

**Aliant Inc.**  
**Financial Highlights**  
**Quarter Ended December 31, 2000**

**FOR PRESS RELEASE**

(\$000's except per share amounts)	<u>Three Months</u>				<u>Year To Date</u>			
	<u>2000</u>	<u>1999 *</u>	<u>Change (\$)</u>	<u>Change (%)</u>	<u>2000</u>	<u>1999 *</u>	<u>Change (\$)</u>	<u>Change (%)</u>
Total operating revenue	612,434	521,251	91,183	17.49	2,274,180	2,030,705	243,475	11.99
Total expenses	493,167	417,730	75,437	18.06	1,777,622	1,661,695	115,927	6.98
EBITDA (excluding one-time gains & restructure charge)	214,781	190,879	23,902	12.52	856,209	787,611	68,598	8.71
Net income applicable to common shares	59,199	47,800	11,399	23.85	217,121	140,070	77,051	55.01
Earnings per average common share	0.45	0.38	0.07	19.69	1.65	1.11	0.54	48.99
Net income excluding restructure charge	59,199	47,800	11,399	23.85	217,121	182,602	34,519	18.90
Earnings per average common share excluding restructure charge	0.45	0.38	0.07	19.69	1.65	1.44	0.21	14.29
Net income excluding restructure charge and goodwill amortization	64,463	51,291	13,172	25.68	234,214	192,526	41,688	21.65
Earnings per average common share excluding restructure charge and goodwill amortization	0.48	0.40	0.08	18.81	1.78	1.52	0.26	16.93
Cash flow per share	1.14	0.90	0.24	26.67	4.15	3.87	0.28	7.24
Average number of common shares outstanding	134,283	126,942	7,341	5.78	131,662	126,550	5,112	4.04
Rate of return on average common equity	17.9%	17.8%	0.05%	0.28	17.7%	13.1%	4.63%	35.32
Rate of return on average common equity, before restructure charge	17.9%	17.8%	0.1%	0.28%	17.7%	17.1%	0.7%	3.80%

\* 1999 restated for Stratos adjustment.

