

Bell Aliant

Bell Aliant Inc.

**Supplementary Information
(unaudited)**

First Quarter 2011

BELL ALIANT INC.
Supplementary Information (unaudited)

Basis of Presentation

On January 1, 2011, Bell Aliant Regional Communications Income Fund (the Fund) completed its conversion from an income trust structure to a corporate structure (the Conversion). As part of the Conversion, the legal structure of the Fund and Bell Aliant Regional Communications Holdings, Limited Partnership (Bell Aliant Holdings LP) were changed, but there was no substantial change in our underlying business model, operating plans, ownership or control. Therefore, Bell Aliant Inc. and Bell Aliant Regional Communications Inc. (Bell Aliant GP) became the successors to and have carried on the operations of the Fund and Bell Aliant Holdings LP, respectively. In addition, on January 1, 2011, we adopted International Financial Reporting Standards (IFRS) with an effective date of transition of January 1, 2010. Previously, our consolidated financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP). As such, the 2010 financial information presented herein has been restated to reflect IFRS. Refer to the interim financial statements and notes for Bell Aliant Inc. and Bell Aliant GP for the period ended March 31, 2011, for further information on the Conversion and transition to IFRS.

The Supplementary Information contained herein presents the results of Bell Aliant Inc. and the results of its principal operating subsidiary, Bell Aliant GP.

Readers are cautioned that the Supplementary Information is unaudited and some of the financial measures presented herein do not have standard meanings prescribed by IFRS.

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 INC.
Supplementary Information (unaudited)

BELL ALIANT INC.
Highlights

(millions of dollars, except as otherwise indicated)

	2011 Q1	Total	2010 Q4	2010 Q3	2010 Q2	2010 Q1
BELL ALIANT INC.						
Net earnings						
Equity income (loss) from investments	\$88.2	(\$1,046.0)	(\$1,395.3)	(\$0.5)	\$47.9	\$301.9
Operating expenses	1.0	3.4	0.9	0.5	1.4	0.6
Income tax recovery	(0.3)	-	-	-	-	-
Net earnings (loss) from continuing operations	\$87.5	(\$1,049.4)	(\$1,396.2)	(\$1.0)	\$46.5	\$301.3
Net earnings (loss) from discontinued operations	(3.4)	(0.1)	(0.7)	0.6	-	-
Net earnings (loss)	\$84.1	(\$1,049.5)	(\$1,396.9)	(\$0.4)	\$46.5	\$301.3
Dividends/Distributions						
Dividends/Distributions declared	\$108.2	\$369.4	\$92.4	\$92.4	\$92.3	\$92.3
Dividends/Distributions declared per Bell Aliant Inc. share/Fund unit	\$0.475	\$2.900	\$0.725	\$0.725	\$0.725	\$0.725
Shareholders'/Unitholders' capital (thousands)						
Fully diluted Bell Aliant Inc. shares/Fund units, end of period	228,714	228,738	228,738	228,425	228,409	228,393
Average shares/units outstanding - basic	227,776	127,352	127,391	127,385	127,360	127,271
Average shares/units outstanding - fully diluted	228,703	228,695	228,734	228,425	228,384	228,387
Earnings per share / unit (dollars)						
Earnings (loss) per unit (diluted)	-	(8.24)	(10.97)	-	0.37	0.49
Earnings per share (diluted)	0.37	-	-	-	-	-
Purchase price allocation amortization, net of income taxes, per share	0.07	n.m.	n.m.	n.m.	n.m.	n.m.
Adjusted earnings per share ⁽¹⁾	0.44	n.m.	n.m.	n.m.	n.m.	n.m.
Market data						
Market capitalization ⁽²⁾	\$6,138.7		\$5,944.9	\$5,909.4	\$5,808.4	\$5,803.5
Market price (dollars)						
High	\$27.69		\$28.30	\$26.20	\$26.50	\$28.40
Low	\$26.10		\$25.70	\$25.06	\$24.74	\$24.99
Close	\$26.84		\$25.99	\$25.87	\$25.43	\$25.41
Dividend/Distribution yield ⁽³⁾	7.1%		11.2%	11.2%	11.4%	11.4%

⁽¹⁾ The term adjusted earnings per share does not have any standardized meaning prescribed by IFRS. It is therefore unlikely to be comparable to similar measures presented by other companies. We define adjusted earnings per share as diluted earnings per share adjusted for the per share effect of purchase price allocation amortization, net of income taxes.

