



# Management's Discussion and Analysis

## Third Quarter 2005

Table of Contents	
About our business .....	2
Quarter at a glance.....	2
Operating results .....	7
Financial and capital management .....	15
Related party transactions .....	20
Significant accounting policies and critical accounting estimates .....	21
Risk and risk management.....	21
Supplementary financial information .....	22
Forward-looking statements .....	24

*This document provides management's discussion and analysis (MD&A) of our financial condition and results of operations for the three and nine month periods ended September 30, 2005, compared to the corresponding periods in 2004. The MD&A should be read in conjunction with our unaudited interim consolidated financial statements and accompanying notes for the period ended September 30, 2005, our audited consolidated financial statements, accompanying notes, and MD&A contained in our 2004 annual report. Reference can also be made to our MD&As contained in our previously issued 2005 quarterly reports. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP). All amounts in this MD&A are in millions of Canadian dollars, except where otherwise noted.*

*Throughout this MD&A, "we", "us", "our" and "Aliant" refer to Aliant Inc. or our Telecommunications and Information Technology segments.*

*Quarterly reports, annual reports and supplementary investor information can be found under "financial reports" on our corporate website at [www.aliant.ca](http://www.aliant.ca). Quarterly and annual reports, annual information forms and other continuous disclosure documents are available at [www.sedar.com](http://www.sedar.com).*

*This MD&A is dated October 27, 2005, which is the date of filing in conjunction with our press release announcing our results for the third quarter of 2005. This document contains forward-looking statements, which are qualified by reference to, and should be read together with, the "Forward-*

looking statements” section. Disclosure contained in this MD&A is current to, and describes our expectations on, October 27, 2005, unless otherwise stated.

### Restatement of prior year results

Effective January 1, 2005, we changed our accounting policies for subscriber acquisition costs and for the recognition of revenues and expenses in our directory business. These changes have been applied retroactively with restatement of prior periods.

## About our business

We are an Atlantic Canadian-based company focused on being the premier information and communications technology (ICT) solutions provider for our customers. In 2005, we are continuing to leverage the combined strengths of our Telecommunications and Information Technology segments to achieve this goal.

Our Telecommunications segment operates primarily through Aliant Telecom Inc. (“Aliant Telecommunications”). We provide a wide range of innovative and traditional voice and data communications services including local, long distance, wireless, Internet and other services. We also provide complementary services in knowledge-service applications, retail sales at Aliant-owned dealer stores, telephone directory advertising and wholesale distribution of wireless handsets, accessories and other telecommunications products.

The business of our Information Technology segment is carried out through Xwave Solutions Inc. (“xwave”). We provide clients with a complete range of information technology (IT) solutions through our consulting, infrastructure management and product fulfillment services. We serve clients in several geographic markets and in a range of industries including energy, telecommunications, defence, aerospace, health care, correctional services and education. During the third quarter, the infrastructure services function of our Information Technology segment was integrated into our Telecommunications segment.

## Quarter at a glance

### Financial results

For the period ended September 30 <i>(millions of dollars, except per share amounts)</i>	Three months			Nine months		
	2005	2004	% change	2005	2004	% change
Operating revenues	\$ 520.1	\$ 499.3	4.2	\$ 1,561.8	\$ 1,523.6	2.5
Expenses	415.9	426.1	(2.4)	1,272.1	1,279.9	(0.6)
Operating income	104.2	73.2	42.4	289.7	243.7	18.9
Other income (expenses)	0.3	(2.8)	-	(2.0)	1.6	-
Interest charges	19.8	19.8	-	55.5	57.6	(3.6)
Income taxes	33.2	13.2	151.4	86.2	63.3	36.2
Non-controlling interest	0.7	0.4	86.2	1.8	1.2	50.8
Net income	\$ 50.8	\$ 37.0	37.2	\$ 144.2	\$ 123.2	17.0
Earnings per common share	\$ 0.37	\$ 0.26	42.3	\$ 1.05	\$ 0.87	20.7

Operating revenues for the third quarter of 2005 increased by 4.2 per cent over the same period last year, reflecting a strong recovery from the 2004 labour disruption and growth in all areas except traditional local and long distance.

- Wireless revenue grew 13.5 per cent over the third quarter of 2004 driven by a 10.9 per cent increase in our customer base and a 3.4 per cent increase in average revenue per customer (ARPC).
- Internet revenue grew 10.9 per cent in the third quarter, driven by year-over-year high-speed Internet customer growth of 39.6 per cent and high-speed Internet revenue growth of 22.7 per cent.
- Telecommunications product revenues increased 30.2 per cent over the third quarter of 2004, further reflecting our recovery from the sales slowdown that arose during the 2004 work stoppage.
- IT service revenue in the third quarter experienced growth of 2.6 per cent over the same period in 2004, excluding the impact of 2004 divestiture activity. The impact of an acquisition in late 2004 and organic growth through new contracts contributed to the increase.
- IT fulfillment revenue grew 10.1 per cent due to increased sales to a number of customers.
- Revenues from our local and long distance services continued to decline, but the decline has slowed in recent quarters. Declining revenue trends are due to competition, technology substitution and regulatory constraints. The February 2005 Canadian Radio-television and Telecommunications Commission (“CRTC” or the “Commission”) ruling on competitor digital network (CDN) service negatively impacted our local revenues by \$4.1 million in the third quarter and \$8.9 million year-to-date.

Third quarter operating income increased by 42.4 per cent, or \$31.0 million, over the results for the same period in the prior year. The improved results are driven mainly by the strong recovery from the 2004 labour disruption, somewhat offset by the impact of the CRTC’s CDN decision and an increase in pension and other post-employment benefits (OPEBs) costs. We remain satisfied that operating expense increases required to drive revenue growth are being contained through sound general expense management and productivity savings resulting from the early retirement incentive program (ERIP) implemented in late 2004. As at September 30, 2005, 661 of the 693 employees that accepted the voluntary offer have left Aliant, with the remainder expected to leave by the end of this year. We estimate that this reduction in employees has removed approximately \$28 million in operating expenses year-to-date.

We generated cash from operating activities of \$238.0 million, an increase of \$44.1 million over the same period last year. The receipt of a 2004 income tax refund contributed to an \$18.6 million improvement in working capital. In addition, net income for the quarter was \$13.8 million higher than the net income for the same period last year. Financing activities used \$86.4 million in cash, mainly comprised of \$36.7 million in common dividends and \$46.1 million for repurchase of common shares under our normal course issuer bid (NCIB). During the third quarter, we used cash of \$99.7 million for capital investments to support our strategy of growth and transformation.

