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www.mtsallstream.com

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This presentation contains certain forward-looking information. Material factors or assumptions were applied in drawing conclusions or making a forecast or projection reflected in such forward information.

Actual results may differ materially from a conclusion, forecast or projection in such forward-looking information. Additional information about such material factors and assumptions can be found in MTS' filings with the Canadian securities regulatory authorities.

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Corporate overview

Corporate profile

MTS Allstream (TSX: MBT)

- A leading telecommunications provider in Canada
- Revenues of \$1.8 billion in 2010
- 30,000 km national IP fibre network
- Serving customers for more than 100 years
- One of Canada's top employers

MTS

- Serving consumer and business markets in Manitoba
- Full-service telco provider
- #1 in all telecom markets in Manitoba
- Highest in-region margins in Canadian telecom industry

Allstream

- Serving business markets nationally
- Coast-to-coast national IP fibre network
- A leading competitor to Bell and Telus in national business markets
- Industry-leading customer service

MTS Allstream product lines

MTS

- Wireless
- High-speed Internet
- Digital television
- Converged IP
- Unified communications, security and monitoring
- Local access
- Long distance and legacy data

Allstream

- Converged IP
- Unified communications and security
- Local access
- Long distance and legacy data

MTS



allstream

MTSallstream

2010 in review

- ✓ We met our 2010 financial outlook.
- ✓ MTS delivered solid results while maintaining market share in a tough competitive environment.
- ✓ Allstream's EBITDA performance demonstrated renewed stability.
- ✓ In 2010, we continued to invest strategically for future growth.
 - ✓ MTS accelerated the deployment of fibre to the home & built its HSPA+ network in Manitoba.
 - ✓ Allstream launched a 3-year targeted, success-based investment program to extend fibre to an additional 675 multi-tenant buildings.
- ✓ Our cost reduction program met the annual target range with \$34.4 million in annualized savings for 2010.

2010 financial results

<i>(in millions \$, except EPS)</i>	2010 Actuals				
	Q4	Q3	Q2	Q1	YTD
Revenue	446.7	451.0	442.9	442.0	1,782.6
EBITDA	135.5	159.9	138.8	130.6	564.8
EPS (\$)	0.46	0.75	0.55	0.42	2.18
Free cash flow	(64.1)	44.3	33.3	20.6	34.1
Capital expenditures/ revenue	29.0%	17.4%	17.6%	17.1%	20.3%

Consolidated; in accordance with IFRS

Proud recipient of numerous awards



F R O S T & S U L L I V A N
2008 Competitive Strategy Leadership



2011 strategic priorities

- Maintain industry-leading position in Manitoba through a strong focus on multi-product customers (wireless, high-speed Internet, television and wireline voice)
- Drive growth in IP-based services and the expansion of our urban fibre network
- Deliver superior customer service, while reducing our cost structure and legacy costs

...to produce strong cash flows
in support of our dividend policy.

MTS

MTS: The leading full-service provider in Manitoba

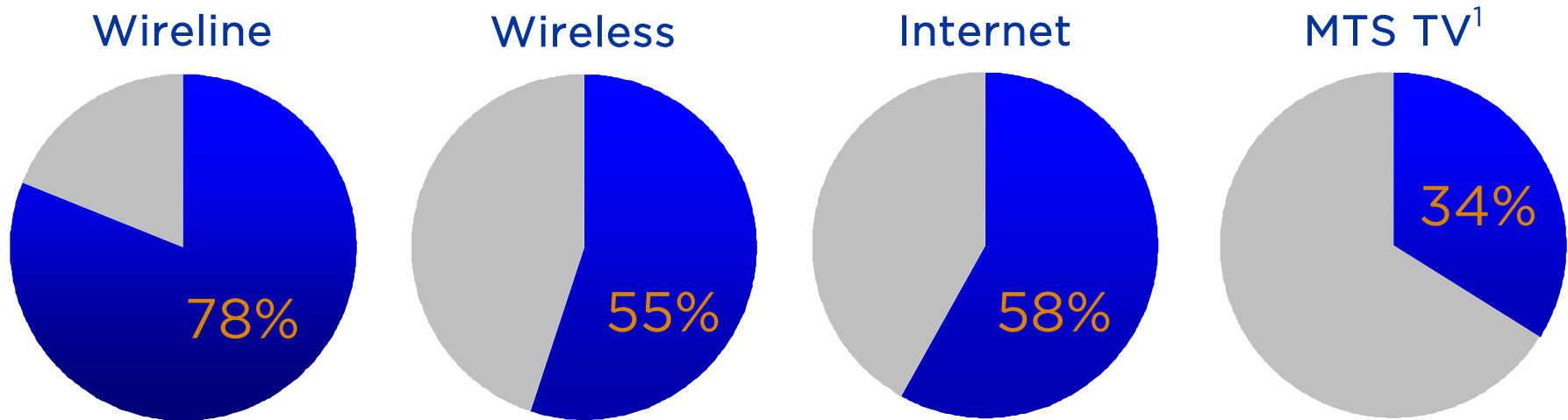
MTS leads every telecommunications market segment in Manitoba, delivering a full suite of wireless, broadband, high-speed Internet, IP television, converged IP, unified communications, security, home alarm monitoring, local access and long distance services. This complete range of products is unmatched by any other provider in the province. MTS serves both residential and business customers in Manitoba.

