

Annual Address to Shareholders

2010 Annual General Meeting

May 6, 2010

David G. Leith

Chair

Manitoba Telecom Services Inc.

Check Against Delivery



Now that the formal business of the meeting is over, I would like to provide a perspective from the Board on the Company's performance in 2009, and on the importance of effective corporate governance to our success.

First, let me say how delighted and proud I was earlier this year to become the new Chair of the Company, when Tom Stefanson retired from that role. I have been associated with the Company for over a decade now. As an investment banker, I worked on the initial public offering of the Company in 1997. Over the years, I have had the opportunity to work with your Board and management on financings and other matters.

And, having had many clients in Winnipeg throughout my career, Winnipeg has been my home away from home.

Over the years, MTS Allstream has grown into a strong national communications provider, but it is a company nonetheless firmly rooted here in Manitoba. All Manitobans can rightly be proud of this company and what it has achieved. Today we are, in fact, the largest widely-held public company in the province. The history and unique character of MTS Allstream are among our greatest strengths, and we will build on that looking forward.

For the opportunity I now have to keep working with your company, I owe much to my predecessor, Tom Stefanson, who also retired today as a Board member after 20 years of tremendous leadership. Tom was fundamental to the creation of MTS Allstream as a public company and its continued success these past 13 years. His contributions have put your company at the forefront of progressive corporate governance in Canada. That fact is well recognized by others, including the Globe and Mail's Report on Business Magazine, which ranked our governance in the top 40 in the country and ahead of all other companies in our industry.

I know Tom isn't big on the idea of lengthy public tributes – but I will risk his displeasure in this instance, and ask him to stand, and call on everyone here to please join me in acknowledging him and wishing him well as he moves on to a new – and enjoyable – phase in life.

2009 was a difficult year for many, and MTS Allstream was no exception. We are delighted to tell you, however, that our Manitoba operations performed extremely well despite a very poor economic environment. In common with most Canadian businesses, it was a challenging year for our Allstream operations and our financial results reflect that.

While we were disappointed with 2009's financial performance, we are pleased with the efforts of management. They have been rigorous in managing costs, have been very focused on running the business effectively, and have implemented a range of new strategic initiatives to ensure the Company remains on solid footing today and into the future.

Pierre Blouin will shortly provide you with a more detailed business review in his remarks. Your Board continues to have great confidence in the leadership of Pierre and his management team and their ability to create value over the long term.

I'd like to emphasize my own commitment, and that of all the Board, to maintaining the highest standards of corporate governance. We will build on the contributions of Tom Stefanson and other Board members, past and present. And, in this respect, I would like to thank all our Board members for their commitment to the Company and for their diligent and thoughtful work, and for the support and counsel they have provided to me since becoming the Chair.

You can see today in the composition of your Board – in my view – the outcome of a patient and mature evolution over the years. While there is great continuity and stability on the Board, there are also newer voices, and more diverse voices, too. This reflects the need for different skills and new perspectives for the changing realities and new challenges we face across our industry.

As I see it, my responsibility as your Chair is to help ensure that we have a strong governance culture at the Board, which allows for engaged, constructive, independent thinking.

I believe an effective governance culture is in place today at MTS Allstream. But there's always more work to do in ensuring we maintain leadership in our governance. As a Board, we believe that good governance is based on some key principles: independence, accountability, clarity of roles, a strong strategic focus, prudent risk management, leadership, adherence to the highest ethical standards, and integrity in financial disclosure.

Two areas of focus for the Board that I'd like to specifically comment on are the areas of compensation and our dividend.

Executive compensation is an issue which has rightly received much discussion of late. Your Board has established a compensation program based on pay for performance at the corporate, business unit and personal level that is benchmarked regularly with a peer group.

Our aim is to ensure that a meaningful portion of our executives' compensation is long term in orientation, and aligns the interests of management with our shareholders.

Your Board spends a good deal of time on compensation matters including a rigorous assessment of performance and potential to ensure that its strongest and most valuable executives are paid fairly and competitively for their performance. We believe that this will continue to mean that we can attract and retain high performing executives.

As you will note from a review of our proxy circular, our executives' compensation was meaningfully affected by MTS Allstream's results in 2009. And, the Board believes that's the appropriate linkage we wish to see.

On dividends, the Board recognizes the dividend's importance to our shareholders and that it forms a key part of the overall return expectations they have of MTS Allstream. Your Board reviews the dividend on an ongoing basis with regard to current performance, our outlook for future business, and in the context of our financial position and ongoing capital requirements.

In closing, MTS Allstream has grown into one of the best operated telecommunications providers in North America with a tremendous record of continued success.

While there are many factors responsible for this achievement, the final word of thanks today should go to our employees here in Manitoba and across the country. In everything they continue to achieve, in good or more difficult economic times, our people have proven immensely capable, committed to their work, and active in their communities. Most importantly, they take pride in making this great Manitoba company successful – today and for tomorrow. Your Board is very appreciative of their efforts.

Before we open the floor to questions, I would like to now hand the meeting over to Pierre who will review the Company's performance and priorities.

Thank you.