2011.

Your vote is important

As a shareholder, it is important that you read this material carefully and then vote your shares, either by proxy or in person, at the Meeting. This document tells you what you will be voting on and how to exercise your right to vote your shares.

By order of the board of directors of Bell Aliant Inc.,

Frederick P. Crooks, QC
Executive vice-president corporate services, chief legal officer and secretary of Bell Aliant Inc.
April 28, 2011

Note: Bell Aliant's 2010 annual report can be viewed at www.bellaliant.ca.

Information circular

INTRODUCTION

This information circular is for the annual meeting of shareholders of Bell Aliant Inc. to be held on Tuesday, June 14, 2011, at 9:00 a.m. (Atlantic time) and any adjournment(s) or postponement(s) of the Meeting. As a shareholder on the Record Date (April 28, 2011), you have the right to vote your shares on:

- Electing the directors of Bell Aliant;
- Re-appointing the auditors of Bell Aliant;
- Considering a non-binding advisory resolution on executive compensation; and
- Any other items that may properly come before the Meeting.

To help you make an informed decision, this information circular tells you about the Meeting, the nominees for election as directors, the proposed auditors, our governance practices, and compensation of directors and executive officers.

Your proxy is solicited by Bell Aliant's management, and solicitation is being made by mail and may also be made by electronic means of communication. All costs associated with this solicitation of proxies will be borne by Bell Aliant.

If you have questions about any of the information in this document, please contact Bell Aliant's Investor Relations department (toll free in Canada and the United States) at 1-877-248-3113 or by email at investors@bellaliant.ca. In this document, *you*, *your* and *shareholder* refer to holders of shares of Bell Aliant Inc. and the term *shares* refers to Bell Aliant Inc.'s common shares. *We*, *us*, *our*, *Corporation* and *Bell Aliant* refer to Bell Aliant Inc., unless otherwise indicated. *Fund* refers to Bell Aliant Regional Communications Income Fund, *Bell Aliant GP* refers to Bell Aliant Regional Communications Inc., *Prefco* refers to Bell Aliant Preferred Equity Inc., *Bell Aliant LP* refers to Bell Aliant Regional Communications, Limited Partnership, *Bell Aliant Holdings Inc.* refers to Bell Aliant Regional Communications Holdings Inc., *Bell Aliant Holdings LP* refers to Bell Aliant Regional Communications Holdings, Limited Partnership, and *BCE* refers to BCE Inc. This information circular is dated April 28, 2011. The information in this document is current to April 28, 2011, unless otherwise indicated.

THE MEETING

The Meeting will be held at The Westin Nova Scotian Hotel, Commonwealth Ballroom, 1181 Hollis Street, Halifax, Nova Scotia, Canada starting at 9:00 a.m. (Atlantic time) on Tuesday, June 14, 2011. The purpose of the Meeting is for shareholders to receive the consolidated financial statements of the Fund and Bell Aliant for the most recently completed financial year and to consider the other items of business stated in the notice of the Meeting.

Bell Aliant's directors are not currently aware of any changes to these business items, and do not expect any other items to be brought forward at the Meeting. If there are changes or if other business properly comes before the Meeting, your proxyholder can vote your shares on these items as he or she sees fit. See General Proxy Matters – Completing the Proxy Form.

WHAT THE MEETING WILL COVER

The business to be conducted at the Meeting is:

- Receiving the financial statements of the Fund and Bell Aliant for the year ended December 31, 2010, including the auditors' report;
- Electing directors who will serve until the close of the next annual meeting of shareholders;
- Re-appointing the auditors who will serve until the close of the next annual meeting of shareholders; and
- Considering a non-binding advisory resolution on executive compensation.

Shareholders may also consider other business that properly comes before the Meeting.

General proxy matters

VOTING BY PROXY

This is the easiest way to vote. Voting by proxy means that you are giving the person or people named on your proxy form (your *proxyholder*) the authority to vote your shares for you at the Meeting in accordance with your instructions. A proxy form is included in this package.

You can choose from five different ways to vote your shares by proxy:

1. By telephone;
2. On the Internet;
3. By mail;
4. By fax; and
5. By appointing another person as your proxyholder to go to the Meeting and vote your shares for you.

The persons named as proxyholders in the accompanying proxy form are directors and/or officers of Bell Aliant. **These persons will vote your shares for you, unless you appoint someone else to be your proxyholder. You may appoint another person to go to the Meeting and vote your shares for you. If you appoint someone else, he or she must be present at the Meeting to vote your shares.**

If you are voting your shares by proxy, our transfer agent, CIBC Mellon Trust Company (*CIBC Mellon*), must receive your completed proxy form by 9:00 a.m. (Atlantic time) on Friday, June 10, 2011, or 48 hours (excluding Saturdays, Sundays and statutory holidays) before any adjournment(s) or postponement(s) of the Meeting.

Please follow the instructions below on how to vote based on whether you are a registered shareholder or a non-registered shareholder.

You are a registered shareholder if your name appears on your share certificate(s). Your proxy form tells you whether you are a registered shareholder.

You are a non-registered (or beneficial) shareholder if your bank, trust company, securities broker or other financial institution (your *nominee*) holds your shares for you. For most non-registered shareholders, your proxy form or voting instruction form tells you whether you are a non-registered (or beneficial) shareholder.

If you are not sure whether you are a registered shareholder, please contact CIBC Mellon Trust Company:

By telephone: AnswerLine: 1-800-387-0825 (toll free in Canada and the United States)

By fax: 1-416-643-5501

By mail: P.O. Box 7010 Adelaide Street Postal Station, Toronto, Ontario, M5C 2W9

By email: inquiries@cibcmellon.com

HOW TO VOTE – REGISTERED SHAREHOLDERS

By proxy

1. By telephone
 - Call 1-866-271-1207 (toll free in Canada and the United States) from a touch-tone phone.
 - Using the telephone keypad, enter the 13-digit control number found on your proxy form.
 - Follow the instructions.
 - If you vote by telephone, you cannot appoint anyone other than the persons named on your proxy form as your proxyholder.
2. On the Internet
 - Go to www.eproxyvoting.com/bellaliant to vote online.
 - Enter the 13-digit control number found on your proxy form.
 - Follow the instructions.

3. By mail
 - Complete, sign and date the proxy form.
 - Detach and return it in the envelope provided or otherwise return to CIBC Mellon Trust Company, Proxy Department, P.O. Box 721, Agincourt, Ontario, M1S 0A1.
 - Please see the Completing the Proxy Form section for more information.
4. By fax
 - Complete, sign and date the proxy form.
 - Fax to 1-866-781-3111 (toll free in Canada and the United States) or 1-416-368-2502 (outside Canada and the United States).
 - Please see the Completing the Proxy Form section for more information.
5. You may appoint another person as your proxyholder to go to the Meeting and vote your shares for you.
 - This person does not have to be a shareholder.
 - To do this, strike out the three names that are printed on the proxy form and write the name of the person you are appointing as your proxyholder in the space provided. Complete your voting instructions, date and sign the proxy form, and return it to CIBC Mellon as instructed.
 - Make sure that the person you appoint is aware that he or she has been appointed and attends the Meeting.
 - Please see the Completing the Proxy Form section for more information.

In person at the Meeting

- You do not need to complete or return your proxy form.
- Please bring the meeting registration portion of your proxy form to the Meeting. You will need it to register and enter the Meeting.
- You may vote at the Meeting on votes conducted by show of hands or by ballot.

HOW TO VOTE – NON-REGISTERED SHAREHOLDERS

By proxy

- Your nominee is required to ask for your voting instructions before the Meeting. Please contact your nominee if you did not receive a request for voting instructions or a proxy form in this package.
- In most cases, you will receive a voting instruction form from your nominee that allows you to provide your voting instructions by telephone, via the Internet, by mail or by fax. You should complete, sign and return the voting instruction form or otherwise provide your voting instructions in accordance with the directions on the form.
- Less frequently, you may receive from your nominee a proxy form that has already been signed by the nominee.
- This proxy is restricted as to the number of shares beneficially owned by you, but is otherwise uncompleted.
- If you receive a proxy form, you should complete the proxy form in accordance with the directions on the proxy form and return it using the enclosed envelope and mail to CIBC Mellon Trust Company, Proxy Department, P.O. Box 721, Agincourt, Ontario, M1S 0A1 or by fax at 1-866-781-3111 (toll free in Canada and the United States) or 1-416-368-2502 (outside Canada and the United States). To be valid for use at the Meeting, proxies must be received before 9:00 a.m. (Atlantic time) on Friday, June 10, 2011.

In person at the Meeting

- We do not have access to the names or holdings of our non-registered shareholders. That means you can only vote your shares in person at the Meeting if you have previously appointed yourself as the proxyholder for your shares by printing your name in the space provided on the voting instruction form provided by your nominee and submitting such instruction form as directed on the form. Your voting instructions must be returned in accordance with the instructions on the form.
- You will be asked to register your attendance at the Meeting.
- You may vote at the Meeting on votes conducted by show of hands or by ballot.

COMPLETING THE PROXY FORM

For the election of directors and re-appointment of the auditors, you can choose to vote “For” or “Withhold”. For the non-binding advisory resolution on executive compensation, you can choose to vote “For” or “Against”. The shares represented by proxy will be voted or withheld from voting in accordance with your instructions on any ballot that may be called for and, if you specify a choice with respect to any matter to be acted upon, the shares will be voted accordingly.

When you sign the proxy form, you authorize one of George Cope, chair of the board of Bell Aliant, Edward Reevey, lead independent director of Bell Aliant, or Karen Sheriff, president and chief executive officer of Bell Aliant, to vote or withhold from voting your shares for you at the Meeting in accordance with your instructions.

If you return your duly executed proxy form but do not tell us how you want to vote your shares, your vote(s) will be cast:

- FOR electing the nominees for election as directors of Bell Aliant who are listed in this information circular;
- FOR re-appointing Deloitte & Touche LLP as auditors of Bell Aliant; and
- FOR approving the non-binding advisory resolution on executive compensation.

Your proxyholder will also have discretion to vote your shares as he or she sees fit on any amendments or variations to the matters identified in the notice of the Meeting and any other matter that may properly come before the Meeting.

You have the right to appoint a person or company other than the persons designated in the proxy form to represent you and vote your shares at the Meeting. If you are appointing someone else to vote your shares for you at the Meeting, strike out the three names that are printed on the proxy form and write the name of the person or company you are appointing in the space provided. If you do not specify how you want your shares voted, your proxyholder will vote your shares as described above and as he or she sees fit on any other matter that may properly come before the Meeting.

If you are an individual shareholder, you or your authorized attorney must sign the proxy form. If you are a corporation or other legal entity, an authorized officer or attorney must sign the proxy form. A proxy form signed by a person acting as attorney or in some other representative capacity (including a representative of a corporate shareholder) should indicate that person’s capacity following his or her signature. That proxy form should be accompanied by the appropriate instrument evidencing qualification and authority to act, unless such instrument has previously been filed with Bell Aliant.

If you need help completing your proxy form, please contact Bell Aliant’s Investor Relations group at 1-877-248-3113 (toll free in Canada and the United States) or by email at investors@bellaliant.ca

CHANGING YOUR VOTE

You can revoke a vote you made by proxy by:

- Voting again by telephone or on the Internet before 9:00 a.m. (Atlantic time) on Friday, June 10, 2011;
- Completing a proxy form that is dated later than the proxy form you are changing, and mailing it or faxing it to CIBC Mellon Trust Company, Proxy Department, P.O. Box 721, Agincourt, Ontario, M1S 0A1, 1-866-781-3111, so that it is received before 9:00 a.m. (Atlantic time) on Friday, June 10, 2011;
- Sending a notice in writing from you or your authorized attorney (or, if the shareholder is a corporation, by a duly authorized officer) revoking your proxy to the secretary of Bell Aliant so that it is received before 9:00 a.m. (Atlantic time) on Friday, June 10, 2011; or
- Giving a notice in writing from you or your authorized attorney (or, if the shareholder is a corporation, by a duly authorized officer) revoking your proxy to the chair of the Meeting, at the Meeting.

HOW THE VOTES ARE COUNTED

You have one vote for each share you held on April 28, 2011. As at April 28, 2011, there were 227,786,579 shares outstanding, each carrying the right to one vote at meetings of shareholders.

Only persons who were holders of shares as of the close of business on the Record Date (April 28, 2011) are entitled to receive notice of, attend and vote at the Meeting. Bell Aliant will prepare or cause to be prepared a list of the holders of shares as of the close of business on the Record Date. At the Meeting, each holder of shares named in that list will be entitled to vote the shares shown opposite the holder's name on the list.

To the knowledge of the directors of Bell Aliant, BCE is the only person or company beneficially owning or exercising control or direction over, directly or indirectly, voting securities carrying 10 per cent or more of the voting rights attached to all shares of Bell Aliant. As of April 28, 2011, BCE owned, directly or indirectly, 100,376,270 or 44.07 per cent of the common shares of Bell Aliant. The directors of Bell Aliant and the named executive officers who were employed with Bell Aliant as of April 28, 2011, as a group, beneficially owned or controlled 116,035 shares as of April 28, 2011.

CIBC Mellon counts and tabulates the votes. It does this independently of Bell Aliant to make sure that the votes of individual shareholders are confidential. CIBC Mellon refers proxy forms to management only when:

- It is clear that a shareholder wants to communicate with management;
- The validity of the form is in question; or
- The law requires it.

About Bell Aliant Inc.

BELL ALIANT INC.

Bell Aliant Inc. was incorporated on April 30, 2010, under the *Canada Business Corporations Act*, for the purpose of participating in the plan of arrangement under which the Fund converted from an income trust to a corporate structure. The plan of arrangement (the *Arrangement*) is described in the 2010 Bell Aliant Regional Communications Income Fund information circular. Effective January 1, 2011, the Arrangement was completed and former Fund unitholders, including BCE and Bell Canada, became the shareholders of Bell Aliant Inc.

The head and principal office of Bell Aliant Inc. is located at 7 South Maritime Centre, 1505 Barrington Street, Halifax, Nova Scotia, B3J 2W3.

BCE'S RIGHTS

BCE and Bell Canada have certain governance rights as outlined in an Amended and Restated Securityholders' Agreement dated January 1, 2011 between, among others, Bell Aliant, Bell Aliant GP, BCE Inc. and Bell Canada (the *Securityholders' Agreement*). Under that agreement, so long as BCE and its affiliates hold, directly or indirectly, not less than 20 per cent of Bell Aliant's common shares, Bell Aliant and its subsidiaries must obtain BCE's consent prior to entering into various transactions such as, among other things, certain mergers, joint ventures, asset sales and other material transactions. In addition, for so long as BCE, directly or indirectly, holds not less than 30 per cent of the Bell Aliant common shares and the significant commercial agreements between Bell Canada and Bell Aliant LP are in place, BCE is entitled to appoint up to a majority of the directors of Bell Aliant GP and annually direct Bell Aliant Inc. with respect to the nomination of up to a majority of the persons nominated to stand for election as directors of Bell Aliant Inc. If such commercial agreements are terminated by any of the parties in accordance with their terms (other than a termination as a result of a material uncured intentional breach by Bell Aliant LP), or if BCE and its affiliates, directly or indirectly, hold less than 30 per cent of the shares, then BCE will be entitled to appoint its proportionate share of the directors of Bell Aliant GP and to annually direct the nomination of a proportionate share of the persons to stand for election as directors of Bell Aliant Inc. (rounded up to the next whole number) based on its direct and indirect ownership of shares. In any event, BCE will be entitled to appoint two directors to the board of Bell Aliant GP and direct Bell Aliant with respect to the nomination of two persons to stand for election as directors of Bell Aliant Inc., for as long as such commercial agreements are in place, irrespective of its ownership of common shares of Bell Aliant. BCE has complete discretion with respect to the exercise of these rights.

The size of the boards of Bell Aliant and Bell Aliant GP was increased in February 2011 from 9 to 10 directors. At this time BCE has determined to direct the nomination of only five persons to stand for election as directors of Bell Aliant and to appoint only five persons as directors of Bell Aliant GP. BCE may, in its entire discretion in the future, choose to exercise its right to appoint a majority of the directors of Bell Aliant GP and to annually direct Bell Aliant with respect to the nomination of a majority of the persons to stand for election as directors of Bell Aliant in accordance with the terms of the Securityholders' Agreement. If this occurs, it may require an increase in the size of the Bell Aliant and/or Bell Aliant GP boards and the nomination or appointment, as applicable, of a person designated by BCE. Bell Aliant has acknowledged BCE's rights in this regard, and Bell Aliant and Bell Aliant GP have agreed to facilitate such an exercise of BCE's rights including by, if necessary, increasing the size of the Bell Aliant and Bell Aliant GP boards and nominating or appointing, as applicable, a person designated by BCE.

As of April 28, 2011, BCE and its affiliates owned 100,376,270 Bell Aliant common shares, representing 44.07 per cent of the shares issued and outstanding.

ADMINISTRATION AGREEMENT

Bell Aliant and Bell Aliant LP are parties to an Amended and Restated Administration Agreement dated January 1, 2011 (the *Administration Agreement*), as successors to the Fund, Bell Aliant LP, Bell Aliant Holdings Inc. and certain Fund subsidiaries under an administration agreement dated July 6, 2006 (the *Original Administration Agreement*). Under the Administration Agreement, Bell Aliant LP provides general support and administrative services to Bell Aliant that include:

- Seeking to ensure Bell Aliant's compliance with continuous disclosure obligations under applicable securities legislation;
- Providing investor relations services to Bell Aliant;
- Providing shareholders all information that they are entitled to under applicable laws, including financial reports and relevant income tax information;
- Preparing for and holding meetings of shareholders and distributing required materials, including notices of meetings and information circulars;
- Assisting Bell Aliant's directors in distributing dividends to shareholders;
- Seeking to ensure compliance with Bell Aliant's Canadian ownership and control restrictions; and
- Generally, with respect to Bell Aliant, providing all other services as may be necessary or as may be requested by the Bell Aliant directors.

The initial term of the Administration Agreement will end on July 6, 2016. The term of the Administration Agreement will be automatically extended for additional five year periods unless notice of termination is given by Bell Aliant or Bell Aliant LP not less than 180 days before expiry of the then-current term. The Administration Agreement can be terminated by a party in the event of the insolvency or receivership of the other party, or in the case of default by the other 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.

The address of Bell Aliant LP is 1505 Barrington Street, Halifax, Nova Scotia, B3J 2W3. During the year ended December 31, 2010, the management services provided by Bell Aliant LP to the Fund under the Original Administration Agreement cost the Fund a total of \$3.4 million. For additional information, please refer to note 9 of the Fund's consolidated financial statements for the year ended December 31, 2010.

For a description of Bell Aliant Inc.'s interests in its various principal subsidiaries, please refer to Bell Aliant Inc.'s AIF under the heading *Intercorporate Relationships*.

Business of the Meeting

WHAT THE MEETING WILL COVER

Four items of business will be covered at the Meeting:

1. Receiving the consolidated financial statements of the Fund and Bell Aliant for the year ended December 31, 2010, including the auditors' report;
2. Electing the directors of Bell Aliant;
3. Re-appointing the auditors of Bell Aliant; and
4. Considering a non-binding advisory resolution on executive compensation.

Shareholders may also consider other business that properly comes before the Meeting. As of the date of this information circular, the directors and officers of Bell Aliant are not aware of any matters, other than those indicated in this information circular, which may be submitted to the Meeting. However, if any amendment, variation or other matter is properly brought before the Meeting, the proxy, to the extent permitted by law and subject to the voting instructions, confers discretionary authority to vote on such amendment, variation or other matters according to the best judgment of the person holding the proxy at the Meeting.

1. FINANCIAL STATEMENTS

The consolidated financial statements of the Fund for the year ended December 31, 2010, and the auditors' report on the statements, will be placed before the Meeting. These financial statements are included in our 2010 annual report, and are available on Bell Aliant's website at www.bellaliant.ca. The financial statements of Bell Aliant for the year ended December 31, 2010, which are included with this information circular, will also be placed before the Meeting.

2. NOMINEES FOR ELECTION AS DIRECTORS OF BELL ALIANT INC.

You will be electing a total of 10 Bell Aliant directors. Bell Aliant's Articles state that Bell Aliant will have a minimum of three (3) and a maximum of twenty (20) directors. The number of directors within this range is to be set from time to time by resolution of the board of directors, subject to the Securityholders' Agreement. The Bell Aliant board of directors has resolved that there will be 10 directors. The Bell Aliant directors propose the 10 nominees named in this information circular. If elected, they will hold office until the close of the next annual meeting of shareholders or their earlier resignation or removal pursuant to the *Canada Business Corporations Act* and Bell Aliant's by-laws.

All of the individuals nominated are currently members of the Bell Aliant board, other than Martine Turcotte. All of the individuals nominated are, in the opinion of the Bell Aliant directors, qualified to direct the activities of Bell Aliant and have indicated their willingness to stand for election.

Please see the *About the nominated directors* section for information about the people who intend to stand for election as directors of Bell Aliant. Unless otherwise directed, the proxies received will be voted in favour of the election of the people named in this information circular. If any of the listed nominees should become unable or unwilling to stand for election prior to the Meeting, you or your proxyholder will have the right to use discretion in voting for a properly qualified substitute.

The Bell Aliant board has adopted a policy with respect to the election of directors. In keeping with this policy, we will ensure that the proxy forms used for the election of Bell Aliant directors enable shareholders to vote in favour of, or withhold their vote, separately for each proposed director nominee. At any shareholders' meeting at which directors are to be elected, in an uncontested election, if any director nominee receives a greater number of votes "withheld" than votes "for" his or her election, such nominee shall, no later than 10 days following the receipt of the audited and final scrutineer's report relating to such meeting, submit to the board his or her resignation, which shall take effect only upon the acceptance of such resignation by the board.

