

*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.*

**MTS Reports Fourth Quarter Results**  
***Fourth Consecutive Quarter of Solid Results Driven by Continued Double-Digit Growth in "Growth Services"***

- *Commenced \$320 million share buyback program*
- *Increased free cash flow from continuing operations by 18.3% to \$286 million for the year*
- *Continued double-digit growth in wireless, business next generation data connectivity and high-speed Internet revenues, and strong digital television subscriber additions*
- *Growth services contributed 36% of total 2006 revenues, up from 29% in 2005*
- *Fourth quarter EBITDA margin in Enterprise Solutions division up 240 basis points over last year*
- *IP-VPN ("Internet Protocol-Virtual Private Network") base reaches 172 customers*
- *Basic EPS from Continuing Operations for 2006 of \$2.50 exceeds outlook*
- *Declared first quarter dividend of \$0.65 per share*

**Winnipeg, Manitoba, February 1, 2007** – Manitoba Telecom Services Inc. ("MTS" or the "Company") (TSX: MBT) today announced solid results in line with the Company's outlook for the year ended December 31, 2006, and reported that the Board of Directors has declared the first quarter cash dividend at \$0.65 per share. The first quarter dividend is payable on April 16, 2007 to shareholders of record at the close of business on March 30, 2007.

The Company also provided an update on its normal course issuer bid (the "Issuer Bid") to acquire up to 6,807,624 common shares, or approximately 10% of the public float, for cancellation. The Issuer Bid commenced on December 18, 2006, and will end no later than December 17, 2007. As at December 31, 2006, MTS had purchased approximately 1.4 million common shares for cancellation at a cost of approximately \$61.9 million.

"Our fourth quarter results demonstrate the progress we have made in improving our business fundamentals and creating a sound platform for long-term growth," said Pierre Blouin, Chief Executive Officer. "We delivered strong free cash flows, double digit growth in each of our growth services, improved margins and sales activity in our Enterprise Solutions division, and exceeded our cost reduction target for the year. In addition, through the work of the business review, we established a clear and achievable plan for creating and delivering value to our shareholders as one of the highest yielding stocks on The Toronto Stock Exchange. We enter the year with confidence in our business and positive momentum towards achieving our goals for our customers and shareholders in 2007."

## FINANCIAL HIGHLIGHTS – CONTINUING OPERATIONS <sup>1</sup>

<i>(in millions of dollars, except per share amounts)</i> <sup>2</sup>	<i>three months ended December 31</i>		<i>twelve months ended December 31</i>		<i>2006 Guidance</i>
	<b>2006</b>	<b>2005</b> <sup>3</sup>	<b>2006</b>	<b>2005</b> <sup>3</sup>	
Revenues	479.1	494.2	1,916.5	1,976.0	1,885 to 1,935
EBITDA <sup>4</sup>	156.7	155.7	649.7	646.6	630 to 655
Basic EPS <sup>5</sup>	0.57	0.60	2.50	2.52	2.10 to 2.40
Free Cash Flow <sup>6</sup>	37.1	42.8	286.0	241.7	260 to 285

Note: The Company provides financial information on continuing operations in order to assist investors with understanding the Company's underlying financial performance. The Company's definition of continuing operations excludes certain non-recurring items such as restructuring costs and the retroactive impact of regulatory decisions, as well as the Company's directories business, which has been reclassified as discontinued operations following the announced sale of this business in the third quarter of 2006.

Results from continuing operations for both the fourth quarter and the full year were consistent with the Company's outlook for EBITDA, and revenue while earnings per share and free cash flow exceeded 2006 guidance.

For the fourth quarter and full year ended December 31, 2006, MTS reported EBITDA of \$156.7 million and \$649.7 million, respectively, and earnings per share of \$0.57 and \$2.50. EBITDA and EPS were essentially flat compared to 2005, while revenues, as expected, declined on a year-over-year basis by approximately 3% to \$479.1 million and \$1,916.5 million, respectively, for the fourth quarter and full year ended December 31, 2006. The year-over-year change in revenues is in line with the Company's outlook and reflects the ongoing transition of the company's business mix from legacy services to growth services.

During the fourth quarter, the Company continued to generate strong growth in each of the growth services provided by its major operating subsidiary, MTS Allstream Inc. ("MTS Allstream"). Collectively, revenue from our wireless, high-speed Internet, digital television, business IP connectivity and unified communications services grew by approximately 12%. Growth services contributed 36% of total revenues in 2006, which is up from 29% in 2005 and on pace to meet our earlier guidance to exceed 40% of total revenues in 2007.

