



**Bell Aliant Regional Communications
Income Fund**

**Supplementary Information
(unaudited)**

First Quarter 2009

BELL ALIANT REGIONAL COMMUNICATIONS INCOME FUND

Supplementary Information (unaudited)

Basis of Presentation

The Supplementary Information contained herein presents the results of Bell Aliant Regional Communications Income Fund (Bell Aliant Income Fund or the Fund) and the results of its principal operating subsidiary, Bell Aliant Regional Communications Holdings, Limited Partnership (Bell Aliant Holdings LP).

Readers are cautioned that the Supplementary Information is unaudited and some of the financial measures presented herein do not have standard meanings prescribed by Canadian generally accepted accounting policies (GAAP). See "Non-GAAP Financial Measures" section.

Certain amounts presented in this Supplementary Information are rounded. Accordingly, the columns and rows may not add to the totals presented.

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BELL ALIANT REGIONAL COMMUNICATIONS INCOME FUND

BELL ALIANT INCOME FUND

Supplementary Information (unaudited)

Highlights

(Millions of dollars, except as otherwise indicated)

	2009 Q1	Total	Q4	2008 Q3	Q2	Q1
BELL ALIANT INCOME FUND						
Net earnings						
Equity income from investments	\$66.4	\$255.6	\$66.0	\$76.1	\$69.4	\$44.1
Other revenues	-	0.1	-	0.1	-	-
Total revenues	66.4	255.7	66.0	76.2	69.4	44.1
Expenses	1.0	4.0	0.5	1.5	0.9	1.1
Net earnings from continuing operations	\$65.4	\$251.7	\$65.5	\$74.7	\$68.5	\$43.0
Net earnings (loss) from discontinued operations	0.6	(0.3)	0.1	0.3	(0.7)	-
Net earnings	\$66.0	\$251.4	\$65.6	\$75.0	\$67.8	\$43.0
Distributions						
Distributions declared	\$92.1	\$367.5	\$92.1	\$92.1	\$92.1	\$91.2
Distributions declared per Fund unit	\$0.725	\$2.894	\$0.725	\$0.725	\$0.725	\$0.718
Unitholders' capital (000's)						
Fund units publicly held, beginning of period	126,984	126,950	126,980	126,952	126,952	126,950
Issued (redeemed)	244	34	4	28	-	2
Fund units publicly held, end of period	127,228	126,984	126,984	126,980	126,952	126,952
Exchangeable units held by BCE Inc. / Bell Canada	100,374	100,374	100,374	100,374	100,374	100,374
Deferred units (dilutive)	438	686	686	466	481	468
Fully diluted Fund units, end of period	228,040	228,044	228,044	227,820	227,807	227,794
Average units outstanding - basic	127,098	126,964	126,983	126,971	126,952	126,951
Average units outstanding - fully diluted	227,910	228,024	228,043	227,811	227,807	227,793
Market data						
Market capitalization ⁽¹⁾	\$5,495.8		\$5,370.4	\$5,693.2	\$6,624.6	\$6,831.5
Market price						
High	\$26.85		\$26.20	\$29.42	\$30.55	\$30.15
Low	\$23.01		\$21.00	\$24.83	\$28.76	\$26.00
Close	\$24.10		\$23.55	\$24.99	\$29.08	\$29.99
Distribution yield ⁽²⁾	12.0%		12.3%	11.6%	10.0%	9.6%

⁽¹⁾ Market capitalization - fully diluted Fund units, end of period multiplied by market close price.

⁽²⁾ Distribution yield - distributions declared per Fund unit divided by market close price. This calculation is annualized.