The board, upon recommendation of Bell Aliant's Governance committee, shall, within 90 days following the public disclosure of the vote results, determine either to accept or not accept the director's resignation, and the board shall promptly disclose, via press release, the determination, including, in cases where the board has determined not to accept a resignation, the reasons therefor. It is generally expected that the Governance committee will recommend that the board accept such resignation except in extraordinary circumstances. If a resignation is accepted, the board may appoint a new director to fill any vacancy, or may reduce the number of board members, subject to the terms of the Securityholders' Agreement.

3. RE-APPOINTMENT OF THE AUDITORS OF BELL ALIANT INC.

A firm of auditors is to be appointed by a majority of the votes cast by shareholders at the Meeting. Bell Aliant, on the advice of its Audit committee, recommends that Deloitte & Touche LLP, first appointed as the Fund's auditors in July 2006 and re-appointed on May 16, 2007, June 18, 2008, June 5, 2009 and June 16, 2010, and first appointed as Bell Aliant's auditors on December 20, 2010, be re-appointed to serve as auditors of Bell Aliant for the ensuing year. If re-appointed, Deloitte & Touche LLP will serve until the close of the next annual meeting of shareholders or until their earlier resignation or removal. Management does not anticipate any amendment to the resolution to appoint Deloitte & Touche LLP, but if such amendment should occur at or prior to the Meeting, the shares represented by proxies received in favour of management nominees will be voted in accordance with the discretion of such nominees.

4. NON-BINDING ADVISORY RESOLUTION ON EXECUTIVE COMPENSATION

Shareholders will be asked to consider and approve, if deemed appropriate, a non-binding advisory resolution on executive compensation. The Bell Aliant board of directors believes that the governance framework applicable to our executive compensation must be both competitive with companies in our comparator group and consistent with corporate governance best practices. Shareholders should have the opportunity to fully understand the objectives, philosophy, policies and procedures used to make executive compensation decisions. Our executive compensation decisions, as described in the *Statement of executive compensation* section, are based on the fundamental principle of "pay for performance", to align the interests of our executives with the long-term interests of our shareholders. As a shareholder you are asked to consider the following resolution:

IT IS RESOLVED THAT:

On an advisory basis and not to diminish the role and responsibilities of the Bell Aliant board of directors, the shareholders accept the approach to executive compensation disclosed in the information circular issued in respect of the 2011 annual meeting of shareholders of Bell Aliant.

To be approved, the non-binding advisory resolution on executive compensation must be approved by a majority of votes cast on the resolution at the Meeting.

OTHER MATTERS

Following conclusion of the formal business of the Meeting, we will:

- Report on recent events that are significant to our business;
- Report on other items that are of interest to our shareholders; and
- Invite questions and comments from shareholders.

About the nominated directors

As described in the *About Bell Aliant Inc.* section, BCE currently has the right to annually direct Bell Aliant with respect to the nomination of up to a majority of the persons to be elected as Bell Aliant directors. At this time BCE has determined to direct the nomination of only five of the 10 persons to stand for election as Bell Aliant directors. The balance of nominees for election as directors has been selected by the Bell Aliant board of directors.

At the Meeting, shareholders will elect a total of 10 Bell Aliant directors. The table below provides information on the individuals who have been nominated and intend to stand for election as directors of Bell Aliant.

If elected, these individuals will serve for a term expiring on the earlier of the close of the next annual meeting of shareholders or their earlier resignation or removal pursuant to the *Canada Business Corporations Act* and Bell Aliant's by-laws.

Information in the following section entitled *Nominees for election as Bell Aliant Inc. directors* is current to April 28, 2011.

NOMINEES FOR ELECTION AS BELL ALIANT INC. DIRECTORS



Age: 49

Not independent

Chair

Director since: 2008

George Cope, Ontario, Canada

Mr. Cope is president and chief executive officer of BCE and Bell Canada. He was president and chief operating officer of Bell Canada from October 2005 until July 2008. Prior to this he was president and chief executive officer of TELUS Mobility from October 2000 to October 2005. Mr. Cope holds a Business Administration (Honours) degree from the University of Western Ontario and is a past recipient of Canada's Top 40 Under 40 Award.

Mr. Cope serves as a director of the Advisory Board of the Richard Ivey School of Business at the University of Western Ontario.

Board & committee attendance during 2010

Board of Bell Aliant Holdings Inc.

6/6

Other public board directorships during the last five years	Ownership and total value of equity			
Present boards		Fund units/ Bell Aliant common shares ¹	Directors' deferred share units	(\$)
Bank of Montreal				
Bell Aliant Preferred Equity Inc.				
Bell Aliant Regional Communications Inc.	April 28, 2010	1 1,263	N/A	289,459
Bell Canada				
BCE Inc.	April 28, 2011	1 1,263	N/A	301,848
Past boards				
NII Holdings, Inc. (formerly known as Nextel International)				

(1) Fund units or Bell Aliant common shares beneficially owned or over which control or direction was exercised.



Age: 46

Independent

Director since: 2011 ¹

Catherine Bennett, Newfoundland and Labrador, Canada

Ms. Bennett is chief executive officer of Bennett Restaurants Ltd., a restaurant operator, and Bennett Group of Companies, a private holding company. She is a director of Nalcor Energy, Newfoundland and Labrador Hydro and Bull Arm Site Corporation.

Ms. Bennett also serves as a member of the Board of Governors for the Atlantic Provinces Economic Council and a director of the Canadian Chamber of Commerce.

Board & committee attendance during 2010

N/A

N/A

Other public board directorships during the last five years	Ownership and total value of equity			
Present boards Bell Aliant Preferred Equity Inc. Bell Aliant Regional Communications Inc.		Fund units/ Bell Aliant common shares ²	Directors' deferred share units ³	(\$)
Past boards N/A	April 28, 2010	N/A	N/A	N/A
	April 28, 2011	0	646	17,313

- (1) Ms. Bennett was appointed to the board and Audit committee of Bell Aliant on February 8, 2011.
- (2) Fund units or Bell Aliant common shares beneficially owned or over which control or direction was exercised.
- (3) Deferred share units held through the Bell Aliant directors' DSUP.



Age: 59

Independent

Director since: 1999

Robert Dexter, QC, Nova Scotia, Canada

Mr. Dexter is chairman and chief executive officer of Maritime Travel Inc. and is also counsel to the law firm Stewart McKelvey. He 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.

Mr. Dexter has over 13 years of experience in the communications sector, having served as a director of Maritime Tel & Tel Limited from 1997 to 1999 prior to joining the Aliant and later, the Bell Aliant boards.

Board & committee attendance during 2010

Fund trustees	2/2 ¹
Audit committee	5/6
Governance committee (chair)	4/5
Management resources & compensation committee (chair)	5/6
Board of Bell Aliant Holdings Inc.	5/6

Other public board directorships during the last five years	Ownership and total value of equity			
		Fund units/ Bell Aliant common shares ²	Directors' deferred share units ³	(\$)
Present boards Bell Aliant Preferred Equity Inc. Bell Aliant Regional Communications Inc. Empire Company Limited High Liner Foods Incorporated Sobeys Inc. Wajax Corporation	April 28, 2010	11,814	N/A	303,620
	April 28, 2011	11,814	1,398	354,082
Past boards Aliant Inc. Bell Aliant Regional Communications Income Fund Wajax Income Fund				

(1) Mr. Dexter became a trustee of the Fund on June 16, 2010.

(2) Fund units or Bell Aliant common shares beneficially owned or over which control or direction was exercised.

(3) Deferred share units held through the Bell Aliant directors' DSUP.



Age: 67

Independent

Lead independent director

Director since: 1999

Edward Reevey, FCA, New Brunswick, Canada

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 and H.R. Doane & Co. in Saint John. He was president of Autotec Inc. and was chairman and chief executive officer of Addee Developments Ltd. until 2006.

Mr. Reevey serves as honorary director of the Miramichi Salmon Association. Mr. Reevey has almost 30 years of experience in the communications sector, having also served as a director of The New Brunswick Telephone Company, Limited from 1982 to 1999 and Bruncor Inc. from 1985 to 1999.

Board & committee attendance during 2010

Fund trustees	4/5
Audit committee	6/6
Governance committee	2/2 ¹
Management resources & compensation committee	3/3 ¹
Pension committee (chair)	4/4
Board of Bell Aliant Holdings Inc.	5/6

Other public board directorships during the last five years	Ownership and total value of equity			
		Fund units/ Bell Aliant common shares ²	Directors' deferred share units ³	(\$)
Present boards Bell Aliant Preferred Equity Inc. Bell Aliant Regional Communications Inc.	April 28, 2010	41,500	N/A	1,066,550
	April 28, 2011	41,898	467	1,135,382
Past boards Aliant Inc. Bell Aliant Regional Communications Income Fund Stratos Global Corporation				

(1) Mr. Reevey was appointed to the Governance and Management resources and compensation committees on June 16, 2010.

(2) Fund units or Bell Aliant common shares beneficially owned or over which control or direction was exercised.

(3) Deferred share units held through the Bell Aliant directors' DSUP.



Age: 53

Not independent

Director since: 2004

Karen Sheriff, Nova Scotia and Ontario, Canada

Ms. Sheriff was appointed president and chief executive officer of Bell Aliant LP effective November 3, 2008, and was chief operating officer of Bell Aliant LP from July 11 to November 3, 2008. Prior to that Ms. Sheriff was president, small and medium business of Bell Canada. She has previously held the positions of chief marketing officer and senior vice-president of product management and development with Bell Canada. Prior to this she was responsible for corporate marketing and branding at Ameritech Inc. and held a variety of assignments with Ameritech and United Airlines. She holds a Bachelor's degree in Psychology, Economics and Mathematics from Washington University and a Master's degree in Business Administration from the University of Chicago.

Ms. Sheriff is chair of the board of trustees of the Gardiner Museum of Ceramic Art.

Board & committee attendance during 2010

Board of Bell Aliant Holdings Inc.

6/6

Other public board directorships during the last five years	Ownership and total value of equity			
Present boards Bell Aliant Preferred Equity Inc. Bell Aliant Regional Communications Inc.	April 28, 2010	Fund units/ Bell Aliant common shares ¹	Directors' deferred share units ²	(\$)
Past boards Aliant Inc. Teknion Corporation	April 28, 2011	540	75,222	1,947,083
		540	193,402	5,197,646

(1) Fund units or Bell Aliant common shares beneficially owned or over which control or direction was exercised.

(2) Karen Sheriff is a Bell Aliant employee and participates in the executive DSP. For further details on the executive DSP, ownership guidelines applicable to Ms. Sheriff and her executive DSP holdings, please refer to the *Statement of executive compensation* section.



Age: 38

Not independent

Director since: 2008¹

Andrew Smith, Ontario, Canada

Mr. Smith is senior vice-president, corporate strategy and mergers and acquisitions of BCE and Bell Canada. Prior to joining BCE, he worked in the investment banking group of Merrill Lynch and the mergers and acquisitions group of Sullivan & Cromwell. Mr. Smith holds a Bachelor's degree in Economics from Huron College at the University of Western Ontario and a Bachelor's degree in Law from the University of Toronto.

Mr. Smith is a director of Northwestel Inc.

Board & committee attendance during 2010

Pension committee	2/2
Board of Bell Aliant Holdings Inc.	3/3

Other public board directorships during the last five years	Ownership and total value of equity			
Present boards Bell Aliant Preferred Equity Inc. Bell Aliant Regional Communications Inc.		Fund units/ Bell Aliant common shares ²	Directors' deferred share units	(\$)
	April 28, 2010	38	N/A	977
Past boards N/A	April 28, 2011	38	N/A	1,018

(1) Andrew Smith was appointed to the board of Bell Aliant Holdings Inc. effective November 3, 2008 and resigned May 1, 2009. Mr. Smith was appointed to the board of Bell Aliant Holdings Inc. and to the Pension committee effective June 16, 2010.

(2) Fund units or Bell Aliant common shares beneficially owned or over which control or direction was exercised.



Louis Tanguay, Quebec, Canada

Mr. Tanguay is a corporate director. He was president and chief executive officer of Bell Canada International Inc. from July 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.

Mr. Tanguay has well over 20 years of experience in the communications sector.

Age: 74

Independent

Director since: 2006

Board & committee attendance during 2010

Fund trustees	5/5
Audit committee	6/6
Governance committee	4/5
Management resources & compensation committee	6/6
Board of Bell Aliant Holdings Inc.	3/3

Other public board directorships during the last five years	Ownership and total value of equity			
		Fund units/ Bell Aliant common shares ²	Directors' deferred share units ³	(\$)
Present boards Bell Aliant Preferred Equity Inc. Bell Aliant Regional Communications Inc. Saputo Inc.	April 28, 2010	23,081	N/A	593,182
Past boards Bell Aliant Regional Communications Income Fund Bell Nordiq Group Inc. Canbras Communications Corp. Medisys Health Group Inc. Rona Inc. SR Telecom Inc. ¹	April 28, 2011	23,081	1,118	648,533

(1) Louis 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 Arrangements Act (CCAA)*. The CCAA proceedings were completed in December 2008.

(2) Fund units or Bell Aliant common shares beneficially owned or over which control or direction was exercised.

(3) Deferred share units held through the Bell Aliant directors' DSUP.



Martine Turcotte, Quebec, Canada

Ms. Turcotte is executive vice-president and chief legal & regulatory officer of BCE and Bell Canada. She first joined BCE in August 1988 as legal counsel and has held numerous positions in the BCE group with Bell Canada International Inc., BCE Media and Bell Canada. Ms. Turcotte holds a Master's degree in Business Administration from the London Business School, a Bachelor of Civil Law and Common Law from McGill University and is a member of the Quebec Bar Association.

Ms. Turcotte serves as a director of Bimcor Inc. and of the Association of Corporate Counsel and is a member of the Board of Governors of McGill University serving on its Audit and Human Resources Committees. Ms. Turcotte is also the Chair of the Board of Théâtre Espace Go Inc.

Age: 50

Not independent

Director since: N/A

Board & committee attendance during 2010

N/A

N/A

Other public board directorships during the last five years	Ownership and total value of equity			
Present boards N/A		Fund units/ Bell Aliant common shares ¹	Directors' deferred share units	(\$)
Past boards N/A	April 28, 2010	N/A	N/A	N/A
	April 28, 2011	1,048	N/A	28,086

(1) Fund units or Bell Aliant common shares beneficially owned or over which control or direction was exercised.



Age: 54

Not independent

Director since: 2008

Siim Vanaselja, Quebec, Canada

Mr. Vanaselja is the executive vice-president and chief financial officer of BCE and Bell Canada (since January 2001). Mr. Vanaselja joined BCE in February 1994 and has held a variety of senior positions in the BCE group prior to being appointed chief financial officer. Prior to joining BCE, Mr. Vanaselja was a partner at the accounting firm KPMG. He is a member of the Institute of Chartered Accountants of Ontario and holds a Bachelor (Honours) degree from the Schulich School of Business.

Mr. Vanaselja has served as a member of the Government of Canada Advisory Committee on Financing, the Conference Board of Canada's National Council of Financial Executives, the Corporate Executive Board's Working Council for Chief Financial Officers and Moody's Council of Chief Financial Officers. He is a director of CTVGlobemedia and the Montreal Canadiens and currently sits on the boards of numerous BCE group companies.

Board & committee attendance during 2010

Fund trustees	5/5
Governance committee	5/5
Management resources & compensation committee	6/6
Pension committee	4/4
Board of Bell Aliant Holdings Inc.	6/6

Other public board directorships during the last five years	Ownership and total value of equity			
		Fund units/ Bell Aliant common shares ¹	Directors' deferred share units	(\$)
Present boards Bell Aliant Preferred Equity Inc. Bell Aliant Regional Communications Inc.	April 28, 2010	751	N/A	19,301
	April 28, 2011	742	N/A	19,886
Past boards Bell Aliant Regional Communications Income Fund				

(1) Fund units or Bell Aliant common shares beneficially owned or over which control or direction was exercised.



David Wells, Ontario, Canada

Mr. Wells is executive vice-president of corporate services of Bell Canada. Prior to this he provided consulting services to Bell Canada. Mr. Wells was executive vice-president of employee services at TELUS Mobility from October 2000 to June 2006. Mr. Wells holds a Bachelor of Commerce degree from the University of Toronto.

Age: 63

Mr. Wells is a director of Bimcor Inc.

Not independent

Board & committee attendance during 2010

Director since: 2008

Governance committee	5/5
Management resources & compensation committee	6/6
Board of Bell Aliant Holdings Inc.	6/6

Other public board directorships during the last five years	Ownership and total value of equity			
Present boards Bell Aliant Preferred Equity Inc. Bell Aliant Regional Communications Inc.		Fund units/ Bell Aliant common shares ¹	Directors' deferred share units	(\$)
	April 28, 2010	33	N/A	848
Past boards N/A	April 28, 2011	33	N/A	884

(1) Fund units or Bell Aliant common shares beneficially owned or over which control or direction was exercised.

BOARD COMMITTEES AND MINIMUM OWNERSHIP REQUIREMENTS

The Bell Aliant board has four standing committees: an Audit committee, Governance committee, Management resources and compensation committee, and a Pension committee. The Bell Aliant board does not have an executive committee.

Each of the Bell Aliant board committees is described in the *Statement of governance practices* section. In addition, a summary of each applicable nominee's attendance at Fund trustee, board and committee meetings for 2010 and at Bell Aliant Inc. board and committee meetings from January 1, 2011 to April 28, 2011 is set out under the *Statement of governance practices* section, together with attendance by Kevin Crull from January 1, 2010 to April 28, 2011 and Victor Young from January 1, 2010 to June 16, 2010. An explanation of each nominee's status is set out in the same section.

Bell Aliant directors are generally required to own Bell Aliant shares, deferred share units or a combination of both under Bell Aliant's minimum ownership policy. Please refer to *Minimum ownership requirements* in the *Compensation of directors* section for further information. Bell Aliant directors employed by BCE, Bell Canada or a subsidiary of Bell Aliant do not receive compensation for their participation on the board of directors and are not eligible to participate in the directors' DSUP. Those directors are therefore not required to own shares.

Statement of executive compensation

Dear shareholders of Bell Aliant:

On behalf of the Management resources and compensation committee, and the full board, I am pleased to communicate Bell Aliant's approach to executive compensation, which is described in the following Compensation discussion and analysis for 2010.

Your views on executive compensation are important to the committee. In fact, 2010 was a milestone year for shareholder engagement on executive compensation at Bell Aliant. At our 2010 annual and special meeting, for the first time, we asked our shareholders to vote on a resolution accepting our approach to executive compensation. Shareholders voted 98 per cent in favour of acceptance. We will place a similar resolution before shareholders at this year's meeting on which basis they can provide their views on the compensation approach set out in this year's report.

Our approach to compensation is built around attracting and keeping the kind of people who will drive performance at Bell Aliant. We also believe it is imperative that executive compensation be linked to corporate performance and aligned with the interests of our shareholders. To this end, we place a significant portion of the compensation of our executives at risk and structure our long-term incentives to be delivered as deferred shares. The performance of the company directly affects the payouts and value of such compensation.

2010 was a year of strong performance for Bell Aliant. Due to a continued focus on cost management and improved productivity, the company delivered on its distributable cash and EBITDA targets despite lower than expected revenues. At the same time, the company met its aggressive targets for the deployment of its *FibreOP*[™] fibre-to-the-home service, the key enabler for the company's long term business strategy. *FibreOP* technology now passes 178,000 homes and businesses and is available at speeds up to 170 Mbps. The company also completed a seamless conversion from an income trust to a corporation, advanced two significant core backbone fibre network builds in Ontario, reached a \$57 million agreement to purchase poles from Newfoundland Power and Fortis, completed the sale of xwave, and secured a new union agreement in Atlantic Canada providing a solid balance between job security and the cost containment the company needs. The company realized improvements in the rate of NAS decline in 2010, and provided strong (but slightly below target) customer service in the face of an extraordinary series of extreme weather events.

The fact that it was a strong year, but that some targets were not met, is reflected in the compensation awarded to our named executive officers in 2010. Specifically, the corporate performance result was fixed at 85 per cent of target for the short-term incentive component of their compensation. Under our long-term incentive component, the portions of the three outstanding grants related to 2010 vested, on average, at 90 per cent of target.

A more detailed explanation of our compensation programs, performance and compensation awards can be found in the following report, which we strongly recommend that you read.

We welcome your questions and feedback. You can reach us by contacting the corporate secretary's office at governance@bellaliant.ca or by calling our Investor Services line (1-877-248-3113). You will have an opportunity to record your vote and comments in the Say on Pay voting process at the annual meeting on June 14, 2011.

Sincerely,



Robert Dexter
Chair of the Management resources and compensation committee

Compensation discussion and analysis

INTRODUCTION

In this Compensation Discussion and Analysis, we describe our compensation philosophy, policies and programs for our named executive officers and explain the role of the Management resources and compensation committee, as related to our executives' compensation, programs and payouts. We also provide details of 2010 compensation for our named executive officers:

- Karen Sheriff, President and chief executive officer
- Glen LeBlanc, Executive vice-president and chief financial officer
- Fred Crooks, Executive vice-president, corporate services and chief legal officer
- Dan McKeen, Senior vice-president, customer solutions
- Charles Hartlen, Senior vice-president, customer experience

This disclosure is required by the Canadian Securities Administrators National Instrument 51-102 – *Continuous Disclosure Obligations* and the regulations and policies of the Toronto Stock Exchange (*TSX*). It also takes into consideration the guidelines of leading governance organizations as well as other relevant Canadian disclosure practices. In this Compensation Discussion and Analysis, the terms *common shares* and *shares* refer to Bell Aliant Inc. common shares and/or Fund units, *shareholders* includes Fund unitholders, and *deferred shares* includes deferred units.