This growth contributed to an 18.3% increase in free cash flow, which grew to \$286.0 million in 2006 from \$241.7 million in 2005.

"These results support our continued confidence in our ability to meet our guidance for 2007, while keeping with our strategy of paying out 70% to 80% of cash flow via share buybacks and dividends and continuing to grow our business over time," said Wayne Demkey, Chief Financial Officer. "We also continue to see opportunities to make MTS a more focused and profitable company through an additional \$40 million to \$50 million in cost savings in 2007, over and above the \$120 million in savings expected from our Transition Phase 2 cost reduction program."

**Divisional Highlights**

The Enterprise Solutions division delivered improved margins in the fourth quarter as a result of improved market focus, cost management and leadership in IP-based products. Fourth quarter revenues of \$261.4 million were basically flat as compared to the third quarter of 2006, while EBITDA for the division was up slightly on a year-over-year basis. Underlying these results was ongoing strong performance from the Enterprise Solutions division's growth areas.

Next generation data connectivity revenues climbed by 49.3% and IP-VPN customers increased to 172, reflecting the attractiveness and growing demand for the innovative next generation IP-based services offered by MTS Allstream to business customers. The Enterprise Solutions division also made good progress winning new business with customers in the quarter, including Access Communications Co-operative Limited ("Access Communications"), Persona Communications Corp. ("Persona Communications") and Level 3 Communications, Inc. ("Level 3").

The Consumer Markets division also delivered strong growth in growth services during the quarter. Wireless revenues and customers grew by 11.9%. Digital television customers climbed by 28.2%, and high-speed Internet customers increased by 17.8% from a year earlier. Television results were particularly strong in the fourth quarter with 6,651 additions, the highest quarterly increase over the past two years. Local line losses also improved significantly during the fourth quarter. After adjusting for temporary seasonal disconnects, MTS lost less than 3,000 lines in the fourth quarter, 65% fewer than the average quarterly loss in 2006. Lines are typically added in the second quarter at the beginning of the summer cottage season and then removed in the third and fourth quarters at the end of the season. The company attributes this improvement in local line losses, in part, to the attractiveness of its bundled products value proposition and the increasing success of its winback strategy.

"We continued to demonstrate in the fourth quarter that we are gaining traction in the marketplace against our competitors in both our enterprise and consumer businesses," said Blouin. "This remains a challenging business, but our strategies are working, we are continuing to see strong growth in growth services from both our Consumer Markets and Enterprise Solutions divisions, our people are getting excited again, and we are getting a positive response from our customers."

**FINANCIAL HIGHLIGHTS - REPORTED**

<i>(in millions of dollars, except per share amounts)</i> <sup>2</sup>	<i>three months ended December 31</i>		<i>twelve months ended December 31</i>	
	<b>2006</b>	<b>2005</b> <sup>3</sup>	<b>2006</b>	<b>2005</b> <sup>3</sup>
Operating Revenues*	479.1	494.2	1,926.4	1,980.3
EBITDA*	119.9	115.4	609.5	595.2
Operating Income*	34.2	34.0	278.9	279.1
Net Income	216.1	14.6	299.4	213.7
Basic EPS	3.18	0.22	4.40	3.16
Free Cash Flow*	(21.7)	(30.2)	168.9	60.7
Total Capital Assets	1,459.6	1,502.9	1,459.6	1,502.9

\* Excludes the Company's directories business which was reclassified as discontinued operations following the sale of this business on October 2, 2006

In the fourth quarter of 2006, basic EPS was \$3.18 as compared to \$0.22 in the fourth quarter of 2005, and for the twelve months ended December 31, 2006, EPS was \$4.40 as compared to \$3.16 for 2005. Reflected in these results are a number of items that did not arise from continuing operations. In the fourth quarter of 2006, the Company closed the sale of its directories business, which resulted in a gain of \$2.78 per share. The Company also recorded a tax asset valuation allowance adjustment of \$0.17 and incurred restructuring costs of \$0.34 per share, which include the costs associated with a voluntary job reduction program for the Company's operations in Manitoba.

For the year, the results reflect these same factors. In addition, basic EPS includes non-cash adjustments to income tax expense in each of the second quarters of 2006 (\$0.86) and 2005 (\$0.14) to reflect changes to future income tax rates. As well, in the second quarter of 2005, a favourable non-cash gain of \$1.07 was recorded in relation to the settlement of prior years' tax audits.