MTS is the market leader in Manitoba, with:

- ✓ pervasive broadband and wireless networks
- ✓ strong brand recognition
- ✓ superior distribution channels
- ✓ the richest bundling capabilities
- ✓ industry-leading margins
- ✓ strong customer relationships

MTS: Market leadership in Manitoba

Highest in-region market share for a Canadian incumbent:



¹ Greater Winnipeg market

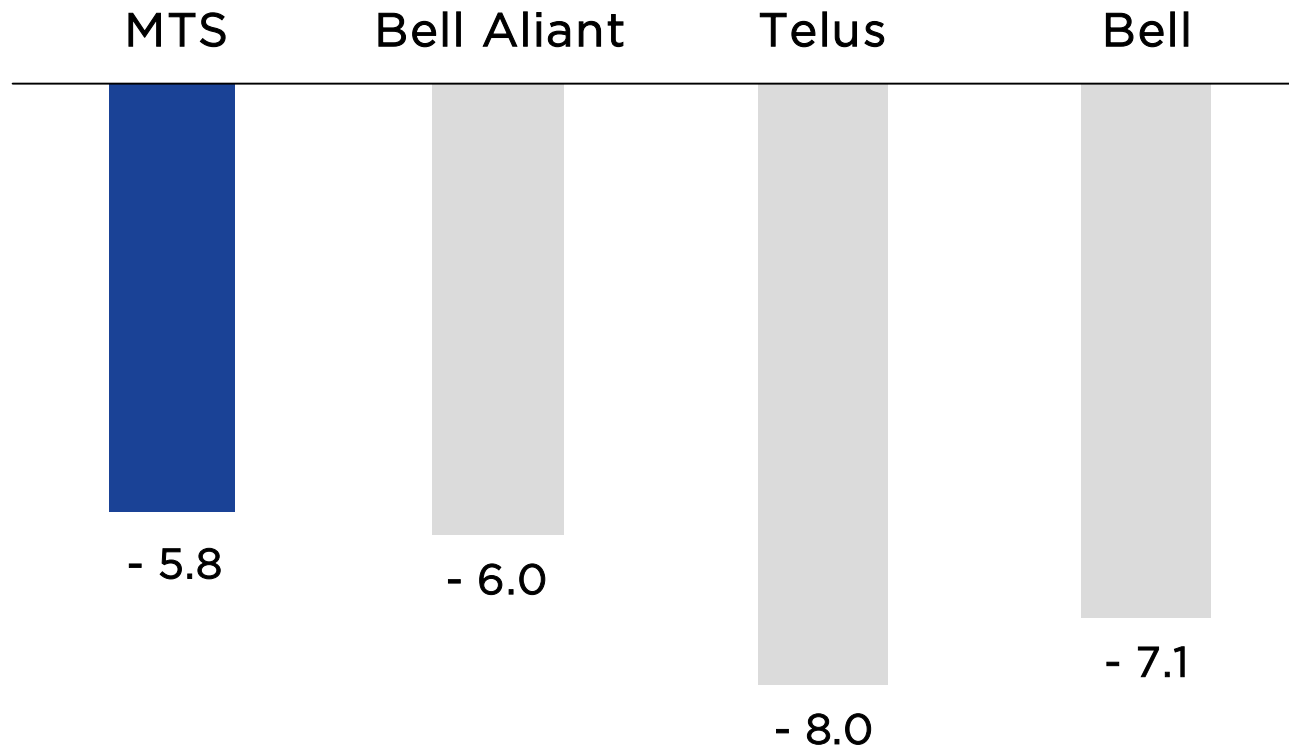
MTS: “Own the Home” in Manitoba

- MTS offers unique bundles which can include wireline, Internet, television, security services, and wireless.
 - Our bundles are unmatched by any of our competitors in Manitoba.
-



- We are leveraging innovative bundling strategies to maintain market leadership and minimize NAS erosion.
- Customer bundles were up 9.0% in 2010, with strong growth in the second half of the year.
- Our four-product bundle (including Wireless) has a low churn rate at 0.3% and cannot be matched by any of our competitors.