OUR COMPENSATION COMMITTEE

The Management resources and compensation committee (*MRCC*) assists the directors to fulfill their responsibilities relating to the compensation, nomination, evaluation and succession of senior executives at Bell Aliant. The role of the MRCC with respect to compensation is to:

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

The MRCC has a written mandate that establishes its purpose, responsibilities, and membership. A copy of the mandate is included in *Appendix "A" – Board and committee mandates* of this information circular. In addition to its written mandate, the MRCC has established an annual work plan in the form of a forward agenda. A copy of the forward agenda can be found in Bell Aliant's governance manual, which is available in the Governance section of Bell Aliant's website at www.bellaliant.ca.

The following table outlines the annual work plan of the MRCC.

February	<ul style="list-style-type: none"> • Establish CEO goals and objectives for coming year • Discuss the CEO performance assessment for previous year • Discuss the executive team performance assessment for the previous year • Approve short-term incentive plan <ul style="list-style-type: none"> • Payments for previous year (for organization overall) • Executive payments • Preliminary review of executive compensation disclosure • Report on long-term incentive plan grant for previous year
March	<ul style="list-style-type: none"> • Approve executive compensation disclosure
May	<ul style="list-style-type: none"> • Review officer appointments • Review committee charter • Review share ownership guidelines • Discuss succession planning
July	<ul style="list-style-type: none"> • Receive Health & Safety Report • Discuss education/new developments in executive compensation • Discuss Say on Pay advisory resolution
November	<ul style="list-style-type: none"> • Discuss long-term incentive plan <ul style="list-style-type: none"> • Preliminary review of long-term incentive plan design for the coming year • Report on vesting/tracking of prior grants • Review of reserve • Complete long-term incentive plan grants for coming year • Discuss short-term incentive plan <ul style="list-style-type: none"> • Preliminary review of short-term incentive plan design for the coming year • Seek delegated authority from board to approve final plan/targets in December • Discuss executive compensation review and salary adjustments • Discuss salary adjustment guidelines
December	<ul style="list-style-type: none"> • Approve short-term incentive plan design for the coming year (measures and targets) • Approve long-term incentive plan design for the coming year (measures and targets)

The MRCC consists of five directors, none of whom are employed by Bell Aliant, and three of whom are independent. Additional information regarding independent directors can be found in the *Governance disclosure – board of directors* section of this information circular. As of December 31, 2010, the members of the MRCC were: Robert Dexter (chair), Edward Reevey, Louis Tanguay, Siim Vanaselja and David Wells. None of the members of the MRCC is an officer, employee or former officer of Bell Aliant or is eligible to participate in Bell Aliant's executive compensation programs. Members of the MRCC have experience as current and former chief executive officers of large organizations, officers in large and complex corporations, and/or directors of various other publicly traded entities. The directors believe the members of the MRCC collectively have the knowledge, experience and background required to fulfill the MRCC's mandate.

The MRCC may invite management to attend meetings to provide advice and consultation as required. Management is sometimes excluded from committee meetings as appropriate. In addition, the MRCC ensures an objective process for determining compensation by holding "in camera" sessions at the end of each committee meeting, without management present. A record is kept of any decisions made during such sessions. The MRCC met six times in 2010.

Independent consultants

From time to time, the MRCC engages external consultants to provide advice on executive compensation matters. In 2010, Bell Aliant employed the services of the Towers Watson consulting firm and Mercer (Canada) Limited and paid fees to them in the amounts shown in the table below. Amounts paid in 2009 are also included for reference.

	2009	2010
Towers Watson		
Executive compensation	\$183,931	\$147,205 ¹
Pension services	\$89,162	\$42,711
Other	\$0	\$134,621 ²
Total fees paid to Towers Watson	\$273,093	\$324,537
Mercer (Canada) Limited ³		
Executive compensation	\$32,779	\$0
Pension services	\$31,396	\$28,450
Total fees paid to Mercer	\$64,175	\$28,450
Total fees paid to consultants	\$337,268	\$352,987

Notes:

- (1) Towers Watson provided consulting on director compensation in 2010 for fees totaling \$6,570. These fees are included in the executive compensation total.
- (2) The 'Other' fees paid to Towers Watson relate to consulting on organization design which totaled \$3,911, along with two projects that began with Watson Wyatt prior to its merger with Towers Perrin – job evaluation and pay equity consulting which totaled \$102,029 and health and welfare group consulting which totaled \$28,681.
- (3) In 2009, Mercer (Canada) Limited also provided general management compensation consulting services to Bell Aliant. The cost of these services is included in the above table. In 2010, Mercer (Canada) Limited provided only pension consulting services to Bell Aliant. The cost of these services is included in the above table.

None of our directors or named executive officers is affiliated with Towers Watson or Mercer (Canada) Limited and the MRCC considers both to be independent from Bell Aliant.

Benchmarking

The consulting services Towers Watson provided in 2010 included assistance in benchmarking the compensation of our executives to ensure compensation is competitive for the marketplace in which we compete. In 2009, Bell Aliant engaged Towers Watson to complete a full market review for our named executive officers. The review compared Bell Aliant compensation to two distinct comparator groups: (1) an industry-wide group, using data from the Towers Watson Compensation Data Bank, and (2) a select group of peer companies, using data as reported in their 2008 proxy circulars.

For 2010, the 2009 data was “aged” as recommended by Towers Watson. This confirmed that most of our executives remained within range of our targeted competitive compensation levels, which are discussed in the following sections.

The characteristics of the two comparator groups utilized by Towers Watson, as well as the companies included in each, are as follows:

Comparator group	Description	Revenue characteristics (2009)	List of companies
Industry wide	Over 60 companies in the telecommunications, utilities, financial, technology, manufacturing, production, research and mining sectors.	Median \$5,621M 75 th Percentile \$12,231M (Bell Aliant: \$3,174M)	AbitibiBowater – Agrium Inc. – ARC Resources Ltd. – ATCO Ltd. & Canadian Utilities Limited – Bank of Montreal – Banque Nationale du Canada – Barrick Gold Corporation – Bata Limited – BCE Inc. – Bombardier Inc. – CAE Inc. – Canadian National Rail – Canadian Natural Resources Ltd. – Canadian Oil Sands Limited – Canadian Pacific Railway Limited – Canadian Tire Corporation, Limited – Capital Health – Celestica Inc. – CGI Group Inc. – CIBC – Cogeco Inc. – CTVglobemedia Inc. – Domtar Corporation – Enbridge Inc. – EnCana Corporation – Finning International Inc. – Gaz Metropolitan – Gerdau Ameristeel – Husky Energy Inc. – Imperial Oil Limited – Inter Pipeline Fund – Irving Oil Limited – Kinross Gold Corporation – Manulife Financial Corporation – Maple Leaf Foods Inc. – McCain Foods Limited – MDS Inc. – Methanex Corporation – MTS Allstream Inc. – NAV CANADA – Nexen Inc. – Nortel – NOVA Chemicals – NovAtel Inc. – Pengrowth Corporation – Petro-Canada – Potash Corporation of Saskatchewan Inc. – Power Corporation of Canada – Quebecor World Inc. – RBC Financial – Research in Motion Ltd. – Scotiabank – ShawCor Ltd. – SNC-LAVALIN – Sun Life Financial – Suncor Energy Inc. – Talisman Energy Inc. – TD Bank Financial Group – Teck Cominco Limited – Tembec Inc. – The Economical Insurance Group – The Forzani Group Ltd. – The Woodbridge Group – TransAlta Corporation – Transat A.T. Inc. – TransCanada – Transcontinental Inc. – WestJet
Proxy circular	11 companies in the telecommunications, utilities, IT consulting, cable and satellite, publishing and home improvement retail sectors.	Median \$3,244M 75 th Percentile \$3,730M (Bell Aliant: \$3,174M)	ATCO Ltd. – CGI Group Inc. – Cogeco Inc. – Fortis Inc. – Manitoba Telecom Services Inc. – Quebecor Inc. – RONA Inc. – Shaw Communications Inc. – Torstar Corp. – TransAlta Corp. – Yellow Pages Income Fund

OUR COMPENSATION PHILOSOPHY AND DIRECTION

The compensation of Bell Aliant executives is influenced by a number of factors including business strategy, organizational performance, personal performance and governance. Our executive compensation philosophy aims to achieve four key objectives:

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

The MRCC carefully considers feedback from shareholders regarding our executive compensation programs. The MRCC and board believe that the governance framework applicable to our executive compensation must be both competitive with companies in our marketplace and consistent with corporate governance best practices. Shareholders should have the opportunity to fully understand the objectives, philosophy, principles, policies and procedures used to make executive compensation decisions. For the first time, at the 2010 Annual and Special Meeting, we put forward for shareholder consideration a “Say on Pay” non-binding advisory resolution accepting our approach to executive compensation. 98 per cent of voting shareholders approved the resolution. Shareholders will have the opportunity to consider a similar resolution at Bell Aliant Inc.’s 2011 Annual General Meeting. The MRCC encourages shareholder engagement and is committed to reviewing and considering shareholder feedback on executive compensation matters. More information on shareholder engagement is contained in the *Statement of governance practices* section under *Shareholder engagement*.

ELEMENTS OF OUR 2010 COMPENSATION MODEL

Our compensation model is composed of base salary, short-term and long-term incentive compensation, perquisites, benefits and pension.

Base salary is targeted at the 50th percentile to ensure base salaries remain competitive, and total direct compensation is targeted at the 60th percentile, which is only achieved if performance warrants. Total direct compensation consists of base salary, short-term incentive compensation and long-term incentive compensation. This model gives Bell Aliant an edge in the talent market by attracting and keeping the kind of people who will drive performance. It keeps Bell Aliant competitive to market (base salary at median) while offering higher than median compensation to leaders who are prepared to put a substantial portion of their compensation at risk based on performance.

We describe each element of our compensation model below.

	Base salary	Short-term incentive	Long-term incentive	Benefits & perquisites	Pension
Overview	Based on responsibilities and market data.	Conditional on organizational and personal performance; rewards achievement of annual business targets that support Bell Aliant's strategic direction.	Conditional on organizational performance; aligns interests of executives with those of shareholders through the use of equity compensation.	Target market competitive health and other benefits and perquisites.	Target market competitive pensions

Base salary

Base salary is linked to the responsibilities, experience and knowledge of each executive. Compensation levels are reviewed if changes in responsibilities occur and such reviews may involve outside consultants to provide independent advice to the MRCC.

Short-term incentive compensation

The short-term incentive plan (*STIP*) is designed to reward the achievement of specific annual business targets that support Bell Aliant's strategic initiatives. Named executive officers participate in the same *STIP* as other eligible employees. Targets for our named executive officers are a percentage of base salary ranging from 62.5 per cent to 100 per cent.

There are two factors that determine the level of payout for our named executive officers: corporate results and personal performance. The corporate results are based on the achievement of specific performance measures, each of which has a threshold, target and outperform level which equates, respectively, to 50 per cent, 100 per cent and 150 per cent of target payout. If thresholds are not met, payout is 0 per cent. The personal performance multiplier ranges from 0 per cent to 150 per cent and is designed to recognize individual performance.

The *STIP* payout calculation is shown in the table below:

Base salary	X	<table border="1" style="width: 100%;"> <tr> <th style="text-align: center;">Target</th> </tr> <tr> <td style="text-align: center;">% of base salary ranging from 62.5% – 100%</td> </tr> </table>	Target	% of base salary ranging from 62.5% – 100%	X	<table border="1" style="width: 100%;"> <tr> <th style="text-align: center;">Corporate results</th> </tr> <tr> <td style="text-align: center;">For each performance measure:</td> </tr> <tr> <td style="text-align: center;"> <ul style="list-style-type: none"> • Threshold of 50% • Target of 100% • Outperform of 150% </td> </tr> </table>	Corporate results	For each performance measure:	<ul style="list-style-type: none"> • Threshold of 50% • Target of 100% • Outperform of 150% 	X	<table border="1" style="width: 100%;"> <tr> <th style="text-align: center;">Personal performance multiplier</th> </tr> <tr> <td style="text-align: center;">0 – 150%</td> </tr> </table>	Personal performance multiplier	0 – 150%	=	Annual <i>STIP</i> payout
Target															
% of base salary ranging from 62.5% – 100%															
Corporate results															
For each performance measure:															
<ul style="list-style-type: none"> • Threshold of 50% • Target of 100% • Outperform of 150% 															
Personal performance multiplier															
0 – 150%															

STIP measures may be revised during the year to take account of factors affecting performance which are beyond the executives' control. Events that have triggered adjustments in the past include regulatory decisions, accounting classification changes, and acquisitions or divestitures.

Long-term incentive compensation

The long-term incentive compensation plan (*LTIP*) is designed to align executive performance with long-term growth in shareholder value and to support the objectives of employee ownership, and a strong spirit of performance and entrepreneurship. Long-term incentives are delivered through the Deferred Share Plan (*DSP*).

Deferred share plan

Under the DSP, the directors designate individuals to receive deferred shares in the form of an annual grant. Each deferred share represents the right to receive one common share, provided certain performance and/or time criteria are met. The directors determine the date of the grant, the number of deferred shares to be granted, vesting conditions, the payout date and the performance criteria. All named executive officers are eligible to participate in the DSP.

Long-term incentive compensation for each named executive officer is a percentage of base salary ranging from 100 per cent to 200 per cent. The number of deferred shares Bell Aliant grants is calculated by dividing the targeted long-term incentive compensation by a five day weighted average closing price of the shares on the TSX prior to the grant. The deferred shares attract notional dividends, which are credited in the form of additional deferred shares held in the participant's account. Grants under the DSP typically have a performance period of three years and up to one-third of the total grant can vest each year. The performance measures have threshold and target levels which equate, respectively, to 50 per cent and 100 per cent of target payout. The program does not include an individual performance modifier.

The final balance and value of the shares will be determined based upon vesting criteria at the end of the performance period, the accumulation of dividends and the fair market value at time of redemption. Participants have the option of withdrawing deferred shares granted from 2009 onward once the three year performance period has expired and shares have vested, as long as participants continue to meet their minimum share ownership targets. Deferred shares granted prior to 2009 cannot be withdrawn while a participant is still an employee. When withdrawing deferred shares from the plan, participants can elect to receive either common shares or a cash payout.

When a participant ceases to be an employee of Bell Aliant due to resignation or termination with cause, any unvested deferred shares terminate and are forfeited, unless otherwise determined by the directors. In the event of retirement, termination without cause, death or termination by reason of disability, unvested deferred shares vest on a prorated basis from the beginning of the performance period to the end of employment date, subject to actual performance results as determined at the end of the performance period. The interest of any participant is not transferable or assignable other than by operation of law. The payout date must be a date no later than two years following a participant's departure from Bell Aliant. Deferred shares granted under the DSP terminate and are of no force and effect after two years following a participant's departure, if not redeemed or previously terminated.

Any amendment to the DSP that increases the maximum number of common shares issuable, extends the last date on which shares may be issued, or adds additional categories of participants, requires the prior approval of shareholders. The directors may make any other amendments to the plan, without the approval of shareholders, including amendments of a housekeeping nature or amendments related to participants' entitlements in the event of termination of employment.

Benefits and perquisites

We believe offering competitive benefits is essential to attract and retain qualified employees. Bell Aliant offers a benefits program to our named executive officers that allows each leader to choose health, life and accident insurance most suited to their individual needs.

Named executive officers in the Atlantic Provinces are eligible to participate in our Employees' Stock Savings Plan (*ESSP*) and named executive officers in Ontario and Quebec are eligible to participate in the Employees' Savings Plan (*ESP*). The ESSP and ESP are offered to encourage long-term savings, to augment pension income and to allow employees to share in the success of the Company. Eligible participants in the ESSP and ESP are regular employees, full-time or part-time, who have completed at least six months of continuous service with Bell Aliant.

Participants contribute to the ESSP through payroll deductions of up to 10 per cent of annual base pay, commissions, and bonuses, and can also reinvest dividends earned on shares held in the ESSP. Bell Aliant will contribute to the ESSP on behalf of participants based upon the employee contributions, using a prescribed formula, and will make a contribution equal to 25 per cent of all dividends earned on those shares that participants reinvest in the ESSP. The purchase price of the common shares is the average cost of the shares bought on the TSX for credit to participants' accounts on the Investment Date (as that term is defined in the ESSP).

When a participant ceases to be an employee of Bell Aliant due to resignation or termination of employment for any reason, participation in the ESSP is terminated, and the participant will be sent a certificate for the number of whole common shares in the ESSP and a cheque for the balance. If a participant retires or dies, the participant or a representative may elect to terminate participation effective on the next Investment Date, thereby receiving the Company contribution and interest on such Investment Date. Common shares held under the ESSP may only be transferred to a single-purpose, self-directed registered retirement savings plan for the participant or his/her spouse and otherwise by operation of law.

The provisions of the ESP are similar to the ESSP, with the exception that dividends are not matched under the ESP and participants in the ESP can contribute up to 12 per cent of annual base pay, commissions and bonuses.

The named executive officers also receive a competitive cash allowance for perquisites.

Pensions

Named executive officers participate in either a defined contribution (*DC*) or defined benefit (*DB*) pension plan, depending on their date and place of hire. Executives hired after January 2005 in the Atlantic Region or October 2004 in the Central Region may participate only in a DC pension plan. Executives hired prior to those dates may participate in either a DC or DB plan depending on the province in which they are located, the date they were hired, and the type of plan available to executives at that time.

CHANGES WE MADE IN 2010, ARISING PRIMARILY FROM CONVERSION

While our compensation structure in 2010 remained largely similar to the 2009 structure, our conversion from an income trust to a corporation required the adaptation of a number of our compensation plans. In addition, the MRCC revised the executive share ownership guidelines to align with industry best practices and introduced a new savings plan for executives. These changes became effective as of January 1, 2011 and are described in more detail below.

Conversion from deferred unit plan

The DSP is a continuation of the former deferred unit plan (*DUP*), which was replaced by the DSP as a result of the conversion from an income trust to a corporate structure. As anticipated and disclosed in last year's information circular, all deferred units issued under the DUP were converted to deferred shares as of January 1, 2011. The terms of the DSP are substantially similar to the terms of the DUP.

Prior to the conversion, on February 3, 2010, the trustees amended the DUP to permit participants to receive cash instead of units from treasury when withdrawing vested deferred units from their DUP accounts. The DUP was later amended (i) to not require a deduction of deferred shares from the reserve when deferred shares are settled in cash pursuant to the terms of the DUP and (ii) by amending the definition of "Termination Date". The latter amendments, which required shareholder approval, were approved at the Fund's Annual and Special Meeting on June 16, 2010. Effective January 1, 2011, those changes became part of the DSP.

Conversion from employees' unit purchase plan and employees' savings plan

The ESSP is a continuation of the former employee unit purchase plan (*EUPP*). The ESSP replaced the EUPP as a result of the conversion and all units held under the EUPP were converted to common shares at that time. The terms of the ESSP are substantially similar to the terms of the EUPP. The ESP was also amended as a result of the conversion, and all units held under the ESP were converted to common shares at that time. The provisions of the ESP remain similar to the ESSP, with the exceptions noted above.

Deferred share unit plan

As was approved in last year's Annual and Special Meeting, Bell Aliant adopted a new plan for executive employees – the Deferred share unit plan (*DSUP*). The purpose of the DSUP is twofold: to allow executives to voluntarily elect to receive STIP awards in the form of notional 'share units'; and, to provide a mandatory mechanism for executives to increase their ownership if they have not met minimum share ownership guidelines within the prescribed timeline (as discussed in the *Share ownership guidelines* section of this Compensation discussion and analysis). Share units held under the DSUP count towards minimum ownership guideline requirements and are only accessible upon departure from the Company. The DSUP is a cash-settled plan.

Revised share ownership guidelines

The MRCC engaged Towers Watson in early 2010 to conduct an independent review of the existing share ownership guidelines to ensure they reflected industry best practices. Based on that review, the MRCC determined the guidelines should be revised to better align with industry standards, resulting in changes to both the methodology for counting shares and the minimum share ownership targets. Previously, we counted all vested and unvested deferred shares granted under the DUP towards share ownership targets (as discussed in the *Share ownership guidelines* section of this Compensation discussion and analysis). Effective January 1, 2011, we no longer counted, towards share ownership targets, unvested deferred shares that are subject to performance criteria; only vested deferred shares and deferred shares that vest solely based on time are counted. At the same time the minimum share ownership targets for each named executive officer, which were high relative to industry standard, decreased by one times his or her respective base salary.

2010 COMPENSATION OVERVIEW AND TARGETS

Bell Aliant's compensation model is designed to link the compensation we pay our executives to corporate success. In 2010, Bell Aliant continued its focus on the five strategic initiatives, first set in 2009, to reach our vision of being recognized by customers as the leading communications provider in the markets we serve: improve the customer experience, retain customers, grow broadband, reset our cost structure and engage employees.

Despite the realities of the economic environment and our competitive marketplace, our strategy has proven resilient, facilitating a critical balance among improving services, offering enhanced solutions to our customers, and increasing productivity. 2010 was a solid year filled with strong accomplishment for the Company. Bell Aliant delivered on distributable cash targets, despite lower than expected revenues, through our continued focus on cost management and improved productivity. The Company showed improvements in NAS declines and continued our emphasis on strong customer service despite a number of challenging weather events that negatively affected our service levels. In addition, we continued to expand our *FibreOP™* fibre-to-the-home (*FTTH*) service and bundle options, working toward our goal of providing all communications services to our customers' homes and businesses.

