



Backgrounder

Bell Aliant plans for 2011 conversion to a corporation and new dividend policy

- In light of tax changes to income trusts that become applicable January 1, 2011, Bell Aliant plans to convert from an income trust to a corporate structure. Pending unitholder and other regulatory approvals, the conversion will be effective January 1, 2011.
- The conversion is expected to reduce administrative costs associated with a more complex trust structure, improve the comparability of Bell Aliant to its peers, and broaden the potential investor base.
- The dividend policy beginning in 2011 is expected to target a payout ratio of 75 – 85 percent of free cash flow, with an initial quarterly dividend of \$0.475 per share (\$1.90 per share annually) beginning in March 2011.
 - At the current unit price, the expected payout for 2011 represents a dividend yield of approximately 7.5 per cent.
 - The Fund is expected to continue to declare and pay monthly distributions at the current rate of \$0.2417 monthly (\$2.90 annually) per unit through the balance of 2010.
- An information circular outlining the details of the Conversion is expected to be mailed to Bell Aliant unitholders in late May 2010 with a vote on the Conversion to take place at Bell Aliant's annual and special meeting on June 16, 2010. To be approved, the Conversion must be approved by not less than two thirds of the votes cast by unitholders voting in person or by proxy at the meeting.

"In developing our new dividend policy, we have taken a responsible, balanced approach that seeks to ensure dividend sustainability while maintaining a high payout to investors."

-Glen LeBlanc, Executive Vice-President and Chief Financial Officer