**Aliant Inc.**  
**Condensed Consolidated Statement of Income**  
**Quarter Ended December 31, 2000**

**FOR PRESS RELEASE**

(thousands of dollars)	<b>Three Months</b>				<b>Year to Date - December 2000</b>			
	<b>2000</b>	<b>1999 *</b>	<b>Change (\$)</b>	<b>Change (%)</b>	<b>2000</b>	<b>1999 *</b>	<b>Change (\$)</b>	<b>Change (%)</b>
<b>Revenues</b>								
Telecommunications								
Local	217,924	215,895	2,029	0.9	853,215	850,316	2,899	0.3
Long Distance	109,652	111,278	(1,626)	(1.5)	439,773	438,445	1,328	0.3
Wireless	59,220	48,402	10,818	22.3	216,299	185,723	30,576	16.5
Other	93,668	49,634	44,035	88.7	275,078	169,846	105,231	62.0
Information technology	90,693	60,769	29,924	49.2	331,386	252,642	78,743	31.2
Remote Communications	53,317	35,127	18,190	51.8	177,501	140,122	37,379	26.7
Other	46,151	23,497	22,654	96.4	160,151	75,782	84,369	111.3
Inter Company Eliminations	(58,191)	(23,352)	(34,839)	149.2	(179,222)	(82,171)	(97,051)	118.1
	<b>612,434</b>	<b>521,251</b>	<b>91,183</b>	<b>17.5</b>	<b>2,274,180</b>	<b>2,030,705</b>	<b>243,475</b>	<b>12.0</b>
<b>Expenses</b>								
Operating expenses	214,713	223,180	(8,467)	(3.8)	853,866	838,615	15,252	1.8
Cost of operating revenues	182,939	107,191	75,748	70.7	565,901	404,479	161,422	
Depreciation and amortization	95,515	87,359	8,155	9.3	357,855	340,601	17,253	5.1
Restructuring Charge	-	-	-	-	-	78,000	(78,000)	-
	<b>493,167</b>	<b>417,730</b>	<b>75,437</b>	<b>18.1</b>	<b>1,777,622</b>	<b>1,661,695</b>	<b>115,927</b>	<b>7.0</b>
Operating Income	119,267	103,520	15,747	15.2	496,558	369,010	127,548	34.6
Other income	15,600	13,810	1,790	13.0	21,281	19,652	1,630	8.3
Financing Costs	32,829	29,239	3,590	12.3	124,387	120,638	3,748	3.1
Income before taxes	102,039	88,092	13,947	15.8	393,453	268,023	125,430	46.8
Income taxes	44,852	42,756	2,096	4.9	183,890	133,929	49,962	37.3
Income before non-controlling interest	57,186	45,336	11,850	26.1	209,563	134,095	75,468	56.3
Non controlling interest	(2,013)	(2,464)	451	(18.3)	(7,559)	(5,975)	(1,583)	26.5
<b>Net income applicable to common shares</b>	<b>59,199</b>	<b>47,800</b>	<b>11,399</b>	<b>23.8</b>	<b>217,121</b>	<b>140,070</b>	<b>77,051</b>	<b>55.0</b>
<b>Net Income excluding restructure charge</b>	<b>59,199</b>	<b>47,800</b>	<b>11,399</b>	<b>23.8</b>	<b>217,121</b>	<b>182,602</b>	<b>34,519</b>	<b>18.9</b>
<b>Net Income excluding restructure charge and goodwill amortization</b>	<b>64,463</b>	<b>51,291</b>	<b>13,172</b>	<b>25.7</b>	<b>234,214</b>	<b>192,526</b>	<b>41,688</b>	<b>21.7</b>
<b>Earnings per average common share</b>	<b>0.45</b>	<b>0.38</b>	<b>0.07</b>	<b>19.7</b>	<b>1.65</b>	<b>1.11</b>	<b>0.54</b>	<b>49.0</b>
<b>Earnings per average common share excluding restructure charge</b>	<b>0.45</b>	<b>0.38</b>	<b>0.07</b>	<b>19.7</b>	<b>1.65</b>	<b>1.44</b>	<b>0.21</b>	<b>14.3</b>
<b>Net Income excluding restructure charge and goodwill amortization</b>	<b>0.48</b>	<b>0.40</b>	<b>0.08</b>	<b>18.8</b>	<b>1.78</b>	<b>1.52</b>	<b>0.26</b>	<b>16.9</b>
Avg Common Shares Outstanding	134,283	126,942	7,341	5.8	131,662	126,550	5,112	4.0

**Aliant Inc.**  
**Condensed Balance Sheet**  
**December 31, 2000**

<b>FOR PRESS RELEASE</b>	<u><b>2000</b></u>	<u><b>1999 *</b></u>
(thousands of dollars)		
<b><u>Assets</u></b>		
Current assets	784,643	490,287
Capital assets and Goodwill	5,466,209	4,701,605
Accumulated depreciation	(2,658,448)	(2,474,137)
Long term investments	80,059	52,402
Deferred Charges	208,986	143,889
	<u><b>3,881,449</b></u>	<u><b>2,914,046</b></u>
<b><u>Liabilities and shareholders equity</u></b>		
Current liabilities	733,369	684,839
Long term debt	1,509,391	1,055,319
Deferred credits	212,801	47,942
Non controlling interest	82,486	29,718
Shareholders equity	1,343,403	1,096,228
	<u><b>3,881,449</b></u>	<u><b>2,914,046</b></u>
<b><u>Statement of Retained Earnings</u></b>		
<b>BALANCE AS PREVIOUSLY REPORTED</b>	<b>345,067</b>	<b>312,030</b>
PRIOR PERIOD ADJUSTMENT	(9,682)	(1,413)
<b>Restated balance</b>	<b>335,386</b>	<b>310,617</b>
NET INCOME	217,121	140,070
COMMON SHARE DIVIDENDS	(119,275)	(106,305)
ADJUSTMENTS TO RETAINED EARNINGS	(81,750)	(8,889)
<b>BALANCE AT END OF PERIOD</b>	<b>351,482</b>	<b>335,494</b>

\* 1999 restated for Stratos adjustment.