In the fourth quarter, revenue decreased from \$494.2 million to \$479.1 million, and for the twelve months ended December 31, 2006 revenue declined from \$1,980.3 to \$1,926.4 million. As indicated earlier, the year-over-year change in revenues is in line with the Company's outlook and reflects the ongoing transition of the Company's business mix from legacy services to growth services.

In the fourth quarter, EBITDA increased from \$115.4 million to \$119.9 million, and for the twelve months ended December 31, 2006, it increased from \$595.2 million to \$609.5 million. These increases are attributable to lower restructuring costs in 2006 as compared to 2005, and for the year, the impact of various positive retroactive regulatory decisions received in the second quarter of 2006 and the first quarter of 2005.

## 2007 OUTLOOK

As announced on December 13, 2006, the Company's 2007 outlook for continuing operations is as follows:

<b>2007 Financial Outlook – Continuing Operations</b> <sup>1</sup>	
Revenues	\$1.875 B to \$1.925 B
EBITDA <sup>4</sup>	\$625 M to \$655 M
EPS <sup>5</sup>	\$2.30 to \$2.50
Free Cash Flow <sup>6</sup>	\$240 M to \$270 M
Capital Expenditures	14% to 15% of Revenue

## OTHER DEVELOPMENTS

### Corporate Announcements

#### **MTS Allstream Closes Sale of Real Estate Transaction**

MTS Allstream announced on December 28, 2006 that it had closed a transaction regarding the sale of the Company's downtown office buildings located at 333 Main Street and 191 Pioneer Avenue in Winnipeg with Crown Realty Investments Ltd. for a price of \$51.1 million. As part of this transaction, MTS Allstream has signed a 15-year lease to leaseback the office space it currently occupies, which will continue to be the Company's head office. The net proceeds from this transaction, together with the proceeds of the sale of the Company's directories business, will be used to buy back common shares of MTS.

#### **MTS files Notice of Normal Course Issuer Bid**

MTS announced on December 13, 2006 that it had received approval from The Toronto Stock Exchange ("TSX") to establish the Issuer Bid. Pursuant to the Issuer Bid, MTS may acquire up to 6,807,624 common shares, or approximately 10% of the public float, for cancellation. The Issuer Bid commenced on December 18, 2006, and will end no later than December 17, 2007. Purchases of common shares for cancellation will be made on the open market through the facilities of the TSX when management is of the view that the acquisition of common shares is the most appropriate use of MTS's funds. It also is expected that the purchase of common shares for cancellation pursuant to the Issuer Bid will enhance the value of the remaining shares of the Company.

#### **Government responds to MTS Allstream concerns in issuing Policy Direction to CRTC**

On December 18, 2006, the Government of Canada issued a Policy Direction to the Canadian Radio-television and Telecommunications Commission to seek greater reliance on market forces in the regulation of telecommunications. The final form of the Policy Direction responded directly to concerns raised by MTS Allstream regarding the wording of the draft direction that had been tabled in the House of Commons in June 2006. As requested by MTS Allstream, the final form of the Direction underlined the importance of fair wholesale access for competitors to

the networks controlled by the incumbents, which should spur competition, especially in the business market.

#### **MTS Allstream announces Voluntary Reduction Program for Manitoba Employees**

On October 2, 2006, MTS Allstream announced a Voluntary Reduction Program for its Manitoba operations in 2006. The company targeted up to 325 reductions in the workforce through this initiative, which represented an element of MTS Allstream's Transition Phase II cost reduction program.

#### **MTS Allstream sells directories business to Yellow Pages Group Co.**

On October 2, 2006, MTS Allstream announced that it had closed a transaction to sell its directories business to Yellow Pages Group Co. ("YPG"). This transaction had a value of \$281 million, of which \$275 million was paid in cash to MTS Allstream upon closing. Through this transaction, MTS Allstream has maximized the value of this asset and sharpened its focus on opportunities in its core Consumer Markets and Enterprise Solutions divisions, while ensuring that the directory publishing operation is well positioned to continue to provide excellent service going forward.

