



Stock Symbol: MBT

NewsRelease

This news release contains forward-looking statements. For a description of the related risk factors and assumptions, please see the section entitled "Forward-looking Statements Disclaimer" later in this news release. This release discusses results from Manitoba Telecom Services Inc.'s continuing operations. The results, and the definition of continuing operations, should be read in conjunction with Manitoba Telecom Services Inc.'s third quarter 2008 interim management's discussion and analysis dated November 6, 2008 (available at the Investors section of www.mtsallstream.com), which is incorporated by reference in this release.

Manitoba Telecom Services Inc. Reports Solid Third Quarter Results

Key overall financial metrics on track for 2008

- **Solid growth in free cash flow, revenues, EBITDA, EPS and growth from growth services**
- **Consumer Markets division delivers another quarter of best-in-class incumbent performance**
- **Enterprise Solutions division increases value of new contracts won in 2008 to \$247 million, exceeding year-end total for 2007**
- **Quarterly dividend of \$0.65 per share declared, fully supported by operating cash flows**

WINNIPEG, Manitoba, November 6, 2008 – Manitoba Telecom Services Inc., and its principal operating subsidiary MTS Allstream Inc. (herein referred to as either the "Company" or "MTS Allstream") (TSX: MBT), one of Canada's leading national communications companies, today reported solid third quarter 2008 financial performance driven by continued strong growth in the Company's growth services.

"MTS Allstream delivered another quarter of solid growth despite challenging economic conditions," said Pierre Blouin, Chief Executive Officer. "Overall we grew revenue, free cash flow¹, EBITDA² and EPS³ and continued to build our customer base, acquiring more than 19,000 new customers during the third quarter from our growth lines of business."

"Our Enterprise Solutions division, which won a record number of contracts for the period, has already surpassed last year's total value of new contracts. In Manitoba, where we are benefiting from a strong provincial economy, our Consumer Markets division delivered best-in-class performance for an incumbent telco," continued Mr. Blouin. "Taken as a whole, our performance for the quarter demonstrates our ability to deliver solid results and support our dividend."

Results for the third quarter of 2008 were solid, contributing to overall year to date growth of 2.0% in revenue, 1.0% in EBITDA and 5.3% in EPS from continuing operations⁴.

Growth in the Company's growth services portfolio, which includes wireless, converged Internet protocol, unified communications, digital television and high-speed Internet services, and the

Company's success in adding new customers in both divisions were the principal drivers of this solid financial performance. In the third quarter, revenues from growth services increased by 9.5% or \$18.4 million to \$213.1 million. Revenues from growth services accounted for 44.4% of the Company's overall revenues from continuing operations in the third quarter. "This continued growth in our growth services products, together with solid growth in new customers, demonstrates our long-standing ability to innovate, compete and respond to the changing needs of customers in all the markets we serve," added Mr. Blouin.

FINANCIAL HIGHLIGHTS *

<i>in millions of dollars, except per share amounts</i>	<i>three months ended September 30</i>		<i>change</i>	<i>nine months ended September 30</i>		<i>change</i>
	2008	2007		2008	2007	
EPS	0.74	0.73	1.4%	2.39	2.27	5.3%
EBITDA	165.1	164.8	0.2%	505.1	500.3	1.0%
Free cash flow	70.8	65.3	8.4%	221.9	248.4	(10.7%)
Growth services revenues	213.1	194.7	9.5%	632.9	554.8	14.1%
Legacy services revenues	266.8	281.2	(5.1%)	812.2	862.6	(5.8%)
Revenues	479.9	475.9	0.8%	1,445.1	1,417.4	2.0%

* From continuing operations. MTS Allstream provides financial information on continuing operations in order to assist investors in understanding its underlying financial performance. MTS Allstream's definition of continuing operations excludes certain non-recurring items such as restructuring costs and the retroactive impact of regulatory decisions. For more information, please see MTS Allstream's third quarter 2008 management's discussion and analysis ("MD&A") in the Investors section of www.mtsallstream.com.

In addition to solid overall business performance, MTS Allstream continued to achieve significant improvements in its cost structure with a reduction in annualized costs of \$22.4 million thus far in 2008.

"We continue to make significant gains in our overall cost structure and productivity," said Wayne Demkey, Chief Financial Officer. "We expect to achieve our guidance in 2008, but at the same time we are carefully evaluating any impact that the current economic conditions may have in the context of our 2009 plan and will adjust our expense and investment levels accordingly. In particular, we are in the process of completing a thorough review of certain key internal business processes in our Enterprise Solutions division and expect the effort to deliver additional cost savings and productivity gains in 2009."