We use adjusted earnings per share, among other measures, to assess the operating performance of our ongoing business without the after tax effect of the purchase price allocation amortization. We exclude this item because the amortization of certain finite-life intangible assets related to customer relationships acquired in previous business combinations relates to assets that will largely not be replaced through future capital spending. The costs we incur in relation to acquiring any new subscribers and retaining existing ones are captured in operating expenses. We exclude this item because it can effect the comparability of our financial results and could potentially distort the analysis of trends in business performance. Excluding this item does not imply it is non-recurring.

We believe certain investors and analysts use this measure to assess our ability to pay dividends and as a common valuation measurement in our industry. Adjusted earnings per share should not be confused with diluted earnings per share, which is the most comparable IFRS financial measure. Adjusted earnings per share is presented on a consistent basis from period to period.

⁽²⁾ Market capitalization - fully diluted Bell Aliant Inc. shares/Fund units, end of period multiplied by market close price.

⁽³⁾ Dividend/Distribution yield - dividends/distributions declared per Bell Aliant Inc. share/Fund unit divided by market close price. This calculation is annualized.

n.m. Not meaningful

BELL ALIANT INC.
Bell Aliant GP
Supplementary Information (unaudited)
Highlights
(millions of dollars, except as otherwise indicated)

	2011	2010				
	Q1	Total	Q4	Q3	Q2	Q1
Bell Aliant GP						
Financial measures						
Operating revenues	\$681.6	\$2,807.4	\$714.9	\$703.7	\$700.1	\$688.7
EBITDA ⁽⁸⁾ before pension current service costs	\$344.8	\$1,428.7	\$358.4	\$362.3	\$356.2	\$351.8
EBITDA ⁽⁸⁾	\$329.3	\$1,376.1	\$345.1	\$349.3	\$343.0	\$338.7
EBITDA ⁽⁸⁾ margin ⁽⁴⁾	48.3%	49.0%	48.3%	49.6%	49.0%	49.2%
Current year Q over same Q last year growth						
Operating revenues	(\$7.1) (1.0%)	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA ⁽⁸⁾ before pension current service costs	(\$7.0) (2.0%)	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA ⁽⁸⁾	(\$9.4) (2.8%)	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA ⁽⁸⁾ margin ⁽⁴⁾	(0.9%) (1.8%)	n.a.	n.a.	n.a.	n.a.	n.a.
Operating statistics						
Network Access Services (NAS)	2,742,691		2,775,874	2,818,601	2,854,047	2,877,576
NAS net declines	(33,183)	(140,282)	(42,727)	(35,446)	(23,529)	(38,580)
As a percentage, in the period	(1.2%)	(4.8%)	(1.5%)	(1.2%)	(0.8%)	(1.3%)
High-speed Internet (HSI) customers	851,261		842,460	837,167	827,591	819,886
HSI customers net additions	8,801	34,820	5,293	9,576	7,705	12,246
As a percentage, in the period	1.0%	4.3%	0.6%	1.2%	0.9%	1.5%
IPTV subscribers	53,683		49,296	43,180	38,588	35,808
IPTV subscribers net additions	4,387	16,052	6,116	4,592	2,780	2,564
As a percentage, in the period	8.9%	48.3%	14.2%	11.9%	7.8%	7.7%
Cash flow measures						
Capital expenditures	\$119.5	\$494.0	\$162.0	\$113.4	\$124.3	\$94.3
Capital intensity ⁽⁵⁾	17.5%	17.6%	22.7%	16.1%	17.8%	13.7%
Free cash flow before lump sum contribution to defined benefit pension plans ⁽¹⁰⁾	\$88.1	\$530.8	\$149.9	\$143.7	\$180.5	\$56.7
Dividends/Distributions declared ⁽⁶⁾	\$108.2	\$660.5	\$165.2	\$165.1	\$165.1	\$165.1
Payout ratio ⁽⁷⁾	122.8%	124.4%	110.2%	114.9%	91.5%	291.2%
Current year Q over same Q last year growth						
Free cash flow before lump sum contribution to defined benefit pension plans ⁽¹⁰⁾	\$31.4 55.4%	(\$117.4) (18.1%)	(\$56.5) (27.4%)	(\$18.5) (11.4%)	(\$1.4) (0.8%)	(\$41.0) (42.0%)