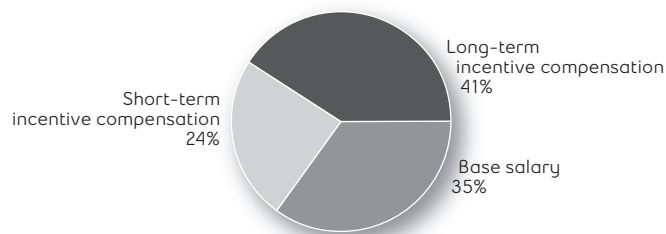
Corporate performance is closely connected to the pay of named executive officers through the significant portion of their compensation at risk – over 60 per cent for each named executive officer and, in the case of Ms. Sheriff, 75 per cent of her compensation. To receive this compensation at risk, both the Company and the named executive officers must deliver strong results, in keeping with our pay for performance philosophy. This ensures our compensation model is based on a strategy that aligns personal financial interest with shareholder interests.

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

Executive	Base salary	Short-term incentive compensation target	Long-term incentive compensation target
Karen Sheriff President and chief executive officer	25%	25%	50%
Glen LeBlanc Executive vice-president and chief financial officer	34%	24%	42%
Fred Crooks Executive vice-president, corporate services and chief legal officer	38%	24%	38%
Dan McKeen Senior vice-president, customer solutions	38%	24%	38%
Charles Hartlen Senior vice-president, customer experience	38%	24%	38%

Below is a chart representing the average compensation mix for all named executive officers:

Average Compensation Mix



The overall compensation targets for our named executive officers remained largely similar to 2009 levels. We maintained base salaries at 2009 levels for the named executive officers, except for Mr. Crooks, whose base salary was increased by \$45,000 to bring his compensation in line with the market. We also maintained our short and long-term incentive target levels with the exception of Ms. Sheriff, whose STIP target was increased by 15 per cent and LTIP target by 25 per cent, following an extensive market study. The full summary compensation table is provided in the *Summary compensation table* section.

2010 STIP program and results

In keeping with the continuity of our five strategic initiatives, our 2010 STIP program was the same as our 2009 program, with measures designed to focus executives on improving the customer experience and delivering strong financial performance. The program consisted of three measures – distributable cash, gross revenue and customer service index (*CSI*), weighted at 50 per cent, 20 per cent, and 30 per cent respectively. Descriptions of these measures and of 2010 performance are outlined below:

Distributable cash – a measure of financial performance and shareholder value. It is EBITDA minus certain annual cash expenditures such as pension current service cost and other post employment benefit funding, interest expense and capital investments. A full explanation of EBITDA can be found in Bell Aliant Holdings LP's 2010 annual Management's Discussion and Analysis, which is available in the Financial reports section of Bell Aliant's website at www.bellaliant.ca and www.sedar.com.

- Performance: Despite declining revenues in 2010 (as discussed under the 'Gross Revenue' measure below), we generated \$711 million of distributable cash and maintained declared cash distributions at a similar level to 2009. Our continued focus on cost management and improved productivity were key to attaining these results and mitigated the effect of the decline in revenues on EBITDA. These savings were achieved primarily from managing labour costs, renegotiating vendor contracts and controlling discretionary spending. While capital expenditures were lower than expected, this was offset by higher cash funding of the current service costs of benefits plans and lower distributable cash from discontinued operations. The distributable cash results were within its STIP target range.

Gross revenue – a measure of financial viability and 'top line' growth. It includes all recurring and one time revenues, before any costs are deducted.

- Performance: Throughout 2010, cable competitors continued to expand their local service areas and provide bundled service offerings in our regions, putting pressure on our revenues. We continued to see revenue declines in local and access and long distance, mainly due to competitive losses and a decline in primary lines as customers adopt wireless and voice over Internet protocol (*VoIP*) technologies. Declines in voice revenue were partially offset by increases in Internet and wireless revenues resulting from growth in our high-speed Internet and wireless customer bases. In 2010 the Company generated \$3,071 million in gross revenue, prior to restating xwave business results to discontinued operations. Softness in discontinued operations caused the results to fall below the STIP target.

Customer service index – Delivering a superior customer experience is key to our strategy and requires a consistent and determined focus on making it easier for customers to do business with us. We are intent on improving the overall customer experience through continued work on service fundamentals, including making advancements to the core network and designing the model technician visit. CSI consists of five key measures including operational and customer satisfaction (we do not disclose the specific measures, indices, or targets, as we believe these could prejudice our competitive position in the marketplace).

- Performance: Our strategy is proving successful as we have seen positive year-over-year results in our internal measure of customer service indexing; however, a number of extraordinary events impacted 2010's final results, including several severe weather events that negatively impacted target service levels. As a result, CSI fell short of its STIP target in 2010.

The 2010 STIP program also has a minimum threshold for EBITDA performance; if this threshold is not met, STIP payments in excess of 100 per cent are not permitted. Since the overall STIP result was below 100 per cent, EBITDA performance did not affect the payouts.

The following table summarizes the final STIP results.

Measure	Target	Actual	Weighting	2010 STIP results
Distributable cash	\$708M – \$718M	\$711M	50%	50%
Gross revenue	\$3,086M – \$3,118M	\$3,071M	20%	15%
Customer service index	—	—	30%	20%
Total			100%	85%

The MRCC reviewed the final 2010 results for each measure and, based upon their assessment, recommended a STIP corporate result of 85 per cent, which was approved by the board. In assessing performance, the board and the MRCC considered the impact of factors affecting performance which were beyond our employees' control. One such factor was Bell Aliant's repurchase of its former interest in utility poles in Newfoundland and Labrador in late 2010. This transaction affected the distributable cash targets established for the 2010 STIP program. In keeping with the board's policy, it revised the distributable cash targets to reflect the transaction costs.

In the previous three years, the STIP corporate result for named executive officers was 100 per cent (2007), 86 per cent (2008) and 105 per cent (2009).

2010 STIP payout to named executive officers

On the MRCC's recommendation, the Board approved a 2010 STIP corporate result of 85 per cent, together with personal performance multipliers and payouts on February 8, 2011.

Individual performance for named executive officers is based on annual personal objectives, which are aligned with the Company's financial and strategic objectives. The individual performance multiplier ranges from 0 per cent to 150 per cent and is determined based on individual performance during the year. The MRCC and board approved personal performance modifiers for named executive officers ranging from 105 per cent to 125 per cent, in recognition of each executive's strong performance and contribution toward the achievement of Bell Aliant's strategic priorities in 2010.

The table below outlines the STIP result, personal performance modifier and payout for each named executive officer:

Executive	Salary	Short-term incentive target (% of base)	Short-term incentive corporate result	Personal performance multiplier	Short-term incentive payout
Karen Sheriff	\$700,000	100%	85%	125%	\$743,750
Glen LeBlanc	\$420,000	72.5%	85%	110%	\$284,708
Fred Crooks	\$370,000	62.5%	85%	110%	\$216,219
Dan McKeen	\$325,000	62.5%	85%	105%	\$165,252 ¹
Charles Hartlen	\$300,000	62.5%	85%	105%	\$167,344

Note:

(1) Mr. McKeen's payout was prorated to reflect that he commenced employment on January 28, 2010.

2010 DUP grant

The 2010 DUP grant has both time and performance vesting features, with 50 per cent of the grant vesting based solely on time and the other 50 per cent based on performance measures. Time-based vesting was a new feature in 2010 and was added to ensure Bell Aliant executives are not exposed to undue risk in the DUP, particularly relative to the market in which we compete for talent, where many companies have seized opportunities to mitigate the risk inherent in long-term incentive compensation. The addition of 50 per cent time vesting brings our plan more in line with the marketplace while still ensuring that a large portion of compensation is at risk, in keeping with our pay for performance philosophy. This also results in a more balanced plan, since the 2010 DUP cannot pay in excess of 100 per cent even in the event of significant over-achievement yet can be fully forfeited in the event of under-achievement.

The performance measure for year one of the 2010 grant was distributable cash, which has threshold and target levels which equate, respectively, to 50 per cent and 100 per cent of target vesting. With the conversion from an income trust to a corporate structure, distributable cash has been replaced with EBITDA (weighted 35 per cent) and free cash flow (weighted 15 per cent) as the performance measure for years two and three of the 2010 grant.

Deferred shares granted in 2010 vest in equal amounts of one-third in each of 2010, 2011 and 2012, subject to performance criteria. After the completion of the last vesting year (2012) the deferred shares can continue to be held in a notional account until such time as the participant submits a request to have vested shares transferred out of the plan. Participants may not withdraw shares where to do so would take them below the level required to meet share ownership guidelines.

The table below outlines the 2010 DUP grant for each named executive officer:

Executive	Salary	Long-term incentive target (% of base)	Long-term incentive grant (shares) ¹	Long-term incentive grant (\$ value) ^{2,3}
Karen Sheriff	\$700,000	200%	56,235	\$1,453,112
Glen LeBlanc	\$420,000	125%	21,088	\$544,914
Fred Crooks	\$370,000	100%	14,862	\$384,034
Dan McKeen	\$325,000	100%	13,055	\$337,341
Charles Hartlen	\$300,000	100%	12,050	\$311,372

Notes:

- (1) These amounts include a 'top up' amount, equal to the estimated distributions lost between the scheduled grant date in February 2010 and the actual grant date in June 2010 (since this delay resulted from legal advice to the board and trustees recommending that the grant be delayed until after the corporate dividend policy was disclosed and able to be digested by the markets).
- (2) The value of the long-term incentive plan grant is calculated based on a market value of \$25.84. "Market value" means the arithmetic average of the closing price of the units traded on the TSX for the five trading days on which a board lot was traded immediately preceding grant date.
- (3) The ultimate value of the grant is dependent on the fair market value of the vested Bell Aliant common shares at the time of redemption.

Results of year one performance for the 2010 DUP grant

In 2010, the distributable cash target was met, resulting in 100 per cent vesting for year one of the 2010 DUP grant. The following summarizes the results to date:

(in millions)

Performance criteria	Weighting	Threshold	Target	Actual	Vesting to date
Time	50%	N/A	N/A	N/A	Year 1 – 100%
Distributable cash	50%	\$698.7M	\$708M – \$713M	\$711M	

Note:

As discussed in the 2010 STIP program and results section, Bell Aliant repurchased its former interest in utility poles in Newfoundland and Labrador at a cost of approximately \$57 million, which significantly affected the distributable cash budget. In keeping with the board's policy of accounting for factors affecting STIP targets that are beyond the control of employees, the board revised the distributable cash targets to reflect the transaction costs.

CORPORATE PERFORMANCE

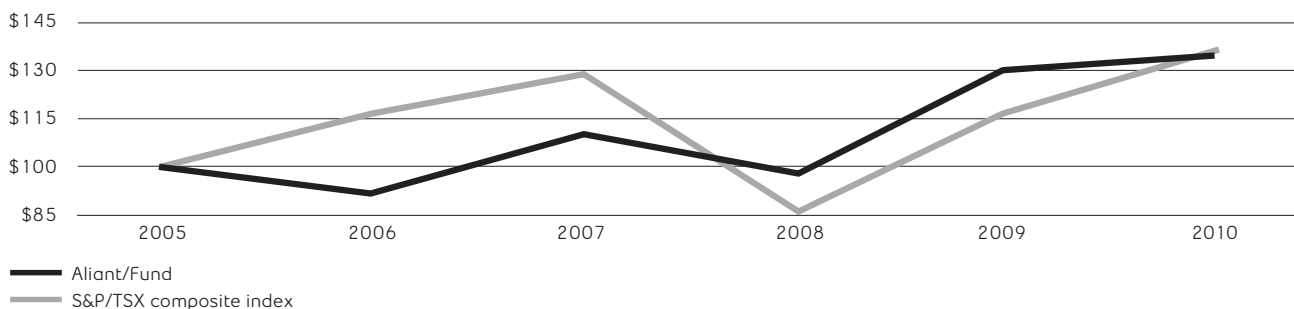
The cumulative total return chart and share performance graph below were prepared based on an initial investment of \$100 in Aliant common shares as of December 31, 2005. The chart reflects the total return of Aliant common shares on the TSX for the period from January 2006 to July 2006 and the total return of Bell Aliant units on the TSX from July 2006 to December 2010. For comparison purposes, also shown is the corresponding information for the S&P/TSX Composite Total Return index.

(at December 31, 2010)

Cumulative total return ¹	2005	2006	2007	2008	2009	2010	Return ²
Aliant/Fund	100	92	110	98	130	135	6.2%
S&P/TSX composite index	100	117	129	86	117	137	6.5%

Notes:

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



For the period leading to the creation of the Fund and the income trust conversion, compensation for named executive officers was based on the compensation model of their respective predecessor organizations: Aliant and Bell Canada. Aliant's executive compensation model included a stock option program and a performance share unit plan.

Since the formation of the Fund, named executive officers have received long-term incentive awards in the form of deferred shares. The grant for 2006 was based on time vesting only. The objective of this grant was to facilitate executive ownership in the new entity and to recognize that a significant period had elapsed without any type of long-term incentive being available to the executive team. The subsequent grants for 2007, 2008, 2009 and 2010 incorporated performance criteria that, together with the underlying ownership feature, provided a balance between annual financial performance and investor returns. The performance criterion for each grant year is shown in the chart below. As discussed under the *Long-term incentive compensation* section, the 2010 grant incorporated a 50 per cent time based vesting element.

The following chart summarizes the vesting for grants in previous years:

Grant year	Performance criteria	Weighting	Vesting
2007	Total unitholder return	30%	Year 1 = 87.57%
	Distributed cash (amended to distributable cash for year 3)	70%	Year 2 = 0% Year 3 = 70% Final = 52.52%
2008	Total unitholder return ¹	30%	Year 1 = 86.91%
	Distributable cash	70%	Year 2 = 86.91% Year 3 = 70% Final = 81.27%
2009	Distributable cash	100%	Year 1 = 100% Year 2 = 100% Year 3 = TBD Final = TBD
2010	Distributable cash	50%	Year 1 = 100%
	Time	50%	Year 2 = TBD Year 3 = TBD Final = TBD

Note:

- (1) Total unitholder return is a cumulative measure, meaning that performance results in subsequent years of the same grant can affect previous years' results.

Linking share performance to executive compensation

As discussed in the *2010 Compensation overview and targets* section we link corporate performance to executive compensation primarily through our LTIP and STIP – these plans place a significant portion of the compensation we pay our named executive officers at risk. The comparison between the share performance graph and both the LTIP vesting results and STIP corporate results demonstrates the relation between share performance and compensation.

The decline in market value from 2007 to 2008 shown in the performance graph affected the variable compensation of our named executive officers. In particular, year two of the 2007 grant vested at 0 per cent and year one of the 2008 grant vested at 70 per cent. The STIP corporate result for named executive officers for this period was 86 per cent.

From 2008 to 2009 the market value increased. This was reflected in the vesting result of 86.91 per cent for year two of the 2008 grant. Since the Total unitholder return measure in the 2008 grant is a cumulative measure, year one vesting was revised to reflect the higher vesting achieved in year two, or 86.91 per cent. The strong financial performance was also reflected in the STIP corporate result of 105 per cent.

The market value continued to increase from 2009 to 2010. Year three of the 2008 grant vested at 70 per cent, while year two of the 2009 grant and year one of the 2010 grant both vested at 100 per cent. The STIP corporate result was 85 per cent during this period.

SUMMARY COMPENSATION TABLE (SCT)

Compensation of officers

The table below outlines total compensation paid by Bell Aliant or its subsidiaries to the named executive officers for 2008, 2009 and 2010, in the form prescribed by the Canadian securities regulatory authorities. Pension value and severance payout amounts are not included in determining total compensation for purposes of identifying named executive officers.

	Year	Earnings (\$)	Share-based awards ¹ (\$)	Non-equity incentive plan compensation	Pension value (\$)	All other compensation ^{2,3,4} (\$)	Total compensation (\$)
				Annual short-term incentive compensation (\$)			
Karen Sheriff	2010	700,000	1,453,112	743,750	391,824	56,387	3,345,073
President and chief executive officer	2009	700,000	1,224,996	700,000	116,980	71,640	2,813,616
	2008 ⁵	298,630	475,751	210,241	452,581	57,851	1,495,054
Glen LeBlanc	2010	420,000	544,914	284,708	57,593	69,904	1,377,119
Executive vice-president and chief financial officer	2009	411,539	499,997	367,684	129,493	59,187	1,467,900
	2008	400,000	500,007	240,800	71,949	47,241	1,259,997
Fred Crooks	2010	365,673	384,034	216,219	91,642	62,015	1,119,583
Executive vice-president, corporate services and chief legal officer	2009	314,423	300,003	245,273	70,383	55,701	985,783
	2008	300,000	300,004	154,800	72,000	54,265	881,069
Dan McKeen	2010 ⁶	296,250	337,341	165,252	44,437	40,290	883,570
Senior vice-president, customer solutions							
Charles Hartlen	2010	300,000	311,372	167,344	32,033	55,080	865,829
Senior vice-president, customer experience	2009	278,846	250,012	226,406	365,703	52,834	1,173,801
	2008	250,000	249,988	129,000	34,921	51,465	715,374

Notes:

- The values shown are calculated based on the grant date market value assuming target performance is achieved. The value of the long-term incentive plan grant in each year is calculated based on a market value of \$30.13 in 2008, \$26.27 in 2009 and \$25.84 in 2010. "Market value" means the arithmetic average of the closing price of Bell Aliant common shares traded on the TSX for the five trading days on which a board lot was traded immediately preceding grant date. This methodology is used to smooth out any short-term price fluctuations in share price immediately preceding the grant.
- All other compensation in 2010 includes: (a) the perquisite account for each named executive officer in the following amounts: \$50,000 for Ms. Sheriff, \$45,000 for Mr. LeBlanc, \$40,000 for Mr. Crooks, \$36,667 (pro-rated) for Mr. McKeen and \$40,000 for Mr. Hartlen; and (b) employer contributions and interest paid to the named executive officers under the EUPP, and other taxable benefit amounts.
- The 2009 figures have been updated and include: (a) the perquisite account for each named executive officer in the following amounts: \$55,458 for Ms. Sheriff, \$45,000 for Mr. LeBlanc, \$40,000 for Mr. Crooks and \$40,000 for Mr. Hartlen; and (b) employer contributions and interest paid to the named executive officers under the EUPP, and other taxable benefit amounts.
- The 2008 figures have been updated and include: (a) the perquisite account for each named executive officer in the following amounts: \$6,386 (pro-rated) for Ms. Sheriff, \$45,000 for Mr. LeBlanc, \$40,000 for Mr. Crooks and \$40,000 for Mr. Hartlen; (b) a transition allowance of \$36,364 paid to Ms. Sheriff, and (c) employer contributions and interest paid to the named executive officers under the EUPP, and other taxable benefit amounts.
- Ms. Sheriff's total compensation for 2008 reflects her actual earnings as Bell Aliant's chief operating officer from July 11, 2008, to November 2, 2008, and as president and chief executive officer from November 3, 2008, to December 31, 2008. Prior to July 11, 2008, she was an employee of Bell Canada.
- Mr. McKeen was hired in January 2010 and therefore has no data in previous years.

Incentive plan awards (LTIP and STIP)

The tables below outline the value of vested and unvested equity grants under the DSP and the value of non-equity compensation earned by the named executive officers in 2010.

Outstanding share-based awards (total unvested shares)

Name	Number of units that have not vested	Value of unvested units if performance targets are not achieved ^{1,2}	Value of unvested units if performance targets achieved ¹
Karen Sheriff	58,665	\$514,827	\$1,524,703
Glen LeBlanc	22,631	\$193,059	\$588,180
Fred Crooks	15,135	\$136,060	\$393,359
Dan McKeen	9,197	\$119,517	\$239,030
Charles Hartlen	12,377	\$110,317	\$321,678

Notes:

- (1) Value of shares is calculated based on a share price of \$25.99, the closing price of Bell Aliant units on the TSX on December 31, 2010.
- (2) The value of unvested shares if performance targets are not achieved reflects the value of unvested deferred shares that vest solely based on time. These deferred shares will vest at the end of the performance period, provided the named executive officer remains an employee of Bell Aliant.

Value of shares vested or earned during the year

Name	Number of units that vested in 2010	Value during the year on vesting of deferred shares ^{1,2}	Non-equity incentive plan compensation (STIP) – value earned during the year ¹
Karen Sheriff	47,866	\$1,244,037	\$743,750
Glen LeBlanc	25,922	\$673,713	\$284,708
Fred Crooks	16,300	\$423,637	\$216,219
Dan McKeen	4,599	\$119,528	\$165,252
Charles Hartlen	13,345	\$346,837	\$167,344

Notes:

- (1) Value of all vested or earned shares during the year is based on deferred shares for each of the 2008, 2009 and 2010 grants that vested in 2010. Actual value of shares is determined upon redemption, a date up to two years following the last day of active employment.
- (2) Value of shares is calculated based on a share price of \$25.99, the closing price of Bell Aliant units on the TSX on December 31, 2010.

Shares issued for the year ended December 31, 2010

Participants in the DSP have up to two years after the last date of employment to request their vested deferred shares from the DSP. In 2010, there were no shares issued to any of the named executive officers.

SHARE OWNERSHIP GUIDELINES

Bell Aliant established share ownership guidelines for its executives in 2006, which are intended to align executive and shareholder interests. The guidelines ensure that Bell Aliant's executives have significant financial interest tied to the performance of the Company. Common shares held in the DSP, DSUP, ESSP, ESP, or within a registered retirement savings plan (RRSP) count towards ownership requirements. Executives are required to meet the guidelines within a period of five years from the date of appointment to the executive position. The share ownership targets and status for each of our named executive officers as of December 31, 2010, is provided in the table below. As noted in the *Changes we made in 2010, arising primarily from conversion* section, the share ownership guidelines were revised effective January 1, 2011, resulting in changes to the ownership targets and counting methodology that will be reflected in next year's Compensation discussion and analysis.

