



News Release

Bell Aliant Announces Distribution Increase along with Fourth Quarter and Year End Results

Halifax, NS – February 1, 2007 – Bell Aliant Regional Communications Income Fund (“Bell Aliant” or the “Fund”)¹ (TSX: BA.UN) today reported net earnings of \$163.1 million or \$1.31 per unit for the period from July 7, 2006 to December 31, 2006. The Fund made distributions to its unitholders of \$85.1 million for the fourth quarter and \$163.0 million since July 7, 2006. This represents an annualized distribution rate of \$2.74 per unit.

The Fund also announced that its Board of Trustees has approved a 2.9 per cent increase in its monthly cash distribution to \$0.2350 from \$0.2283 per unit for an annualized distribution rate of \$2.82 per unit. The distribution increase will take effect with February’s monthly distribution which will be paid on or about March 15, 2007, to unitholders of record at the close of business on February 28, 2007. The declaration of future distributions is subject to approval by the Bell Aliant Trustees.

“We have achieved our targets for 2006 and want to share our success with our unitholders,” said Stephen Wetmore, President and Chief Executive Officer. “Our strategy of focusing on customer service and regional markets, with a strong presence in the communities we serve, is producing positive results. This continued confirmation of our business model supports our decision to increase distributions to our unitholders.”

For the quarter ended December 31, 2006, Bell Aliant Holdings LP¹ reported operating revenues of \$852.2 million, EBITDA² of \$374.1 million and distributable cash³ of \$184.0 million.

¹ Bell Aliant commenced operations on July 7, 2006 following the completion of the plan of arrangement of Aliant Inc. (the “Plan of Arrangement”), which was described in Aliant’s management information circular, dated April 14, 2006. Bell Aliant’s results reflect operations from July 7, 2006 to December 31, 2006. Bell Aliant derives all of its income from its indirect ownership in Bell Aliant Regional Communications Holdings, Limited Partnership (“Bell Aliant Holdings LP”). Bell Aliant Holdings LP’s results combine Aliant’s former wireline operation in Atlantic Canada, information technology and other operations and Bell Canada’s former wireline operation in its regional territories in Ontario and Quebec, and indirect interest in Telebec, Limited Partnership and NorthernTel, Limited Partnership.

² We define EBITDA, a non-GAAP measure, as operating income before interest, taxes, depreciation and amortization expense, net benefit plans cost, and restructuring and other charges.

³ We define distributable cash, a non-GAAP measure, as cash from operating activities plus operating items funded through cash reserves or borrowings, such as working capital, pension deficit funding, restructuring costs and cash taxes in excess of normalized levels, plus amounts for current future income tax provisions, less capital expenditures, and the portion of distributable cash attributable to minority holders (other than Bell Canada and BCE Inc.) in controlled subsidiaries.

Consolidated cash distributions declared by Bell Aliant Holdings LP for the quarter were \$154.3 million, consisting of \$85.5 million to the Fund and \$68.8 million to BCE and Bell Canada.

For the full year 2006⁴ Bell Aliant Holdings LP reported pro forma revenue of \$3.4 billion, up 1.5 per cent over 2005, and EBITDA of \$1.5 billion, an increase of 0.4 per cent over the previous year. In 2006, Bell Aliant Holdings LP achieved distributable cash of \$720.1 million or \$3.21 per unit, an increase of 1.3 per cent over 2005 on a pro forma basis.

In the fourth quarter of 2006 Bell Aliant announced a proposal to take Bell Nordiq Income Fund ("Bell Nordiq") private. The transaction was submitted to the Bell Nordiq unitholders for approval at a special meeting on January 16, 2007, where 99.8 per cent of all votes cast and 99.3 per cent of the votes cast by minority unitholders were voted in favour of the privatization. The privatization steps, including the payment by Bell Nordiq to Bell Nordiq unitholders of a special distribution of \$4.00 per unit, or \$131.0 million, in cash on January 29, 2007, and issuance of 0.4113 of a Bell Aliant unit in exchange for each Bell Nordiq unit for a total of 13.5 million units, on January 30, 2007, were completed as planned. Bell Nordiq units ceased trading on the TSX as of the close of business on January 29, 2007 and were delisted at the close of business on January 30, 2007.