## Progress on our strategic initiatives

Seven key initiatives form the basis of our growth and transformation strategy:

*First, in the residential market, we are capturing new growth and defending existing revenues by “owning” the broadband home.* During the third quarter, we progressed on a number of initiatives that position us to be Atlantic Canadians’ first choice for complete information, communications and entertainment services:

- We continued our TV roll-out, doubling the number of homes passed, and early feedback from Aliant TV customers suggests the product has been very well received.
- We continued to aggressively grow our broadband footprint, installing or augmenting an additional 181 broadband sites, bringing our total number of broadband sites to 815.
- We continued to make our value packages more compelling by developing an unlimited cellular long distance option for an incremental \$20 per month, an industry first. This new offering was launched across the four Atlantic Provinces on October 1, 2005. Value packages are key to retaining our high value customers and growing average revenue per household by up-selling our customers to new services and service enhancements.
- We launched our PC Purchase Program, a program that combines our Internet services with the purchase of a new personal computer, providing an affordable choice for customers who want on-line access and stimulating demand for new Internet activations.
- We announced a strategic marketing agreement with Killam Properties Inc., through which we will market our consumer information, communications and entertainment products to their tenants in residential and manufactured home communities throughout Atlantic Canada.

*Second, we are focused on being the most trusted ICT advisor to the small- to medium-sized business (SMB) market.* The SMB market includes approximately 75,000 businesses, making up almost 99 per cent of businesses in Atlantic Canada, and represents one of our biggest opportunities for growth:

- We launched a wireless local-area network (WLAN) solution for businesses, providing customers secure and mobile high-speed access to corporate e-mail and Intranets. Business customers can combine our WLAN product with our wireless Internet protocol (IP) voice solution to provide even greater flexibility in meeting their communication needs.
- We launched the integration of BlackBerry® devices with our Hosted Exchange service for business customers, allowing customers better access to their company information and e-mail while away from the office.
- We launched an interactive on-line Business Solutions Advisor that allows business customers the ability to design an efficient, flexible communications solution to meet their specific needs.
- We provided further ICT education to customers through a national awareness campaign and continued to advance integrated solutions by trialing specific solution sets to two new SMB verticals in addition to the real estate solution we already have in the market.

*Third, we are serving the enterprise market by innovating with our customers.* Our strategy focuses on key industry verticals, delivering needs-based ICT consulting and business solutions. Several developments occurred in the third quarter:

- We continue to be perceived as a trusted advisor, providing professional services to our enterprise customers to help them achieve an adaptive and affordable ICT infrastructure-based advantage. During the quarter, we were awarded a core technology assessment project for the Nova Scotia Strait Regional School Board and a mobile enablement consulting project for the City of Saint John.
- We are demonstrating leadership and innovation in the mobile data revolution, as a successful trial with the Department of National Defence resulted in us being chosen to provide a wireless messaging ICT solution in Nova Scotia.
- We signed a 15-year contract with Smart Systems for Health Agencies and OMA e-Services Inc., a wholly owned subsidiary of the Ontario Medical Association, to deliver an affordable clinical management system to Ontario physicians. The system is an application service provider (ASP) solution that supports the transformation of the primary healthcare sector by enabling and promoting the adoption of high-quality, integrated information technology.
- We completed our organizational integration of the infrastructure services function of our Information Technology segment into our Telecommunications segment which involved the transfer of approximately 425 employees. This alignment will further improve our ability to develop and deliver ICT solutions by adopting common processes, systems and tools. Demonstrating customer confidence in this alignment, the Government of New Brunswick recently extended their contract for facilities management services.

*Fourth, we are innovating with our customers to drive growth through new technologies and enhanced customer experiences.* As our industry evolves, offering new value to customers will be key to building and sustaining new revenues and will require us to develop solutions that use new technologies. Advancements made during the third quarter included:

- We continued technology trials for our Voice-over Internet Protocol (VoIP) platforms, recently expanding our residential VoIP trial. Our residential VoIP trial will continue into early 2006 as we continue to evaluate the right solution set and service functionality for our customers.
- We completed two trials of IP telephony capabilities integrated into major contact centre operations. The evolution of IP telephony capabilities will create opportunities for efficiencies for our contact centre customers and help solidify these customer relationships.

*Fifth, we are redefining the way we work to better serve our customers, reduce costs and safeguard our future.* This transformation involves ongoing initiatives that will serve to enhance our customer service experience and improve operational effectiveness:

- We expanded self-serve options for SMB customers, including the addition of a smart form for moves, additions and changes.

- We made system improvements to our customer services operations to continue process simplification and alignment, we introduced additional customer self-service functionality, and we focused our efforts on creating customer contact centres of excellence.
- We continued productivity and cost management initiatives across all segments of our business. Further progress was made in the consolidation and replacement of high-operating cost technologies and systems, and we worked with partners and suppliers to improve procurement and certain customer sales and servicing functions.

*Sixth, we are transforming our business model by accelerating adoption of IP technology.* We are investing in IP technology through the development of Aliant TV, VoIP solutions and Internet-enabled wireless applications. We also continue to expand and enhance the capabilities of our broadband network and our digital wireless data networks.

*And seventh, we are investing in new skills required to grow and transform our business.* We continue to support our employees as their roles evolve in response to the transformation of our business.

## Environmental update

### *Regulatory*

Significant regulatory developments that affected our telecommunications business during the third quarter and up to and including October 27, 2005, are:

- We joined with Bell Canada, SaskTel, Telebec, and Telus to file a petition with the Governor in Council asking for a review of and changes to the Commission's recent VoIP decision. In addition, the Province of Saskatchewan, the Coalition for Competitive Telecommunications, the Vancouver Board of Trade, and the Communications, Energy and Paperworkers Union of Canada have each petitioned the federal Cabinet, opposing economic regulation of incumbent local exchange carriers' (ILECs) VoIP services.
- We were among 18 parties that appeared in the September 2005 public consultations as part of the ongoing CRTC Proceeding on Local Service Forbearance. The proceeding will address our specific application for residential services that was filed in April 2004, and also establish the framework for further forbearance applications.
- We also filed our submission and replied to the submissions of other interested parties that have been offered to the Telecom Policy Review Panel (the Review). We recently participated in the telecommunications policy and regulatory framework forum. The Review organized its issues into 3 categories: Broadband, ICT and Regulation. We are proposing that the CRTC lessen the regulatory burden and create greater symmetry in the regulatory regimes between ILECs and cable companies. We are also proposing that the Competition Bureau assume some responsibilities currently handled by the CRTC.
- The Commission initiated a public notice inviting comments on issues related to the introduction of Wireless Number Portability, including the time frame proposed by the Canadian Wireless Communications Association (CWTA). The CWTA has committed to implementing Wireless Number Portability by September 2007.

The timing of any CRTC decision on other issues, including the disposition of the deferral account, is unknown.

### Competitive

Atlantic Canada continues to experience the most intense local competition in the country as our competitors expand their coverage area and new competitors launch services. As previously noted, in September 2005, we appeared before the CRTC requesting forbearance on residential local services in specific competitive areas and a decision is expected in 2006.

Local and national competitors continue to develop their infrastructure and expand their service offerings in all market segments. Our strategy is to focus on the needs of our customers by communicating with them directly, offering greater simplicity and value through competitively priced solutions, particularly through value packages, and building world class service through our continued investment in our networks and people.

### Operating results

The following is our discussion and analysis of the significant components of our consolidated operating results for the three and nine months ended September 30, 2005, in comparison to the same periods in the prior year.