⁽⁴⁾ EBITDA ⁽⁸⁾ margin - EBITDA ⁽⁸⁾ divided by operating revenues.

⁽⁵⁾ Capital intensity - capital expenditures divided by operating revenues.

⁽⁶⁾ Dividends declared - dividends declared by Bell Aliant Inc. in 2011 on common shares. Distributions declared - sum of distributions declared in 2010 by the Fund and distributions declared in 2010 by Bell Aliant Holdings LP and Bell Aliant Regional Communications, Limited Partnership (Bell Aliant LP) on exchangeable units held by BCE Inc. and Bell Canada.

⁽⁷⁾ Payout ratio - dividends / distributions declared ⁽⁶⁾ divided by free cash flow before lump sum contribution to defined benefit pension plans ⁽¹⁰⁾.

n.a. Current year Q over same Q last year growth information is not available for 2010 as 2009 financial information was not restated for IFRS adoption on January 1, 2011, as it was impracticable to do so.

(millions of dollars, except as otherwise indicated)

	2011	2010				
	Q1	Total	Q4	Q3	Q2	Q1
Bell Aliant GP						
Net earnings						
Operating revenues	\$681.6	\$2,807.4	\$714.9	\$703.7	\$700.1	\$688.7
Operating expenses before pension current service costs	336.8	1,378.7	356.5	341.4	343.9	336.9
EBITDA ⁽⁸⁾ before pension current service costs	344.8	1,428.7	358.4	362.3	356.2	351.8
Pension current service costs	15.5	52.6	13.3	13.0	13.2	13.1
EBITDA ⁽⁸⁾	329.3	1,376.1	345.1	349.3	343.0	338.7
Write-down of finite-life intangibles	-	1,727.9	1,727.9	-	-	-
Depreciation and amortization	153.8	693.5	173.9	173.1	175.8	170.7
Severance and other charges	4.5	28.2	12.9	0.7	3.4	11.2
Operating income (loss)	171.0	(1,073.5)	(1,569.6)	175.5	163.8	156.8
Net finance expense	42.2	191.4	49.0	48.6	47.0	46.8
Distributions to holders of class B exchangeable partnership units issued by Bell Aliant LP	-	209.4	52.4	52.3	52.4	52.3
(Increase) decrease in value of class B exchangeable partnership units issued by Bell Aliant LP	-	(147.3)	8.7	31.7	1.5	(189.2)
Other expense (income)	0.1	22.2	5.4	13.4	0.8	2.6
Income tax expense (recovery)	39.9	(312.2)	(296.6)	(3.0)	(8.9)	(3.7)
Net earnings (loss) from continuing operations	88.8	(1,037.0)	(1,388.5)	32.5	71.0	248.0
Net earnings (loss) from discontinued operations	(3.4)	(1.8)	(0.7)	0.6	(2.3)	0.6
Net earnings (loss)	\$85.4	(\$1,038.8)	(\$1,389.2)	\$33.1	\$68.7	\$248.6
Attributable to						
Equity shareholders / unitholders	\$84.8	(\$1,038.8)	(\$1,389.2)	\$33.1	\$68.7	\$248.6
Non-controlling interests:						
Preferred shares issued by a subsidiary	0.6	-	-	-	-	-
	\$85.4	(\$1,038.8)	(\$1,389.2)	\$33.1	\$68.7	\$248.6
Included above in net earnings (loss)						
Purchase price allocation amortization, net of income taxes	\$16.6	n.m.	n.m.	n.m.	n.m.	n.m.
Per share ⁽⁹⁾	\$0.07	n.m.	n.m.	n.m.	n.m.	n.m.

