



NewsRelease

Stock Symbol: MBT

“Delivering Results” the Focus of 2004 Investors Forum - 2005 Financial Outlook Highlighted by EBITDA¹ Growth in Excess of 5% -

Toronto, December 10, 2004 – Manitoba Telecom Services Inc. (“MTS”) is confirming 2004 financial guidance and presenting its 2005 financial outlook today at its sixth annual Investors Forum in Toronto. The Investors Forum features presentations by the Company’s executives on MTS’s business activities and plans for the future. The public and media are invited to join the Investors Forum via live audio webcast on MTS’s website (www.mts.ca), commencing at 8:00 am Eastern Time.

“2004 has been a critical turning point for our company. We are now the third largest national telecommunications provider in Canada – an exciting combination of a very successful incumbent telecommunications company in the province of Manitoba, and an innovative profitable competitor in the national business telecommunications markets,” commented Bill Fraser, Chief Executive Officer. “As a combined organization, we are very determined to move ahead as a strong competitor who delivers results for customers and shareholders – today and tomorrow.”

2004 Performance

“We saw solid improvement in MTS’s financial performance in the third quarter, and through the balance of the year, are continuing to make good progress in Manitoba and nationally. Consistent with our expectations, results for October and November indicate that the revenue decline at our national division is beginning to slow. We are confident that MTS’s 2004 financial results will be in line with the pro forma² financial guidance outlined on August 12th,” said Wayne Demkey, Executive Vice-President Finance & CFO.

| 2004 Pro Forma Financial Outlook³ | |
|---|--------------------|
| Revenues | \$2.0 B to \$2.1 B |
| EBITDA | \$670 M to \$680 M |
| Earnings Per Share | >\$2.75 |
| Cash Earnings Per Share⁴ | \$4.15 to \$4.30 |
| Free cash flow⁵ | \$265 M to \$295 M |
| Capital spending | \$315 M |

2005 Financial Outlook

“In 2005, we expect to see top line growth and growth in profitability, and we will also – as part of that – see the gains and synergies from being a merged national company,” explained Wayne Demkey. “MTS’s strong levels of free cash flow more than sustain our dividend requirements, and going forward, will continue to grow.” The Company’s 2005 capital program is budgeted at approximately \$325 million. Capital will principally be used to

¹ Earnings before interest, taxes, amortization, gain on sale of investment in Bell West, restructuring and integration costs, equity losses, and other (expense) income. Information concerning EBITDA is provided because management believes it is used by investors as a measure of MTS’s financial performance. This measure does not have a standardized meaning as prescribed by Canadian generally accepted accounting principles (“GAAP”) and is not necessarily comparable to similarly titled measures used by other companies. EBITDA should not be construed as an alternative to operating income or to cash flows from operating activities (as determined in accordance with Canadian GAAP) as a measure of liquidity.

² Pro forma results provide an indication of MTS’s consolidated results as if the acquisition of Allstream Inc. (“Allstream”) by MTS had occurred on January 1, 2004.

³ 2004 pro forma financial outlook excludes synergies, a special payment relating to the unfunded positions of our pension plans, as well as one-time costs associated with the acquisition of Allstream.

⁴ Cash earnings per share is defined as earnings per share plus future taxes.

⁵ Free cash flow is defined as cash flow from operating activities, less capital expenditures, and excluding changes in working capital.

fund growth in the business. With planned capital spending of \$325 million, MTS's capital intensity ratio will be approximately 15% to 16%.

| 2005 Financial Outlook⁶ | Growth Rates⁷ |
|---|---------------------------------|
| Revenues | 2% to 4% |
| EBITDA | 5% to 7% |
| Earnings Per Share | 7% to 11% |
| Cash Earnings Per Share | 16% to 18% |
| Free cash flow | 6% to 13% |

“Our overall outlook for 2005 is positive. We are committed to maximizing the benefits of MTS's strengths, capitalizing on revenue opportunities as the broadband IP evolution gains momentum, investing prudently in the business with discipline, and maintaining a focus on operating efficiency – all in support of our objective to deliver results and value to MTS's shareholders,” added Mr. Demkey.

Live Audio Webcast

The public and media are invited to join today's Investors Forum via live audio web cast on MTS's web site (www.mts.ca) beginning at 8:00 am Eastern Time. The web cast can be accessed by visiting the Investors Section of MTS's website. The web cast and presentations will also be archived on MTS's website following the event.

⁶ 2005 financial outlook includes gross synergies of approximately \$27 million, and excludes transition costs. Transition costs include estimated transition expenses of \$6 million and transition capital of \$22 million.

⁷ Growth rates based on low end of 2004 guidance.

This news release contains forward-looking statements and there are risks that actual results may differ materially from those contemplated by these forward-looking statements. Forward-looking statements reflect our expectations as at December 10, 2004. Information on these risks can be found in our filings with the Canadian securities commissions. 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. This news release and the financial information contained herein have been reviewed by our Audit Committee.

MTS is Canada's third-largest national communications provider, with 7,000 dedicated employees focused on delivering outstanding value to its customers. Seamlessly blending innovative solutions and world-class technology, MTS connects its customers to the world. Through its Manitoba operations, MTS serves residential and business customers in the province, with a full suite of wireline voice, data services, wireless, and MTS TV services. MTS's Allstream division serves national business customers, with a world-class portfolio of connectivity, infrastructure management and information technology services. Spanning more than 18,800 kilometres, MTS has an extensive national broadband fibre-optic network and provides international connections through strategic partnerships and interconnection agreements with other international service providers. MTS's shares are listed on The Toronto Stock Exchange (trading symbol: MBT). MTS's Web site is located at www.mts.ca.

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