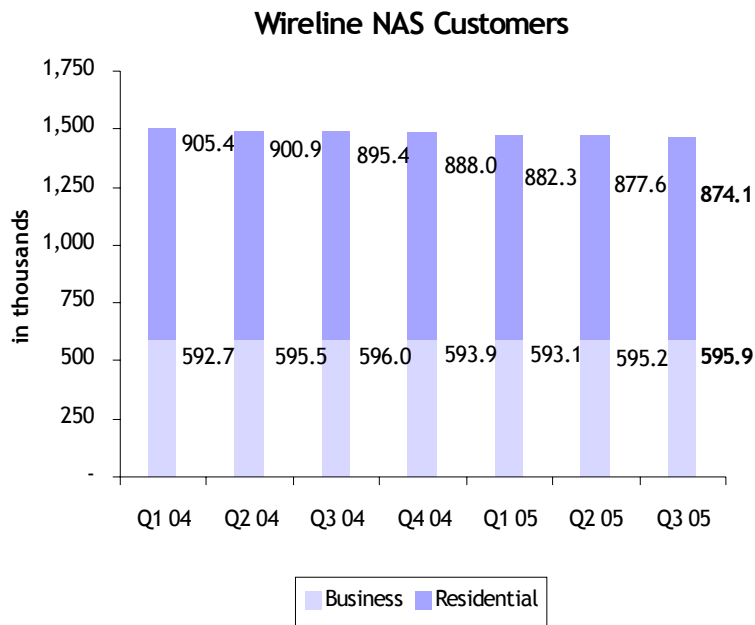
### Operating revenues

<i>For the period ended September 30</i> <i>(millions of dollars)</i>	Three months			Nine months		
	2005	2004	% change	2005	2004	% change
Telecommunications						
Local	\$ 180.9	\$ 183.8	(1.6)	\$ 547.5	\$ 560.3	(2.3)
Long distance	78.6	85.9	(8.5)	239.1	266.1	(10.2)
Wireless	116.9	103.0	13.5	323.4	283.6	14.0
Internet	33.7	30.4	10.9	96.4	89.6	7.7
Other revenues	58.3	49.7	17.3	166.2	146.2	13.7
	468.4	452.8	3.4	1,372.6	1,345.8	2.0
Information Technology						
IT Services	50.1	49.8	0.6	153.4	155.9	(1.6)
Fulfillment	32.6	29.6	10.1	120.0	107.2	11.9
	82.7	79.4	4.2	273.4	263.1	3.9
Other and intercompany eliminations	(31.0)	(32.9)	(5.8)	(84.2)	(85.3)	(1.3)
Operating revenues	\$ 520.1	\$ 499.3	4.2	\$ 1,561.8	\$ 1,523.6	2.5

## Local revenue

Local revenue is earned through the provision of network access service (NAS), enhanced service features, data access, contribution payments, competitor payments, telephone set rentals, payphone usage and service charges.

Local revenues continued to decline due to competition, technology substitution, and regulatory constraints, however the rate of decline in the third quarter was less than in previous quarters this year. Revenue for the three months ended September 30, 2005 is down 1.6 per cent over the same period in the prior year.



The majority of our local revenues are earned through the provision of NAS. NAS revenues declined 1.3 per cent over the third quarter of 2004 mainly due to a 1.4 per cent decline in our NAS customer base in the last year. Our business NAS has remained virtually unchanged from September 30, 2004, and has grown slightly since the start of the year, as our strong marketing programs in both the SMB and enterprise markets support customer retention and growth. Our consumer, or residential, NAS is down 2.4 per cent, in line with the trend that we have been experiencing over the past couple of years but slightly better than

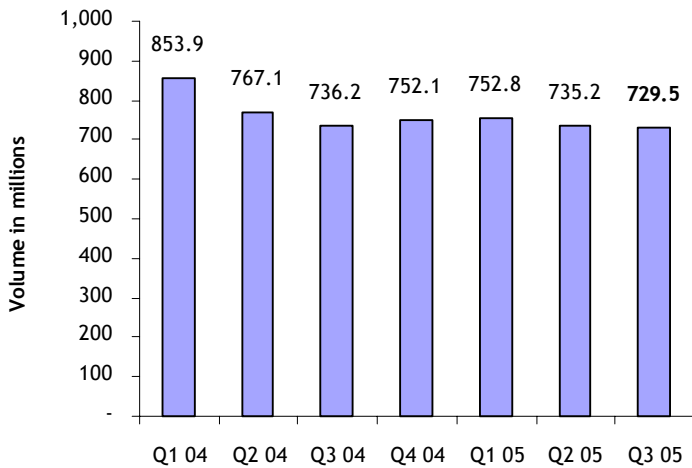
the trends witnessed in the first half of 2005. This downward trend reflects competitive losses, the reduction in the number of second lines as customers migrate to high-speed Internet service, and the reduction in primary lines as customers adopt wireless and VoIP technology.

Revenue from sources other than NAS declined by 2.1 per cent over the third quarter of 2004. Growth in data access services was offset by the \$4.1 million impact of the CRTC's CDN decision, which has also removed \$8.9 million in revenues year-to-date. Enhanced service features revenue for the quarter declined 5.3 per cent over the prior year due to consumer NAS declines and also due to lower pay-per-use revenues as customers adopt features inside enhanced local service bundles.

## Long distance revenue

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

### Long Distance Minutes



Long distance revenue declined \$7.3 million or 8.5 per cent over the third quarter of 2004 mainly as a result of lower per-minute pricing and a 0.9 per cent decline in long distance minutes.

Business long distance revenues are declining due to competitive pricing pressures and contact centre minute usage reductions, as the contact centre industry continues to implement new technologies.

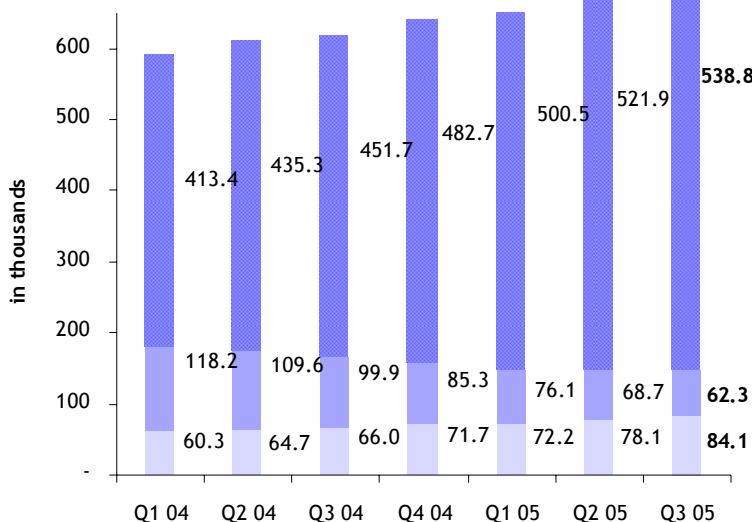
In the consumer market, intense competition, particularly from dial-around competitors, as well as the substitution of wireline long distance calling with wireless and Internet communications has contributed to

minute erosion. The impact of minute erosion is mitigated in part by the number of customers taking unlimited long distance plans in our value packages. Our success in marketing value packages has resulted in increased customer retention and has enabled us to stabilize our customer base, and to some extent, revenues, in 2005. Converting customers to our bundled solutions contributes to lower pricing allocations to our long distance revenues but secures growing wireless and Internet revenues.