⁽⁸⁾ The term EBITDA (earnings before interest, taxes, depreciation and amortization) does not have any standardized meaning prescribed by IFRS. 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 operating expenses, which means it represents operating income (loss) before depreciation and amortization expense, write-down of finite-life intangibles, and severance and other charges. Operating income (loss) is calculated before net finance expense 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, write-downs of finite-life intangibles, and severance and other charges. We exclude depreciation and amortization expense and write-downs of finite-life intangibles 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. We exclude these items because they affect the comparability of our financial results and could potentially distort the analysis trends in business performance. Excluding severance and other charges does not imply they are 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 GP's and other companies' ability to service debt, make capital distributions to shareholders and to meet other payment obligations, or as a common valuation measurement in the telecommunications industry. EBITDA should not be confused with net earnings (loss) or operating income (loss) which are the most comparable IFRS financial measures.

⁽⁹⁾ Per share - purchase price allocation amortization, net of income taxes divided by Bell Aliant Inc. average shares outstanding - fully diluted.

n.m. Not meaningful

BELL ALIANT INC.
Supplementary Information (unaudited)
(millions of dollars, except as otherwise indicated)
NON-GAAP FINANCIAL MEASURES
Free cash flow

	2011 Q1	2010				
		Total	Q4	Q3	Q2	Q1
Free cash flow ⁽¹⁰⁾ reconciled to cash flow from operating activities						
Cash from operating activities	\$7.6	\$1,028.5	\$312.7	\$258.2	\$306.6	\$151.0
Cash from operating activities of the Bell Aliant Inc. / Fund	-	(3.7)	(0.8)	(1.1)	(1.8)	-
Total cash from operating activities	7.6	1,024.8	311.9	257.1	304.8	151.0
Capital expenditures	(119.5)	(494.0)	(162.0)	(113.4)	(124.3)	(94.3)
Free cash flow ⁽¹⁰⁾	(\$111.9)	\$530.8	\$149.9	\$143.7	\$180.5	\$56.7
Lump sum pension contribution to defined benefit pension plans	(200.0)	-	-	-	-	-
Free cash flow before lump sum pension contribution to defined benefit pension plans ⁽¹⁰⁾	\$88.1	\$530.8	\$149.9	\$143.7	\$180.5	\$56.7
Dividends/Distributions declared ⁽⁶⁾	\$108.2	\$660.5	\$165.2	\$165.1	\$165.1	\$165.1
Payout ratio ⁽⁷⁾	122.8%	124.4%	110.2%	114.9%	91.5%	291.2%

⁽¹⁰⁾ The term free cash flow does not have any standardized meaning prescribed by IFRS. It is therefore unlikely to be comparable to similar measures presented by other companies. We define free cash flow as cash from operating activities less capital expenditures. Since Bell Aliant GP's operations ultimately support dividends to Bell Aliant Inc. shareholders, free cash flow combines Bell Aliant GP's cash performance with that of Bell Aliant Inc. We also present free cash flow before lump sum pension contribution to defined benefit pension plans as that contribution was funded through the issuance of preferred shares by a subsidiary of Bell Aliant GP and not from operating activities. Free cash flow and free cash flow before lump sum pension contribution to defined benefit pension plans are presented on a consistent basis from period to period.