Name	Share ownership as of December 31, 2010 ¹	Share ownership target as of December 31, 2010	Target achieved	Target date to achieve target ownership ²
Karen Sheriff	\$3,547,479	\$2,800,000 4 x base salary	Yes	N/A
Glen LeBlanc	\$2,594,478	\$1,260,000 3 x base salary	Yes	N/A
Fred Crooks	\$1,934,592	\$1,110,000 3 x base salary	Yes	N/A
Dan McKeen	\$412,565	\$975,000 3 x base salary	No	December 31, 2015
Charles Hartlen	\$1,277,434	\$900,000 3 x base salary	Yes	N/A

Notes:

- (1) Total value of share ownership is calculated based on a share price of \$25.99, the closing price of Bell Aliant units on the TSX on December 31, 2010.
- (2) Incremental amounts, due to changes in salary or position, must be attained within five years of the increase or appointment, which in some cases is as late as December 2015.

EQUITY RESERVES

DSP reserve

As at April 28, 2011, the maximum number of common shares Bell Aliant Inc. is authorized to issue under the DSP is 3,600,000, representing 1.6 per cent of the outstanding common shares of Bell Aliant Inc. As at April 28, 2011, Bell Aliant Inc. has issued 474,235 common shares (or Fund units prior to January 1, 2011) under the DSP and 1,602,472 deferred shares are currently outstanding. This represents 0.2 per cent and 0.7 per cent of the outstanding Bell Aliant Inc. common shares, respectively. The maximum number of deferred shares Bell Aliant Inc. can issue to insiders (as defined by the TSX rules relating to security based compensation arrangements) under the DSP, together with any Bell Aliant Inc. securities issuable under any other security based compensation arrangement, at any time, shall not exceed 10 per cent of the total number of outstanding Bell Aliant Inc. common shares on a fully diluted basis. The maximum number of deferred shares issued to insiders, together with any Bell Aliant Inc. common shares issued under any other security based compensation arrangement, within any one year period, shall not exceed 10 per cent of the total number of outstanding Bell Aliant Inc. shares on a fully diluted basis.

ESSP reserve

As at April 28, 2011, the maximum number of common shares Bell Aliant Inc. can issue from treasury under the ESSP is 2,079,527 shares, representing 0.9 per cent of the common shares of Bell Aliant Inc. As at April 28, 2011, Bell Aliant Inc. has not issued any common shares from treasury under the ESSP. The maximum number of common shares Bell Aliant Inc. can issue from treasury to insiders within any one year period and issuable at any time under the ESSP and all other security based compensation arrangements is 10 per cent of the total number of outstanding Bell Aliant Inc. common shares on a fully diluted basis.

Any amendment that increases the maximum number of common shares issuable under the ESSP requires the approval of Bell Aliant Inc. shareholders. The directors may amend any other terms of the ESSP without the approval of Bell Aliant Inc. shareholders, subject to the receipt of any required regulatory approval, but no amendment may be made that would alter or impair any of the participants' rights that have already accrued under the ESSP without the participants' consent. Unlike the ESSP, Bell Aliant Inc. common shares held under the ESP are not issued from treasury.

Securities authorized for issuance under equity compensation plans

The following table shows, as of December 31, 2010, information regarding compensation plans under which equity securities of Bell Aliant Inc. are authorized for issuance. This includes the Bell Aliant DSP, the Directors' DSP and the ESSP. Please refer to the Long-term incentive compensation, the Compensation of directors section and note 7 of the Fund's consolidated financial statements for the year ended December 31, 2010, for further information.

	Number of securities to be issued upon exercise of outstanding plan category options, warrants and rights ¹	Number of securities remaining available for future issuance under equity compensation plans ²
Equity compensation plans approved by security holders	1,380,568	4,342,581

Notes:

- (1) Includes 1,380,568 deferred shares issued under the Bell Aliant DSP as of December 31, 2010. Of these, 968,600 deferred shares were vested at December 31, 2010, and the remaining deferred shares are subject to time and performance criteria being met before they become vested and can be exercised. There is no exercise price related to outstanding deferred shares.
- (2) Includes a remaining reserve of 3,143,622 for the Bell Aliant DSP, less the number of deferred shares already granted, but for which Bell Aliant Inc. common shares have not yet been issued, and outstanding at December 31, 2010; a reserve of 300,000 for the matching deferred ownership plan; a reserve of 200,000 for the directors' deferred unit plan; and a remaining reserve of 2,079,527 for treasury share issuances under the ESSP. The matching deferred ownership plan and the directors' deferred unit plan are approved but have not been implemented. All other equity compensation plans have been implemented.

RETIREMENT PLANS

The named executive officers participate in a variety of DB and DC pension plans and supplementary executive retirement plans (*SERP*). While generally similar, certain specific terms regarding an individual's benefits may vary.

The amounts that follow are the approximate values of retirement plan obligations accrued as of December 31, 2010, the compensation costs incurred during 2010, and the amounts payable upon retirement of the named executive officers. These amounts are all based on assumptions and contractual entitlements, which may change over time. The major assumptions used in making these estimates are consistent with those used to value all of Bell Aliant's post-employment benefit obligations and are disclosed in note 7 of Bell Aliant's consolidated financial statements for the year ended December 31, 2010.

DB plans

The following table provides information on accrued obligations for each named executive officer who is a member of a DB plan.

Name	Number of years credited service ¹	Annual accrued benefit payable		Accrued obligation at start of year ⁴	Compensatory change in accrued obligation ⁵	Non compensatory change in accrued obligation ⁶	Accrued obligation at end of year ⁴
		At December 31, 2010 ²	At age 65 ³				
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Karen Sheriff ⁷	17.4	365,745	747,893	2,482,994	391,824	770,787	3,645,605
Glen LeBlanc	17.3	186,197	446,112	1,517,001	57,594	614,483	2,189,078
Charles Hartlen	24.9	167,034	270,009	2,064,673	32,033	574,711	2,671,417

Notes:

- (1) Years of credited service include any additional service granted under a SERP.
- (2) Annual pension accrued at year end is based on deferred pension payable at age 65 based on credited service and average earnings as of December 31, 2010.
- (3) Annual pension payable at age 65 is based on projected service at age 65 and average earnings as of December 31, 2010.
- (4) The accrued obligation refers to the present value of benefits earned to date. The major assumptions used in making these estimates are consistent with those used to value all of Bell Aliant's post-employment benefit obligations and are disclosed in note 7 of Bell Aliant's consolidated financial statements for the year ended December 31, 2010.
- (5) Compensatory elements, as reported in the pension value column of the SCT, include service cost, impact of plan amendments if any, and the impact of changes to compensation from the previous year that differed from the previous year's assumptions.
- (6) Non-compensatory elements include change in measurement assumptions (not related to plan amendments), non-pay-related experience, such as interest rates and retirement date assumptions, and benefit payments, if any.
- (7) If Ms. Sheriff leaves prior to becoming eligible for retirement, no SERP benefits are payable and any additional years of credited service are forfeited. A portion of Ms. Sheriff's pension is the obligation of Bell Canada, in relation to her proportion of service at Bell Canada compared to her total service. The accrued benefit obligation shown represents Ms. Sheriff's entire obligation.

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

Name	Plan	Years of credited service	Years of actual service
Karen Sheriff	Registered pension plan	11.6	16.6
	SERP	17.4	
Glen LeBlanc	Registered pension plan	17.3	17.3
	SERP	6.0	
Charles Hartlen	Registered pension plan	24.9	24.9
	SERP	8.2	

The years of service in Ms. Sheriff's SERP includes the service in the registered pension plan as well as an additional half year of credited service for each year that she has served as a senior officer at both Bell Canada and Bell Aliant. Ms. Sheriff's actual service includes five years with Ameritech/SBC for pension eligibility purposes only. The years of service in the registered pension plan and SERP for Mr. LeBlanc and Mr. Hartlen reflect that their SERP eligibility began upon their appointment to executive positions and that they had credited service as members of the Company registered pension plan prior to that date.

DC plans

The following table provides information on the accumulated values for each named executive officer who is a member of a DC plan.

Name	Accumulated value at start of year	Compensatory change in value in the year ¹	Non-compensatory change in value in the year ^{2,3}	Accumulated value at end of year
Fred Crooks	\$340,682	\$91,642	\$28,295	\$460,619
Dan McKeen	N/A	\$44,437	\$2,410	\$46,847

Notes:

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

Karen Sheriff

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

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

Ms. Sheriff will be entitled to unreduced retirement benefits from her SERP effective February 8, 2018, when she attains age 60 and the sum of her age and service for eligibility purposes is 80. At retirement, these plans will provide an annual pension per credited year of service of 1.0 per cent of her best 36 consecutive months' average pensionable earnings up to the maximum pensionable earnings and 1.7 per cent of her best 36 consecutive months' average pensionable earnings over the maximum pensionable earnings, to a maximum of 70 per cent of her average pensionable earnings. Maximum pensionable earnings means the maximum pensionable earnings under the Canada Pension Plan for the year in which the plan member retires. Pensionable earnings include salary and short-term incentive payments up to target, but do not include long-term compensation reported in the SCT. These benefits are not subject to any deductions for government benefits or other offset amounts. Ms. Sheriff's SERP provides for an additional half-year of credited service for each year as a senior officer at both Bell Canada and Bell Aliant, and a survivor pension of approximately 60 per cent of Ms. Sheriff's pension benefit. At retirement, Ms. Sheriff's SERP also provides for a lump-sum payment equal to her annual salary immediately prior to retirement.

Glen LeBlanc

Mr. LeBlanc participates in the Bell Aliant Defined Benefit Pension Plan and a SERP. Mr. LeBlanc will be entitled to receive unreduced retirement benefits effective August 2, 2022, when he attains age 55 and his service is greater than 25 years. In the event of termination without cause, Mr. LeBlanc is entitled to commence the receipt of pension benefits from his DB pension plan at age 55 (or his age at termination if later) without actuarial reduction for early retirement.

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

Fred Crooks

Mr. Crooks participates in a non-contributory DC plan with Bell Aliant contributing 15 per cent of his pensionable earnings. Pensionable earnings include salary and short-term incentive payments but do not include long-term compensation reported in the SCT. Bell Aliant's contributions up to the personal income tax limit are made to a RRSP and contributions in excess of the income tax limit are accrued and tracked in a notional account for Mr. Crooks. The maximum contribution that could be made to RRSPs for 2010 was \$22,000.

Dan McKeen

Mr. McKeen participates in a non-contributory DC plan with Bell Aliant contributing 15 per cent of his pensionable earnings. Pensionable earnings include salary and short-term incentive payments but do not include long-term compensation reported in the SCT. Bell Aliant's contributions up to the personal income tax limit are made to a RRSP and contributions in excess of the income tax limit are accrued and tracked in a notional account for Mr. McKeen. The maximum contribution that could be made to RRSPs for 2010 was \$22,000.

Charles Hartlen

Mr. Hartlen participates in the Bell Aliant Defined Benefit Pension Plan and a SERP. Mr. Hartlen will be entitled to receive unreduced retirement benefits effective June 10, 2014, when he attains age 55 and his service is greater than 25 years.

The plans provide an annual pension of 1.5 per cent of his best 60 consecutive months' average pensionable earnings at retirement for each credited year of service before October 21, 2002, plus 1.7 per cent of his best 36 consecutive months' average pensionable earnings at retirement for each credited year of service after October 21, 2002. Pensionable earnings include salary and short-term incentive payments but do not include long-term compensation reported in the SCT. At age 65, the pension benefit for service before October 21, 2002, is reduced to reflect benefits from the Canada Pension Plan. Mr. Hartlen's SERP provides a survivor pension equal to 60 per cent of Mr. Hartlen's pension benefit. Upon retirement Mr. Hartlen is entitled to receive a retirement leave allowance equal to six months of his base salary immediately prior to retirement.

TERMINATION OF EMPLOYMENT, CHANGE IN RESPONSIBILITIES AND EMPLOYMENT AGREEMENTS

Each of the named executive officers has a written employment agreement. Key terms of these agreements are provided below.

In addition, the written employment agreements include a non-compete, non-solicitation provision. The duration of the provision for Karen Sheriff is 24 months while all others are subject to this provision for 12 months subsequent to termination or resignation. There are no provisions in the agreements dealing with a change of control.

In the event a named executive officer ceases to be an employee due to resignation, retirement or termination without cause, they will receive specific treatment as summarized below:

	Resignation	Retirement	Termination without cause ¹
Severance	None	None	Severance equivalent to: <ul style="list-style-type: none"> • two times current base salary • two times perquisite allowance • two times target payout under short-term incentive plan
Short-term incentive plan	None	Award for current year is: <ul style="list-style-type: none"> • pro-rated to retirement date, and • based on actual STIP results from most recent quarter end prior to retirement date 	Award for current year is: <ul style="list-style-type: none"> • pro-rated to termination date, and • based on actual STIP results from most recent quarter end prior to termination date
Perquisites	Ends as of the resignation date	Ends as of the retirement date	Ends as of the termination date
Benefits	Active employee benefits end as of resignation date	Active employee benefits end as of retirement date	Employer contributions to health, dental and life insurance continue for a period which is the lesser of: <ul style="list-style-type: none"> • six months from termination date, or • until commencing alternate employment
Vacation pay	Payment for unused vacation prorated to resignation date	Payment for unused vacation prorated to retirement date	Payment equivalent to 30 vacation days
Long-term incentive plan ²	<ul style="list-style-type: none"> • Unvested deferred shares are forfeited • Vested deferred shares must be exercised within two years 	Deferred shares for current year are pro-rated and: <ul style="list-style-type: none"> • Unvested deferred shares are forfeited • Vested deferred shares must be exercised within two years 	Deferred shares for current year are pro-rated and: <ul style="list-style-type: none"> • Unvested deferred shares are forfeited • Vested deferred shares must be exercised within two years
Outplacement	None	None	\$15,000 for outplacement services ³

Notes:

- (1) The receipt of severance is conditional on the named executive officer providing a release of claims which he or she may have resulting from termination of employment. In addition, the named executive officer is required to comply with the terms of a non-competition, non-solicitation, confidentiality, and intellectual property agreement. The non-competition and non-solicitation provisions range from 12 to 24 months in duration.
- (2) The DSP permits the MRCC to waive forfeiture and vesting criteria.
- (3) Not applicable for Mr. Crooks.

Summary Table

Name	Payable on retirement ¹ (\$)	Payable on termination without cause (\$)
Karen Sheriff	\$700,000 ²	\$2,900,000
Glen LeBlanc	None	\$1,539,000
Fred Crooks	None	\$1,462,875
Dan McKeen	None	\$1,294,688
Charles Hartlen	\$150,000	\$1,055,000

Notes:

- (1) Amounts exclude pension entitlement; please refer to the Retirement plans section of this Report on executive compensation for pension amounts.
- (2) As of February 8, 2018, Ms. Sheriff will become eligible for retirement under her SERP, and is entitled to a retirement allowance of 1x base salary.

Details on additional incremental entitlements of our named executive officers for termination of employment as of December 31, 2010, that are not included in the table above are provided below (where applicable):

Karen Sheriff

Ms. Sheriff is eligible for a one-time lump sum payment in the following amount, if she resigns or if her employment is terminated without cause on or before February 8, 2018:

- (a) if the period of active employment ends on or before June 30, 2011, an amount equal to 1.5x base salary + target STIP; or
- (b) if the period of active employment ends after June 30, 2011, and on or before June 30, 2013, an amount equal to 2.0x base salary + target STIP; or
- (c) if the period of active employment ends after June 30, 2013, and on or before February 8, 2018, an amount equal to 2.5x base salary + target STIP.

Glen LeBlanc

In the event of termination without cause, Mr. LeBlanc is entitled to commence receipt of pension benefits from his DB pension plan at age 55 (or his age at termination, if later) without actuarial reduction for early retirement.

Fred Crooks

In the event of termination without cause, Mr. Crooks is entitled to receive two times the annual pension contribution at the time of termination.

Dan McKeen

In the event of termination without cause, Mr. McKeen is entitled to receive two times the annual pension contribution at the time of termination.

Charles Hartlen

Upon retirement Mr. Hartlen is entitled to receive a retirement leave allowance equal to six months of his base salary immediately prior to retirement.

Statement of governance practices

INTRODUCTION

Bell Aliant is committed to excellence in governance. Management believes it has laid the right foundation for fulfilling that commitment by systematically promoting a values-based culture across Bell Aliant. Bell Aliant maintains a formal governance framework, which clearly defines the roles and accountability of the board of directors, its committees and management. Bell Aliant embraces emerging governance standards and continues to refine its governance framework to reflect current best practices and evolving regulatory and legislative requirements. Management believes that governance excellence is a social responsibility as well as an essential tool in building long-term shareholder value.

The following describes Bell Aliant's governance practices with reference to the governance disclosure required of issuers under National Instrument 58-101 – *Disclosure of Corporate Governance Practices (NI 58-101)*, including additional voluntary disclosure where appropriate to provide greater insight into adopted practices, as suggested in the TSX Guide to Good Disclosure for NI 58-101, and guidance on governance practices contained in National Policy 58-201 – *Corporate Governance Guidelines (NP 58-201)*.

GOVERNANCE DISCLOSURE – BOARD OF DIRECTORS

“Independent” and “Non-independent” directors

For the purposes of NI 58-101, 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, 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 board is responsible for determining whether a director is “independent” on the advice of the Governance committee. In making this determination, the board and committee assess whether a director has any material relationship with Bell Aliant or any of its affiliates which could reasonably interfere with the exercise of independent judgment. To assist with this determination, information is obtained from directors as to their particular circumstances and relationships, including through an annual questionnaire. This determination process is particularly important for the Audit committee, as under National Instrument 52-110 – *Audit Committees (NI 52-110)*, all Audit committee members must be independent.

Based on information provided to the Bell Aliant board by individual directors, the board has concluded that Robert Dexter, Edward Reevey, Louis Tanguay and Catherine Bennett are independent. Victor Young, who did not stand for re-election to the board when his term expired June 16, 2010, was also independent. The board has also determined that due to their positions within Bell Aliant, BCE and/or Bell Canada, the following directors are not independent: (i) Karen Sheriff, the president and chief executive officer of Bell Aliant, (ii) George Cope, the chief executive officer of BCE, (iii) Kevin Crull, the chief operating officer of CTVglobemedia and former president, residential services of Bell Canada, (iv) Andrew Smith, the senior vice-president, corporate strategy and mergers and acquisitions of BCE and Bell Canada, (v) Siim Vanaselja, the executive vice-president and chief financial officer of BCE and Bell Canada, and (vi) David Wells, the executive vice-president corporate services of Bell Canada. In addition, if elected as a director at the Meeting, Martine Turcotte, executive vice-president and chief legal and regulatory officer of BCE and Bell Canada, would not be independent. Therefore, the board is currently composed of 10 directors, 4 of whom are independent. Expressed as a percentage, 40 per cent of the directors are independent. All members of the Audit committee are independent. With the exception of the Pension committee, a majority of the members of the other board committees are independent. One of the four members of the Pension committee members is independent.

Other directorships

If any director proposed to be approved on June 14, 2011, is presently a director of any other reporting issuer (or the equivalent), this information is provided in the *About the nominated directors* section. The Bell Aliant directors presently have no outside board interlocking directorships.

Governance manual

The Bell Aliant board has adopted a governance manual which it reviews and updates annually (or more often as appropriate). The governance manual documents the governance principles and practices of the board and provides directors with information and guidance on their fiduciary and functional responsibilities. The governance manual is available in the governance section of Bell Aliant’s website at www.bellaliant.ca.

Chair of the board of Bell Aliant Inc.

The governance manual provides that the chair of the board is a non-executive position, and that the positions of chair and chief executive officer of Bell Aliant are to be separate. The governance manual also provides that if the chair of the board is not independent, then a lead independent director shall be appointed from among the independent directors. George Cope, a non-independent director, serves as chair of the board. Edward Reevey, an independent director, serves as lead independent director. Summaries of the chair’s and lead independent director’s roles and responsibilities are set out in the board mandate, which is included in the *Board and committee mandates* section.

Independence of the board – meetings of independent directors

The chair’s and lead independent director’s responsibilities specifically include ensuring the board can function independently of management. When appropriate, to ensure independence from management, the chief executive officer is requested to withdraw from meetings of the board and similarly to withdraw from meetings of committees. Directors also meet without management present at each meeting of the board and at each meeting of the Audit, Governance, and Management resources and compensation committees.

The lead independent director is a non-executive position, which focuses on ensuring open and candid discussion takes place among the board's independent directors as well as between independent and non-independent directors. To enhance board effectiveness, the governance manual provides that the lead independent director shall ensure the independent directors have an opportunity to meet without management and non-independent directors present at each regularly scheduled board meeting. In 2010, the independent directors met six times.

Relationship with BCE and Bell Canada

Bell Aliant entered into amended and restated agreements in January 2011 with, among others, BCE and Bell Canada, including the Securityholders' Agreement, as described in the *About Bell Aliant Inc.* section, which provides BCE and Bell Canada with certain governance rights. In July 2006, Bell Aliant LP and Bell Canada also entered into a series of long-term commercial agreements that provide Bell Aliant with a broad range of technical, operational, regulatory and human resources support services.

Director responsibilities

The mandate of the Bell Aliant board is set out in the governance manual and is included in *Appendix "A" – Board and committee mandates*. The governance manual provides a number of guidelines for directors to bear in mind in the exercise of their individual responsibilities, including the requirement to read board and committee materials, maintain a good attendance record and acquire adequate information for decision-making.

Meeting attendance

The following table shows the attendance record for each trustee of the Fund and director of Bell Aliant Regional Communications Holdings Inc. for all trustee, board and committee meetings held from January 1, 2010 to December 31, 2010.