### **Enterprise Solutions Division Announcements**

#### **MTS Allstream and Level 3 sign cross-border contract**

On December 12, 2006, MTS Allstream announced that it had entered into a three-year agreement with Level 3, an international communications company. Marking a significant expansion of the companies' existing business relationship MTS Allstream and Level 3 will exchange cross-border long distance voice services. Under the terms of this contract, MTS Allstream is allowed to send long distance traffic to the U.S. on Level 3's network, in exchange for carrying long distance traffic from the U.S. to Canada on MTS Allstream's network. This expanded business relationship significantly enhances MTS Allstream's cost structure, while improving its revenues and margins for delivering long distance phone service within North America.

#### **MTS Allstream wins multi-million dollar contract with Persona Communications for digital phone solution**

On December 11, 2006, MTS Allstream announced that it had been awarded a four-year wholesale contract, with a projected value of \$30 million, to supply Persona Communications, Canada's fifth largest national cable and high-speed Internet provider, with a network resident IP telephony ("NRIPT") solution, which will enable it to introduce a digital phone service to select markets across Canada. MTS Allstream's NRIPT service is built upon its national QoS-enabled multiprotocol labeling switching ("MPLS") infrastructure, which transports voice securely and reliably, without being carried over the public Internet. Leveraging its national IP network infrastructure, MTS Allstream is the first communications solutions provider in Canada to market an NRIPT service on a national basis.

#### **Access Communications selects MTS Allstream for digital phone solution**

On November 21, 2006, MTS Allstream announced that it has been awarded a contract to supply Access Communications with an NRIPT solution, enabling it to introduce a digital phone service to over 80,000 customers in Saskatchewan. This service includes residential voice services with

advanced features such as unified messaging, conferencing, visual call management, as well as flexible and custom web portal support tools.

### **MTS Allstream and Watchfire team to address Web application security and compliance**

On December 4, 2006, MTS Allstream and Watchfire Corporation (“Watchfire”) announced a comprehensive go-to-market alliance to assist their mutual clients with meeting the increased customer and regulatory compliance demands for vulnerability-free Web-based environments. Application security has become a priority as hackers now are targeting Web-based applications as their preferred route of attack. The need for security around Web-based applications also has been reinforced by a surge in regulation aimed at keeping personal and corporate information safe and private. By joining forces with Watchfire, the worldwide market-leading provider of Web-application security software solutions, and combining its own security consulting services with Watchfire’s market-leading AppScan® technology, MTS Allstream is helping to ensure that its clients are better protected against today’s most critical online threats and are in compliance with privacy regulatory bodies.

### **Mitel certified to support MTS Allstream’s next generation IP Trunking service**

On November 28, 2006, MTS Allstream announced that Mitel Networks Corporation’s 3300 IP Communications Platform was certified as fully interoperable with the company’s IP Trunking service – a service that enables customers to run all data, long distance, local and private voice traffic on a single IP backbone. This platform provides customers with an alternative to costly traditional access to the public switched telephone network and eases their shift to IP communications, allowing them to realize the significant competitive advantages of IP solutions. MTS Allstream is the first Canadian service provider to offer this service, and operates the only MPLS network that has enabled IP Trunking. With IP Trunking, enterprise customers experience a wide range of business benefits, including an accelerated return on investment, reduced costs, improved productivity and greater flexibility to meet changing business needs.

### **MTS Allstream recognized for Information Technology Excellence**

On November 28, 2006, MTS Allstream announced that it had received national recognition for information technology when its customer, the City of Grande Prairie, Alberta, received a gold medal Distinction Award for its Internet portal project, [muniportal.ca](http://muniportal.ca), at the Government Technology Exhibition Conference in Ottawa. MTS Allstream and the City of Grand Prairie jointly developed and implemented the [muniportal.ca](http://muniportal.ca) service. The gold medal Distinction Award in the Municipal Awards category for Service Delivery to Citizens and Business recognizes innovation, excellence and leadership in Canadian public sector e-government. This award speaks directly to MTS Allstream’s ability to develop strong relationships with its clients to create innovative solutions which assist them to raise the bar on the quality of service they deliver to their customers.

### **MTS Allstream and Lavalife recognized at Canadian Information Productivity Awards**

On December 11, 2006, MTS Allstream was pleased to announce that its customer, Lavalife Corp. (“Lavalife”), had received national recognition for its ability to design technical solutions that meet its specific business requirements. Lavalife won the Silver Award for Excellence in the category of Technical Innovation for its Voice over Internet Protocol (“VoIP”) solution at the Canadian Information Productivity Awards. MTS Allstream and Lavalife worked together to develop a way to capture all of Lavalife’s Canadian calls using VoIP technology, and built the first significant inbound local and toll-free VoIP platform in Canada. This new

innovation utilizes an MPLS solution that MTS Allstream designed to meet Lavalife's business requirements for greater operational efficiencies and a more effective cost structure.

