

## DECISION

December 24, 2010

In the Matter of  
the Securities Legislation of  
Nova Scotia and Ontario  
(the “**Jurisdictions**”)

and

In the Matter of  
the Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of  
Bell Aliant Regional Communications, Limited Partnership  
(the “**Filer**”)

## DECISION

### Background

The securities regulatory authority or regulator in each of the Jurisdictions (collectively, the “**Decision Makers**”) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the “**Legislation**”) for:

- (a) a decision (the “**Continuous Disclosure Relief**”) pursuant to Section 13.1 of National Instrument 51-102 - *Continuous Disclosure Obligations* (“**NI 51-102**”) that the requirements of NI 51-102 as well as any comparable continuous disclosure requirements under the Legislation that have not yet been repealed or otherwise rendered ineffective as a consequence of the adoption of NI 51-102 (collectively, the “**Continuous Disclosure Requirements**”) may be satisfied by the Filer by filing the continuous disclosure documents required to be filed by Bell Aliant Amalco (as defined below) and Bell Aliant Inc. (as defined below) under the Continuous Disclosure Requirements;
- (b) in the event that the Continuous Disclosure Relief is granted, in order to relieve the Filer from certain additional continuous disclosure obligations, a decision (the “**Consequential Disclosure Relief**”):
  - (i) pursuant to Section 8.6 of National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings* (“**NI 52-109**”) that the requirements of NI 52-109 shall not apply to the Filer;
  - (ii) pursuant to Section 8.1 of National Instrument 52-110 - *Audit Committees* (“**NI 52-110**”) that the requirements of Section 5.1 of NI 52-110 shall not apply to the Filer; and
  - (iii) pursuant to Section 3.1 of National Instrument 58-101 - *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) that the requirements of Part 2 of NI 58-101 shall not apply to the Filer;

- (c) a decision (the “**Short Form Eligibility Relief**”) pursuant to Section 8.1 of National Instrument 44-101 – *Short Form Prospectus Distributions* (“**NI 44-101**”) exempting the Filer from the requirement set out in Section 2.1 of NI 44-101 that an issuer shall not file a prospectus in the form of Form 44-101F1 – *Short Form Prospectus* unless the issuer is qualified under any of Sections 2.2 to 2.6 of NI 44-101 (the “**Short Form Eligibility Requirements**”); and
- (d) in the event that the Short Form Eligibility Relief is granted, a decision (the “**Shelf Eligibility Relief**”) pursuant to Section 11.1 of National Instrument 44-102 – *Shelf Distributions* (“**NI 44-102**”) exempting the Filer from the requirements set out in Section 2.1 of NI 44-102 that an issuer shall not file a short form prospectus that is a base shelf prospectus unless the issuer is qualified to do so under NI 44-102 (the “**Shelf Eligibility Requirements**”).

(together, the “**Exemption Sought**”)

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a dual review application):

- (a) the Nova Scotia Securities Commission is the principal regulator for this application,
- (b) the Filer has provided notice that Section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (“**MI 11-102**”) is intended to be relied upon in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Newfoundland and Labrador and Prince Edward Island, and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

## Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

## Representations

This decision is based on the following facts represented by the Filer:

1. On July 7, 2006, the former Aliant Inc. (“**Old Aliant**”), BCE Inc. (“**BCE**”) and Bell Canada completed the implementation of a plan of arrangement (the “**2006 Arrangement**”), which involved an exchange of certain business operations between Bell Canada and Old Aliant and the conversion of Old Aliant to an income trust.
2. The 2006 Arrangement resulted in
  - (i) the combination of Old Aliant’s wireline telecommunications operation in Atlantic Canada, information technology operation and other operations with Bell Canada’s wireline telecommunications operation in certain of its regional territories in Ontario and Québec, now carried on by the Filer (such businesses, the “**Bell Aliant Business**”);
  - (ii) the transfer of Bell Canada’s 63.4% indirect interest in NorthernTel, Limited Partnership and Télébec, Limited Partnership (collectively the “**Bell Nordiq Partnerships**”) to Bell Aliant Holdings LP (as defined below);