BELL ALIANT REGIONAL COMMUNICATIONS INCOME FUND
BELL ALIANT HOLDINGS LP
Supplementary Information (unaudited)
Highlights
(Millions of dollars, except as otherwise indicated)

	2009	2008				
	Q1	Total	Q4	Q3	Q2	Q1
BELL ALIANT HOLDINGS LP						
Financial measures						
Operating revenues	\$828.0	\$3,282.0	\$813.2	\$815.3	\$815.6	\$837.9
EBITDA ⁽³⁾	\$355.7	\$1,450.9	\$365.6	\$371.0	\$361.0	\$353.3
EBITDA ⁽³⁾ margin	43.0%	44.2%	45.0%	45.5%	44.3%	42.2%
Operating income ⁽³⁾	\$146.0	\$595.8	\$111.1	\$169.3	\$161.5	\$153.9
Current year Q over same Q last year growth						
Operating revenues	(\$9.9) (1.2%)	\$28.7 0.9%	(\$5.9) (0.7%)	\$6.8 0.8%	\$20.2 2.5%	\$7.6 0.9%
EBITDA ⁽³⁾	\$2.4 0.7%	\$12.5 0.9%	\$0.0 0.0%	\$1.2 0.3%	\$5.8 1.6%	\$5.5 1.6%
EBITDA ⁽³⁾ margin	0.8% 1.9%	0.0% 0.0%	0.4% 0.9%	(0.2%) (0.4%)	(0.4%) (0.9%)	0.3% 0.7%
Operating income ⁽³⁾	(\$7.9) (5.1%)	\$91.8 18.2%	(\$30.1) (21.3%)	\$29.5 21.1%	\$108.4 204.1%	(\$16.0) (9.4%)
Operating statistics						
Network Access Services (NAS)	3,054,574		3,092,446	3,134,410	3,158,544	3,179,213
NAS net declines	(37,872)	(109,359)	(41,964)	(24,134)	(20,669)	(22,592)
As a percentage, in the period	(1.2%)	(3.4%)	(1.3%)	(0.8%)	(0.7%)	(0.7%)
NAS net declines, normalized for KMTS acquisition ⁽⁹⁾						(31,792)
As a percentage, in the period						(1.0%)
High-speed Internet (HSI) customers ⁽¹¹⁾	771,675		757,153	744,947	725,242	710,803
HSI customers net additions	14,522	68,440	12,206	19,705	14,439	22,090
As a percentage, in the period	1.9%	9.9%	1.6%	2.7%	2.0%	3.2%
HSI customers net additions, normalized for KMTS acquisition ⁽⁹⁾						19,690
As a percentage, in the period						2.9%
Cash flow measures						
Capital expenditures	\$107.5	\$528.8	\$167.4	\$138.8	\$127.5	\$95.1
Capital intensity ⁽⁴⁾	13.0%	16.1%	20.6%	17.0%	15.6%	11.3%
Distributable cash ⁽³⁾	\$196.5	\$715.6	\$146.2	\$179.3	\$183.3	\$206.8
Distributable cash ⁽³⁾ per Fund unit ⁽⁵⁾	\$0.862	\$3.141	\$0.641	\$0.787	\$0.805	\$0.908
Distributions declared ⁽⁶⁾	\$164.9	\$657.9	\$164.8	\$164.9	\$164.9	\$163.3
Payout ratio ⁽⁷⁾	83.9%	91.9%	112.7%	92.0%	90.0%	79.0%
Current year Q over same Q last year growth						
Distributable cash ⁽³⁾	(\$10.3) (5.0%)	\$14.2 2.0%	(\$23.3) (13.7%)	\$1.7 1.0%	\$21.1 13.0%	\$14.7 7.7%

⁽³⁾ The terms EBITDA, Operating income and Distributable cash do not have any standardized meaning prescribed by Canadian GAAP. Refer to the "Non-GAAP Financial Measures" section for definitions and reconciliations to the most comparable GAAP financial measures.

⁽⁴⁾ Capital intensity - capital expenditures divided by operating revenues.

⁽⁵⁾ Distributable cash ⁽³⁾ per Fund unit - Distributable cash ⁽³⁾ divided by average fully diluted Fund units outstanding.

⁽⁶⁾ Distributions declared - sum of distributions declared by the Fund and distributions declared by Bell Aliant Holdings LP and Bell Aliant LP on exchangeable units held by BCE Inc. and Bell Canada.

⁽⁷⁾ Payout ratio - distributions declared divided by Distributable cash ⁽³⁾.