Aliant Inc.  
Condensed Statment of Cash Flows  
For the 12 Months Ended December 31, 2000

**FOR PRESS RELEASE**

(thousands of dollars)	<u>2000</u>	<u>1999*</u>
<b>Cash from (used in) operations</b>		
Net income	217,121	140,070
Add (deduct) non cash items		
Depreciation and amortization	359,049	341,153
Other non-cash items	(23,425)	(29,850)
Share in earnings of equity accounted investments	1,141	1,804
Non controlling interest	(7,559)	(5,975)
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	546,328	447,202
Provision for Restructuring Charges	-	42,532
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	546,328	489,734
Change in non cash working capital	(76,628)	(41,277)
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	<b>469,700</b>	<b>448,457</b>
<b>Cash from (used in) financing</b>		
Proceeds from (repayment of) long term debt	380,698	80,028
Proceeds from notes payable	56,563	(55,039)
Dividends declared	(119,275)	(106,305)
Repurchase of accounts receivable	(50,000)	-
Increase in Non-Controlling Interest	60,327	(1,189)
Proceeds from common shares	231,188	31,147
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	<b>559,501</b>	<b>(51,358)</b>
<b>Cash from (used in) investing</b>		
Capital expenditures - Net	(437,665)	(377,850)
(Increase) decrease in investments	(527,105)	(30,930)
Merger Acquisition Costs	-	(8,889)
(Increase) Decrease in other deferred charges	(22,103)	(10,517)
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	<b>(986,873)</b>	<b>(428,186)</b>
<b>Increase in cash &amp; cash equivalents</b>	<b>42,328</b>	<b>(31,086)</b>
<b>Cash &amp; cash equivalents, beginning of period</b>	<b>(18,710)</b>	<b>12,376</b>
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<b>Cash &amp; cash equivalents, end of period</b>	<b>23,618</b>	<b>(18,710)</b>
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Cash & cash equivalents consist of:		
Cash	70,444	17,260
Bank indebtedness	(46,826)	(35,970)
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	<b>23,618</b>	<b>(18,710)</b>
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\* 1999 restated for Stratos adjustment.

Aliant Inc.  
Consolidated Statistics  
For the Three Months Ended December 31, 2000

**FOR PRESS RELEASE**

**Consolidated Statistics**

	<u>2000</u>	<u>1999*</u>
Earnings per common share	\$ 0.45	\$ 0.38
Earnings per average common share excluding restructure charge	\$ 0.45	\$ 0.38
Earnings per average common share excluding restructure charge and goodwill amortization	\$ 0.48	\$ 0.40
Operating cashflow per share	\$ 1.14	\$ 0.90
Free Cashflow	8,757	1,621
Return on average common equity, before restructure	17.9%	17.8%
Capital Expenditures	143,304	106,849
Network access services-landlines	1,554,942	1,538,569
Network access services-cellular	389,544	298,448
Total network access services, at December 31st	<u>1,944,486</u>	<u>1,837,017</u>
Long distance conversations minutes (000's)	844,363	771,201
Employees, at December 31st	10,486	9,419
Capital Structure (000's)		
Short-term debt	235,317	170,135
Long-term debt	1,568,271	1,187,573
Non-Controlling Interest	82,486	29,718
Common shareholders equity	1,343,403	1,096,228
Total capital structure, at December 31st	<u>3,229,476</u>	<u>2,483,653</u>

\* 1999 restated for Stratos adjustment.