- (iii) the transfer of Old Aliant's wireless operations and its interest in DownEast Ltd. to Bell Canada; and
  - (iv) the conversion of Old Aliant to an income trust, Bell Aliant Regional Communications Income Fund (the "**Fund**"), with the outstanding common shares of Old Aliant (other than a number of shares held by BCE) being exchanged for units of the Fund on a one for one basis.
- 3. Subsequently, in January 2007, the Fund acquired the remaining indirect interest in the Bell Nordiq Partnerships from the public. All but a nominal interest in the Bell Nordiq Partnerships is now held by Bell Aliant Regional Communications Holdings, Limited Partnership ("**Bell Aliant Holdings LP**").
- 4. The foregoing transactions resulted in the creation of a number of entities held directly and indirectly, in whole or in part by the Fund, each of which is a general partner or other holding entity created to facilitate the operation of the Bell Aliant Business by the Filer and the distribution of cash derived from the operations and activities of the Filer and the Bell Nordiq Partnerships to Fund unitholders.
- 5. The Fund is an unincorporated, open-ended trust governed by the laws of the Province of Ontario. The Fund was established on March 30, 2006 under a declaration of trust, as amended and restated on July 6, 2006 (the "**Declaration of Trust**"), in connection with the 2006 Arrangement.
- 6. The beneficial interests in the Fund are divided into interests of two classes, designated as "**Units**" and "**Special Voting Units**". An unlimited number of Units and Special Voting Units are issuable pursuant to the Declaration of Trust.
- 7. Each Unit is transferable and represents an equal undivided beneficial interest in any distributions from the Fund and in the net assets of the Fund in the event of a termination or winding up of the Fund. Each Unit entitles the holder thereof to one vote at all meetings of holders of Units and Special Voting Units (collectively, "**Voting Unitholders**").
- 8. Special Voting Units are not entitled to any beneficial interest in any distribution from the Fund or in the net assets of the Fund in the event of a termination or winding up of the Fund. Each Special Voting Unit entitles the holder thereof to one vote at any meeting of Voting Unitholders (subject to customary anti-dilution adjustments).
- 9. The Units of the Fund are listed on the Toronto Stock Exchange under the symbol "BA.UN". As of September 30, 2010, 127,384,917 Units were issued and outstanding representing a 55.93% voting interest in the Fund.
- 10. Pursuant to undertakings provided to the Decision Makers and other Canadian securities regulatory authorities, the Fund files on SEDAR and provides to holders of Units separate annual audited and interim unaudited financial statements and MD&A of Bell Aliant Holdings LP so long as generally accepted accounting principles prohibit the consolidation of financial information of Bell Aliant Holdings LP and the Fund and Bell Aliant Holdings LP (and any of its significant business interests) represents a significant asset of the Fund.
- 11. Bell Aliant Holdings LP is a limited partnership established under the laws of the Province of Québec on June 29, 2006. The head office of Bell Aliant Holdings LP is located at 6 South Maritime Centre, 1505 Barrington Street, P.O. Box 880 Central, Halifax, Nova Scotia.

12. Bell Aliant Holdings LP is a reporting issuer or the equivalent under the securities legislation of each of the provinces of Canada, either as a successor issuer to Old Aliant or by virtue of having been deemed or declared to be a reporting issuer under an order dated November 24, 2006 granted by the securities regulatory authorities in the provinces of Saskatchewan, Ontario, New Brunswick and Newfoundland and Labrador.
13. The partnership interests in Bell Aliant Holdings LP include a nominal value general partnership interest (the "**Holdings GP Interest**"), Class 1 exchangeable limited partnership units (the "**Holdings Class 1 Exchangeable LP Units**") and Class 2 limited partnership units (the "**Holdings Class 2 LP Units**"). The Holdings Class 1 Exchangeable LP Units are exchangeable on a one-for-one basis for Units of the Fund.
14. Bell Aliant Regional Communications Holdings Inc. ("**Bell Aliant Holdings GP**") is the general partner of Bell Aliant Holdings LP and holds the Holdings GP Interest.
15. As at September 30, 2010, there were 28,168,803 Holdings Class 1 Exchangeable LP Units and 132,367,606 Holdings Class 2 LP Units outstanding. To the knowledge of the Filer, BCE directly or indirectly holds all of the Holdings Class 1 Exchangeable LP Units. The Fund holds, indirectly, all of the Holdings Class 2 LP Units through Bell Aliant Holdings Trust and Bell Nordiq Trust, each a wholly-owned subsidiary of the Fund.
16. As at September 30, 2010, there were 152,292,479 common shares of Bell Aliant Holdings GP outstanding. To the knowledge of the Filer, BCE directly or indirectly holds 28,168,803 common shares of Bell Aliant Holdings GP. The Fund holds 124,123,676 common shares of Bell Aliant Holdings GP.
17. The Filer is a limited partnership established in connection with the 2006 Arrangement under the laws of the Province of Manitoba on July 5, 2006. The head office of the Filer is located at 6 South Maritime Centre, 1505 Barrington Street, P.O. Box 880 Central, Halifax, Nova Scotia.
18. The partnership interests in the Filer include a nominal value general partnership interest (the "**Wireline GP Interest**"), Class A limited partnership units ("**Wireline Class A Units**") and Class B exchangeable limited partnership units ("**Wireline Exchangeable LP Units**"). The Wireline Exchangeable LP Units are exchangeable on a one-for-one basis for Units of the Fund.
19. Bell Aliant Regional Communications Inc. ("**Bell Aliant GP**") is the general partner of the Filer and holds the Wireline GP Interest. Bell Aliant GP is a wholly-owned subsidiary of Bell Aliant Holdings LP.
20. As at September 30, 2010, there were 118,526,408 Wireline Class A Units outstanding. Bell Aliant GP and 6583458 Canada Inc., each indirect subsidiaries of the Fund, together hold all outstanding Wireline Class A Units, representing a 62.14% interest in the Filer.
21. As at September 30, 2010, there were 72,205,024 Wireline Exchangeable LP Units outstanding, representing a 37.86% interest in the Filer. To the knowledge of the Filer, BCE, indirectly through its affiliates, holds all of the issued and outstanding Wireline Exchangeable LP Units.
22. The Filer is a reporting issuer or equivalent under the securities legislation of each of the provinces of Canada. To the knowledge of the Filer, the Filer is not in default of securities legislation in any of the jurisdictions of Canada.