BELL ALIANT REGIONAL COMMUNICATIONS INCOME FUND

Supplementary Information (unaudited)

(Millions of dollars, except as otherwise indicated)

BELL ALIANT HOLDINGS LP
Summary of quarterly financial results

	2009	2008				
	Q1	Total	Q4	Q3	Q2	Q1
BELL ALIANT HOLDINGS LP						
Net earnings						
Operating revenues	\$828.0	\$3,282.0	\$813.2	\$815.3	\$815.6	\$837.9
Expenses	472.3	1,831.1	447.6	444.3	454.6	484.6
EBITDA ⁽³⁾	355.7	1,450.9	365.6	371.0	361.0	353.3
Net cost of benefit plans	22.2	78.3	3.6	25.1	24.8	24.8
Depreciation and amortization	177.2	716.1	190.3	176.6	174.7	174.5
Restructuring and other charges	10.3	60.7	60.6	-	-	0.1
Operating income ⁽³⁾	146.0	595.8	111.1	169.3	161.5	153.9
Other expenses (income)	(0.4)	(2.3)	(4.2)	(0.6)	0.6	1.9
Interest charges	37.5	156.9	39.4	38.2	39.7	39.6
Income tax expense (recovery)	(9.1)	(21.8)	(17.2)	(1.0)	(5.4)	1.8
Non-controlling interest	36.3	131.1	13.3	39.6	41.8	36.4
Net earnings from continuing operations	81.7	331.9	79.8	93.1	84.8	74.2
Net earnings (loss) from discontinued operations	0.8	(9.7)	0.2	0.4	(0.4)	(9.9)
Net earnings	\$82.5	\$322.2	\$80.0	\$93.5	\$84.4	\$64.3

BELL ALIANT REGIONAL COMMUNICATIONS INCOME FUND
**BELL ALIANT HOLDINGS LP
Operating revenues and growth**
Supplementary Information (unaudited)
(Millions of dollars, except as otherwise indicated)

		2009	2008 ⁽⁶⁾				
		Q1	Total	Q4	Q3	Q2	Q1
Operating revenues							
Local and access		\$338.2	\$1,406.3	\$350.5	\$356.8	\$352.2	\$346.8
Long distance		\$106.0	452.3	\$109.8	117.0	112.8	112.7
Data:	Internet	102.8	388.6	101.8	98.0	96.0	92.8
	Other	97.4	410.1	106.9	100.9	101.3	101.0
	Total data	200.2	798.7	208.7	198.9	197.3	193.8
Information technology:	IT services	27.9	118.2	27.3	24.5	26.7	39.7
	Fulfillment	88.6	197.1	35.2	41.3	53.0	67.6
	Total IT	116.5	315.3	62.5	65.8	79.7	107.3
Wireless		19.8	80.8	21.5	21.9	19.5	17.9
Other revenues:	Innovatia	5.6	24.8	6.3	5.9	6.5	6.1
	Product sales	14.4	70.5	22.9	16.9	15.6	15.1
	Rentals	6.6	29.6	7.0	7.4	7.5	7.7
	Other	20.7	103.7	24.0	24.7	24.5	30.5
	Total other revenues	47.3	228.6	60.2	54.9	54.1	59.4
		\$828.0	\$3,282.0	\$813.2	\$815.3	\$815.6	\$837.9
Current year Q over same Q last year growth							
Local and access		(\$8.6) (2.5%)	(\$24.8) (1.7%)	(\$4.0) (1.1%)	(\$4.6) (1.3%)	(\$8.1) (2.2%)	(\$8.1) (2.3%)
Long distance		(\$6.7) (5.9%)	(\$22.5) (4.7%)	(\$6.6) (5.7%)	(\$7.7) (6.2%)	(\$5.7) (4.8%)	(\$2.5) (2.2%)
Data:	Internet	\$10.0 10.8%	\$41.1 11.8%	\$11.7 13.0%	\$11.7 13.6%	\$9.4 10.9%	\$8.3 9.8%
	Other	(\$3.6) (3.6%)	\$2.0 0.5%	\$4.2 4.1%	(\$4.9) (4.6%)	\$4.0 4.1%	(\$1.3) (1.3%)
	Total data	\$6.4 3.3%	\$43.1 5.7%	\$15.9 8.2%	\$6.8 3.5%	\$13.4 7.3%	\$7.0 3.7%
Information technology:	IT services	(\$11.8) (29.7%)	\$35.4 42.8%	\$3.8 16.2%	\$7.2 41.6%	\$7.7 40.5%	\$16.7 72.6%
	Fulfillment	\$21.0 31.1%	\$17.5 9.7%	(\$3.6) (9.3%)	\$7.8 23.3%	\$16.6 45.6%	(\$3.3) (4.7%)
	Total IT	\$9.2 8.6%	\$52.9 20.2%	\$0.2 0.3%	\$15.0 29.5%	\$24.3 43.9%	\$13.4 14.3%
Wireless		\$1.9 10.6%	\$16.4 25.5%	\$4.5 26.5%	\$4.6 26.6%	\$4.0 25.8%	\$3.3 22.6%
Other revenues:	Innovatia	(\$0.5) (8.2%)	(\$1.0) (3.9%)	(\$0.1) (1.6%)	(\$0.4) (6.3%)	\$0.0 0.0%	(\$0.5) (7.6%)
	Product sales	(\$0.7) (4.6%)	(\$6.2) (8.1%)	\$0.7 3.2%	(\$3.2) (15.9%)	(\$1.9) (10.9%)	(\$1.8) (10.7%)
	Rentals	(\$1.1) (14.3%)	(\$3.7) (11.1%)	(\$1.0) (12.5%)	(\$0.9) (10.8%)	(\$0.9) (10.7%)	(\$0.9) (10.5%)
	Other	(\$9.8) (32.1%)	(\$25.5) (19.7%)	(\$15.5) (39.2%)	(\$2.8) (10.2%)	(\$4.9) (16.7%)	(\$2.3) (7.0%)
	Total other revenues	(\$12.1) (20.4%)	(\$36.4) (13.7%)	(\$15.9) (20.9%)	(\$7.3) (11.7%)	(\$7.7) (12.5%)	(\$5.5) (8.5%)