### Wireless revenue

Wireless revenue is earned through cellular, paging and mobile radio services over our analog and digital wireless networks.

### Cellular Customers



Wireless revenues grew 13.5 per cent over the third quarter of 2004, driven by customer growth, increased ARPC and average minutes of use. Our customer base grew 10.9 per cent in the third quarter, with net additions of 16,508 increasing by a strong 105.2 per cent over the same period last year, as we continue to expand our coverage, enhance our dealer network and offer broad product selection. As at September 30, 2005, approximately 89 per cent of Atlantic Canada's population had access to our digital wireless network, up from

Prepaid - Digital & Analog Postpaid - Analog Postpaid - Digital

approximately 86 per cent at the same time last year.

Our customer turnover rate, or churn, remained industry-leading at 1.4 per cent, as a growing number of our customers are subscribing to value packages and business bundles.

Third quarter ARPC grew by 3.4 per cent over the prior year, reflecting increased average minutes of use, higher usage of data services such as text messaging, and an increased percentage of customers choosing digital service. Our digital customer base grew 24.7 per cent year-over-year, and by the end of the third quarter, digital customers represented 85.7 per cent of our total cellular customers compared to 76.2 per cent at September 30, 2004. Postpaid customers generate higher monthly ARPC than prepaid customers, and we have maintained our industry leading position with 87.7 per cent of our customer base subscribing to postpaid service at September 30, 2005.

#### Wireless - statistics

<i>For the period ended September 30</i>	Three months			Nine months		
	2005	2004	% change	2005	2004	% change
<b>Monthly - Average revenues per customer (dollars)</b>						
Postpaid	\$ 61.07	\$ 58.51	4.4	\$ 57.59	\$ 54.58	5.5
Prepaid	\$ 13.87	\$ 12.27	13.0	\$ 12.01	\$ 10.96	9.6
Total	\$ 55.40	\$ 53.57	3.4	\$ 52.35	\$ 50.02	4.7
<b>Monthly - Average minutes of use per customer</b>						
	311	289	7.6	292	267	9.4
Net additions	16,508	8,043	105.2	45,552	34,048	33.8
Churn	1.40%	1.68%	(16.7)	1.38%	1.40%	(1.4)

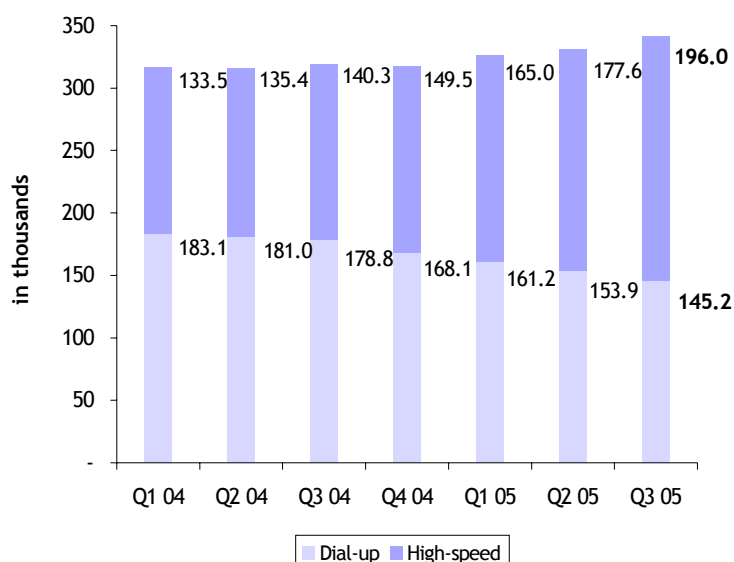
#### *Internet revenue*

Internet revenue is earned through high-speed and dial-up service, enhanced services and applications such as TV on my PC™, security services, music download service and Dial Accelerator.

Internet revenue increased 10.9 per cent over the third quarter of 2004, driven by a 22.7 percent increase in high-speed revenues.

Our high-speed Internet customer base increased 39.6 per cent due to a very successful back to school marketing program, proactive management of dial migrations, expansion of our service area, success in marketing our new small business Internet service, and the launch of our popular PC purchase program. High-speed customer net additions of 18,434 in the quarter represented 270.0 per cent growth over the same period last year. At September 30, 2005, our high-speed Internet service passed 79.4 per cent of homes and 83.9 percent of businesses in Atlantic Canada, up from 67.0 per cent and 76.2 per cent respectively at September 30, 2004. Dial-up customers continue to upgrade their Internet connection to high-speed service. We continue to manage this migration to ensure that the vast majority of migrating dial-up customers choose Aliant high-speed Internet service.

## Internet Customers<sup>1</sup>



<sup>1</sup> During the third quarter of 2005, we adjusted our dial-up customer base as it was determined to be overstated in the fourth quarter of 2004 by 7,099 customers.

Blended churn for the third quarter of 2.2 per cent was higher than the 2.0 per cent churn for the third quarter of 2004. Processing delays in 2004 as a result of the labour disruption contributed to temporarily suppressed Internet churn levels during 2004.

Consumer high-speed ARPC continued to show improvement as we introduce new programs to replace strong promotional pricing offered to generate customer growth. Overall business high-speed ARPC continued to decline, as expected, based on continued penetration of our small business high-speed Internet package introduced earlier in 2005 as part of

our strategic initiative in the SMB marketplace.

## Internet - statistics

For the period ended September 30	Three months			Nine months		
	2005	2004	% change	2005	2004	% change
Operating revenue (millions of dollars)						
Dial-up	\$ 10,497	\$ 11,480	(8.6)	\$ 30,762	\$ 34,446	(10.7)
High-speed	\$ 23,192	\$ 18,906	22.7	\$ 65,665	\$ 55,102	19.2
Total	\$ 33,689	\$ 30,386	10.9	\$ 96,427	\$ 89,548	7.7
Monthly - Average revenues per customer (dollars)						
Consumer dial-up	\$ 19.88	\$ 20.24	(1.8)	\$ 19.85	\$ 20.03	(0.9)
Consumer high-speed	\$ 33.51	\$ 33.44	0.2	\$ 32.56	\$ 33.56	(3.0)
Business dial-up	\$ 47.50	\$ 45.77	3.8	\$ 47.22	\$ 45.16	4.6
Business high-speed	\$ 84.87	\$ 100.04	(15.2)	\$ 87.67	\$ 100.49	(12.8)
Net additions						
Dial-up	(8,697)	(2,241)	(288.1)	(22,893)	(5,148)	-
High-speed	18,434	4,982	270.0	46,518	16,962	174.2
Total	9,737	2,741	255.2	23,625	11,814	100.0
High-speed churn						
Consumer	1.91%	1.89%	1.1	1.71%	1.52%	12.5
Business	1.83%	2.04%	(10.3)	1.73%	1.88%	(8.0)

## Other revenues

For the period ended September 30

(millions of dollars)	Three months			Nine months		
	2005	2004	% change	2005	2004	% change
Product	\$ 32.3	\$ 24.8	30.2	\$ 91.3	\$ 76.6	19.2
Directory	13.7	12.6	8.7	39.6	37.2	6.5
Innovatia	11.0	7.7	42.9	29.8	20.1	48.3
Miscellaneous	1.3	4.6	(71.7)	5.5	12.3	(55.3)
	\$ 58.3	\$ 49.7	17.3	\$ 166.2	\$ 146.2	13.7

Product sales and revenues from our knowledge service applications subsidiary, Innovatia Inc. (“Innovatia”), were the largest contributors to the 17.3 per cent growth in other revenues for the third quarter compared to the same period in the prior year. Expansion of an existing project and the addition of new business continued to drive Innovatia’s growth during the third quarter. The increase in product sales reflects the impact of last year’s work stoppage when limited resources caused product sales efforts to be significantly reduced.