23. In aggregate, to the knowledge of the Filer, BCE and Bell Canada beneficially own and control a 43.94% interest in the Fund on a fully diluted basis, almost entirely in the form of Holdings Class 1 Exchangeable LP Units and Wireline Exchangeable LP Units.
24. BCE has been granted certain governance rights in respect of the boards of directors and trustees of the Fund and its related entities (together, the **"Fund Entities"**). In connection with the 2006 Arrangement, BCE, Bell Canada, Bell Aliant GP and Bell Aliant Holdings GP, among others, entered into a securityholders' agreement (the **"Securityholders' Agreement"**) as a result of which BCE was given the right to appoint or nominate, as applicable, a majority of the directors of Bell Aliant Holdings GP and Bell Aliant GP, and the trustees of the Fund (and a majority of the directors and trustees of certain underlying entities of the Fund), subject to certain conditions, for so long as BCE has not less than a 30% interest in the Fund (on a fully-diluted basis) and certain commercial agreements between the parties are in place. The written consent of BCE is also required, along with a majority vote from the board, prior to undertaking certain matters or transactions for so long as BCE and Bell Canada, directly or indirectly, hold not less than 20% of the Fund Units (on a fully diluted basis). It is expected that BCE and Bell Canada will retain this level of voting ownership and their contractual rights under an amended and restated Securityholders' Agreement immediately following the Conversion Transaction (as defined below). BCE and Bell Canada do not guarantee any of the obligations of the Fund, Bell Aliant Holdings LP, the Filer or the Bell Nordiq Partnerships.
25. On October 31, 2006 the Minister of Finance (Canada) announced proposals to change the Canadian federal income tax rules governing "specified investment flow-through" entities, including income trusts such as the Fund, which changes would become effective beginning in 2011. Under these proposed rules, which have now been enacted, income trusts and their taxable unitholders will generally be subject to taxation as if such income trusts were corporations.
26. As a result, the Fund, Bell Aliant Holdings LP and the Filer, and certain other Fund Entities, are planning to implement a conversion of the Fund from an income trust structure to a corporate structure by way of a court-approved plan of arrangement pursuant to Section 192 of the *Canada Business Corporations Act* (the **"Conversion Transaction"**). The Conversion Transaction was approved by the unitholders of the Fund at an annual and special meeting held on June 16, 2010 (the **"Meeting"**) and by a final order granted by the Supreme Court of Nova Scotia on June 24, 2010. The Conversion Transaction remains subject to the satisfaction or waiver of a number of conditions, including the obtaining of certain regulatory consents, approvals and exemptions, satisfaction or waiver of the conditions to the effectiveness of the consent given by BCE and Bell Canada and certain other conditions. Assuming the conditions are satisfied or waived, the Conversion Transaction is expected to be implemented on January 1, 2011.
27. Under the Conversion Transaction, the holders of Fund Units will exchange their Fund Units for common shares of a new corporation established by the Fund and named Bell Aliant Inc. (**"Bell Aliant Inc."**).
28. Similarly, under the Conversion Transaction, BCE and its affiliates will, indirectly, exchange their Holdings Class 1 Exchangeable LP Units and Wireline Exchangeable LP Units, and the accompanying Special Voting Units (collectively, the **"Exchangeable LP Units"**) and common shares of Bell Aliant Holdings GP (other than one share to which BCE is entitled pursuant to the Securityholders' Agreement), for common shares of Bell Aliant Inc.