⁽⁶⁾ We have reclassified VoIP services revenue of our Ontario and Quebec regional territories from Other data to Local and access in all previously reported quarters to more accurately reflect their nature.

BELL ALIANT REGIONAL COMMUNICATIONS INCOME FUND
Supplementary Information (unaudited)

BELL ALIANT HOLDINGS LP
Operating revenues statistics

	2009	2008				
	Q1	Total	Q4	Q3	Q2	Q1
Network access service (NAS)						
Residential	2,013,563		2,042,250	2,072,902	2,096,004	2,113,657
Business	1,041,011		1,050,196	1,061,508	1,062,540	1,065,556
Total	3,054,574		3,092,446	3,134,410	3,158,544	3,179,213
NAS net declines	(37,872)	(109,359)	(41,964)	(24,134)	(20,669)	(22,592)
NAS net declines, normalized for KMTS acquisition ⁽⁹⁾						(31,792)
Long distance minutes (thousand's)	1,130,851	4,548,476	1,132,174	1,103,777	1,141,324	1,171,201
Revenue per long distance minute	\$0.090	\$0.095	\$0.093	\$0.102	\$0.095	\$0.092
Wireless customers						
Prepaid	18,284		18,724	18,526	17,543	16,994
Postpaid	95,706		95,223	95,154	92,409	88,994
Total	113,990		113,947	113,680	109,952	105,988
Wireless net additions	43	19,022	267	3,728	3,964	11,063
Wireless net additions, normalized for KMTS acquisition ⁽⁹⁾						2,063
Churn - postpaid wireless	1.2%	1.4%	1.9%	1.2%	1.1%	1.2%
Wireless - average revenue per customer (ARPC) ⁽¹⁰⁾						
Prepaid	\$19.68	\$22.30	\$21.23	\$23.59	\$22.60	\$21.79
Postpaid	\$64.10	\$67.65	\$69.56	\$71.58	\$65.36	\$63.66
Total	\$56.90	\$60.36	\$61.68	\$63.83	\$58.53	\$57.00
High-speed Internet (HSI) customers ⁽¹¹⁾	771,675		757,153	744,947	725,242	710,803
HSI customer net additions	14,522	68,440	12,206	19,705	14,439	22,090
HSI customer net additions, normalized for KMTS acquisition ⁽⁹⁾						19,690
Residential HSI ARPC ⁽¹¹⁾	\$36.94	\$36.01	\$36.96	\$36.16	\$35.76	\$35.09
Current year Q over same Q last year growth						
Long distance minutes	(40,350) (3.4%)	(175,733) (3.7%)	(33,630) (2.9%)	(54,304) (4.7%)	(45,271) (3.8%)	(42,528) (3.5%)
Wireless ARPC - total ⁽¹⁰⁾	(\$0.10) (0.2%)	\$3.00 5.2%	\$3.51 6.0%	\$2.46 4.0%	\$2.18 3.9%	\$3.65 6.8%
Churn - postpaid wireless	0.0% 0.0%	(0.3%) (17.6%)	0.5% 35.7%	(0.3%) (20.0%)	(1.3%) (54.2%)	(0.2%) (14.3%)
Residential HSI ARPC ⁽¹¹⁾	\$1.85 5.3%	\$1.26 3.6%	\$2.54 7.4%	\$2.46 7.3%	\$0.59 1.7%	(\$0.71) (2.0%)
Current year-to-date over same year-to-date last year growth						
NAS	(124,639) (3.9%)	(109,359) (3.4%)	(109,677) (3.4%)	(106,219) (3.3%)	(107,732) (3.3%)	
Wireless customers	8,002 7.5%	19,022 20.0%	21,724 23.6%	21,737 24.6%	19,841 23.0%	
HSI customers ⁽¹¹⁾	60,872 8.6%	68,440 9.9%	79,538 12.0%	82,808 12.9%	90,286 14.6%	