### IT services revenue

IT services revenue is earned through systems integration, software engineering, infrastructure services and other IT consulting.

IT services revenue grew \$0.3 million in the third quarter, or 0.6 per cent, compared to the same period in the prior year. Underlying revenue growth of 2.6 per cent excludes the \$0.9 million impact of 2004 business unit divestiture activity and is mainly attributed to the December 2004 acquisition of the Atlantic-based operations of Fujitsu Consulting (Canada) Inc. Summer seasonality in IT services, as consulting employees take annual vacations, returned to a normal level in 2005 while the labour disruption of 2004 had dampened this effect last year.

During the third quarter of 2005, xwave secured new or extended service business, worth an estimated \$5.6 million in annual revenues, from a number of customers including Government of New Brunswick, Ontario Ministry of Education, Maine Department of Health and Human Services and NAV Canada.

### Fulfillment revenue

Fulfillment revenue is earned through the sale of computer hardware, accessories and packaged software.

Fulfillment revenue in the third quarter grew 10.1 per cent over the same period in 2004, driven primarily by sales in Newfoundland and Ontario.

## Expenses

For the period ended September 30 (millions of dollars)	Three months			Nine months		
	2005	2004	% change	2005	2004	% change
<b>Expenses</b>						
<b>Operating expenses</b>						
Cost of operating revenues	\$ 61.1	\$ 52.8	15.6	\$ 210.8	\$ 185.8	13.4
Pension and OPEBs cost	23.3	16.9	38.4	73.5	57.2	28.6
Other operating expenses	233.3	257.2	(9.3)	692.0	733.6	(5.7)
	317.7	326.9	(2.8)	976.3	976.6	-
Depreciation and amortization	98.2	98.6	(0.3)	295.8	298.1	(0.8)
Restructuring charge	-	0.6	-	-	5.2	-
	\$ 415.9	\$ 426.1	(2.4)	\$ 1,272.1	\$ 1,279.9	(0.6)

### Cost of operating revenues

The cost of operating revenues increased by 15.6 per cent for the third quarter when compared with the same period in the prior year. The increase is primarily driven by the cost of goods sold associated with the 30.2 per cent increase in telecommunications product sales compared to the third quarter last year. Cost of operating revenues also includes toll terminating and contribution expenses.

### Pension and OPEBs cost

For the period ended September 30 (millions of dollars)	Three months			Nine months		
	2005	2004	% change	2005	2004	% change
Defined benefit	\$ 18.3	\$ 10.4	76.0	\$ 54.9	\$ 36.2	51.7
Defined contribution	0.8	2.6	(69.2)	5.9	9.4	(37.2)
Other post-employment benefits	4.2	3.9	7.7	12.7	11.6	9.5
Pension and OPEBs cost	\$ 23.3	\$ 16.9	38.4	\$ 73.5	\$ 57.2	28.6

Defined benefit (DB) pension cost for the third quarter of 2005 increased over the same period of 2004 primarily due to the amortization of a larger balance of prior years' net actuarial losses. Net actuarial losses have increased due to a rise in the accrued benefit obligation. The increase in the obligation results from a lower interest rate used to discount the future obligations, and from additional past service costs relating to plan amendments made in 2004. In the third quarter of 2005, we amortized \$4.0 million more accumulated losses through pension cost compared to the third quarter of 2004.

Defined contribution (DC) pension cost represents the current service expense associated with our contributions to employees' retirement savings accounts. DC pension costs for the third quarter of 2005 were lower than for the same period last year due to fewer employee members in our DC pension plan, as certain eligible employees converted their membership from a DC plan to a DB plan pursuant to the 2004 plan amendments, and also due to \$1.1 million of refunded contributions made earlier in 2005 relating to employees who subsequently converted to a DB plan effective January 1, 2005.

### *Other operating expenses*

Overall, other operating expenses decreased in the third quarter by \$23.9 million over the expenses incurred during the same period in the prior year. This reflects approximately \$23 million of incremental costs experienced during the 2004 work stoppage. We are containing the costs required to support growth in our wireless and Internet businesses with prudent general expense management, and through productivity improvements and cost savings estimated at approximately \$11 million for the quarter and \$28 million year-to-date generated by our 2004 ERIP.

### **Other expenses**

#### *Other income (expenses)*

Other income (expenses) includes non-operating items such as interest income, gains on sale of property, provincial large corporation tax and expenses related to our accounts receivable securitization program. Comparing the third quarter of 2005 to the same period last year, other expenses decreased due to a non-recurring contingency charge recorded in 2004.

#### *Interest charges*

Interest charges for the third quarter of 2005 were consistent with interest charges for the same period in 2004. Although our long-term debt balance is approximately \$60 million higher at September 30, 2005 when compared with the same date last year, a lower interest rate on the debt issued in May 2005, along with the benefit of swapping some of our fixed-rate interest for floating, has resulted in our interest expense remaining consistent year over year.

#### *Income taxes*

The income tax provision for the third quarter of 2005 increased by \$20.0 million over the same period in 2004. Although higher net income before taxes contributed to a larger tax provision in 2005, the main reason for the increase is a reduction of \$5.5 million in the tax provision for the third quarter of 2004 due to the favourable resolution of prior years' tax issues that allowed for the reversal of tax reserves set up in previous higher-tax-rate years. In addition, operating losses occurred during the third quarter of 2005 in xwave's Ireland and US operations for which the future tax savings benefit has not been recognized.

Comparing the third quarter of 2005 to the same period last year, the future tax expense component of the total income tax provision has increased. This shift from current tax expense to future tax expense occurs when there are higher deductions or lower additions to income calculated for tax purposes compared to reported income before tax. The increase in future tax expense for the third quarter of 2005 is a result of higher capital investments and ERIP related deductions taken for tax purposes in the third quarter of 2005 than in the same period last year.