Attendance by Fund trustees and Bell Aliant Holdings Inc. directors

Trustee/director	Fund	Fund and Bell Aliant Holdings Inc.			Bell Aliant Holdings Inc.		All
	Fund trustees	Audit committee	Governance committee	Management resources and compensation committee	Board	Pension committee	Total
George Cope ¹	—	—	—	—	6/6	—	6/6
Kevin Crull	—	—	—	—	6/6	4/4	10/10
Robert Dexter ^{2,3}	2/2	5/6	4/5	5/6	5/6	—	21/25
Edward Reevey ^{2,4}	4/5	6/6	2/2	3/3	5/6	4/4	24/26
Karen Sheriff ⁵	—	—	—	—	6/6	—	6/6
Andrew Smith ⁶	—	—	—	—	3/3	2/2	5/5
Louis Tanguay ²	5/5	6/6	4/5	6/6	6/6	—	27/28
Siim Vanaselja ²	5/5	—	5/5	6/6	6/6	4/4	26/26
David Wells	—	—	5/5	6/6	6/6	—	17/17
Victor Young ^{2,7}	3/3	—	2/3	2/3	3/3	—	10/12

Notes:

- (1) George Cope was chair of the Bell Aliant Holdings Inc. board.
- (2) Siim Vanaselja, Edward Reevey, Louis Tanguay and Victor Young were Fund trustees. Mr. Young did not stand for re-election to the Fund's board of trustees and his term ended on June 16, 2010.
- (3) Robert Dexter was appointed a trustee of the Fund on June 16, 2010.
- (4) Edward Reevey was appointed to the Governance and Management resources and compensation committees on June 16, 2010.
- (5) Karen Sheriff was president and chief executive officer of Bell Aliant and a director of Bell Aliant Holdings Inc.
- (6) Andrew Smith was appointed to the board of Bell Aliant Holdings Inc. and Pension committee on June 16, 2010.
- (7) Victor Young did not stand for re-election and his term as a director and Fund trustee ended June 16, 2010.

The following table shows the attendance record for each director of Bell Aliant Inc. for all board and committee meetings held from January 1, 2011, to April 28, 2011.

Attendance by Bell Aliant Inc. directors

Bell Aliant Inc.

Director	Board	Audit committee	Governance committee	Management resources and compensation committee	Pension committee	Total
George Cope	2/2	—	—	—	—	2/2
Catherine Bennett ¹	1/1	1/1	—	—	—	2/2
Kevin Crull ²	1/2	—	—	—	—	1/2
Robert Dexter	2/2	2/2	2/2	2/2	—	8/8
Edward Reevey	2/2	2/2	2/2	2/2	—	8/8
Karen Sheriff	2/2	—	—	—	—	2/2
Andrew Smith	2/2	—	—	—	—	2/2
Louis Tanguay	2/2	2/2	2/2	2/2	—	8/8
Siim Vanaselja	2/2	—	2/2	2/2	—	6/6
David Wells	2/2	—	2/2	2/2	—	6/6

Notes:

(1) Ms. Bennett was appointed to the board and Audit committee of Bell Aliant on February 8, 2011.

(2) Mr. Crull is not standing for re-election as a director of Bell Aliant at the Meeting.

Note: In this section, *Bell Aliant* means Bell Aliant Inc. and its principal operating entities.

BOARD RESPONSIBILITIES

Board and committee mandates

The governance manual contains, among other things, a written mandate for the board, which sets out the board's responsibility for the stewardship of the organization, including oversight of the operation of the business and supervision of management. A copy of the mandates of the board and for the Audit, Governance, Management resources and compensation and Pension committees are included in *Appendix "A" – Board and committee mandates*, and are also available in the Bell Aliant governance manual which can be found in the governance section of Bell Aliant's website at www.bellaliant.ca.

The Audit committee mandate is attached as Schedule 2 of the Bell Aliant GP and Bell Aliant annual information forms dated March 31, 2011, which can be found at www.sedar.com. The Governance committee is responsible for reviewing the board mandates, as well as the terms of reference for the committees, the chair, lead independent director and the chief executive officer, on an annual basis.

Strategic planning process

Management is required to submit to the board an annual business and financial plan. The board undertakes a strategic planning process which considers, among other things, the opportunities and risks of the business which informs the annual business and financial plan. Once approved, the board monitors performance against the annual business and financial plan at each board meeting. Overall strategic direction is described in Bell Aliant's management's discussion and analysis, as filed on an annual and quarterly basis, which can be found at www.sedar.com.

Principal risks

The board has responsibility under the governance manual for ensuring implementation of the appropriate systems to identify and manage the principal risks of the business. Bell Aliant has adopted an enterprise risk management program to ensure risks are identified and mitigation strategies adopted. Risks are identified taking into consideration economic and competitive factors, technological developments and the regulatory regime. The principal risks are described in Bell Aliant's annual management's discussion and analysis and annual information form. The Audit committee has responsibility for reviewing and monitoring the risk assessment systems and internal controls in major accounting and financial reporting systems, and for overseeing the enterprise risk management program.

Succession planning

The board is explicitly responsible under the governance manual for the appointment, remuneration, performance evaluation and replacement of the chief executive officer and other senior executives, and acts in this regard upon the recommendation of the Management resources and compensation committee, the advice of the chief executive officer with respect to the senior executives, and in the case of appointment or replacement of the chief executive officer, subject to the consent of BCE as required under the Securityholders' Agreement. The board is also responsible for ensuring that plans have been made for management succession. The Management resources and compensation committee reviews management's executive succession plans annually or as appropriate and brings them forward for the board's consideration. The succession plan includes specific development plans for potential successors. This committee also reviews, on an annual basis or as needed, any proposed or required organizational changes.

Communication policy

The written mandate of the Bell Aliant Inc. board includes responsibility for ensuring that material information, including that relating to the financial performance of Bell Aliant, is fairly and accurately disclosed to shareholders, other security holders and regulators on a timely and regular basis. The Bell Aliant Inc. board has adopted a disclosure policy to ensure that communications with the public are timely, factual, accurate, complete, and broadly disseminated in accordance with securities laws. The Audit and Governance committees review the policy periodically. The Bell Aliant Inc. board has established a disclosure and compliance committee consisting of officers and other key employees who are responsible for oversight of all public disclosure. The disclosure and compliance committee is responsible to the board for, among other things: implementing, administering and monitoring the effectiveness of the disclosure policy; assessing the materiality of information and developments; reviewing all disclosure documents; supervising the design, establishment and maintenance of disclosure controls and procedures and internal controls over financial reporting; and monitoring the integrity and effectiveness of Bell Aliant's disclosure controls and procedures and internal controls over financial reporting. The disclosure and compliance committee reviews all major public announcements and makes recommendations to the board and its committees. The Audit committee is responsible for the review of all financial statements, management's discussion and analysis and earnings press releases of Bell Aliant which require the approval of the board, and for ensuring adequate procedures are in place for the review of Bell Aliant's disclosure of financial information.

Bell Aliant management also holds regular meetings with the investment community and the media to explain results and answer questions.

Internal controls

The board's written mandate includes responsibility for ensuring the integrity of Bell Aliant's internal control and management information systems. As outlined above, the disclosure and compliance committee is responsible to the board for, among other things, supervising the design, establishment and maintenance of, and monitoring the integrity and effectiveness of, Bell Aliant's disclosure controls and procedures (*DC&P*) and internal controls over financial reporting (*ICFR*). The disclosure and compliance committee is responsible for evaluating the design of both the DC&P and ICFR on a quarterly basis and evaluates operating effectiveness annually.

Approach to governance

The Governance committee is explicitly charged with, among other things, responsibility to review governance issues and to make recommendations to the board in relation to governance best practices, as it deems appropriate, to enhance Bell Aliant's performance. This committee is responsible for the regular review of changes in the governance regulatory area and for this annual statement of governance practices. The committee's mandate is included in *Appendix "A" – Board and committee mandates*. As outlined above, the board has adopted a governance manual which documents the governance principles and practices of the board.

Shareholder engagement

The Bell Aliant board is committed to engage with shareholders. Meetings are regularly held between our executive officers and institutional shareholders; on a quarterly basis, we hold a conference call with financial analysts to review the financial results of the quarter; and, following completion of our financial year, this conference call includes a review of our financial guidance for the upcoming year.

We have also established measures for receiving feedback from shareholders and other interested parties. We have toll-free numbers for shareholder inquiries through both our Investor Services line (1-877-248-3113) and also our transfer agent, CIBC Mellon Trust Company (1-800-387-0825). In addition, we invite shareholder comments on the form of proxy distributed in advance of each annual meeting. Shareholders and other interested parties may also communicate with the Bell Aliant board and its chair by contacting the Secretary's office at governance@bellaliant.ca or by calling our Investor Services line (1-877-248-3113).

At the Meeting, shareholders will be asked to consider and approve, if deemed appropriate, a non-binding advisory resolution on executive compensation. The Management resources and compensation committee and the board will review and analyze the results of the advisory vote on executive compensation and will take them into consideration when reviewing and considering future executive compensation principles, policies, and arrangements.

As always, shareholder feedback on executive compensation can also be provided by contacting Investor Services or the Secretary's office, as described above. The board is committed to reviewing and considering shareholder feedback and comments related to executive compensation matters.

Position descriptions

Position descriptions have been prepared for the chair and lead independent director, committee chairs and the chief executive officer, and are included in *Appendix "A" – Board and committee mandates*. The position descriptions are reviewed annually by the Governance committee as part of its review of the governance manual, and approved by the board.

CEO performance assessment

The Management resources and compensation committee, together with the board, reviews and approves objectives for the president and chief executive officer on a regular basis. This committee and the board conduct annual assessments of the president and chief executive officer's performance against these objectives.

ORIENTATION AND CONTINUING EDUCATION

Director orientation

The Governance committee is responsible for reviewing, monitoring and making recommendations regarding new director orientation. Bell Aliant has a formal orientation program in place, including a comprehensive orientation manual. The orientation manual includes, among other things, copies of Bell Aliant's organizational documents and governance policies as well as information on directors' statutory and common law duties and performance standards.

The orientation of directors seeks to educate new directors on the nature of Bell Aliant's operations, the communications industry generally, as well as governance fundamentals. The orientation program may include visits to Bell Aliant offices in various locations, contact with senior executives and site visits of customer facilities (as appropriate to the needs, interests and experience of the new director) and briefings related to social, economic and political characteristics and trends in Bell Aliant's operating territories. Bell Aliant adapts its core orientation agenda to the specific experience, needs and interests of individual directors.

Ongoing education

Bell Aliant holds periodic educational sessions for directors at which one or more aspects of the business are discussed in detail. The subject matter of these sessions is determined based on interests and needs identified by directors and through discussion with the board chair and/or lead independent director. The Governance committee is also mandated to review and make recommendations regarding ongoing education of directors.

ETHICAL BUSINESS CONDUCT

Bell Aliant Code of business conduct

The board has adopted the code of ethical behaviour entitled Bell Aliant Code of business conduct (the Code). This document sets out a code of ethical business conduct that is to be followed by all Bell Aliant employees, officers and directors.

The Code is accessible at Bell Aliant's website www.bellaliant.ca by following the links: i) About Us; ii) Governance; and iii) Code of business conduct. The Code is also provided to all employees via Bell Aliant's intranet site. New directors are provided with a copy of the Code in their orientation materials. The Audit committee monitors compliance with the Code, and receives regular reports from Bell Aliant's internal auditor regarding complaints or enquiries received under Bell Aliant's anonymous reporting procedures, or otherwise, regarding issues of an ethical nature. Bell Aliant requires all employees, officers and directors to strictly comply with the Code.

Affirmations

All of Bell Aliant's directors, officers and senior leaders are required to provide annual written compliance affirmations with respect to the Code and other key governance policies. All employees are required to read and acknowledge that they have understood the Code on an annual basis.

Conflict of interest policy

The governance manual includes a conflict of interest policy for directors. Among other things, this policy addresses their responsibility to avoid conflicts of interest, and provides examples of conduct that may constitute a conflict of interest. This policy requires directors to declare any conflict of interest relating to any business that comes before the board. The policy also requires that directors refrain from voting on such a matter and, when appropriate, absent themselves from board discussion regarding the matter.

Corporate culture

Through the governance manual, the board also has charged the chief executive officer with fostering a corporate culture that promotes ethical practices, encourages individual integrity and fulfills social responsibility, and with maintaining a positive and ethical work environment.

NOMINATION OF DIRECTORS

Governance committee

The Governance committee is composed of five external directors, three of whom are independent. This ensures an objective director nomination process.

Victor Young did not stand for re-election to the board and his term ended on June 16, 2010. Edward Reevey was appointed to the Governance committee on June 16, 2010. This committee is responsible for, among other things, making recommendations to the board regarding the nomination of persons for the office of director. Bell Aliant's director selection process is summarized here and outlined in more detail in the governance section of Bell Aliant's website at www.bellaliant.ca.

Director selection process

Bell Aliant Inc.'s Articles state that it will have a minimum of three (3) and a maximum of twenty (20) directors. The size of the board is determined based on current needs. In 2010, the Governance committee recommended and the board concluded that it would be advantageous to expand the board from nine (9) to ten (10) members and add an additional independent director. A formal search was conducted with the assistance of professional consultants, resulting in the identification of potential candidates. On the recommendation of the Governance committee, the board invited Catherine Bennett to join the board. Ms. Bennett was appointed as a director of Bell Aliant Inc. and a member of the Audit committee on February 8, 2011. Therefore, this year, shareholders will be asked to elect 10 directors. This is considered an efficient size and will allow for effective decision making.

The governance manual contains Bell Aliant's director selection process that includes: review of the strategic objectives of Bell Aliant; analysis of current skills, experience and board dynamics; a divergence analysis to identify desirable characteristics to be sought in new board nominees; the development of search criteria; the conduct of a search process, including the use of professional consultants as needed; and, the selection process itself. The committee will use this process to fill vacancies as they arise, rather than maintaining an evergreen list of potential directors. The governance manual also outlines selection criteria for individual candidates and the composition of the board as a whole. The selection criteria require the board to consider whether an individual possesses adequate time, capability and willingness to fulfill the responsibilities of a director. The Governance committee assesses whether nominees will be able to devote sufficient time on the basis of discussions with the nominees and the committee's understanding of the time required to satisfy the board's needs.

As part of the nomination process, the Governance committee, in conjunction with the chair of the board and lead independent director, assesses the ongoing performance of the current directors annually. Bell Aliant does not have a mandatory retirement policy for directors. The Governance committee considers the composition of the Bell Aliant board, taking into consideration the competencies, strengths, skills and experience of the current members and Bell Aliant's strategic direction. This assists the committee in determining the essential and desired experience and skills of potential directors and recommending new candidates.

With the exception of Ms. Bennett, who was appointed on February 8, 2011, the current complement of directors was appointed to the board of Bell Aliant Inc. on December 20, 2010, in preparation for completion of the Arrangement.

As described in the *About Bell Aliant Inc.* section, BCE and Bell Canada have certain rights with respect to the nomination of Bell Aliant directors. BCE has complete discretion with respect to the exercise of these rights. The director selection process is subject to these rights.

Majority voting

The Bell Aliant board has adopted a policy with respect to the election of directors. In keeping with this policy, we will ensure that the proxy forms used for the election of Bell Aliant directors enable shareholders to vote in favour of, or withhold their vote, separately for each proposed director nominee. At any shareholders' meeting at which directors are to be elected, in an uncontested election, if any director nominee receives a greater number of votes "withheld" than votes "for" his or her election, such nominee shall, no later than 10 days following the receipt of the audited and final scrutineer's report relating to such meeting, submit to the board his or her resignation, which shall take effect only upon the acceptance of such resignation by the board.

The board, upon recommendation of Bell Aliant's Governance committee, shall, within 90 days following the public disclosure of the vote results, determine either to accept or not accept the director's resignation, and the board shall promptly disclose, via press release, the determination, including, in cases where the board has determined not to accept a resignation, the reasons therefore. It is generally expected that the Governance committee will recommend that the board accept such resignation except in extraordinary circumstances. If a resignation is accepted, the board may appoint a new director to fill any vacancy, or may reduce the number of board members, subject to the terms of the Securityholders' Agreement.

COMPENSATION

Management resources and compensation committee

The board has appointed a Management resources and compensation committee composed of five external directors, three of whom are independent. This ensures an objective process for determining management compensation.

Victor Young did not stand for re-election to the board and his term ended on June 16, 2010. Edward Reevey was appointed to the Management resources and compensation committee on June 16, 2010. This committee has a written mandate that establishes the committee's purpose, responsibilities, and membership. A copy of the mandate is included in *Appendix "A" – Board and committee mandates*.

The Management resources and compensation committee is charged with approving the goals and objectives of the chief executive officer and other key executives and also has responsibility for, among other things:

- Establishing and administering a plan of continuity for executives and other key employees;
- Establishing and administering a broad plan of executive compensation that is competitive and motivating in order to attract, hold and inspire executive management and other key employees;
- Reviewing public disclosure regarding executive compensation;
- An annual review of the performance of each member of executive management and recommendations for compensation; and
- Establishing and administering procedures for the review and oversight of benefit plans, perquisite arrangements, and employee pension plans.

Executive compensation

A detailed explanation of how executive compensation is determined, as well as ownership guidelines for named executive officers, can be found in the *Statement of executive compensation* section. The Management resources and compensation committee reviews executive compensation disclosure before it is publicly issued.

Shareholders will be asked to consider and approve, if deemed appropriate, a non-binding advisory resolution on executive compensation. The Management resources and compensation committee and Bell Aliant board will review and analyze the results of the advisory vote on executive compensation and will take them into consideration when reviewing and considering future compensation principles, policies and arrangements.

Director compensation

The Governance committee annually recommends the remuneration and benefits to be provided or paid to directors. The recommendation generally follows a review of market data on director compensation at comparable companies. A detailed explanation of the compensation paid to directors, as well as minimum ownership requirements, can be found in the *Compensation of directors* section.

OTHER BOARD COMMITTEES

The Pension committee of the board is composed of four directors. Andrew Smith was appointed to the Pension committee on June 16, 2010. The function of this committee is described in its mandate, which is included in Appendix "A" – Board and committee mandates. Section 5.1 of NI 52-110 requires issuers to provide specific and detailed disclosure regarding their audit committees. This audit committee disclosure can be found in Schedules 1 and 2 of the Bell Aliant GP and Bell Aliant 2011 annual information forms dated March 31, 2011, which can be found at www.sedar.com.

ASSESSMENTS

The Governance committee is responsible for assessing the skills and competencies of the board and committees and the performance of each director on a yearly basis. Assessment occurs through various means as determined by the Governance committee including surveys, questionnaires, one-on-one interviews and group discussions.

COMPENSATION OF DIRECTORS

Bell Aliant Holdings Inc. (January 1 – December 31, 2010)

Compensation

Following a preliminary review of changes in market compensation and consultation with Towers Watson, the Governance committee completed its annual review of Fund trustee and Bell Aliant Holdings Inc. director compensation in November 2010, and determined that no formal review of compensation was required at that time.

During 2010, the directors of Bell Aliant Holdings Inc. were compensated as follows:

1. The annual fixed fee for directors who are not committee chairs was \$120,000;
2. The annual fixed fee for the chair of the Governance committee and Management resources and compensation committee (as of the date of this information circular, Robert Dexter) was \$150,000; and
3. The annual fixed fee for the lead independent director and chair of the Audit committee (as of the date of this information circular, Edward Reevey, who was also chair of the Pension committee) was \$200,000.

Directors of Bell Aliant Holdings Inc. employed by the Fund, its subsidiaries, BCE or Bell Canada did not receive any compensation in 2010. In the case of directors employed by BCE or Bell Canada, in respect of their duties as directors, compensation was payable to Bell Canada as agreed by Bell Aliant and Bell Canada. Non-employee members of the board were also reimbursed for travel and other out-of-pocket expenses incurred as a result of attending board and committee meetings. Fund trustees who were also directors of Bell Aliant Holdings Inc. did not receive compensation as trustees that was in addition to the compensation they received as directors of Bell Aliant Holdings Inc.

2010 Compensation

The following table outlines the compensation earned by each Bell Aliant Holdings Inc. director in 2010:

Director	2010 retainer (\$)
George Cope ¹	0
Kevin Crull ¹	0
Robert Dexter ²	150,000
Edward Reevey ²	188,462
Karen Sheriff ³	0
Andrew Smith ⁴	0
Louis Tanguay	120,000
Siim Vanaselja ¹	0
David Wells ¹	0
Victor Young ⁵	55,385

Notes:

- (1) In the case of directors employed by BCE or Bell Canada, compensation was payable to Bell Canada as agreed by Bell Aliant and Bell Canada.
- (2) Edward Reevey was chair of the Audit committee, Pension committee and lead independent director. To reflect additional responsibilities associated with his appointment to the Governance and Management resources and compensation committees, Mr. Reevey received an increase in compensation from \$175,000 to \$200,000 effective June 16, 2010. Robert Dexter was chair of the Governance committee and chair of the Management resources and compensation committee.
- (3) Karen Sheriff was president and chief executive officer of Bell Aliant LP. Therefore, during 2010, Ms. Sheriff did not receive compensation in respect of her duties as a Bell Aliant Holdings Inc. director.
- (4) Andrew Smith was appointed to the Bell Aliant Holdings Inc. board on June 16, 2010.
- (5) Victor Young did not stand for re-election and his term as director ended on June 16, 2010.

Minimum ownership requirements

As part of its compensation model for trustees and directors, the Bell Aliant Holdings Inc. board approved a minimum ownership policy. Directors were required to hold Fund units with a minimum market value of \$250,000 by December 31, 2010. Directors who were employed by the Fund, its subsidiaries, BCE or Bell Canada did not receive compensation and those directors were therefore not required to meet unit ownership requirements. All other directors met the December 31, 2010, minimum ownership requirements. Karen Sheriff was president and chief executive officer of Bell Aliant LP and was subject to a minimum ownership requirement of Fund units equal to four times her base salary. Current ownership requirements for Ms. Sheriff can be found in the *Statement of executive compensation* section.