⁽⁹⁾ The acquisition of Kenora Municipal Telephone System on February 1, 2008, added approximately 5,100 residential and 4,100 business NAS customers, 9,000 wireless customers, and 2,400 HSI customers to our existing base as of that date.

⁽¹⁰⁾ The Wireless ARPC for 2008 have been restated to more accurately reflect KMTS wireless revenues.

⁽¹¹⁾ The HSI customers and residential HSI ARPC have been restated in all prior periods to more accurately reflect customer counts.

BELL ALIANT REGIONAL COMMUNICATIONS INCOME FUND

Supplementary Information (unaudited)

BELL ALIANT HOLDINGS LP

Capital structure

	2009 Q1	Total	Q4	2008 Q3	Q2	Q1
Capital structure						
Partners' equity	52.0%		52.5%	52.3%	52.3%	52.1%
Non-controlling interest	17.6%		17.8%	18.1%	18.1%	18.1%
Net debt ⁽¹²⁾	30.4%		29.7%	29.6%	29.6%	29.8%
	<u>100.0%</u>		<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Return Statistics						
Return on partners' equity ⁽¹³⁾	6.8%	6.6%	6.5%	7.6%	6.8%	5.4%
Return on invested capital ⁽¹⁴⁾	6.2%	5.9%	5.1%	6.7%	6.4%	5.5%
Net debt to EBITDA ^{(3) (15)}	2.0		1.9	1.9	1.9	2.0
Interest coverage ⁽¹⁶⁾	3.8		3.8	4.0	3.8	3.1
Cash flow to interest ⁽¹⁷⁾	7.2		7.1	7.5	7.4	7.3

Ratings	Standard & Poor's	DBRS
Bell Aliant LP senior unsecured debt	BBB, negative outlook	BBB (high), stable trend
Bell Aliant LP commercial paper	Not rated	R-1 (low), stable trend
Télébec and NorthernTel debentures	BBB, negative outlook	BBB (high), stable trend
Bell Aliant Income Fund units	SR-2, stable (moderate)	STA-2 (high)
<i>There have been no changes to our ratings during 2009.</i>		

⁽¹²⁾ Net debt - long-term debt, long-term debt due within one year, short-term debt, and notes payable to related party, less cash and cash equivalents and notes receivable from related parties that are readily convertible to cash.

⁽¹³⁾ Return on partners' equity - net earnings, divided by average book value of partners' equity for the period. This calculation is annualized.