## Financial and capital management

### Summary of cash flows

<i>For the period ended September 30</i> <i>(millions of dollars)</i>	Three months			Nine months		
	2005	2004	% change	2005	2004	% change
Cash from (used in):						
Operating activities						
Net income	\$ 50.8	\$ 37.0	37.2	\$ 144.2	\$ 123.2	17.0
Adjustments to reconcile net income to cash from operating activities						
Funding of DB pension and OPEBs plans	(20.5)	(17.4)	17.8	(120.5)	(77.2)	56.1
Net benefit plans' cost	22.5	14.3	57.3	67.6	47.7	41.7
Change in non-cash working capital	85.2	66.6	27.9	46.0	5.6	-
Depreciation, amortization and other non-cash items	100.0	93.4	7.1	302.4	295.4	2.4
	<b>238.0</b>	<b>193.9</b>	<b>22.8</b>	<b>439.7</b>	<b>394.7</b>	<b>11.4</b>
Repurchase of common shares	\$ (46.1)	\$ (7.1)	-	\$ (125.6)	\$ (50.6)	148.2
Preferred and common share dividends	(39.1)	(37.3)	4.8	(118.8)	(112.5)	5.6
Proceeds on long-term debt	-	-	-	149.3	-	-
Capital investments	(99.7)	(51.4)	94.0	(286.9)	(180.7)	58.8
Other financing and investing activities	(1.4)	1.8	-	(9.8)	(9.6)	2.1
Net increase in cash	\$ 51.7	\$ 99.9	(48.2)	\$ 47.9	\$ 41.3	16.0

#### *Operating activities*

During the third quarter of 2005, we generated \$238.0 million in cash from operating activities, an increase of \$44.1 million over the same period in 2004. Improved working capital, driven by the receipt of a large tax refund, and higher net income contributed to the 22.8 per cent increase.

#### Funding of DB pension and OPEBs plans

In 2005, we anticipate having to make required contributions to our DB pension plans in the range of \$70 million to \$80 million, and we are making monthly contributions to our pension plans based on this estimate. Our required contributions are higher than 2004 primarily due to the expected impact of the DB plan amendments made in late 2004.

We expect 2005 contributions to our OPEBs plans to be in the range of \$5 million to \$7 million.

#### Net benefit plans' cost

Included in net benefit plans' cost are DB pension costs and OPEBs costs. Refer to the "Pension and OPEBs cost" section for a discussion of these items.

## Change in non-cash working capital

<i>For the period ended September 30</i> <i>(millions of dollars)</i>	Three months			Nine months		
	2005	2004	% change	2005	2004	% change
Accounts receivable	\$ (40.5)	\$ 10.5	-	\$ (12.6)	\$ 45.4	-
Prepayments	12.9	17.5	(26.3)	(9.3)	(4.0)	132.5
Inventory	(1.7)	2.6	-	2.7	3.5	(22.9)
Payables and accruals	35.9	5.2	-	(25.2)	(27.8)	(9.4)
Income taxes receivable and payable	78.6	30.8	155.2	90.4	(11.5)	-
Change in non-cash working capital	\$ 85.2	\$ 66.6	27.9	\$ 46.0	\$ 5.6	-

During the third quarter of 2005, the change in non-cash working capital balances generated cash of \$85.2 million, representing an additional source of cash from operating activities of \$18.6 million or 27.9 per cent when compared with the change experienced in the third quarter of 2004. The significant positive working capital change for the quarter is primarily due to the receipt of an outstanding 2004 income tax refund for approximately \$55 million and lower tax installments as compared to current tax expense, offset by higher accounts receivable reflecting increased operating revenues and a higher trade receivable outstanding from a related party.

### *Repurchase of common shares*

Under the NCIB that commenced on August 6, 2003, and ended August 5, 2004, we acquired our common shares for cash at the market price through the facilities of the Toronto Stock Exchange (TSX). We commenced a similar but new NCIB on February 4, 2005, under which we may acquire an additional 6,637,200 common shares prior to the expiry of the bid on February 3, 2006.

For the three and nine months ended September 30, 2005, we purchased for cancellation 1,675,643 and 4,524,522 shares, respectively, for an aggregate price of \$46.1 million and \$125.6 million, respectively. For the three and nine months ended September 30, 2004, we purchased for cancellation 268,846 and 1,732,130 shares, respectively, for an aggregate price of \$7.1 million and \$50.6 million, respectively.

Further details about the NCIB are provided in note 8 to our unaudited interim consolidated financial statements for the period ended September 30, 2005. Shareholders may obtain a copy of the Notice of Intention that was filed with the TSX in relation to the NCIB by contacting us.

### *Preferred and common share dividends*

The \$1.8 million increase in dividends paid during the quarter, when compared with the same period in the prior year, reflects the \$0.02 increase in the quarterly dividend rate to \$0.295 per common share that was approved during the first quarter of 2005, partially offset by fewer shares outstanding as a result of the NCIB.

### *Proceeds of long-term debt*

In May 2005, we issued \$150.0 million (for net proceeds received of \$149.3 million) in seven-year notes, pursuant to a shelf prospectus filed on May 9, 2005. The notes bear interest of 4.52

per cent per annum, mature on May 24, 2012, and are callable at any time at the greater of par and the Canada Yield Price. The proceeds of this issue will be used to repay \$150.0 million in medium-term notes maturing in November 2005.

### *Capital investments*

Cash used for capital investments during the third quarter and first nine months of 2005 increased by \$48.3 million and \$106.2 million, respectively compared to the same periods in 2004 as spending returned to normal levels following the work stoppage experienced in 2004. We have continued to invest in our traditional wireline areas as required and have increased our investment in wireless and Internet areas to support growth. We expect the pace of our investment to decrease slightly during the fourth quarter of 2005, due to the successful completion during the third quarter of a significant portion of our planned investments in our broadband, IPTV and next generation data networks.

### *Other financing and investing activities*

We repurchased \$5.0 million under our accounts receivable securitization program during the first six months of 2005 and 2004, but there was no change in the third quarter of 2005 or 2004. The accounts receivable securitization program is discussed further in the “Off-balance sheet arrangements” section.

We also acquired \$4.7 million worth of capital equipment through a capital lease transaction, the details of which are discussed in note 7 to the unaudited interim consolidated financial statements for the period ended September 30, 2005.

## **Liquidity**

### *Cash requirements*

Our cash requirements for the remainder of 2005 will consist of investments in capital, repayments of long-term debt, payments of our restructuring charge balance, dividend payments, purchases of shares under our NCIB, required pension plan contributions, and payments of other commitments. In particular these requirements will result in the use of cash as follows:

- Capital investments will be made as required to support our existing infrastructure and to advance our strategies of growth and transformation.
- Scheduled long-term debt repayments for 2005 consisting primarily of a \$150.0 million note maturing in November.
- Cash payments associated with prior years’ restructuring activities, primarily the 2004 ERIP. As at September 30, 2005, the balance remaining to be paid for the restructuring charge taken in 2004 is \$14.4 million. ERIP participants may elect to receive their payments in whole at their retirement date or they may opt to defer a portion to January following the year of their retirement.
- Dividend payments at the current rates, totalling approximately \$39 million per quarter for common and preferred shares. To the extent that shares are repurchased under the NCIB, the total cash required for dividend payments will be slightly reduced.