MTS: Meeting the challenge of local competition

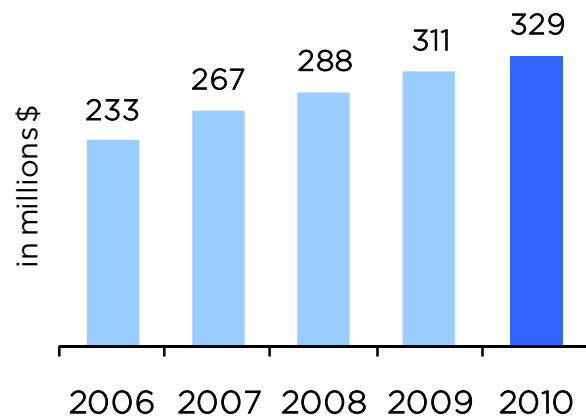


Residential line losses compare favorably to the industry at -5.8%¹.

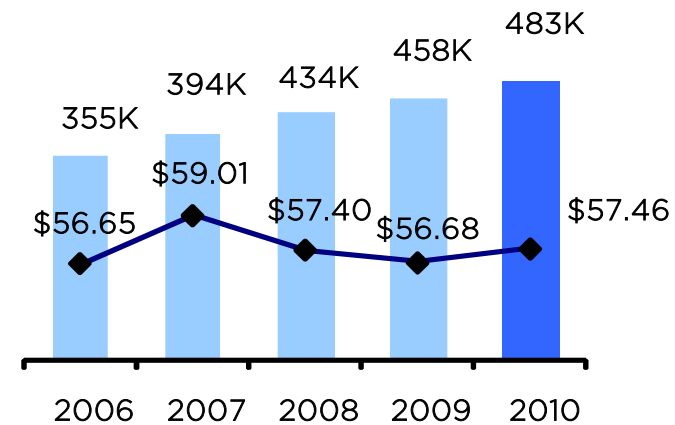
MTS: A wireless leader

- 5.8% revenue growth in 2010
- ARPU is up 1.4% to \$57.46
- 46.2% growth in wireless data revenues in 2010
- Wireless revenues now represent 35% of total MTS revenues
- Expect to launch HSPA+ services on March 31, 2011

MTS
Wireless revenues



MTS
Wireless customers & ARPU



MTS: A wireless leader

- MTS has 55% wireless market share in Manitoba:
 - Unmatched bundling potential across Manitoba
 - Best distribution channels
 - 97% provincial HSPA+ coverage (same as Rogers)
 - Telus currently limited to urban-only HSPA footprint
- New entrants:
 - Shaw (20 MHz AWS spectrum) announced they would not launch wireless before 2012
 - The majority of Shaw cable customers currently use competitors wireless devices. Therefore, we expect Shaw entrance to have a more significant impact on Rogers and Telus.
 - Wind (10 MHz AWS spectrum) - No signs of activity.

➔ Relatively low current wireless market penetration in Manitoba allows for future growth even as new players gain market share

MTS: A wireless leader

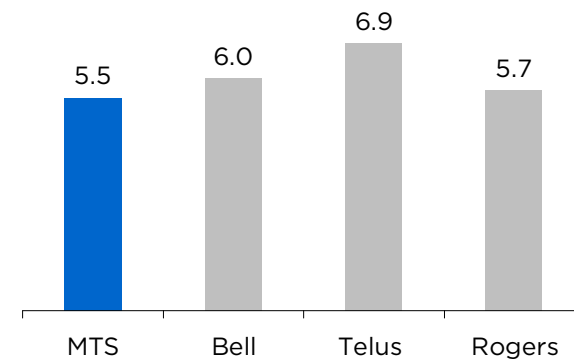
We have delivered strong wireless results and expect to continue to in the future.