## **Consumer Markets Division Announcements**

### **MTS Allstream launches QuickPlay Media's Streaming Radio and TV services**

On December 12, 2006, MTS Allstream announced that Streaming TV and Streaming Radio services had been made available to its wireless customers. These services, which provide the latest in mobile next generation radio and television services, are powered by QuickPlay Media Inc. and Standard Interactive, respectively. Streaming TV service allows users to access television clips in a variety of categories, which include weather forecasts, sports highlights, comedy clips, movie trailers, horoscopes and much more. Clips start instantly, when selected, as there is no need to wait for downloading. Streaming Radio service allows users to access more than forty stations of digital-stereo, commercial-free music which is available twenty-four hours a day. This live on-demand, strictly music content is streamed in real time. Both services will appeal to customers who are on the move, and want easily accessible entertainment and information.

### **Front row seat for live events with MTS TV**

On November 3, 2006, MTS Allstream announced the launch of its events-only Pay Per View offering. MTS TV customers will have access to live Pay Per View events, such as wrestling, NHL hockey and other special events, with their remote control, representing yet another improvement to what is already one of Canada's strongest digital television offerings.

### **MTS TV rolls out Photos on Demand**

On November 30, 2006, MTS Allstream announced another great feature that MTS TV and MTS High Speed Internet service customers can enjoy – MTS TV Photos on Demand. This service lets customers view a slide show of their own pictures in digital quality right on their television screen. MTS High Speed Internet service is used to upload pictures from a digital camera or cellular picture-phone, and organize them into albums, which then can be viewed through MTS TV. Customers can create descriptions and names for each picture that they store in an MTS Photos on Demand album. MTS Photos on Demand is an exclusive feature that is available from only MTS Allstream.

### **MTS Allstream increases High Speed Internet Light Speed**

On November 9, 2006, MTS Allstream announced that it had doubled the speed of its High Speed Internet Light service. The download speed available to all High Speed Internet Light customers has been increased up to 256 Kbps, which allows users to enjoy twice as much convenience and access on the Internet. MTS Allstream is constantly improving its service and currently provides its residential customers with a selection of three different speed and pricing options, from which they can choose the service that best meets their personal requirements. The increased High Speed Internet Light speed is available in all areas of Manitoba served by MTS High Speed Internet, which includes Winnipeg, Brandon and over 160 communities. All High Speed Internet Light plan subscribers have been automatically upgraded to the new increased speed at no extra cost.



**MTS Allstream completes \$2.5 million Brandon project**

On December 11, 2006, MTS Allstream announced that it had completed a \$2.5 million network upgrade improvement which provides MTS High Speed Internet customers in Brandon, Manitoba, with even faster speeds and better reliability than they already enjoy. Twenty-four high-speed Internet network cabinets were installed at different locations in Brandon and improvements were made to the existing network of lines that connect homes and businesses to MTS Allstream's central network equipment. As MTS Allstream continues to invest in improvements to its Manitoban communications infrastructure, it has invested over \$4.2 million for the Brandon community alone.

**MTS Allstream offers international roaming at a flat rate**

On November 15, 2006, MTS Allstream announced its new International Roaming Service. MTS Allstream customers can roam on both code division multiple access ("CDMA") and global system for mobile communications ("GSM") networks in over 140 countries worldwide, when using a Motorola A840 handset. MTS Allstream's International Roaming Service allows customers to benefit from simple and predictable flat-rate global GSM roaming, eliminating the need to keep track of where they make phone calls or what type of calls they are making. One phone, one phone number and one straightforward flat rate allow frequent international travelers to seamlessly send and receive calls and send text messages almost anywhere in the world. MTS Allstream's current flat-rate International Roaming Service on GSM networks will cost users \$2.49 per minute for all in-country and country-to-country calls. This rate includes all air time and long-distance charges.

**MTS Allstream Expands Wi-Fi network**

On October 23, 2006, MTS Allstream announced that it had expanded its wireless Internet service to more than 60 Manitoba locations, and that it now offers access to over 300 locations across Canada. The MTS Wi-Fi Hotspots in Manitoba are located in Winnipeg, Headingley, Brandon, Virden, and Morris at key places such as the MTS Centre, the Forks, Osborne Village, and dozens of other locations, including coffee shops, restaurants, truck stops and shopping centres. MTS High Speed Internet and wireless customers also can access Wi-Fi at more than 300 similar locations across Canada serviced by FatPort®.