⁽¹⁴⁾ Return on invested capital - net earnings plus non-controlling interest and interest charges net of taxes for the period, divided by average book value of total capital (partners' equity, non-controlling interest and net debt) for the period. This calculation is annualized.

⁽¹⁵⁾ Net debt to EBITDA ⁽³⁾ - Net debt at the end of the period divided by EBITDA ⁽³⁾ (current quarter plus three (3) previous quarters).

⁽¹⁶⁾ Interest coverage - Operating income ⁽³⁾ plus other income (expense) divided by interest charges (current quarter plus three (3) previous quarters).

⁽¹⁷⁾ Cash flow to interest - Cash from operating activities (before change in operating assets and liabilities) divided by interest charges (current quarter plus three (3) previous quarters).

BELL ALIANT REGIONAL COMMUNICATIONS INCOME FUND
NON-GAAP FINANCIAL MEASURES
Supplementary Information (unaudited)
Distributable cash
(Millions of dollars, except as otherwise indicated)

	2009	2008				
	Q1	Total	Q4	Q3	Q2	Q1
Distributable cash ⁽¹⁸⁾ reconciled to EBITDA ⁽³⁾						
EBITDA ⁽³⁾	\$355.7	\$1,450.9	\$365.6	\$371.0	\$361.0	\$353.3
Cash funding of current service cost for net benefit plans ⁽¹⁹⁾	(17.5)	(\$70.4)	(18.1)	(18.1)	(17.2)	(17.0)
Cash capital taxes included in EBITDA ⁽²⁰⁾	2.1	\$10.4	2.1	2.9	2.4	3.0
Fund expenses ⁽²¹⁾	(1.0)	(\$4.2)	(0.8)	(1.4)	(0.9)	(1.1)
	339.3	\$1,386.7	348.8	354.4	345.3	338.2
Other income (expenditures) ⁽²²⁾	-	2.3	3.0	-	0.3	(1.0)
Interest expense ⁽²³⁾	(36.0)	(149.5)	(38.6)	(36.8)	(37.0)	(37.1)
Capital expenditures	(107.5)	(528.8)	(167.4)	(138.8)	(127.5)	(95.1)
Distributable cash of discontinued operations ⁽²⁴⁾	0.7	4.9	0.4	0.5	2.2	1.8
Distributable cash ⁽¹⁸⁾	\$196.5	\$715.6	\$146.2	\$179.3	\$183.3	\$206.8
Distributable cash ⁽¹⁸⁾ reconciled to cash from (used in) operating activities						
Cash from (used in) operating activities	\$210.2	\$1,255.5	\$360.1	\$310.8	\$348.5	\$236.1
Add (deduct):						
Cash from operating activities of discontinued operations ⁽²⁴⁾	0.7	4.9	0.4	0.5	2.2	1.8
Cash from operating activities of the Fund ⁽²⁵⁾	(12.0)	(0.3)	(0.1)	0.3	(0.2)	(0.3)
Capital expenditures	(107.5)	(528.8)	(167.4)	(138.8)	(127.5)	(95.1)
<i>Standardized distributable cash ⁽¹⁸⁾</i>	<i>91.4</i>	<i>731.3</i>	<i>193.0</i>	<i>172.8</i>	<i>223.0</i>	<i>142.5</i>
Add (deduct):						
Operating items funded through cash reserves or borrowing:						
Change in operating assets and liabilities (working capital)	66.7	(139.9)	(121.4)	(10.5)	(57.1)	49.1
Change in operating assets and liabilities (working capital) of the Fund ⁽²⁵⁾	11.0	(3.6)	(0.4)	(1.7)	(0.7)	(0.8)
Pension deficit funding ⁽¹⁹⁾	13.7	49.2	12.3	11.9	12.6	12.4
Restructuring charges	9.4	60.7	60.6	-	-	0.1
Capital taxes in excess of normalized levels ⁽²⁰⁾	2.1	10.4	2.1	2.9	2.4	3.0
Other adjustments ⁽¹⁸⁾ :						
Current income tax expense (recovery)	-	(7.6)	(3.7)	-	-	(3.9)
Other non-cash items provided for in working capital changes	2.2	15.1	3.7	3.9	3.1	4.4
Distributable cash ⁽¹⁸⁾	\$196.5	\$715.6	\$146.2	\$179.3	\$183.3	\$206.8

⁽¹⁸⁾ The terms Standardized distributable cash and Distributable cash do not have any standardized meanings prescribed by Canadian GAAP. They are therefore unlikely to be comparable to similar measures presented by other issuers. Standardized distributable cash and Distributable cash are presented on a consistent basis from period to period.