29. Following the above exchanges, it is intended that certain Fund Entities, including the Fund, Bell Aliant Holdings Trust and Bell Aliant Holdings LP will be wound up to simplify Bell Aliant's corporate structure. The Filer will remain in existence as the principal operating entity of the Bell Aliant Business. The assets currently held by Bell Aliant Holdings LP will be transferred to a new subsidiary corporation ("**LP Subco**") before it is wound up. Bell Aliant Holdings GP will amalgamate with Bell Aliant GP and LP Subco, with the amalgamated corporation ("**Bell Aliant Amalco**") continuing as the general partner of the Filer. All of the shares of Bell Aliant Amalco, other than one common share retained by BCE or an affiliate of BCE pursuant to the Securityholders' Agreement, will be held by Bell Aliant Inc.
30. In connection with the Meeting and the Conversion Transaction, the Fund delivered to unitholders a management information circular dated May 7, 2010 (the "**2010 Management Information Circular**"). As the Conversion Transaction will be a "restructuring transaction" in respect of the Fund, Bell Aliant Holdings LP and the Filer, the 2010 Management Information Circular was prepared in compliance with section 14.2 of Form 51-102F5 *Information Circular* as applicable to those entities and contained, among other things, a detailed description of the Conversion Transaction and prospectus-level disclosure, including pro forma financial statements reflecting the Conversion Transaction, regarding each of Bell Aliant Inc. and Bell Aliant Amalco.
31. Upon completion of the Conversion Transaction, Bell Aliant Inc. will become the successor reporting issuer to the Fund, and it is intended that the common shares of Bell Aliant Inc. will be listed on the Toronto Stock Exchange (the "**TSX**"). The TSX has conditionally approved the listing of the common shares of Bell Aliant Inc.
32. Bell Aliant Inc., as successor corporation to the Fund, and Bell Aliant Amalco, as successor corporation to Bell Aliant Holdings GP, Bell Aliant Holdings LP and Bell Aliant GP, will become a party to the Securityholders' Agreement as a result of the Conversion Transaction. It is intended that the Securityholders' Agreement will be amended and restated in connection with the Conversion Transaction to reflect the conversion and the continuation of BCE's and Bell Canada's rights, including the succession of Bell Aliant Inc. to the Securityholders' Agreement, the termination and winding up of the Fund and certain of the Fund Entities under the Conversion Transaction, and the exchange of outstanding Fund Units and Exchangeable LP Units for common shares of Bell Aliant Inc.
33. Immediately after the implementation of the Conversion Transaction, it is possible that all or substantially all of the assets of the Bell Nordiq Partnerships, or either of them, (the "**Bell Nordiq Business**") may be transferred to the Filer. Such transactions are not part of the Conversion Transaction, would be subject to certain conditions, and may or may not occur.
34. Because BCE is entitled to elect a majority of the board of Bell Aliant GP and Bell Aliant Holdings GP, generally accepted accounting principles do not permit consolidation of the financial information regarding the Filer or Bell Aliant Holdings LP in the Fund's financial statements. Financial information concerning the Filer is consolidated with that of the Bell Nordiq Partnerships in the financial statements of Bell Aliant Holdings LP. Similarly, it is expected that, following completion of the Conversion Transaction, Bell Aliant Inc. will not be able to consolidate the financial information of Bell Aliant Amalco and the Filer due to BCE's continuing governance rights.
35. Pursuant to an MRRS Decision Document dated November 10, 2006 (the "**Initial CD Relief**"), the Filer was granted an exemption from the financial statement and other continuous disclosure requirements of NI 51-102 and certain related requirements of securities laws on the basis set out therein, including that the Filer files (i) continuous

disclosure documents (including an annual information form, financial statements and MD&A) of Bell Aliant Holdings LP on its own SEDAR profile, and (ii) selected consolidating summary financial information for Bell Aliant Holdings LP, the Filer and other subsidiaries of Bell Aliant Holdings LP, on its own SEDAR profile.