- We expect to repurchase the remaining 2,112,678 common shares permitted under our NCIB prior to February 3, 2006.
- Total required contributions to our DB pension plans for 2005 are anticipated to be in the range of \$70 million to \$80 million for 2005, of which \$56.5 million has been made year to date. We are currently updating our DB pension actuarial valuations for the year ended December 31, 2004, and the valuations will be completed and filed with the regulator in the fourth quarter of this year. We will adjust our DB pension funding if necessary based on the outcome of these valuations.
- Other commitments, such as operating leases and purchase commitments for equipment and other network infrastructure, and contingencies as disclosed in notes 10 and 11 to the unaudited interim consolidated financial statements for the period ended September 30, 2005.

### *Sources of liquidity*

We anticipate that we will be able to meet our future cash requirements from cash on hand, the generation of cash from operating activities, and through access to the capital markets as described below.

### *Capital structure*

*(millions of dollars, except as otherwise noted)*

	September 30, 2005		December 31, 2004	
Common equity	\$ 1,259.8	50.6%	\$ 1,358.4	55.6%
Preferred equity	172.3	6.9%	172.3	7.1%
Non-controlling interest	4.0	0.2%	5.2	0.2%
Long-term debt, including amount due within one year	1,049.2	42.2%	896.4	36.7%
Notes payable and bank advances	3.2	0.1%	9.1	0.4%
<b>Total capital</b>	<b>\$ 2,488.5</b>	<b>100.0%</b>	<b>\$ 2,441.4</b>	<b>100.0%</b>
Debt as a percentage of total capital		42.3%		37.1%

### *Common equity*

The rate at which we repurchase common shares under our NCIB is at our discretion. Between October 1 and October 21, 2005, we purchased for cancellation 382,347 shares under the NCIB program for \$10.5 million.

At October 21, 2005, we had the following outstanding shares and stock options:

### Authorized

Unlimited number of preference shares, issuable in series.

Unlimited number of common shares, without par value.

### Issued

(millions of dollars, except as otherwise noted)

October 21, 2005

	Number of shares	Value
Preference shares, series 2	7,000,000	\$ 172.3
Common shares	128,024,427	1,010.8
		\$ 1,183.1

	Number of options	Weighted average exercise price
Options outstanding	2,896,466	\$ 30.25
Options exercisable	2,088,454	\$ 30.34

### *Debt*

Our financial structure provides several possible sources of liquidity:

- We maintain excellent access to capital markets which provides flexibility in our capital structure. We filed a shelf prospectus in May, 2005 that allows us to issue up to \$350.0 million in medium-term notes as and when we require funds during its 25-month life. As noted above, we issued \$150.0 million in medium-term notes in the second quarter of 2005, thus a further \$200.0 million is permitted under the shelf prospectus.
- As at September 30, 2005, we maintained lines of credit totalling \$607.5 million, unchanged from June 30, 2005. Further details on our existing credit arrangements are provided in note 10 to our audited consolidated financial statements for the year ended December 31, 2004.

### *Credit ratings*

	Standard & Poor's (S&P)	Dominion Bond Rating Service (DBRS)
Aliant corporate credit rating	A negative outlook	A (low) negative trend
Aliant preferred shares	P-2 (high)	Pfd-2 (low) negative trend
Aliant commercial paper	A-1	R-1 (low) stable trend
Aliant Telecom unsecured long-term debt	A	A negative trend

### **Other financial arrangements**

Our cash requirements may also be affected by the liquidity risks related to our off-balance sheet arrangements and derivative instruments.

### *Off-balance sheet arrangements*

Under a purchase and sale agreement, we sell certain accounts receivable to a securitization trust. During the second quarter of 2005, we repurchased \$5.0 million of our accounts receivable which reduced our cumulative cash proceeds. At September 30, 2005, cumulative cash proceeds in our securitization trust totalled \$120.0 million and the security required under the program, recorded as retained interest, was \$41.6 million, unchanged from June 30, 2005.

Further details of this arrangement are described in notes 1 and 3 to our audited consolidated financial statements for the year ended December 31, 2004.

### *Use of derivative financial instruments*

The main derivative financial instruments that we use are an interest rate swap and interest rate swaptions. There has been no change in the purpose or terms of these agreements during the third quarter of 2005.

Given current and forecasted interest rate levels over the next year, we anticipate the exercise of our two interest rate swaption agreements upon their expiry dates in March and July of 2006. The exercise of these swaptions by the counterparty will cause us to be placed into a fixed-floating interest rate swap starting in 2006 and lasting until 2013. We will pay fixed interest payments of 10.45 per cent on a notional principal of \$50.0 million and 11.125 per cent on a notional principal of \$40.0 million and, in return, we will receive floating interest payments related to the three-month Banker's Acceptance rates. At September 30, 2005, the fair value of these agreements is \$35.4 million in favour of the counterparty. We have recorded a deferred credit of \$7.7 million related to unamortized premium income we received in 1997 and 2001 in relation to these swaptions. The difference of \$27.7 million is a deferred loss that is not recorded in our financial statements due to the application of hedge accounting treatment to these transactions. If the agreements were to be cancelled as of September 30, 2005, this amount would have to be recorded as a loss on our income statement. The loss that will be recorded on the exercise of the swaptions will depend on interest rate levels in effect on the exercise dates in 2006.

Further details on our derivative financial instruments are provided in notes 1 and 20 to our audited consolidated financial statements for the year ended December 31, 2004.

### **Related party transactions**

Our only significant related party continues to be our majority shareholder, Bell Canada, which is owned 100 per cent by BCE Inc. The nature of our relationship and our related party transactions remain substantially unchanged during the third quarter of 2005. For greater detail on our related party transactions refer to note 1 of our unaudited interim consolidated financial statements for the period ended September 30, 2005 and to note 22 of our audited consolidated financial statements for the year ended December 31, 2004.

## **Significant accounting policies and critical accounting estimates**

Our unaudited interim consolidated financial statements have been prepared in accordance with Canadian GAAP. Our accounting policies and methods and critical accounting estimates and assumptions are consistent with those as described in note 1 to our audited consolidated financial statements for the year ended December 31, 2004, except for the two changes in our accounting policies as anticipated and disclosed in our MD&A contained in our 2004 annual report.

We changed our accounting policies for the treatment of our subscriber acquisition costs and the recognition of our directory revenues and expenses to provide more relevant presentation in the financial statements. Greater detail on changes in accounting policies is provided in note 1 to our unaudited interim consolidated financial statements for the period ended September 30, 2005.

### **Accounting policy developments**

We constantly monitor changes in accounting standards and guidelines to ensure that we remain in adherence with Canadian GAAP.

Changes in accounting standards or guidelines issued to date have not resulted in changes to our accounting in the first nine months, nor are they expected to result in changes during the remainder of 2005.

### **Risk and risk management**

Management is confident about our long-term prospects, but we recognize that we are exposed to a number of risks in the normal course of business that could have a negative effect on our financial condition or results of operations. We identified significant risks that we were aware of for the year ended December 31, 2004, as presented in our MD&A contained in our 2004 annual report.

To date, we have not identified significant changes to the nature of the risks that we are exposed to. We have provided updates to our regulatory and competitive environments in the “Environmental update” section.