We define Standardized distributable cash from a cash flow perspective following CICA guidance which uses cash from operating activities and adds or deducts the following items that affect cash flow: (i) cash from operating activities of discontinued operations and the Fund, as this represents operating cash from activities other than the continuing operations of Bell Aliant Holdings LP which is available for distribution; and (ii) capital expenditures. CICA guidance on the calculation of this Standardized distributable cash measure would also include deductions related to any restrictions imposed on the amount of cash distributions as a result of compliance with financial covenants restrictive at the date of calculation. Our credit agreements only impose a restriction that distributions cannot exceed Distributable cash over the last year if our credit ratings fall below investment grade. Since our ratings are within the investment grade categories, we are under no such restrictions.

We further adjust Standardized distributable cash by the following operating items funded through cash reserves or borrowings and other adjustments to define our Distributable cash: (iii) operating items funded through cash reserves or borrowings, such as changes in operating assets and liabilities (working capital), pension deficit funding, restructuring and other charges, and capital taxes in excess of normalized levels. We then adjust working capital changes by the following items: (iv) current income tax provisions (recoveries) are added back (deducted) as we have tax strategies in place to ensure that they are not payable in cash; and (v) other elements of working capital changes that should not result in actual current or future cash flows.

We also define and calculate Distributable cash as EBITDA less (i) cash funding requirement for current service pension costs for defined benefit pension plans and other employee benefit plans to the extent not already deducted in determining EBITDA; (ii) an adjustment to cash capital taxes to reflect a normalized level that will be achieved once announced provincial tax rate reductions come into effect in future years; (iii) expenses incurred by the Fund as these are not included in the EBITDA of Bell Aliant Holdings LP; (iv) cash interest expense; (v) other cash income or expenses that may be incurred to the extent not included in EBITDA; (vi) adjustments for certain one-time or other normalizing expense items; (vii) capital expenditures; and (viii) the portion of Distributable cash generated by discontinued operations.

Distributable cash is presented on a fully diluted basis (i.e. without deduction for a minority interest that Bell Canada holds in the subsidiaries of Bell Aliant Holdings LP).

Standardized distributable cash and Distributable cash should not be confused with cash from operating activities which is the most comparable Canadian GAAP financial measure.

We use Distributable cash, among other measures, to assess the financial performance of our ongoing business. We report Standardized distributable cash to meet compliance with the new CICA guidance for income trusts and other flow-through entities. These non-GAAP financial measures should not be seen as a measure of liquidity or as a substitute for comparable metrics prepared in accordance with GAAP. We believe that certain investors and analysts use Distributable cash to measure Bell Aliant Holdings LP's and the Fund's, as well as other open-ended trusts', ability to generate a sustainable return for unitholders.

⁽¹⁹⁾ Represents the cash funding requirement related to current service cost in our pension plans and other post employment benefit plans for the period that is not included in EBITDA. The portion of cash funding required for our pension plans that exceeds current service cost will be funded through cash reserves or borrowing.

⁽²⁰⁾ EBITDA is net of expenses for certain capital taxes. These are added back in the Distributable cash reconciliation because only a normalized level of these cash taxes (to reflect announced future rate reductions) is deducted in determining our Distributable cash. As the provinces in which we operate have announced the elimination of capital taxes, the entire amount of cash capital taxes is considered to be in excess of normalized levels, and will be funded through cash reserves or borrowing.

⁽²¹⁾ Represents cash expenses of Bell Aliant Income Fund other than interest expense. See note 23 below.