36. Following completion of the Conversion Transaction, the Filer will continue to exist and to carry on its business activities. Bell Aliant Inc. will be the successor public corporation to the Fund, Bell Aliant Holdings Trust and Bell Nordiq Trust, and will assume and succeed to the obligations of those predecessor entities as guarantors of the indebtedness of the Filer.
37. Following completion of the Conversion Transaction, Bell Aliant Amalco will be the successor corporation to Bell Aliant Holdings GP, Bell Aliant Holdings LP and Bell Aliant GP, and will assume and succeed to the obligations of those predecessor entities as guarantors of the indebtedness of the Filer.
38. The assets and liabilities of the Filer's enterprise, from both an accounting perspective and economic perspective, are not changing based on the Conversion Transaction. While changes to the consolidated financial statements of Bell Aliant Inc., as successor to the Fund, and Bell Aliant Amalco, as successor to Bell Aliant Holdings LP, will be required to reflect the organizational structure following the Conversion Transaction, primarily to reflect the loss of the tax advantages of the income trust structure and to reflect the exchange by BCE and Bell Canada of their partnership interests in Bell Aliant Holdings LP and Bell Aliant LP for common shares of Bell Aliant Inc., the financial position of each of Bell Aliant Inc. and Bell Aliant Amalco will otherwise be substantially the same as reflected in the Fund and Bell Aliant Holdings LP audited annual consolidated financial statements most recently filed or required to have been filed under Part 4 of NI 51-102 prior to the date of the 2010 Management Information Circular and the Fund and Bell Aliant Holding LP's unaudited interim consolidated financial statements most recently filed or required to have been filed under Part 4 of NI 51-102 prior to the date of the 2010 Management Information Circular.
39. While BCE and its affiliates will exchange their interests in Bell Aliant Holdings LP and the Filer for common shares of Bell Aliant Inc., the Conversion Transaction will not result in a change in the ultimate beneficial ownership of the assets and liabilities of the Filer, from both an accounting perspective and an economic perspective. The Conversion Transaction does not contemplate the acquisition of any additional operating assets or the disposition of any existing operating assets and will be an internal reorganization undertaken without economic or voting dilution to the Fund unitholders or additional debt or interest expense.
40. On September 15, 2006, a receipt was issued by the securities regulatory authorities in each province of Canada for a base shelf prospectus (the "**2006 Shelf Prospectus**") of the Filer qualifying the distribution of medium term notes (the "**Notes**") by the Filer. The 2006 Shelf Prospectus incorporated by reference the historical and *pro forma* financial statements relating to Bell Aliant Holdings LP and the predecessor entities or businesses of the Filer that were included in the management information circular sent to holders of shares of Old Aliant in connection with their approval of the 2006 Arrangement.
41. Pursuant to an MRRS Decision Document dated November 6, 2008 (the "**2008 Prospectus Relief**"), the Filer was granted an exemption from the short form and shelf prospectus eligibility requirements in respect of any base shelf prospectus filed by the Filer so long as, among other things, the Filer incorporates by reference in such base shelf prospectus the annual information form and annual and interim financial statements and MD&A of Bell Aliant Holdings LP.