Bell Aliant Inc. (effective January 1, 2011)

Compensation

Effective January 1, 2011, the directors of Bell Aliant Inc. will be compensated as follows:

1. The annual fixed fee for directors who are not committee chairs is \$120,000;
2. The annual fixed fee for the chair of the Governance committee and Management resources and compensation committee (as of the date of this information circular, Robert Dexter) is \$150,000; and
3. The annual fixed fee for the lead independent director and chair of the Audit committee (as of the date of this information circular, Edward Reevey, who is also chair of the Pension committee) is \$200,000.

Directors of Bell Aliant Inc. employed by Bell Aliant, its subsidiaries, BCE or Bell Canada do not receive any compensation. In the case of directors employed by BCE or Bell Canada, in respect of their duties as directors, compensation is payable to Bell Canada as agreed by Bell Aliant and Bell Canada. Non-employee members of the board are also reimbursed for travel and other out-of-pocket expenses incurred as a result of attending board and committee meetings.

Bell Aliant directors' deferred share unit plan

Bell Aliant Inc. established the Bell Aliant directors' deferred share unit plan (*directors' DSUP*) effective January 1, 2011. The directors' DSUP is intended to enhance Bell Aliant's ability to attract and retain high quality individuals to serve as directors and to promote a greater alignment between non-employee directors and the shareholders of Bell Aliant. Each director who is not an employee of Bell Aliant, its subsidiaries, BCE or Bell Canada (an *eligible person*) is eligible to participate in the directors' DSUP. The directors' DSUP requires that 100 per cent of an eligible person's annual retainer be paid in the form of deferred share units until the minimum ownership requirement is met, as outlined below. Once the minimum ownership requirement is met, the directors' DSUP provides that an eligible person shall continue to receive 100 per cent of any remaining annual retainer for that year in deferred share units. In future years, an eligible person must continue to defer at least 25 per cent of his or her annual compensation to the directors' DSUP. At the end of each quarter, fees deferred are divided by the market value of a share and converted to deferred share units recorded in the eligible person's account.

Minimum ownership requirements

The Bell Aliant board approved a minimum share ownership policy effective January 1, 2011. Directors are required to hold shares and/or deferred share units with a minimum combined market value of \$250,000 within three years of becoming a Bell Aliant director. Directors who are employed by Bell Aliant, its subsidiaries, BCE or Bell Canada do not receive compensation and those directors are therefore not required to meet unit ownership requirements. Catherine Bennett, who was appointed as a director on February 8, 2011, will be required to meet the minimum share ownership requirements by February 8, 2014. All other directors meet the current minimum share ownership requirements. Karen Sheriff is president and chief executive officer of Bell Aliant and is subject to a minimum ownership requirement of Bell Aliant shares equal to four times her base salary. Ownership requirements for Ms. Sheriff can be found in the *Statement of executive compensation* section.

The following table shows the minimum ownership requirement for each director at December 31, 2010 as well as the number of Fund units held at December 31, 2010, and the aggregate value, which is the number of Fund units multiplied by the closing price of Fund units on the TSX on December 31, 2010 (\$25.99). As a result of the completion of the Arrangement, on January 1, 2011 each director received one share in exchange for each Fund unit owned on December 31, 2010.

Director	Total Fund units held by directors as at December 31, 2010		
	2010 unit ownership requirement (\$)	Fund units held (#)	Total value of Fund units held (\$)
George Cope ¹	N/A	11,263	292,725
Kevin Crull ¹	N/A	220	5,718
Robert Dexter ¹	250,000	11,814	307,046
Edward Reevey	250,000	41,898	1,088,929
Karen Sheriff	See note 2	140,960 ³	3,663,550
Andrew Smith	N/A	38	988
Louis Tanguay	250,000	23,081	599,875
Siim Vanaselja ¹	N/A	742	19,285
David Wells ¹	N/A	33	858

Notes:

- (1) In the case of directors employed by BCE or Bell Canada, there is no unit ownership requirement.
- (2) Karen Sheriff, being an employee of Bell Aliant, participates in the executive DSP. Executive ownership requirements apply as noted above in the *Minimum ownership requirements* section. For further information refer to the *Statement of executive compensation* section.
- (3) This number includes 540 shares and 140,420 deferred share units. For further details on the executive DSP, ownership guidelines applicable to Karen Sheriff, and her executive DSP holdings, refer to the *Statement on executive compensation* section.

Other Important Information

CANADIAN OWNERSHIP AND CONTROL REGULATIONS

The *Telecommunications Act* and associated regulations (*Telecom Regulations*) govern Canadian ownership and control of Canadian telecommunications carriers. Bell Aliant Regional Communications Inc. and other affiliates of Bell Aliant that are Canadian carriers are subject to this Act. Bell Aliant's Articles contain share constraints designed to assist with compliance with these rules.

Under the *Telecommunications Act*, in order for a corporation to operate as a Canadian common carrier, the following conditions have to be met:

- Canadians own at least 80 per cent of its voting shares;
- At least 80 per cent of the members of the carrier company's board of directors are Canadians; and
- The carrier company is not controlled by non-Canadians.

In addition, if a parent company (Carrier holding company) owns at least $66\frac{2}{3}$ per cent of the voting shares of a carrier company, the Carrier holding company must have at least $66\frac{2}{3}$ per cent of its voting shares owned by Canadians and must not be controlled by non-Canadians.

Bell Aliant is a Carrier holding company. The Telecom Regulations give certain powers to the Canadian Radio-television and Telecommunications Commission (CRTC) and to Canadian carriers and Carrier holding companies to monitor and control the level of non-Canadian ownership of voting shares to ensure compliance with the *Telecommunications Act*. Accordingly, Bell Aliant must satisfy the following conditions:

- Canadians own at least $66\frac{2}{3}$ per cent of its voting shares, and
- It is not controlled by non-Canadians.

The powers under the Telecom Regulations and Bell Aliant's Articles include the right to:

- Suspend the voting rights attached to shares considered to be owned or controlled by non-Canadians
- Refuse to register a transfer of shares to a non-Canadian
- Force a non-Canadian to sell shares, and
- Suspend the voting rights attached to that person's shares, if that person's holdings would affect Bell Aliant's status as "Canadian" under the Act.

Similarly, the Canadian ownership rules for broadcasting licensees, such as Bell Aliant Regional Communications Inc., are generally in line with the rules for Canadian common carriers by restricting allowable foreign investments in voting shares at the licensee operating company level to a maximum of 20 per cent and at the holding company level to a maximum of $33\frac{1}{3}$ per cent. The CRTC is precluded under a direction issued under the *Broadcasting Act* from issuing, amending or reviewing a broadcasting license of an applicant that does not satisfy these Canadian ownership criteria.

There is an additional restriction that prevents the holding company of a broadcast licensee (or its directors) from exercising control or influence over any programming decisions of a subsidiary licensee, if foreign investment in that holding company exceeds 20 per cent but does not exceed $33\frac{1}{3}$ per cent. In line with CRTC practice, Bell Aliant has adopted by-laws reserving the power to make programming decisions to programming committees established by Bell Aliant and its relevant subsidiary licensees, thereby allowing foreign investment in voting shares of Bell Aliant to reach the maximum of $33\frac{1}{3}$ per cent. The powers under Bell Aliant's Articles include the right to exercise the above Telecom Regulations powers to ensure compliance with the *Broadcasting Act* and related directions.

INDEBTEDNESS OF TRUSTEES, DIRECTORS AND SENIOR LEADERS

Bell Aliant has, and the Fund had, a policy prohibiting loans to directors and officers. In 2010, none of the Fund, Bell Aliant Holdings Inc. or their subsidiaries provided a guarantee, support agreement, letter of credit, or other similar arrangement or understanding with respect to the indebtedness of a trustee, director, officer, proposed director nominee, or any associate or affiliate of any such person. No trustee, director, officer, proposed director nominee, or any person associated or affiliated with such persons, is indebted to Bell Aliant or its subsidiaries.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The directors and officers of Bell Aliant and its subsidiaries benefit from a directors and officers liability policy with limits of US\$200 million purchased through the BCE group insurance program for the protection of all directors and officers of BCE and subsidiary entities, including Bell Aliant, against liability incurred by them in their capacity as directors and officers. In 2010, the total premium including premium taxes paid by the Fund and its subsidiaries for US\$200 million coverage in respect of Fund trustees, directors and officers was \$507,078.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth below or elsewhere in this information circular and in note 25 to the consolidated financial statements of Bell Aliant Holdings LP for the year ended December 31, 2010, which notes are incorporated by reference and are available as set out in the *Additional Information* section, we are not aware of any material interest of any informed person, or any associate or affiliate of such informed person, in any transaction since the beginning of our most recently completed financial year which has materially affected the Fund or Bell Aliant or any of their subsidiaries, or in any proposed transaction which would materially affect Bell Aliant or any of its subsidiaries.

2012 SHAREHOLDER PROPOSALS

Shareholder proposals must be submitted no later than January 28, 2012, to be considered for inclusion in next year's information circular for the purposes of Bell Aliant's 2012 annual meeting of shareholders.

ADDITIONAL INFORMATION

A copy of this information circular has been sent to each Bell Aliant director, to the applicable regulatory authorities, to each shareholder entitled to notice of the Meeting and to the auditors of Bell Aliant. Upon request to the secretary, Bell Aliant will send to the person or company making such request, at a nominal charge, and in the case of a shareholder, without charge, a copy of:

- Bell Aliant's current annual information form dated March 31, 2011;
- The most recently filed comparative consolidated financial statements of the Fund and Bell Aliant Holdings LP, together with the management's discussion and analysis of such financial results and the auditor's report, and any interim financial statements of Bell Aliant and Bell Aliant GP that have been filed for any period after the end of its most recently completed financial year; and
- This information circular.

Financial information for the most recently completed financial years of Bell Aliant Inc. and the Fund, being for the year ended December 31, 2010, is provided in Bell Aliant's financial statements for the year ended December 31, 2010, and the Fund's consolidated financial statements for the year ended December 31, 2010, and management's discussion and analysis of such financial results.

Additional information relating to Bell Aliant Inc., the Fund, Bell Aliant Holdings LP, Bell Aliant GP and Bell Aliant LP is available on SEDAR at www.sedar.com.

APPROVAL OF THIS INFORMATION CIRCULAR

The directors of Bell Aliant have approved the contents of this information circular and have authorized it to be sent to each shareholder who is eligible to receive notice of and vote shares at the Meeting, to each director of Bell Aliant and to the auditors of Bell Aliant.



Frederick P. Crooks, QC

Executive vice-president corporate services, chief legal officer and secretary of Bell Aliant Inc.

Board and committee mandates

The Bell Aliant board of directors has established mandates for itself, for its three standing committees (Audit, Governance, and Management resources and compensation) and for its Pension committee.

The following are the board and committee mandates as adopted and approved by the Bell Aliant board of directors. These mandates were effective January 1, 2011.

BOARD OF DIRECTORS' CHARTER

(including Board Chair and Lead Independent Director position descriptions)

Board of Directors

I. Purpose

The Board of Directors of Bell Aliant is responsible for supervising management of the business and affairs of Bell Aliant.

In this Charter, references to "Bell Aliant" include Bell Aliant Inc., Bell Aliant Regional Communications Inc. and 6583458 Canada Inc. References to the "Board" include the Board of Directors of Bell Aliant Inc., Bell Aliant Regional Communications Inc. and 6583458 Canada Inc., as applicable.

II. Duties and Responsibilities of the Board

In furtherance of its purpose, the Board has the following duties and responsibilities, some of which are initially reviewed and recommended by the applicable Committee of the Board to the full Board for approval:

A. Strategy and budget

1. Ensuring a strategic planning process is in place and approving, on at least an annual basis, a business plan which takes into account, among other things, the longer term opportunities and risks of the business;
2. Approving Bell Aliant's annual operating and capital budgets; and
3. Reviewing operating and financial performance results in relation to Bell Aliant's business plan and budgets.

B. Governance

1. Developing Bell Aliant's approach to, and disclosure of, governance practices, including expectations and responsibilities of individual Directors, as well as attendance at meetings of the Board and of Committees of the Board and the commitment of time and energy expected;
2. Approving the nomination of Directors to the Board as well as:
 - a. ensuring that the composition of Bell Aliant's Board is in compliance with the Securityholders' Agreement, and determining which Directors, in the reasonable opinion of the Board, are independent pursuant to applicable legislation, regulation and listing requirements;
 - b. developing appropriate qualifications/criteria for the selection of Directors, including criteria for determining Director independence; and
 - c. appointing the Board Chair, Lead Independent Director, and the Chair and members of each Committee of the Board, in consultation with the relevant Committee of the Board.
3. Determining that the members of the Audit Committee of the Board meet all requirements of Audit Committee members, pursuant to applicable legislation, regulation and listing requirements, including independence and financial literacy;
4. Providing an orientation program for new Directors and continuing education opportunities for all Directors;
5. Assessing annually the effectiveness and contribution of the Board, the Board Chair and the Lead Independent Director, of each Committee of the Board and their respective Chairs and of individual Directors;
6. Developing written position descriptions for the Board Chair and Lead Independent Director and the Chair of each Committee of the Board; and
7. Appointing and removing of Bell Aliant's Corporate Secretary.

- C. *Chief Executive Officer, Officers and Compensation and Benefits Policies*
1. Appointing the Chief Executive Officer ("CEO") and all other senior executives (defined as Bands 1-3) of Bell Aliant;
 2. Together with the CEO, developing a written position description for the role of the CEO;
 3. Developing Bell Aliant's goals and objectives that the CEO is responsible for meeting and reviewing the performance of the CEO against such corporate goals and objectives;
 4. Approving Bell Aliant's compensation policy for Directors;
 5. Approving Bell Aliant's compensation and benefits (including pension plans) policy for senior executives or any changes thereto and approving, by the external Directors, all forms of compensation for the CEO, as well as:
 - a. monitoring and reviewing, as appropriate, the administration, funding and investment of Bell Aliant's pension plans; and
 - b. appointing, or removing, the custodian, trustee, or investment manager(s) for Bell Aliant's pension plans and fund(s).
 6. Satisfying itself as to the integrity of the CEO, other Officers and senior executives and that the CEO, other Officers and senior executives create a culture of integrity throughout the organization; and
 7. Providing stewardship in respect of succession planning, including the appointment, training and monitoring of the CEO, other Officers and senior executives.
- D. *Risk Management, Capital Management and Internal Controls*
1. Identifying and assessing the principal risks of Bell Aliant's business, and ensuring the implementation of appropriate systems to manage these risks;
 2. Ensuring the integrity of Bell Aliant's internal control system and management information systems and the safeguarding of Bell Aliant's assets;
 3. Reviewing, approving, and as required, overseeing compliance with Bell Aliant's Disclosure Policy by Directors, Officers, senior executives and other employees;
 4. Reviewing, approving and overseeing Bell Aliant's disclosure controls and procedures; and
 5. Reviewing and approving the Code of Business Conduct of Bell Aliant with the purpose of promoting integrity and deterring wrongdoing, and encouraging and promoting a culture of ethical business conduct and as required, overseeing compliance with Bell Aliant's Code of Business Conduct by Directors, Officers and senior executives and employees.
- E. *Financial Reporting, Auditors and Transactions*
1. Reviewing and approving, as required, Bell Aliant's financial statements and related financial information;
 2. Appointing, subject to approval of shareholders (including terms and review of engagement) and removing the external auditor;
 3. Appointing (including responsibilities, budget and staffing) and removing Bell Aliant's internal auditor;
 4. Appointing and removing of Bell Aliant's Chief Financial Officer ("CFO"), which authority the Board is able to exercise only on the recommendation of the Audit Committee; and
 5. Delegating (to the extent permitted by law) to the CEO, other Officers and senior executives appropriate powers to manage the business and affairs of Bell Aliant.
- F. *Legal Requirements and Communication*
1. Overseeing the adequacy of Bell Aliant's processes to ensure compliance by Bell Aliant with applicable legal and regulatory requirements.
- G. *Other*
1. Reviewing and approving, as required, Bell Aliant's environmental policies and ensuing management systems;
 2. Reviewing, approving and, as required, overseeing Directors, other Officers and senior executives' and employees' compliance with Bell Aliant's health and safety policies and practices; and
 3. Performing any other function as prescribed by law or as not delegated by the Board to one of the Committees of the Board or to management personnel.

Board Chair and Lead Independent Director

I. Appointment

The Board shall appoint its Chair from among Bell Aliant's Directors.

If the Chair of the Board is not independent, the Board shall appoint a Lead Independent Director from among Bell Aliant's independent Directors.

II. Duties and Responsibilities of the Board Chair and Lead Independent Director

The Board Chair and Lead Independent Director lead the Board in all aspects of its work and are responsible to effectively manage the affairs of the Board and ensure that the Board is properly organized and functions efficiently. The Board Chair and Lead Independent Director, as appropriate, also advise the CEO in all matters concerning the interests of the Board and the relationships between management personnel and the Board.

More specifically, the Board Chair shall:

A. Strategy

1. Provide leadership to enable the Board to act effectively in carrying out its duties and responsibilities as described in the Board Charter and as otherwise may be appropriate; and
2. Work with the CEO, other Officers and senior executives to monitor progress on the Business Plan, annual budgets, policy implementation and succession planning.

B. Advisor to the CEO

1. Provide advice, counsel and mentorship to the CEO and fellow members of the Board; and
2. In consultation with the CEO, ensure that there is an effective relationship between management personnel and the members of the Board.

C. Board structure and management

1. Chair the Board meetings;
2. In consultation with the CEO, the Corporate Secretariat and the Chairs of the Committees of the Board, determine the frequency, dates and locations of meetings of the Board, of Committees of the Board, and of the shareholders;
3. In consultation with the CEO and the Corporate Secretariat, review the meeting agendas to ensure all required business is brought before the Board to enable it to efficiently carry out its duties and responsibilities;
4. Ensure, in consultation with the Chairs of the Committees of the Board, that all items requiring Board and Committee approval are appropriately tabled;
5. Ensure the proper flow of information to the Board and review, with the CEO and the Corporate Secretariat, the adequacy and timing of materials in support of management personnel's proposals; and
6. In conjunction with the relevant Committee of the Board (and its Chair), review and assess the Directors' meeting attendance records and the effectiveness and performance of the Board, its Committees (and their Chairs) and individual Directors.

D. Other

1. Exercise the authority of the CEO in the unlikely event that the CEO is absent and is unable to act and action on the part of the CEO is urgently required to protect the interests of Bell Aliant;
2. Carry out special assignments or any functions as requested by the Board; and
3. Attend any and all Committee meetings deemed appropriate by the Chair, in a non-voting capacity.

More specifically, the Lead Independent Director shall:

1. Ensure the Board has the opportunity, at each regularly scheduled meeting, to meet separately without non-independent Directors and management personnel present and to this effect:
 - a. chair such meetings;
 - b. thereafter, relay to the Chair of the Board and CEO, as required, any comment, question or suggestion of independent Directors; and
 - c. if, at the request of independent Directors, additional meetings are required, the Lead Independent Director is responsible to provide for procedures for such meetings, such as notice of meetings, agendas, minutes and similar matters.
2. Exercise the authority of the Chair of the Board at any meeting where the Chair of the Board is absent; and
3. Carry out special assignments or any functions as requested by the Board.

AUDIT COMMITTEE CHARTER

I. Purpose

The purpose of the Audit Committee is to assist the Board 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's 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**" refer to the Board of Directors of Bell Aliant Inc., Bell Aliant Regional Communications Inc., and 6583458 Canada Inc., 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.

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; and
 - 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 or information).

2. Meet to review and discuss with management and the external auditor, report and, where appropriate, provide recommendations to the Board on the following prior to its public disclosure:
 - a. the annual and interim consolidated financial statements, Bell Aliant's disclosure within Management's 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; and
 - 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, 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 within Management's Discussion and Analysis for interim period, and interim earnings news releases and earnings guidance, may also be approved on behalf of the Board by the Audit Committee, provided that such approval is subsequently reported to the Board.

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 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 of Bell Aliant 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;
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 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; and
 - 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; and
 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 on the following:
 - a. the appointment and mandate of internal audit, including the responsibilities, budget and staffing of Bell Aliant's internal audit;
 - b. 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; and
 - c. the periodic reports 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 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 with management.
 2. Review and discuss with the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") 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 on Bell Aliant's disclosure controls and procedures and internal controls over financial reporting;
 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; and
 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 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 on Bell Aliant's risk management and insurance program; and
 3. Review, monitor, report and, where appropriate, provide recommendations to the Board 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 on Bell Aliant's environmental policy and environmental management systems; and
 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 of Bell Aliant.

G. 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 on the adequacy of Bell Aliant's process for complying with laws and regulations; and
2. Receive, on a periodic basis, reports from Bell Aliant's Chief Legal Officer, with respect to legal issues.

H. Miscellaneous

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

III. Evaluation of the Audit Committee and Report to Board

- A. The Audit Committee shall evaluate and review with the Governance Committee of the Board, 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, on an annual basis, the adequacy of the Audit Committee Charter; and
- C. The Audit Committee shall report to the Board 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.

VI. Audit Committee Chair

The Chair of the Audit Committee shall be appointed by the Board. 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 chair, the Lead Independent Director and the CEO, 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 CEO, the Corporate Secretariat, the Board chair, and the Lead Independent Director, determine the frequency, dates and locations of meetings of the Audit Committee;
- E. In consultation with the CEO, the CFO, the Corporate 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 CEO, the CFO, the Corporate Secretariat and, as required, other senior executives, the adequacy and timing of materials in support of management's proposals;
- H. Report to the Board on the matters reviewed by, and on any decisions or recommendations of, the Audit Committee at the next meeting of the Board following any meeting of the Audit Committee; and
- I. Carry out any special assignments or any functions as requested by the Board.

VII. Term

The members of the Audit Committee shall be appointed or changed by resolution of the Board to hold office from the time of their appointment until the next annual general meeting of the shareholders 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 Corporate 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.

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.