⁽²²⁾ Represents the cash portion of other income (expenditures). Losses and fees associated with our accounts receivable securitization program are included as other expenditures. Also, to the extent that other elements of net earnings include non-cash amounts (such as amortization charges or deferred unit plan costs) they are excluded from Distributable cash in the period.

⁽²³⁾ Represents interest expense incurred by Bell Aliant Holdings LP or Bell Aliant Income Fund, excluding non-cash amortization charges.

⁽²⁴⁾ Represents the contribution to Standardized distributable cash / Distributable cash of the discontinued operations of Atlantic Mobility Products Limited Partnership (AMP) and our Defence, Security and Aerospace (DSA) business.

⁽²⁵⁾ Operating and financing cash flows of the Fund have been restated in all prior periods to better reflect their nature.

BELL ALIANT REGIONAL COMMUNICATIONS INCOME FUND
Supplementary Information (unaudited)
(Millions of dollars, except as otherwise indicated)
NON-GAAP FINANCIAL MEASURES
Operating income and EBITDA

	2009 Q1	Total	Q4	2008 Q3	Q2	Q1
Operating income ⁽²⁶⁾						
Operating revenues	\$828.0	\$3,282.0	\$813.2	\$815.3	\$815.6	\$837.9
Expenses	682.0	2,686.2	702.1	646.0	654.1	684.0
Operating income ⁽²⁶⁾	<u>\$146.0</u>	<u>\$595.8</u>	<u>\$111.1</u>	<u>\$169.3</u>	<u>\$161.5</u>	<u>\$153.9</u>
EBITDA ⁽²⁷⁾						
Operating income ⁽²⁶⁾	\$146.0	\$595.8	\$111.1	\$169.3	\$161.5	\$153.9
Add:						
Net cost of benefit plans	22.2	78.3	3.6	25.1	24.8	24.8
Depreciation and amortization	177.2	716.1	190.3	176.6	174.7	174.5
Restructuring and other charges	10.3	60.7	60.6	-	-	0.1
EBITDA ⁽²⁷⁾	<u>\$355.7</u>	<u>\$1,450.9</u>	<u>\$365.6</u>	<u>\$371.0</u>	<u>\$361.0</u>	<u>\$353.3</u>

⁽²⁶⁾ The term operating income does not have any standardized meaning prescribed by Canadian GAAP. It is therefore unlikely to be comparable to similar measures presented by other companies. Operating income is presented on a consistent basis from period to period. Operating income represents operating revenues less expenses.

We use Operating income, among other measures, to assess the operating performance of our ongoing business. We believe that certain investors and analysts use Operating income to measure Bell Aliant Holdings LP's and other companies' ability to generate growth or as a common valuation measurement in the telecommunications industry.

Operating income should not be confused with operating revenues or expenses which are the most comparable Canadian GAAP financial measures.

⁽²⁷⁾ The term EBITDA (earnings before interest, taxes, depreciation and amortization) does not have any standardized meaning prescribed by Canadian GAAP. It is therefore unlikely to be comparable to similar measures presented by other companies. EBITDA is presented on a consistent basis from period to period. We define EBITDA as operating revenues less expenses, which means it represents Operating income before depreciation and amortization expense, net cost of benefit plans, and restructuring and other charges. Operating income is calculated before interest and income taxes are deducted.

We use EBITDA, among other measures, to assess the operating performance of our ongoing businesses without the effects of depreciation and amortization expense, net cost of benefit plans, and restructuring and other charges. We exclude depreciation and amortization expense and net cost of benefit plans because they largely depend on the accounting methods and assumptions a company uses, as well as non-operating factors, such as the historical cost of capital investments and the fund performance of a company's pension plans. We exclude these items because they affect the comparability of our financial results and could potentially distort the analysis trends in business performance. Excluding restructuring and other charges does not imply they are necessarily non-recurring. EBITDA allows us to compare our operating performance on a consistent basis. We believe that certain investors and analysts use this measure to assess Bell Aliant Holdings LP's and other companies' ability to service debt, make capital distributions to unitholders and to meet other payment obligations, or as a common valuation measurement in the telecommunications industry.

EBITDA should not be confused with operating revenues or expenses which are the most comparable Canadian GAAP financial measures.

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