**Cindy Klassen featured on new MTS Allstream long distance cards**

On December 7, 2006, MTS Allstream announced new lower long distance rates to Canada, the U.S. and all major overseas destinations for its prepaid long distance cards. Available in \$5 and \$10 denominations, the new cards let customers make long distance calls from cellular phones, landline phones or payphones anywhere in Canada and the U.S. Customers also will benefit from the quality and reliability of the MTS Allstream network and rates to Canada, the U.S. and major overseas destinations which are as low as 7¢ per minute. There are two different card designs, both featuring two Manitoba icons: five-time 2006 Olympic medalist Cindy Klassen, who has a multi-year sponsorship agreement with MTS Allstream, and Morty the bison.

**NOTES**

1. MTS's interim Management's Discussion and Analysis ("MD&A") for the three and twelve months ended December 31, 2006 and supplementary financial information are available in the Investors section of the MTS Web site at [www.mtsallstream.com](http://www.mtsallstream.com).

2. MTS's fourth quarter 2006 conference call with the investment community is scheduled for 4:00 p.m. Eastern time on February 1, 2007. Investors are invited to listen to the conference call. The dial-in number is 1-800-814-4859. A live audio Webcast of the investor conference call can be accessed by visiting the Investors section of the MTS Web site ([www.mtsallstream.com](http://www.mtsallstream.com)). A replay of the conference call will be available until midnight February 11, 2007 and can be accessed by dialing 1-877-289-8525 or 1-416-640-1917 (access code 21214543#). The audio Webcast will be archived on MTS's Web site.

***About Manitoba Telecom Services Inc.***

*Manitoba Telecom Services Inc. is one of Canada's leading national communication solutions providers, delivering innovative products and services through the Consumer Markets and Enterprise Solutions divisions of its wholly owned operating subsidiary MTS Allstream Inc. Our Consumer Markets division serves small business customers nationally and residential customers in Manitoba with a full suite of wireline voice, high-speed Internet and data, next generation wireless, digital television, security and alarm monitoring services. Our Enterprise Solutions division provides national business customers with a world-class portfolio of IP-based connectivity, managed network services, and professional services. MTS Allstream's extensive national broadband fibre optic network spans more than 24,300 kilometres, and provides international connections through strategic partnerships and interconnection agreements with other international service providers. The Company markets its consumer products and services in Manitoba primarily under the MTS brand, and its enterprise products and services nationally primarily under the Allstream brand. MTS Allstream is a subsidiary of Manitoba Telecom Services Inc. whose common shares are listed on The Toronto Stock Exchange (trading symbol: MBT). For more information, please visit: [www.mtsallstream.com](http://www.mtsallstream.com).*

**Forward Looking Statements Disclaimer**

This news release includes forward-looking statements about our corporate direction and financial objectives 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 information. Forward-looking statements reflect our expectations as at February 1, 2007. 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", and other similar terms. Factors that could cause 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 information, include, but are not limited to, the items identified in the "Risks and Uncertainties" section and the "Material Assumptions" identified in the "Outlook" section of our quarterly 2006 interim MD&As, our 2005 annual MD&A and the news release issued on December 13, 2006 entitled "MTS Allstream Initiates \$320 Million Share Buyback, Confirms Board Support for Annual Dividend of \$2.60 Per Share". 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. Additional information relating to our company, including our Annual Information Form, is available on SEDAR at [www.sedar.com](http://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.

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 (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 discussed in this outlook and listed from time to time in our comprehensive public disclosure documents, including our 2005 Annual Report and in other filings with the Canadian securities regulatory authorities.

For further information, refer to the risks and uncertainties sections in our annual 2005 and interim 2006 quarterly MD&As

**-30-**

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<sup>1</sup>Refer to MTS's fourth quarter 2006 interim MD&A for the definition of continuing operations.

<sup>2</sup> Excludes basic EPS.

<sup>3</sup> The prior period figures have been reclassified to conform to the current year's presentation of discontinued operations.

<sup>4</sup> 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.

<sup>5</sup> EPS is earnings per share.

<sup>6</sup> Refer to MTS's fourth quarter 2006 interim MD&A for the definition of free cash flow.