42. On April 28, 2009 a receipt was issued by the securities regulatory authorities in each province of Canada for a renewal base shelf prospectus (as it may be amended, the "**2009 Shelf Prospectus**") of the Filer qualifying the distribution of Notes by the Filer through subsequent prospectus or pricing supplements to be filed in connection with the distribution thereof. The 2009 Shelf Prospectus, and the two pricing supplements that have been filed thereunder, incorporated by reference the annual information form and annual and interim financial statements and MD&A of Bell Aliant Holdings LP, and the consolidating summary financial information for Bell Aliant Holdings LP, the Filer and other subsidiaries of Bell Aliant Holdings LP, filed on SEDAR by the Filer, as required by item 12.1(1) of Form 44-101F1 – *Short Form Prospectus* and the 2008 Prospectus Relief.
43. The Notes are unsecured debt obligations of the Filer ranking *pari passu* with all other unsecured and unsubordinated indebtedness incurred by the Filer, and are fully and unconditionally guaranteed by Bell Aliant Holdings LP, Bell Aliant Holdings GP, 6583458 Canada Inc., Bell Aliant GP and Bell Aliant Holdings Trust, but not by the Fund.
44. The Filer currently has approximately \$2.6 billion aggregate principal amount of Notes outstanding, issued in seven tranches. Following completion of the Conversion Transaction, it is anticipated that the currently outstanding Notes, and those subsequently issued by the Filer under the 2009 Shelf Prospectus and/or subsequent prospectuses, will be guaranteed by Bell Aliant Inc., Bell Aliant Amalco and 6583458 Canada Inc. The Notes will continue to be guaranteed by Bell Aliant Inc. and Bell Aliant Amalco (or their applicable successors under the trust indenture pursuant to which the Notes are issued) for so long as the Notes remain outstanding. The Notes may also from time to time be guaranteed by other affiliates of the Filer (together with 6583458 Canada Inc., the "**Designated Affiliates**").
45. Both the Filer and Bell Aliant Holdings LP are reporting issuers under applicable securities laws. Bell Aliant Holdings LP is subject to the continuous disclosure requirements of NI 51-102 and has a "current AIF" (the "**Bell Aliant Holdings AIF**") and "current annual financial statements" (the "**Bell Aliant Holdings Financial Statements**") (as such terms are defined in NI 44-101). Pursuant to the Initial CD Relief, the Filer has been granted an exemption from the continuous disclosure requirements of NI 51-102, and is instead permitted to file and rely on the continuous disclosure documents filed by Bell Aliant Holdings LP. Likewise, pursuant to the 2008 Prospectus Relief, the Filer has been granted an exemption from the short form and shelf prospectus eligibility requirements and is permitted to rely on the Bell Aliant Holdings AIF and Bell Aliant Holdings Financial Statements for the purposes thereof.
46. Following completion of the Conversion Transaction, Bell Aliant Amalco will be successor to Bell Aliant Holdings LP. The annual information form (the "**Bell Aliant Amalco AIF**") and annual and interim financial statements and MD&A (the "**Bell Aliant Amalco Financial Statements**") of Bell Aliant Amalco, prepared and filed in accordance with NI 51-102 (including on a continuity of interest basis from Bell Aliant Holdings LP) and the consolidating summary financial information for Bell Aliant Amalco, the Filer and other subsidiaries of Bell Aliant Amalco, will be filed on SEDAR by the Filer and incorporated by reference in any subsequent prospectus or pricing supplements filed by the Filer under the 2009 Shelf Prospectus and subsequent prospectuses as required by item 12.1(1) of Form 44-101F1 – *Short Form Prospectus*.
47. In connection with the implementation of the Conversion Transaction, it is expected that Bell Aliant Amalco will succeed Bell Aliant Holdings LP as a guarantor of the Notes. As is currently the case with Bell Aliant Holdings LP under the Initial CD Relief, the public disclosure of Bell Aliant Amalco will



- (i) include all relevant information concerning the operations of the Filer;
  - (ii) consolidate the financial position and results of operations of the Filer within the Bell Aliant Amalco Financial Statements with respect to the business and affairs of Bell Aliant Amalco; and
  - (iii) provide all relevant information to a potential investor concerning the Filer's ability to pay interest and repay the principal on the Notes, given that repayment of the Notes will be guaranteed by Bell Aliant Amalco.
48. Following completion of the Conversion Transaction, the annual information form (the "**Bell Aliant Inc. AIF**") and annual and interim financial statements and MD&A (the "**Bell Aliant Inc. Financial Statements**") of Bell Aliant Inc., prepared and filed in accordance with NI 51-102 (including on a continuity of interest basis from the Fund) will be filed on SEDAR by the Filer and incorporated by reference in any subsequent prospectus or pricing supplements filed by the Filer under the 2009 Shelf Prospectus and subsequent prospectuses as required by item 12.1(1) of Form 44-101F1 – *Short Form Prospectus*.
49. The Bell Aliant Amalco Financial Statements and the Bell Aliant Inc. Financial Statements, together with the additional consolidating summary financial information filed by the Filer, will provide investors and potential investors in the Notes with sufficient information to make an informed investment decision concerning the Filer's ability to pay interest and repay the principal on the Notes when due, given that the Filer's financial results will be consolidated into the Bell Aliant Amalco Financial Statements and that repayment of the Notes will be guaranteed by Bell Aliant Amalco. The Decision Makers have previously recognized this (with respect to Bell Aliant Holdings LP in the current structure) in granting the Initial CD Relief and 2008 Prospectus Relief.
50. For the purposes of Section 2.3(d) of NI 44-101 the Filer should be permitted to file subsequent prospectus or pricing supplements to the 2009 Shelf Prospectus and (i) until such time as Bell Aliant Amalco files the first Bell Aliant Amalco AIF and Bell Aliant Amalco Financial Statements, to continue to rely on the Bell Aliant Holdings AIF and Bell Aliant Holdings Financial Statements, and (ii) thereafter, to rely on the Bell Aliant Amalco AIF and the Bell Aliant Amalco Financial Statements, each to be filed by the Filer on its SEDAR profile, as if they were the Filer's "current AIF" and "current annual financial statements". This would be consistent with the 2009 Shelf Prospectus and the basis on which the Initial CD Relief and 2008 Prospectus Relief were granted to the Filer.

## Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that:

1. in respect of the Continuous Disclosure Relief and the Consequential Disclosure Relief:
  - (i) Bell Aliant Amalco and Bell Aliant Inc. are each reporting issuers in at least one of the jurisdictions listed in Appendix B of National Instrument 45-102 – *Resale of Securities* ("**NI 45-102**") and are each electronic filers under National Instrument 13-101 – *System for Electronic Document Analysis and Retrieval (SEDAR)*;

- (ii) all outstanding voting securities of the Filer are held directly or indirectly by Bell Aliant Amalco or its affiliates;
- (iii) Bell Aliant Amalco and Bell Aliant Inc. have each filed all documents they are required to file under NI 51-102;
- (iv) the Filer does not issue any securities, and does not have any securities outstanding, other than
  - (1) debt securities that are guaranteed by Bell Aliant Amalco or one of its affiliates;
  - (2) securities issued to and held by Bell Aliant Inc., Bell Aliant Amalco, or their respective affiliates;
  - (3) debt securities issued to and held by banks, loan corporations, loan and investment corporations, savings companies, trust corporations, treasury branches, savings or credit unions, financial services cooperatives, insurance companies or other financial institutions; or
  - (4) securities issued under exemptions from the prospectus requirement in Section 2.35 of National Instrument 45-106 – *Prospectus and Registration Exemptions*;
- (v) the Filer files in electronic format,
  - (1) a notice indicating that the Filer is relying on the continuous disclosure documents filed by Bell Aliant Amalco and Bell Aliant Inc. and setting out where those documents can be found for viewing in electronic format, if Bell Aliant Amalco is a reporting issuer in the local jurisdiction; or
  - (2) copies of all documents Bell Aliant Amalco and Bell Aliant Inc. are required to file under securities legislation, other than in connection with a distribution, at the same time as the filing by Bell Aliant Amalco or Bell Aliant Inc., as applicable, of those documents with a securities regulatory authority or regulator;
- (vi) the Filer issues in Canada a news release and files a material change report for all material changes in respect of the affairs of the Filer that are not also material changes in the affairs of Bell Aliant Amalco;
- (vii) the Filer files, in electronic format, in the notice referred to in (v)(1) above or in or with the copy of the Bell Aliant Amalco Financial Statements filed under clause (v)(2) above, either
  - (1) a statement that the financial results of the Filer are included in the consolidated financial results of Bell Aliant Amalco, if at that time,
    - (A) the Filer has minimal assets, operations, revenues or cash flows other than those related to the issuance, administration and repayment of the securities described in paragraph (iv), and

- (B) each item of the summary financial information of the subsidiaries of Bell Aliant Amalco on a combined basis, other than the Filer, represents less than 3% of the corresponding items on the Bell Aliant Amalco Financial Statements being filed or referred to under paragraph (v), or
- (2) for the periods covered by the Bell Aliant Amalco Financial Statements filed, consolidating summary financial information for Bell Aliant Amalco presented with a separate column for each of the following:
  - (A) Bell Aliant Amalco;
  - (B) the Filer;
  - (C) any other subsidiaries of Bell Aliant Amalco on a combined basis;
  - (D) consolidating adjustments; and
  - (E) the total consolidated amounts;such information, the **"Bell Aliant Amalco Consolidating Information"**;
- (viii) the Filer files a corrected notice under (v)(1) above if the Filer filed the notice with the statement contemplated in (vii)(1) above and the Filer can no longer rely on (vii)(1) above;
- (ix) in the case of securities that are "designated credit support securities" as defined under section 13.4(1) of NI 51-102, the Filer concurrently sends to all holders of such securities all disclosure materials that are sent to holders of similar debt of Bell Aliant Amalco in the manner and at the time required by the Legislation;
- (x) the Notes will continue to be guaranteed by Bell Aliant Inc. and Bell Aliant Amalco for so long as the Notes remain outstanding;
- (xi) no person or company other than Bell Aliant Amalco, Bell Aliant Inc. or any Designated Affiliates has provided a guarantee or alternative credit support for the payments to be made under any issued and outstanding securities of the Filer;
- (xii) if a Designated Affiliate becomes a guarantor of the Filer's indebtedness under the Notes, and if the financial results of such Designated Affiliate are included in the consolidated financial results of Bell Aliant Inc., but not in the consolidated financial results of Bell Aliant Amalco, the Filer files, in electronic format, with the copy of the Bell Aliant Inc. Financial Statements filed under clause (v)(2) above,