We believe that certain investors and analysts use free cash flow and free cash flow before lump sum pension contribution to defined benefit pension plans to assess our ability to pay dividends to shareholders, to service debt, and to meet other payment obligations, and as a common valuation measurement in our industry. Free cash flow and free cash flow before lump sum pension contribution to defined benefit pension plans should not be confused with cash from operating activities, which is the most comparable IFRS financial measure.

BELL ALIANT INC.
Supplementary Information (unaudited)

Bell Aliant GP
Operating revenues and growth

(millions of dollars, except as otherwise indicated)

		2011	2010				
		Q1	Total	Q4	Q3	Q2	Q1
Operating revenues							
Local and access		\$310.0	\$1,298.4	\$325.2	\$325.3	\$325.0	\$322.9
Long distance		94.5	393.3	94.6	102.6	99.0	97.1
Data:	Internet ⁽¹¹⁾	118.8	454.6	115.6	114.7	113.3	111.0
	IPTV	9.2	24.6	7.8	6.4	5.4	5.0
	Other ⁽¹¹⁾	84.7	352.7	89.0	87.3	88.4	88.0
	Total data	212.7	831.9	212.4	208.4	207.1	204.0
Wireless		23.3	91.3	24.0	24.3	22.0	21.0
Other revenues:	Product sales ⁽¹¹⁾	12.2	65.8	24.6	14.1	12.9	14.2
	Rentals	4.6	20.6	4.9	5.0	5.3	5.4
	Other ⁽¹¹⁾	24.3	106.1	29.2	24.0	28.8	24.1
	Total other revenues ⁽¹¹⁾	41.1	192.5	58.7	43.1	47.0	43.7
		\$681.6	\$2,807.4	\$714.9	\$703.7	\$700.1	\$688.7
Current year Q over same Q last year growth							
Local and access		(\$12.9) (4.0%)	(\$58.5) (4.3%)	(\$10.8) (3.2%)	(\$16.5) (4.8%)	(\$15.9) (4.7%)	(\$15.3) (4.5%)
Long distance		(\$2.6) (2.7%)	(\$31.3) (7.4%)	(\$5.9) (5.9%)	(\$8.8) (7.9%)	(\$7.5) (7.0%)	(\$9.1) (8.6%)
Data:	Internet ⁽¹¹⁾	\$7.8 7.0%	\$25.1 5.8%	\$6.0 5.5%	\$5.0 4.6%	\$6.6 6.2%	\$7.5 7.3%
	IPTV	\$4.2 84.0%	\$10.4 73.2%	\$3.6 85.7%	\$2.7 73.0%	\$2.1 63.6%	\$2.0 66.7%
	Other ⁽¹¹⁾	(\$3.3) (3.8%)	(\$31.6) (8.2%)	(\$10.0) (10.1%)	(\$7.1) (7.5%)	(\$8.8) (9.1%)	(\$5.7) (6.1%)
	Total data ⁽¹¹⁾	\$8.7 4.3%	\$3.9 0.5%	(\$0.4) (0.2%)	\$0.6 0.3%	(\$0.1) (0.1%)	\$3.8 1.9%
Wireless		\$2.3 11.0%	\$2.5 2.8%	\$0.5 2.1%	\$0.0 0.0%	\$0.8 3.8%	\$1.2 6.1%
Other revenues:	Product sales ⁽¹¹⁾	(\$2.0) (14.1%)	(\$0.3) (0.5%)	\$4.8 24.2%	\$1.2 9.3%	(\$4.6) (26.3%)	(\$1.7) (10.7%)
	Rentals	(\$0.8) (14.8%)	(\$4.5) (17.9%)	(\$0.9) (15.5%)	(\$1.2) (19.4%)	(\$1.2) (18.5%)	(\$1.2) (18.2%)
	Other ⁽¹¹⁾	\$0.2 0.8%	n.a. n.a.	n.a. n.a.	n.a. n.a.	n.a. n.a.	n.a. n.a.
	Total other revenues ⁽¹¹⁾	(\$2.6) (6.0%)	n.a. n.a.	n.a. n.a.	n.a. n.a.	n.a. n.a.	n.a. n.a.