### **Legal and other contingencies**

We described certain legal proceedings and other contingencies that involved us in note 24 to our audited consolidated financial statements for the year ended December 31, 2004. In September, 2005, the action that was commenced against us by 132 former employees who took early retirement under a 1998 early retirement incentive program was discontinued on the basis that the parties bear their own legal costs. There have been no significant changes in the legal proceedings involving us that would impact our financial position. Given current circumstances surrounding deferral account rules, we have revised our estimate of the balance of our deferral account to between \$7 million and \$36 million as discussed in note 11 of our unaudited interim consolidated financial statements for the period ended September 30, 2005.

## Pension and other post-employment benefit contributions

Based on valuations performed in 2004 as of December 31, 2003, and estimations of additional funding requirements resulting from the plan amendments made in 2004, required funding for DB pension plans for 2005 is estimated to be in the range of \$70 million to \$80 million. This estimate is subject to change, as actuarial valuations are currently being prepared as of December 31, 2004. Required funding levels for 2005 and beyond will be prescribed as a result of these updated actuarial valuations. The actual impact of such factors as the plan amendments, the ERIP, the discount rate and actuarial experience of the plans could be different than initially anticipated. Therefore the valuations could result in minimum required contributions different than the estimate that has been provided.

## Supplementary financial information

The accompanying table shows selected consolidated financial data for the most recent eight quarters. This quarterly information has been prepared on the same basis as the consolidated financial statements.

### Quarterly financial information (unaudited)

For the eight quarters ended September 30, 2005

(millions of dollars, except for per share amounts)	2003	2004				2005		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Total operating revenues	\$ 530.4	\$ 515.6	\$ 508.7	\$ 499.3	\$ 509.8	\$ 524.4	\$ 517.3	\$ 520.1
Net income from continuing operations	\$ 42.1	\$ 46.0	\$ 40.2	\$ 37.0	\$ 7.5	\$ 43.6	\$ 49.8	\$ 50.8
Net income from discontinued operations	100.4	-	-	-	-	-	-	-
Net income	\$ 142.5	\$ 46.0	\$ 40.2	\$ 37.0	\$ 7.5	\$ 43.6	\$ 49.8	\$ 50.8
Preferred share dividends	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Net income applicable to common shares	\$ 140.1	\$ 43.6	\$ 37.8	\$ 34.7	\$ 5.1	\$ 41.2	\$ 47.4	\$ 48.4
Basic earnings per common share								
Continuing operations	\$ 0.29	\$ 0.33	\$ 0.28	\$ 0.26	\$ 0.04	\$ 0.31	\$ 0.36	\$ 0.37
Discontinued operations	0.75	-	-	-	-	-	-	-
Basic earnings per common share	\$ 1.04	\$ 0.33	\$ 0.28	\$ 0.26	\$ 0.04	\$ 0.31	\$ 0.36	\$ 0.37
Diluted earnings per common share								
Continuing operations	\$ 0.29	\$ 0.33	\$ 0.28	\$ 0.26	\$ 0.04	\$ 0.31	\$ 0.36	\$ 0.37
Discontinued operations	0.74	-	-	-	-	-	-	-
Diluted earnings per common share	\$ 1.03	\$ 0.33	\$ 0.28	\$ 0.26	\$ 0.04	\$ 0.31	\$ 0.36	\$ 0.37

### Impact of factors in the normal course of business

The 2004 results were impacted by a labour disruption, which commenced April 23 and concluded on September 20, and the provision of an ERIP in December. The comparability of 2005 with 2004 operating results is discussed in more depth through this document.

### Trends and seasonality

Our quarterly results are impacted by ongoing trends and seasonality of results as discussed within our MD&A contained in our 2004 annual report. Seasonality of results was significantly

reduced effective January 1, 2005, when we changed our accounting policy for recognition of revenues and expenses in our directory business from the publication-date method to the defer and amortize method. This accounting policy change was applied retroactively with restatement of prior periods. This change eliminates the seasonal fluctuations in the quarterly results from our directory business. As well, during 2005, a trend of improved profitability has emerged in our Information Technology segment due to a combination of the lower cost structure as a result of restructuring activities in prior years and increased demand for IT services.

### *Pension and OPEBs cost*

Most pension and OPEBs accounting assumptions and calculations affect the expense that is recorded for an entire year, and therefore large variations may be seen in these costs from one year to the next. Quarterly comparisons may be impacted by factors such as the outcome of pension valuations, amendments to the pension plans and the variability in quarterly pensionable earnings. In the third quarter of 2005, DC pension plan expense was reduced by a \$1.1 million refund of employer contributions that were made earlier this year.

### **Impact of pension and OPEBs cost (unaudited)**

*For the eight quarters ended September 30, 2005*

<i>(millions of dollars, except for per share amounts)</i>	2003	2004				2005		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Decrease in:								
Net income from continuing operations	\$ (9.9)	\$ (13.3)	\$ (12.2)	\$ (10.7)	\$ (11.7)	\$ (16.0)	\$ (15.7)	\$ (14.8)

### **Impact of factors outside the normal course of business**

During the first three quarters of 2005, we were not impacted by any factors outside the normal course of business. However, previous quarters have been impacted by such factors as illustrated in the accompanying table and discussed in our 2004 annual report.

*For the eight quarters ended September 30, 2005*

<i>(millions of dollars, except for per share amounts)</i>	2003	2004				2005		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Decrease in net income from continuing operations								
Restructuring charge	\$ 0.6	\$ (1.9)	\$ (0.9)	\$ (0.4)	\$ (42.3)	\$ -	\$ -	\$ -
Writedown of investments	(12.3)	-	-	-	-	-	-	-
	\$ (11.7)	\$ (1.9)	\$ (0.9)	\$ (0.4)	\$ (42.3)	\$ -	\$ -	\$ -
Increase (decrease) in net income from discontinued operations								
Gain (loss) on sale of subsidiary	\$ 95.7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Impact on net income	\$ 84.0	\$ (1.9)	\$ (0.9)	\$ (0.4)	\$ (42.3)	\$ -	\$ -	\$ -

## Forward-looking statements

This MD&A contains forward-looking statements related to our future financial condition and results of operations. These statements are based on current expectations and estimates about the markets in which we operate and management's beliefs and assumptions regarding these markets. In some cases, forward-looking statements may be identified by words such as "anticipate", "believe", "could", "expect", "plan", "seek", "may", "intend", "will" and similar expressions. These statements are subject to important risks and uncertainties, which are difficult to predict, and assumptions, which may prove to be inaccurate. Some of the factors that could cause results or events to differ materially from current expectations include but are not limited to: general economic conditions; market or business conditions; changing competitive environment; changing regulatory conditions or requirements; changing technology; changing interest rates and market returns on pension plan investments; and success in implementing productivity initiatives. Some of these factors are largely beyond our control. Should any factor impact us in an unexpected manner, or should assumptions underlying the forward-looking statements prove incorrect, the actual results or events may differ materially from the results or events predicted. All of the forward-looking statements made in this document and the documents referred to within are qualified by these cautionary statements, and there can be no assurance that the results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences for us. Readers should not place undue reliance on any forward-looking statements.