- (1) for the periods covered by the Bell Aliant Inc. Financial Statements filed, consolidating summary financial information for Bell Aliant Inc. presented with a separate column for each of the following:

- (A) Bell Aliant Inc.;
- (B) the Designated Affiliates whose financial results are included in the consolidated financial results of Bell Aliant Inc., but not in the consolidated financial results of Bell Aliant Amalco, on a combined basis;
- (C) any other subsidiaries of Bell Aliant Inc. whose financial results are included in the consolidated financial results of Bell Aliant Inc., on a combined basis;
- (D) consolidating adjustments; and
- (E) the total consolidated amounts;

such information, the "Bell Aliant Inc. Consolidating Information"; and

- (xiii) the financial results of any Designated Affiliate which becomes a guarantor of the Filer's indebtedness under the Notes shall be included in the consolidated financial results of either Bell Aliant Inc. or Bell Aliant Amalco, as applicable.

2. in respect of the Short Form Eligibility Relief and the Shelf Eligibility Relief:

- (i) at the time the Filer files a prospectus or pricing supplement to the 2009 Shelf Prospectus or any other shelf prospectus or supplement thereto filed by the Filer, the Filer satisfies every qualification criteria set out in Section 2.3 of NI 44-101 and Section 2.3(1)(b) of NI 44-102, other than the qualification criteria set out in paragraph 2.3(d) of NI 44-101;
- (ii) any filed prospectus or pricing supplement to the 2009 Shelf Prospectus or any other shelf prospectus or supplement thereto filed by the Filer incorporates by reference:

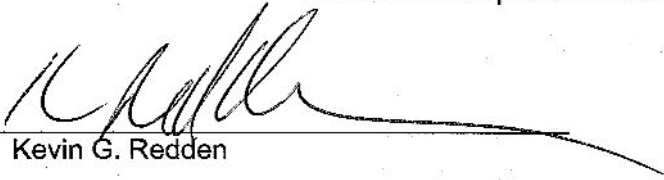
- (1) (a) the Bell Aliant Amalco AIF, the Bell Aliant Amalco Financial Statements and the Bell Aliant Amalco Consolidating Information, or (b) prior to the filing by the Filer thereof, the Bell Aliant Holdings AIF, the Bell Aliant Holdings Financial Statements and the equivalent consolidating summary financial information for Bell Aliant Holdings LP and the 2010 Management Information Circular;

- (2) any other document of Bell Aliant Amalco that would be required to be incorporated by reference into a short form prospectus or a prospectus or pricing supplement to the 2009 Shelf Prospectus or another shelf prospectus under Section 11.1 of Form 44-101F1 if Bell Aliant Amalco were the issuer under the 2009 Shelf Prospectus or another short

form prospectus, as required by item 12.1(1) of Form 44-101F1 – *Short Form Prospectus*;

- (3) (a) the Bell Aliant Inc. AIF, the Bell Aliant Inc. Financial Statements and the Bell Aliant Inc. Consolidating Information (if applicable), or (b) prior to the filing by the Filer thereof, the most recent annual and interim financial statements and annual information form of the Fund, and the 2010 Management Information Circular,
- (4) any other document of Bell Aliant Inc. that would be required to be incorporated by reference into a short form prospectus or a prospectus or pricing supplement to the 2009 Shelf Prospectus or another shelf prospectus under Section 11.1 of Form 44-101F1 if Bell Aliant Inc. were the issuer under the 2009 Shelf Prospectus or another short form prospectus, as required by item 12.1(1) of Form 44-101F1 – *Short Form Prospectus*;

- (iii) the Filer complies with all the conditions of the Continuous Disclosure Relief and the Consequential Disclosure Relief.



Kevin G. Redden

Director, Corporate Finance

Nova Scotia Securities Commission