The Company's Board of Directors declared a cash dividend of \$0.65 per share for the fourth quarter of 2008, which is payable on January 15, 2009 to shareholders of record on December 15, 2008.

DIVISIONAL HIGHLIGHTS

Enterprise Solutions division

The Company's Enterprise Solutions division provided solid performance, delivering growth in revenues and winning a record number of new contracts, exceeding last year's total. Growth services revenues once again delivered strong growth with revenues from the Company's next generation

services, which include converged IP and unified communications services, increasing by 14.6% for the third quarter.

The division's national sales team won \$91 million in new contracts in the third quarter of 2008, including contracts with TD Waterhouse, WestJet, Prairie Rose School Division and Statistics Canada. Year to date, the Enterprise Solutions division has won \$247 million in new contracts, surpassing the total value of new contracts won in all of 2007.

Subsequent to the end of the quarter, the Company announced that Enterprise Solutions division president John A. MacDonald would retire from his position effective December 1, 2008. A formal executive search for a successor to Mr. MacDonald is ongoing and the Company expects to name a successor prior to Mr. MacDonald's departure.

"With John's full support, we anticipate a seamless transition to his successor," said Mr. Blouin. "I would like to once again thank John for his passion, his wisdom, and the tremendous contributions he has made to the success of our business. We wish him continued success and happiness upon his retirement."

Consumer Markets division

MTS Allstream's success in Manitoba was supported by the continued strong performance of its three major growth products. Wireless, television and high-speed Internet services customers delivered significant growth in revenues and subscribers for the third quarter. Specifically, the digital television services subscriber base increased by 10.5% and revenue grew by 16.8%, as compared to the third quarter of 2007. High-speed Internet services subscribers increased by 7.3% for the quarter and the associated revenue was 19.7% higher than the same period last year. The customer base for wireless services continued to deliver strong growth in new subscribers adding 11.4% year-over-year, while revenue from wireless services increased 7.3% over the same period last year. In addition to powering strong results, these products serve as the foundation to our successful bundling strategy, which reinforces customer loyalty, drives average revenue per subscriber, and has played a significant role in helping MTS Allstream achieve the lowest rate of residential line losses in the country.

In addition to its success in bundling popular products and services for customers, MTS Allstream is benefiting from a robust provincial economy in Manitoba. As of October 20, 2008, the Manitoba Department of Finance reported that surveys of major forecasters indicate that the province will generate real gross domestic product ("GDP") growth of 2.4% for 2008, which is above the national average of 0.8% GDP growth.

In September, MTS Allstream was recognized for the performance of its consumer growth services products when it was named in an award ceremony in London, England as a winner of the *Global Telecom Business Innovation Awards* in the fixed and mobile communications category. The Company also received the prestigious *2008 Frost and Sullivan Competitive Strategy Leadership Award* in the North American Consumer Communication and Entertainment Wallet Share Growth category earlier this year.

2008 OUTLOOK

As announced on December 7, 2007, the Company's 2008 outlook for continuing operations is as follows:

2008 Financial Outlook – Continuing Operations	
Revenues	\$1.920 B to \$1.980 B
EBITDA	\$660 M to \$680 M
EPS	\$2.95 to \$3.15
Free cash flow	\$250 M to \$280 M
Capital expenditures	14% to 15% of revenues

“While general economic trends and conditions remain difficult to predict, we expect to be within our financial outlook for 2008,” said Mr. Blouin.

For assumptions underlying the Company's 2008 outlook, refer to “Material Assumptions” in the Company's release dated December 31, 2007 and its third quarter 2008 interim Management's Discussion and Analysis (“MD&A”), which are filed on SEDAR and the Company's Web site.

OTHER DEVELOPMENTS

The following are various announcements made recently by MTS Allstream.

Enterprise Solutions division announcements

- On October 8, 2008, MTS Allstream announced that it had been awarded the Canadian Project Excellence (“CPEX”) award in Best Practices in partnership with the Ontario Association of Community Care Access Centres at the CPEX Awards Gala. The Best Practices award recognizes outstanding performance and achievement through the application of recognized project management best practices. MTS Allstream was recognized for its voice over IP implementation project to 14 Community Care Access Centres across Ontario.
- On August 19, 2008, MTS Allstream announced that it had achieved the Master Unified Communications Specialization from Cisco®. This specialization recognizes MTS Allstream as having fulfilled the training requirements and program prerequisites to sell, deploy and support highly sophisticated applications-based Cisco unified communications solutions.