⁽¹¹⁾ As a result of a review in Q1 2011 of our definitions of Internet, Other Data, Product sales, and Other revenue, we restated these categories for all prior periods.

n.a. Current year Q over same Q last year growth information is not available for 2010 as 2009 financial information was not restated for IFRS adoption on January 1, 2011, as it was impracticable to do so.

	2011	2010				
	Q1	Total	Q4	Q3	Q2	Q1
Network access service (NAS)						
Residential	1,773,326		1,802,864	1,837,585	1,866,954	1,888,365
Business	969,365		973,010	981,016	987,093	989,211
Total	2,742,691		2,775,874	2,818,601	2,854,047	2,877,576
NAS net declines						
Residential	(29,538)	(116,025)	(34,721)	(29,369)	(21,411)	(30,524)
Business	(3,645)	(24,257)	(8,006)	(6,077)	(2,118)	(8,056)
Total	(33,183)	(140,282)	(42,727)	(35,446)	(23,529)	(38,580)
Long distance minutes (thousands)	1,009,943	4,050,735	971,683	996,703	1,026,133	1,056,216
Revenue per long distance minute	\$0.089	\$0.093	\$0.093	\$0.099	\$0.092	\$0.088
Wireless customers	134,541		132,362	128,781	125,568	121,390
Wireless net additions	2,179	11,343	3,581	3,213	4,178	371
Wireless - average revenue per customer (ARPC)	\$56.96	\$59.45	\$60.22	\$62.29	\$58.39	\$56.71
High-speed Internet (HSI) customers	851,261		842,460	837,167	827,591	819,886
HSI customer net additions	8,801	34,820	5,293	9,576	7,705	12,246
Residential HSI ARPC	\$40.94	\$39.70	\$40.14	\$39.98	\$39.63	\$39.05
IPTV subscribers	53,683		49,296	43,180	38,588	35,808
IPTV subscribers net additions	4,387	16,052	6,116	4,592	2,780	2,564
FTTH / FTTN services footprint	387,193		361,075	334,267	304,332	274,701
Current year Q over same Q last year growth						
Long distance minutes	(46,273) (4.4%)	(310,316) (7.1%)	(108,267) (10.0%)	(66,127) (6.2%)	(61,287) (5.6%)	(74,635) (6.6%)
Wireless ARPC	\$0.25 0.4%	(\$2.62) (4.2%)	(\$3.82) (6.0%)	(\$4.67) (7.0%)	(\$1.70) (2.8%)	(\$0.19) (0.3%)
Residential HSI ARPC	\$1.89 4.8%	\$1.99 5.3%	\$2.52 6.7%	\$1.72 4.5%	\$1.67 4.4%	\$2.06 5.6%
Current year-to-date over same year-to-date last year growth						
Residential NAS	(115,039) (6.1%)		(116,025) (6.0%)	(117,754) (6.0%)	(121,327) (6.1%)	(120,353) (6.0%)
Business NAS	(19,846) (2.0%)		(24,257) (2.4%)	(23,502) (2.3%)	(26,674) (2.6%)	(35,799) (3.5%)
Total NAS	(134,885) (4.7%)		(140,282) (4.8%)	(141,256) (4.8%)	(148,001) (4.9%)	(156,152) (5.1%)
Wireless customers	13,151 10.8%		11,343 9.4%	9,127 7.6%	8,620 7.4%	7,400 6.5%
HSI customers	31,375 3.8%		34,820 4.3%	41,711 5.2%	47,098 6.0%	50,437 6.6%
IPTV subscribers	17,875 49.9%		16,052 48.3%	13,564 45.8%	12,725 49.2%	12,269 52.1%
FTTH / FTTN services footprint	112,492 41.0%		95,885 36.2%	90,063 36.9%	63,298 26.3%	35,656 14.9%

Corporate Information

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Common Shares: BA
Preferred Shares: BAF.PR.A

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