GOVERNANCE COMMITTEE CHARTER

I. Purpose

The purpose of the Governance Committee is to assist the Board in:

- A. developing and implementing Bell Aliant's governance guidelines;
- B. identifying individuals qualified to become Directors;
- C. determining the composition of the Board and its Committees;
- D. determining Director remuneration for Board and Committee service;
- E. developing and overseeing a process to assess the Board Chair, the Lead Independent Director, the Board, Board Committees, Chairs of Committees, and individual Directors; and
- F. overseeing Bell Aliant's policies concerning business conduct, ethics, public disclosure of material information and other matters.

In this Charter, references to "**Board**" refer to the Board of Directors of Bell Aliant Inc., Bell Aliant Regional Communications Inc., and 6583458 Canada Inc., as applicable.

II. Duties and Responsibilities

The Governance Committee shall perform the functions customarily performed by governance and nominating committees and any other functions assigned by the Board. In particular, the Governance Committee shall have the following duties and responsibilities:

A. Governance

1. Report to the Board annually on matters of governance, including standards of performance for Directors, the size of the Board, the structure, charter and composition of Board Committees and Bell Aliant's recommendations regarding shareholder proposals received, as applicable;
2. Develop and recommend to the Board a Board of Directors Charter, as well as the disclosure of Bell Aliant's governance guidelines and principles in Bell Aliant's public disclosure documents, in accordance with applicable laws and regulations, and review such guidelines and principles periodically but not less than annually, and recommend changes as deemed necessary;
3. Develop and recommend to the Board a Governance Manual that includes policies regarding the following:
 - a. General responsibilities and functions of the Board its members;
 - b. The organization and responsibilities of Board Committees, including Committee Charters; and
 - c. The operations and procedures for Board meetings.

B. Directors

1. Identify, consider and recommend for approval by the Board candidates qualified to become new Directors, and the nominees for election and/or appointment at the next annual meeting of shareholders;
2. Develop and recommend to the Board appropriate qualifications/criteria for the selection of Board members, including criteria for determining Director independence;
3. Conduct an annual review of Director remuneration for Board and Committee service in relation to current norms, and recommend any change for approval of the Board; and
4. Assist in the orientation of newly elected/appointed Directors, including in becoming acquainted with Bell Aliant and its governance process, and encourage continuing education opportunities for all members of the Board.

C. Policies

1. Oversee the charitable contributions of Bell Aliant;
2. Review, report, and where appropriate, provide recommendations to the Board on Bell Aliant's Disclosure Policy, Code of Business Conduct, Insider Trading Policy, and other related policies and guidelines, and recommend changes as deemed appropriate; and
3. Assist the Board, as required, in interpreting and applying Bell Aliant's Disclosure Policy, the Code of Business Conduct, Insider Trading Policy, and other related policies and guidelines.

III. Evaluation of the Board, the Governance Committee and other Committees and Report to the Board

A. The Governance Committee shall, on an annual basis:

1. Develop and oversee a process to allow each Director to assess the effectiveness and performance of (i) the Board, the Board Chair and the Lead Independent Director; (ii) the Committees of the Board and their respective Chairs, and (iii) themselves as a member of the Board; and review with the Board the results of such assessments;
2. Evaluate, review and report to the Board on the performance of the Governance Committee; and
3. Review and discuss with each of the Committees of the Board the appropriateness of the Charter adopted by each such Committee, and as deemed appropriate recommend changes to the Board.

B. The Governance Committee shall report to the Board periodically on the Governance Committee's activities.

IV. Outside advisors

The Governance Committee shall have the authority to engage outside counsel and other outside advisors as it deems appropriate to assist the Governance Committee in the performance of its functions. Bell Aliant shall provide appropriate funding for such advisors as determined by the Governance Committee. The Governance Committee shall have the authority to approve any engagement of outside counsel and other outside advisors by an individual Board member.

V. Membership

The Governance Committee shall consist of such number of Directors, in no event to be less than 3, as the Board may from time to time by resolution determine. A majority of members of the Governance Committee shall be independent of Bell Aliant as determined by the Board in accordance with applicable laws, rules and regulations.

VI. Governance Committee Chair

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

- A. Provide leadership to enable the Governance 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 chair, the Lead Independent Director and the CEO, ensure that there is an effective relationship between management and the members of the Governance Committee;
- C. Chair meetings of the Governance Committee;
- D. In consultation with the CEO, the Corporate Secretariat, the Board chair, and the Lead Independent Director, determine the frequency, dates and locations of meetings of the Governance Committee;
- E. In consultation with the CEO, the Corporate Secretariat and, as required, other senior executives, review the meeting agendas to ensure all required business is brought before the Governance Committee to enable it to efficiently carry out its duties and responsibilities;
- F. Ensure, in consultation with the Board chair, and the Lead Independent Director, that all items requiring the Governance Committee's approval are appropriately tabled;
- G. Ensure the proper flow of information to the Governance Committee and review, with the CEO, the Corporate Secretariat and, as required, other senior executives, the adequacy and timing of materials in support of management's proposals;
- H. Report to the Board on the matters reviewed by, and on any decisions or recommendations of, the Governance Committee at the next meeting of the Board, following any meeting of the Governance Committee; and
- I. Carry out any special assignments or any functions as requested by the Board.

VII. Term

The members of the Governance Committee shall be appointed or changed by resolution of the Board to hold office from the time of their appointment until the next annual general meeting of the shareholders or until their successors are so appointed.

VIII. Procedures for meetings

The Governance Committee shall fix its own procedure at meetings and for the calling of meetings. The Governance Committee shall meet separately in executive session in the absence of management, 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 Governance Committee shall constitute a quorum for the transaction of business at a meeting. For any meeting(s) at which the Governance 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 the Governance Committee members, 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 Governance Committee, the Corporate Secretary of Bell Aliant or his/her delegate shall be the Secretary of the Governance Committee.

XI. Vacancies

Vacancies at any time occurring shall be filled by resolution of the Board.

XII. Records

The Governance Committee shall keep such records as it may deem necessary of its proceedings and shall report regularly its activities and recommendations to the Board.

MANAGEMENT RESOURCES AND COMPENSATION COMMITTEE CHARTER

I. Purpose

The purpose of the Management Resources and Compensation Committee is to assist the Board in its oversight responsibilities relating to, as applicable:

- A. The compensation, nomination, evaluation, and succession of senior executives (defined as Bands 1-3);
- B. Bell Aliant's health and safety policies and practices; and
- C. The appointment of Officers.

In this Charter, references to "**Board**" refer to the Board of Directors of Bell Aliant Inc., Bell Aliant Regional Communications Inc., and 6583458 Canada Inc., as applicable.

II. Duties and Responsibilities

The Management Resources and Compensation Committee shall perform the functions customarily performed by compensation committees and any other functions assigned by the Board. In particular, the Management Resources and Compensation Committee shall have the following duties and responsibilities:

A. Officers and Senior Executives

1. Consider and recommend for approval by the Board the appointment of the Chief Executive Officer ("CEO") (subject to the terms of the Securityholders' Agreement) and all other Officers of Bell Aliant;
2. Review with the CEO management's assessment of existing management resources and plans for ensuring that qualified personnel will be available as required for succession to senior executive positions, and to report on this matter to the Board at least once each year;
3. Review and assess annually, in conjunction with the Board, the performance of the CEO against pre-set specific corporate and individual goals and objectives approved by the Management Resources and Compensation Committee; and
4. Review with the CEO the annual performance assessments of all other senior executives, and to report annually to the Board on these assessments.

B. Compensation

1. Oversee and recommend for approval by the Board Bell Aliant's executive compensation policy and to specifically consider and recommend annually for approval by the external Directors, all forms of compensation for the CEO;
2. Review and determine the compensation of each senior executive, and recommend individual executive compensation to the Board for their consideration and approval;
3. Recommend to the Board, for consideration, approval, and establishment by the Board, employee benefit plans to be granted to senior executives and guidelines with respect thereto; and
4. Following the approval of and establishment by the Board of a long-term incentive plan:
 - a. subject to confirmation by the Board, and subject to the terms of the plan, approve the grants under the long-term incentive plan;
 - b. suggest and review any amendments which the Committee considers necessary to the long-term incentive plan and make recommendations to the Board with respect to any amendments to such long-term incentive plan; provided however, that all amendments to such plan shall be subject to the consideration and approval of the Board; and
 - c. oversee all other administrative requirements with regard to the long-term incentive plan.

5. Following the approval of and establishment by the Board of other incentive compensation plans:
 - a. designate key employees as participants for the purposes of receiving incentive compensation, as needed;
 - b. suggest and review any amendments which the Committee considers necessary for the incentive compensation plans and make recommendations to the Board with respect to any amendments to such incentive plans; provided however, that all amendments to such plans shall be subject to the consideration and approval of the Board; and
 - c. oversee all other administrative requirements with regard to other incentive compensation plans.
 6. Subject to the Board's approval of the establishment of all senior executive benefit plans and perquisites and within any guidelines established by the Board with respect thereto, review and approve benefits and perquisites to be granted to senior executives under all employee benefit plans including levels and types of benefits;
 7. Review and approve all proposed enhancements to or detractions from the benefits accruing to employees under the pension plans;
 8. Review any proposed major changes in Bell Aliant's benefit plans and recommend for approval any change requiring action by the Board;
 9. Review Bell Aliant's annual report on executive compensation and/or compensation discussion and analysis for inclusion in public disclosure documents, in accordance with applicable rules and regulations; and
 10. Review with the CEO any proposed major changes in organization or personnel.
- C. *Oversight of the Bell Aliant's health and safety policies and practices*
1. Review, monitor, report and where appropriate, provide recommendations to the Board on Bell Aliant's health and safety policies and practices; and
 2. When appropriate, ensure that Bell Aliant's subsidiaries establish health and safety policies and practices and review and report thereon to the Board.

III. *Evaluation of the Management Resources and Compensation Committee and Report to the Board*

- A. The Management Resources and Compensation Committee shall evaluate and review with the Governance Committee of the Board, on an annual basis, the performance of the Management Resources and Compensation Committee;
- B. The Management Resources and Compensation Committee shall review and discuss with the Governance Committee of the Board, on an annual basis, the appropriateness of the Management Resources and Compensation Committee Charter; and
- C. The Management Resources and Compensation Committee shall report to the Board periodically on the Management Resources and Compensation Committee's activities.

IV. *Outside advisors*

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

V. *Membership*

The Management Resources and Compensation Committee shall consist of such number of Directors, in no event to be less than three, as the Board may from time to time by resolution determine. A majority of members of the Management Resources and Compensation Committee shall be independent of Bell Aliant as determined by the Board in accordance with applicable laws, rules and regulations.

VI. *Management Resources and Compensation Committee Chair*

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

- A. Provide leadership to enable the Management Resources and Compensation 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 chair, the Lead Independent Director, and the CEO, ensure that there is an effective relationship between management and the members of the Management Resources and Compensation Committee;
- C. Chair meetings of the Management Resources and Compensation Committee;
- D. In consultation with the CEO, the Corporate Secretariat, the Board chair, and the Lead Independent Director, determine the frequency, dates and locations of meetings of the Management Resources and Compensation Committee;
- E. In consultation with the CEO, the Corporate Secretariat and, as required, other senior executives, review the meeting agendas to ensure all required business is brought before the Management Resources and Compensation Committee to enable it to efficiently carry out its duties and responsibilities;
- F. Ensure, in consultation with the Board chair, and the Lead Independent Director, that all items requiring the Management Resources and Compensation Committee's approval are appropriately tabled;
- G. Ensure the proper flow of information to the Management Resources and Compensation Committee and review, with the CEO, the Corporate Secretariat and, as required, other senior executives, the adequacy and timing of materials in support of management's proposals;
- H. Report to the Board on the matters reviewed by, and on any decisions or recommendations of, the Management Resources and Compensation Committee at the next meeting of the Board following any meeting of the Management Resources and Compensation Committee; and
- I. Carry out any special assignments or any functions as requested by the Board.

VII. *Term*

The members of the Management Resources and Compensation Committee shall be appointed or changed by resolution of the Board to hold office from the time of their appointment until the next annual general meeting of the shareholders or until their successors are so appointed.

VIII. *Procedures for meetings*

The Management Resources and Compensation Committee shall fix its own procedure at meetings and for the calling of meetings. The Management Resources and Compensation Committee shall meet in executive session in the absence of management, 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 Management Resources and Compensation Committee shall constitute a quorum for the transaction of business at a meeting. For any meeting(s) at which the Management Resources and Compensation 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 the Management Resources and Compensation Committee members, 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 Management Resources and Compensation Committee, the EVP, Corporate Services & Chief Legal Officer of Bell Aliant or his/her delegate shall be the Secretary of the Management Resources and Compensation Committee.

XI. Vacancies

Vacancies at any time occurring shall be filled by resolution of the Board.

XII. Records

The Management Resources and Compensation Committee shall keep such records as it may deem necessary of its proceedings and shall report regularly its activities and recommendations to the Board as appropriate.

PENSION COMMITTEE CHARTER

I. Purpose

The purpose of the Pension Committee is to assist the Board in its oversight responsibilities related to:

- A. the administration, funding and investment of Bell Aliant's pension plans (the "Plans") and trust funds (the "Funds"); and
- B. any unitized pooled funds sponsored by Bell Aliant for the collective investment of the assets of the Plans (i.e. "Master Trust Fund(s)").

In this Charter, the "Board" refers to the Board of Directors of Bell Aliant Inc., Bell Aliant Regional Communications Inc., and 6583458 Canada Inc.

II. Duties and Responsibilities

The Pension Committee shall perform the functions customarily performed by pension committees and any other functions assigned by the Board. In particular, the Pension Committee shall have the following duties and responsibilities:

A. Establishment of Strategy and Policies

- 1. Review any proposed change in Bell Aliant's Plans and in particular, the impact on the Plans' liabilities and funding of proposed changes to benefits under the Plans and advise the Board thereon;
- 2. Approve long-term funding objectives in relation to the Plans' liabilities; and
- 3. At least annually, confirm, or approve changes to, the Statements of Investment Policies and Procedures of the Plans and/or Master Trust Funds, including the long-term asset mixes to be followed.

B. Appointments of Agents and Delegation to Management or a Management-level Committee

- 1. Approve the appointment or removal of the actuary for the Plan;
- 2. Approve the appointment (including the terms thereof and any changes thereto), or removal, of the custodian(s), trustee(s), record-keeper(s), or investment manager(s) (including the allocation of assets to each such investment manager), for the Funds and/or Master Trust Funds; and
- 3. Appoint members to a management-level committee and delegate to such committee (or to management, if such committee is not appointed), any responsibilities determined by the members of the Pension Committee to be of an operational nature with respect to the administration and investment of the Plan, Funds and Master Trust Fund.

C. High-Level Monitoring

- 1. Review at least annually the policies and procedures in place for carrying out Bell Aliant's responsibilities as employer and administrator of the Plans, including supervision and monitoring procedures;
- 2. Review and approve the audited financial statements of the Plans;
- 3. On a periodic basis, as determined by the Pension Committee, obtain and review a report on investment performance;
- 4. On a periodic basis, as determined by the Pension Committee, receive reports on the educational communication processes for employees;
- 5. Review and approve the actuarial evaluations of the Plans; and
- 6. On a periodic basis, as determined by the Pension Committee and as requested by the DC Pension Information Committee, receive, review and consider reports of the DC Pension Information Committee.

III. Evaluation of the Pension Committee and Report to Board

- A. The Pension Committee shall evaluate and review with the Governance Committee of the Board, on an annual basis, the performance of the Pension Committee;
- B. The Pension Committee shall review and discuss with the Governance Committee of the Board, on an annual basis, the appropriateness of the Pension Committee Charter; and
- C. The Pension Committee shall report to the Board periodically on the Pension Committee's activities.

IV. Outside advisors

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

V. Membership

The Pension Committee shall consist of such number of Directors, in no event to be less than three, as the Board may from time to time by resolution determine.

VI. Pension Committee Chair

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

- A. Provide leadership to enable the Pension 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 Chair, the Lead Independent Director and the Chief Executive Officer ("CEO"), ensure that there is an effective relationship between management and the members of the Pension Committee;
- C. Chair meetings of the Pension Committee;
- D. In consultation with the CEO, the Corporate Secretariat, the Board Chair and the Lead Independent Director, determine the frequency, dates and locations of meetings of the Pension Committee;
- E. In consultation with the CEO, the Corporate Secretariat and, as required, other senior executives, review the meeting agendas to ensure all required business is brought before the Pension 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 Pension Committee's approval are appropriately tabled;
- G. Ensure the proper flow of information to the Pension Committee and review, with the CEO, the Corporate Secretariat and, as required, other senior executives, the adequacy and timing of materials in support of management's proposals;
- H. Report to the Board on the matters reviewed by, and on any decisions or recommendations of, the Pension Committee at the next meeting of the Board following any meeting of the Pension Committee; and
- I. Carry out any special assignments or any functions as requested by the Board.

VII. Term

The members of the Pension Committee shall be appointed or changed by resolution of the Board to hold office from the time of their appointment until the next annual general meeting of the shareholders or until their successors are so appointed.

VIII. Procedures for meetings

The Pension Committee shall fix its own procedure at meetings and for the calling of meetings.

IX. Quorum and voting

Unless otherwise determined from time to time by resolution of the Board, two members of the Pension Committee shall constitute a quorum for the transaction of business at a meeting. For any meeting(s) at which the Chair of the Pension Committee 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 Pension 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 Board, the Corporate Secretary of Bell Aliant or his/her delegate shall be the Secretary of the Pension Committee.

XI. Vacancies

Vacancies at any time occurring shall be filled by resolution of the Board.

XII. Records

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

CEO POSITION DESCRIPTION

The Chief Executive Officer (“CEO”) of Bell Aliant Inc. and Bell Aliant Regional Communications Inc. (collectively, “Bell Aliant”), has the primary responsibility for the management of the business and affairs of Bell Aliant. As such, the CEO shall establish the strategic and operational orientation of Bell Aliant and, in so doing, provide leadership and vision for the effective overall management, profitability, increasing shareholder value and growth of Bell Aliant and for conformity with policies agreed upon by the Board. The CEO is directly accountable to the Board for all activities of Bell Aliant.

More specifically, in collaboration with the Board, the CEO shall:

A. Leadership

1. Create a culture within Bell Aliant that supports the achievement of strategic and operational objectives by ensuring rigour in the recruitment, selection, individual development and the monitoring of executive team members and other senior management personnel, thus ensuring Bell Aliant maintains a strong succession plan;
2. Provide leadership and vision for Bell Aliant and promote Bell Aliant’s goal of profitability and growth in a sustainable and responsible manner;
3. Develop an awareness of global trends in Bell Aliant’s core lines of operations so as to manage rapid technological developments; and
4. Promote an environment of customer focus and outstanding customer service so as to respond to the demands of increasingly service-oriented markets.

B. Corporate Social Responsibility & Integrity

1. Develop and maintain a corporate culture that promotes integrity and ethical values throughout the organization, fostering a culture of ethical business conduct; and
2. Promote and protect Bell Aliant’s reputation in its markets and with all customers, communities, and government and regulatory bodies.

C. Strategy, Risks and Budget

1. Develop and oversee the execution of, and monitor progress of, the business plan and the annual operating and capital budgets; and
2. Identify and develop plans to manage the principal risks with respect to Bell Aliant and its businesses.

D. Governance & Policies

1. Oversee the development and implementation of, and compliance with, key corporate policies, including policies regarding corporate governance, social responsibility, risk management and financial reporting, as well as compliance with applicable legal and regulatory requirements; and
2. Work in close collaboration with Board chair and Lead Independent Director to determine the scheduling of, and agendas for, meetings of the Board and Committees so as to ensure that Directors are kept apprised in a timely manner of the business operations and main issues facing Bell Aliant, and to ensure there is an effective relationship between management and the members of the Boards.

E. Business Management

1. Approve commitments within the limits of delegated approval authorities from the Board and provide general supervision and management of the day-to-day business and affairs of Bell Aliant; and
2. Serve as Bell Aliant's chief spokesperson to its principal stakeholders including its shareholders, the financial community, customers, government and regulatory bodies and the public generally.

F. Disclosure

1. Together with the Disclosure and Compliance Committee and the Chief Financial Officer ("CFO"), ensure appropriate and timely disclosure of material information; and
2. Together with the CFO:
 - a) establish and maintain Bell Aliant's disclosure controls and procedures through appropriate policies and processes;
 - b) establish and maintain Bell Aliant's internal controls over financial reporting through appropriate policies and procedures; and
 - c) develop the process for, and comply with, the certifications to be provided in Bell Aliant's public disclosure documents.

G. Other

1. Carry out any other appropriate duties and responsibilities assigned by the Board.

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Annual meeting of shareholders
Tuesday, June 14, 2011, at 9:00 a.m. (Atlantic time)

The Westin Nova Scotian Hotel
Commonwealth Ballroom
1181 Hollis Street
Halifax, Nova Scotia

Bell Aliant
1-877-248-3113
investors@bellaliant.ca
www.bellaliant.ca

Bell Aliant

Creating a sustainable future

Protecting the environment is important to us. To create a sustainable future, we consider the long-term economic, environmental and social impact of the way we operate our business.

Choosing the right paper

Our Notice of 2011 annual meeting of shareholders and management information circular is printed on Forest Stewardship Council® (FSC®) certified paper containing a high percentage of post-consumer fibres. Our printer, Lowe-Martin, is FSC certified and a recognized leader for environmental practices.



Calculating the savings

By choosing a paper with 50 per cent post-consumer recycled fibres, we have achieved the following environmental savings:



222
trees



385,230
litres
wastewater



2,926
kilograms
solid waste



91
million
BTUs



10,237
kilograms
CO₂

Environmental savings estimates were made using the Environmental Defense Fund paper calculator. For more information, visit www.papercalculator.org.

Please recycle