Consumer Markets division announcements

- On October 31, 2008, MTS Allstream announced that HBO Canada was now available for its MTS TV customers.
- On September 10, 2008, MTS Allstream was proud to announce that it had received an award in the consumer fixed and mobile service innovations category at the 2008 Global Telecoms Business Innovation Awards in London, England. MTS Allstream was recognized

for its digital television service, MTS TV, the most successfully deployed telephone line-based television service in North America based on technology and market share growth.

- On September 9, 2008, MTS Allstream announced an enhancement of its online protection with the launch of the award-winning ZoneAlarm® ForceField™, which is available free to the company's Internet customers.
- On September 3, 2008, MTS Allstream announced a special offer for students who are 18 years or older and attending any educational institution in Manitoba. The MTS Mobility Student Deal costs \$19.99 per month and includes 250 weekday minutes, unlimited text messaging and Mobile Web, as well as unlimited calling on evenings and weekends starting at 5:00 p.m. The MTS High-speed Internet Student Deal is \$24.95 per month for 12 months, and students receive free installation when ordering MTS TV.
- On August 18, 2008, MTS Allstream announced that it had received approval from the Canadian Radio-television and Telecommunications Commission to offer television service in the community of Portage la Prairie, Manitoba.

Corporate announcements

- On October 29, 2008, MTS Allstream was pleased to announce that it was awarded the Manitoba Chambers of Commerce Lieutenant Governor's Award for Outstanding Contribution to the Community at the Manitoba Business Awards Gala Dinner held on October 28 in Winnipeg.
- On October 20, 2008, MTS Allstream announced that it had been awarded The Winnipeg Chamber of Commerce's Community Contribution Award. This award, which was received at the Chamber's annual Red Carpet Gala held on October 17, 2008, recognizes the Company's significant community contributions in Winnipeg.
- On October 14, 2008, MTS Allstream announced that it had been named one of Manitoba's Top 20 Employers for 2009. This special designation recognizes Manitoba employers that lead in their respective industries in offering exceptional places to work with the most progressive and forward-thinking programs.
- On October 1, 2008, MTS Allstream announced that Enterprise Solutions division president John A. MacDonald would retire from his position effective December 1, 2008, concluding a 30-year career as a senior executive and highly regarded leader in the telecommunications industry.
- On September 26, 2008, MTS Allstream announced that it had paid tribute to a select group of employees as part of its 100th anniversary celebrations. The MTS Allstream Luminaries, primarily current and former employees, were praised for distinction in their respective fields through outstanding achievements and dedication.
- On September 18, 2008, Pierre Blouin, Chief Executive Officer, presented the Friends of The Canadian Museum for Human Rights with a contribution plan of \$1 million to equip the museum with state-of-the-art telecommunications technology.
- On September 5, 2008, MTS Allstream employees and retirees delivered backpacks filled with school supplies to 500 elementary school students across Manitoba. Part of the Company's 100th anniversary celebrations, the employee-driven Centennial Packs School Supply Drive collected dozens of boxes of school supplies from MTS Allstream employees over the summer.
- On September 5, 2008, 60 MTS Allstream employees helped to restore a forested area near the community of Victoria Beach, Manitoba, by planting 100 trees as part of the celebration of the Company's 100th anniversary.

Summary of MTS Allstream recognition in 2008

- 2008 Manitoba Chambers of Commerce Lieutenant Governor's Award for Outstanding Contribution to the Community.
- 2008 Community Contribution Award from The Winnipeg Chamber of Commerce.
- Recognized as one of Manitoba's Top 20 Employers for 2009.
- Canadian Project Excellence award in Best Practices, in partnership with the Ontario Association of Community Care Access Centres, recognizing outstanding performance and achievement through the application of recognized project management best practices.
- Digital television service recognized in the consumer fixed and mobile services innovations at the 2008 Global Telecoms Business Innovation Awards.
- 2008 Frost and Sullivan Competitive Strategy Leadership Award in the North American Consumer Communication and Entertainment Wallet Share Growth category.
- 2008 Microsoft Partner of the Year for Information Worker Solutions, Unified Communications.
- 2008 Special Recognition Award from Canada's Telecommunications Hall of Fame.
- 2008 Cisco Partner Regional Market Mover Award for Canada.
- 2008 recipient of the Manitoba Historical Society Centennial Business Award.