Bell Aliant Holdings LP Consolidated Operating Highlights (Pro Forma Q4 2006/Q4 2005)

- Operating revenues up \$16.4 million or 2.0 per cent
 - High-speed Internet and information technology revenue growth offset local and long distance declines
 - High-speed Internet customer growth of 23.9 per cent
 - Information technology revenue growth of 27.1 per cent
- Stable operating income
- Continued strong cash flow

On a pro forma basis, Bell Aliant Holdings LP reported operating revenues of \$852.2 million in the fourth quarter up \$16.4 million or 2.0 per cent over the same period last year. Strong growth in Internet and information technology revenues outpaced declines in local and long distance revenue. Increases in provincial capital tax and professional and consulting fees offset revenue increases resulting in operating income of \$195.0 million, consistent with the same quarter a year ago. Pro forma distributable cash was \$184.0 million, a decrease of 2.6 per cent from the fourth quarter of 2005, as a result of higher pension current service costs and higher capital spending in the fourth quarter of 2006 compared to 2005.

- Local revenues declined by 1.5 per cent to \$362.9 million in the quarter, driven by a decline in network access services (NAS) of 2.0 per cent. Increased local service competition, a reduction in second lines as dial-up Internet customers migrate to high-speed Internet, and product substitution as customers adopt wireless and Voice over Internet Protocol (VoIP) technologies continue to contribute to NAS losses. NAS decline was partially offset by selected rate increases and increasing penetration of enhanced features in the company's customer base.
- Long distance revenues were \$118.4 million in the quarter, a decline of \$9.3 million or 7.3 per cent compared to the same period a year ago. Overall long distance minutes declined by 4.1 per cent in the quarter compared to the same period last year. The primary driver of the declines is substitution to alternate technologies, which are mitigated

⁴ In order to provide meaningful year over year comparisons, Bell Aliant has provided pro forma results with all periods restated to reflect the operation of Bell Aliant Holdings LP as if the Plan of Arrangement had been completed on January 1, 2005.

through programs focused on customer retention, selected price increases and the increased customer adoption of unlimited minute and block of time packages.

- Data and Internet revenue was \$169.8 million, an increase of 5.7 per cent in the quarter compared to the same period last year, led by Internet revenue growth of 17.5 per cent and high-speed Internet customer growth of 23.9 per cent from a year ago. The Internet business continues to demonstrate strong growth driven by service area expansion, programs which make it easier for customers to get online, such as the PC purchase program, and success with new home-based business and small business campaigns.
- Information Technology revenue from the xwave division was \$72.6 million, an increase of 27.1 per cent over the same quarter last year. New contracts for system integration, application services and managed outsourcing, as well as expansion of existing contracts contributed to the increase.
- Other revenues added another \$6.7 million to quarter over quarter revenue growth.
- Distributable cash for the year was \$720.1 million up \$9.4 million or 1.3 per cent from 2005 as a result of growth in pro forma EBITDA and lower interest costs.
- Capital expenditures in the quarter were \$131.1 million and for the year were \$517.5 million, resulting in capital intensity of 15.4 per cent for the year, in line with management's expectations.

Analyst conference call

A conference call with the financial community is scheduled for Friday, February 2, 2007 at 11:00 a.m. (Atlantic). The dial-in numbers are 1-877-888-7019 or 416-695-5261 for Toronto area participants. Media are invited to attend in a listen-only mode. The title of the call is "Bell Aliant Fourth Quarter and Year End 2006 Financial Results." A replay of the session can be heard from February 2 to February 16. To access the replay, dial 1-888-509-0081 or 416-695-5275 (pass code: 638138)

A live audio webcast of the conference call can be accessed on: <http://www.bell.aliant.ca> under the "Webcasts" link in the Investor Relations section. A rebroadcast of the conference call will be available on the website for a period of time.

Forward-looking Statements

This news release contains forward-looking statements concerning anticipated future events, results, circumstances or expectations. Unless otherwise indicated, such forward-looking statements describe our expectations at February 1, 2007. These statements are based on management's beliefs regarding future events, many of which, by their nature are inherently uncertain and beyond management's control. These statements are not guarantees of future performance and are subject to numerous 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; stock market volatility; and market or business conditions. Assumptions made and risk factors considered in the preparation of forward-looking statements are discussed in more detail in Bell Aliant Regional Communications Holdings, Limited Partnership's management's discussion and analysis for the period ended September 30, 2006, a copy of which can be found on the Bell Aliant Regional Communications Income Fund website at www.bell.aliant.ca or at www.sedar.com. Except as may be required by applicable law, we disclaim any intention and assume no obligation to update or revise any forward-looking statement even if new information becomes available, as a result of future events or for any other reason. Readers should not place undue reliance on any forward-looking statements.

About Bell Aliant

Bell Aliant (TSX: BA.UN) is one of North America's largest regional communications providers. Through its operating entities it serves customers in six Canadian provinces with innovative information, communication and technology services including voice, data, Internet, video and value-added business solutions. Through its xwave offices, Bell Aliant also provides IT professional services in Canada and the US. Bell Aliant's 10,000 employees are committed to deliver the highest quality of customer service, choice and convenience.

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