Quarterly Conference Call

MTS Allstream's third quarter 2008 conference call with the investment community is scheduled for 4:30 p.m. (Eastern time) on November 6, 2008. Investors are invited to listen to the conference call. The dial-in number is 1-800-595-8550. A live audio Webcast of the investor conference call can be accessed by visiting the Investors section of the MTS Allstream Web site (www.mtsallstream.com). A replay of the conference call will be available until midnight (Eastern time) on November 16, 2008, and can be accessed by dialing 1-877-289-8525 or 1-416-640-1917 (access code 21285684#).

Note

MTS Allstream's interim MD&A for the nine months ended September 30, 2008 and supplementary financial information are available in the Investors section of the MTS Allstream Web site at www.mtsallstream.com.

About Manitoba Telecom Services Inc.

Manitoba Telecom Services Inc., through its wholly owned subsidiary MTS Allstream Inc., is one of Canada's leading national communication solutions providers, delivering innovative products and services through its Enterprise Solutions and Consumer Markets divisions. The Enterprise Solutions division, which operates under the Allstream brand nationally and under the MTS Allstream brand in Manitoba, is a leading competitor in the national business and wholesale markets. This division offers customers a portfolio of solutions tailored to the needs of medium and large businesses looking for success in a world of rapidly evolving technology – Internet protocol connectivity, unified communications, IT consulting and security services, and voice and data connectivity services. The Consumer Markets division leads every telecommunications market segment in Manitoba, delivering a full suite of next generation wireless, high-speed Internet and data, digital television and wireline voice services under the MTS brand, as well as small business services in select markets across Canada under the Allstream brand, and security and alarm monitoring services through the company's subsidiary AAA Alarm Systems Ltd., which also operates in other western provinces. The company's extensive national broadband fibre optic network spans more than 24,300 kilometres, and provides international connections through strategic alliances and interconnection agreements with other international service providers. Manitoba Telecom Services Inc.'s common shares are listed on The Toronto Stock Exchange (trading symbol: MBT). For more information, please visit: www.mtsallstream.com.

Forward-looking Statements Disclaimer

This news release includes forward-looking statements and information (collectively, the “statements”) about our corporate direction, business opportunities, operating and dispute resolution activities, financial objectives, and future financial results and performance that are subject to risks, uncertainties and assumptions. As a consequence, actual results in the future may differ materially from any conclusion, forecast or projection in such forward-looking statements. Forward-looking statements reflect our expectations as at November 6, 2008. Examples of statements that constitute forward-looking information may be identified by words such as “believe”, “expect”, “project”, “anticipate”, “could”, “target”, “forecast”, “intend”, “plan”, “outlook”, “pending”, and other similar terms. Factors that could cause anticipated opportunities and actual results to differ materially from those expected, and the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in such forward-looking statements, include, but are not limited to, the items identified in our interim MD&As for the first, second and third quarters of 2008, and our 2007 annual MD&A. Except as required by law, we disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Factors that could cause actual results to differ materially include, but are not limited to, the intensity of competitive activity from both traditional and new competitors (competitive conditions); the ability to retain major customers (customer relationships); decisions by the federal regulator that affect our ability to compete effectively or to enter into new business opportunities (developments in federal regulation); general economic and market conditions and the level of consumer confidence and spending, and the demand for, and prices of, our products and services (market conditions and economic fluctuations); the ability to manage labour relations effectively (collective agreements); the ability to anticipate, and respond to, changes in technology (technology); and other risk factors listed from time to time in our comprehensive public disclosure documents, including our 2007 Annual Report and in other filings with the Canadian securities regulatory authorities. Unless otherwise stated, all amounts are expressed in Canadian dollars. For further information, refer to the “Risks and Uncertainties” sections in our 2007 annual MD&A and our interim MD&As for the first, second and third quarters of 2008.

Additional information relating to our Company, including our Annual Information Form, is available on SEDAR at www.sedar.com. This news release and the financial information contained herein have been reviewed by our Audit Committee and approved by our Board of Directors.

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FOR FURTHER INFORMATION, PLEASE CONTACT:

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Footnotes

¹ Refer to MTS Allstream's third quarter 2008 interim MD&A for the definition of free cash flow.

² EBITDA is earnings before interest, taxes, amortization, other income and discontinued operations. EBITDA should not be construed as an alternative to operating income or to cash flows from operating activities (as determined in accordance with Canadian generally accepted accounting principles) as a measure of liquidity.

³ EPS is earnings per share.

⁴ Refer to MTS Allstream's third quarter 2008 interim MD&A for the definition of continuing operations.