Disciplined approach to marketing demonstrated by healthy mix of subscriber and ARPU growth compared to peers

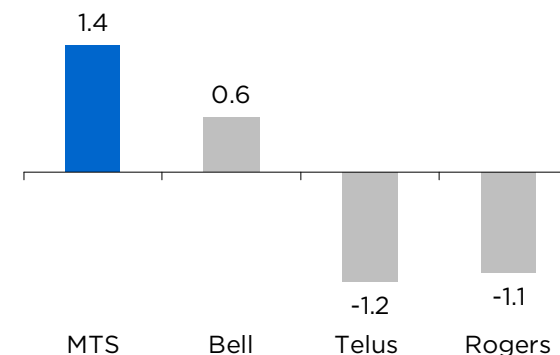


MTSallstream

Wireless subscriber growth %
(YTD/10 vs. YTD/09)



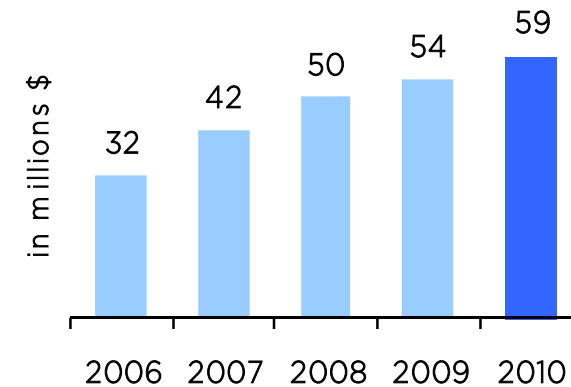
Blended ARPU growth %
(YTD/10 vs. YTD/09)



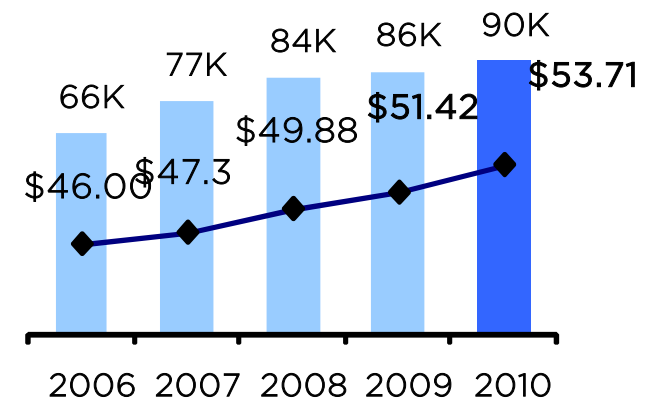
MTS: Offering television service since 2003

- Television revenues were \$59 M in 2010 - up 10% from 2009
- ARPU rose 4.5% to \$53.71 in 2010
- MTS Ultimate TV (our premium television service) and whole home PVR launched in 2009
 - Service currently available to:
 - 95% of Winnipeg
 - 93% of Brandon
 - 91% of Portage La Prairie
 - Coming to 4 new communities in 2011

MTS
Digital television revenues



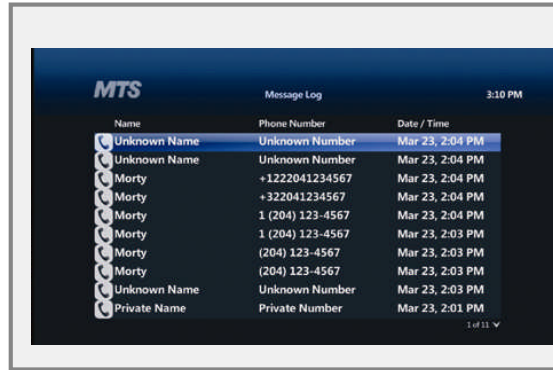
MTS
Digital television customers & ARPU



MTS Ultimate TV uses the Microsoft Mediaroom IPTV platform and includes:



Whole-home PVR



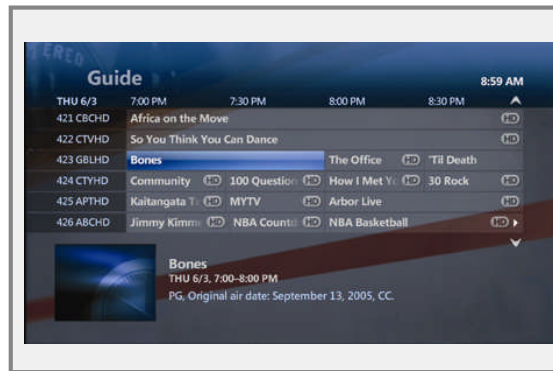
Call display



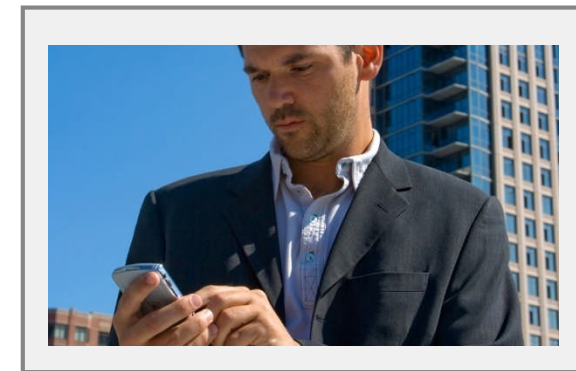
MyPicks – multiple on screen channels



Expanded line up of HD available on all set-tops



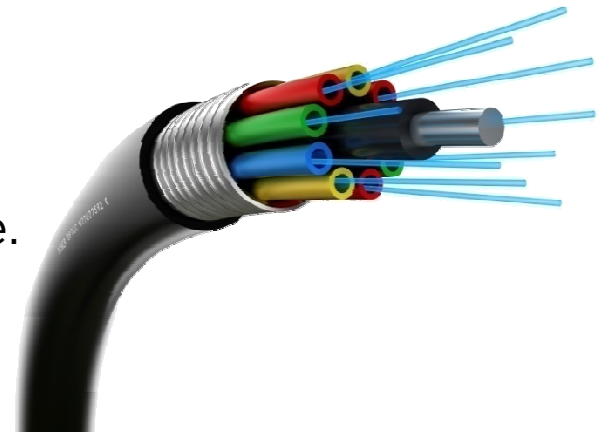
Interactive TV guide with in-guide picture display



Remote access to PVR

We are investing in fibre-to-the-home (FTTH) to support future growth.

- Over the next five years, we are investing \$125 million to accelerate FTTH technology deployment across Manitoba.
- By the end of 2015, fibre is expected to be passed to 120,000 homes in Manitoba in 20 communities.
- In 2011, we will be deploying fibre to four new communities.
- Once completed, 65% of Manitoba households will have access to either VDSL or FTTH technology.
- FTTH provides growth opportunities
 - Initial focus on areas where we do not have VDSL
 - Access to high-speed Internet and MTS Ultimate TV
 - Greater bundle opportunities
 - Retain market leadership
- We are taking timely and prudent steps to ensure we have the right network to maintain market leadership for years to come.



Allstream

Allstream – A strong competitor across Canada

Allstream is a leading competitor in the national business and wholesale markets. Allstream's main products are IP-based communications, unified communications, voice and data connectivity, and security services. Allstream operates an extensive national broadband fibre optic network that spans almost 30,000 km, and provides international connections through strategic alliances and interconnection agreements with other international service providers.

Allstream's strengths include:

- A national IP fibre network spanning almost 30,000 km
 - 2,100 buildings connected with fibre
 - 1,000 buildings connected with copper
- Ability to reach 65% of corporate Canada on a cost-effective basis
- Portfolio of innovative IP services
- Industry-leading customer service
- More than 60,000 business customers

Allstream has a national IP fibre network that spans almost 30,000km.

Allstream's network:

- +18,000 km high bandwidth, national IP fibre network
- 8 US network access points
- High availability, diverse routing
- Connection to metro fibre in all major Canadian markets



Allstream has great customer relationships and serves over 60,000 business customers.



Allstream's strategy

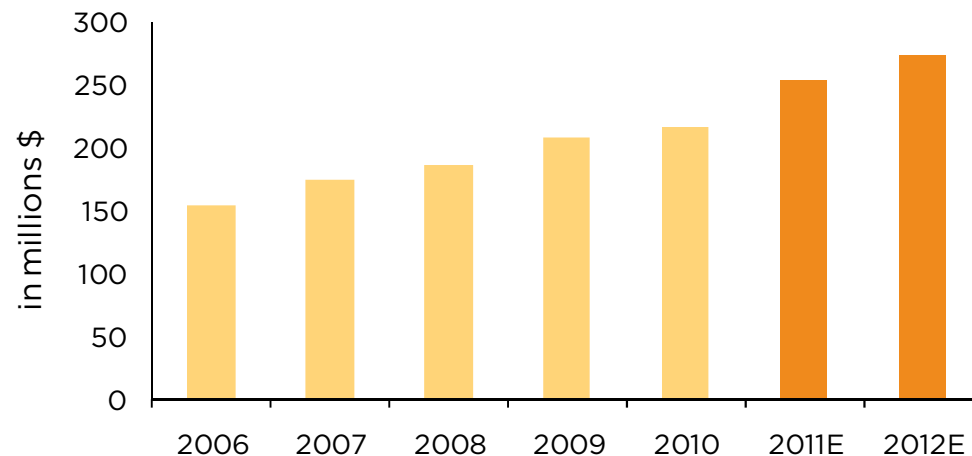
We are increasing our profitability and shifting our focus to high-margin, on-net IP revenues.

- We are taking action to improve the quality of our revenues by:
 - Winning high-margin, on-net, IP revenues;
 - Only renewing and bidding on contracts that have attractive margins; and
 - Exiting low-margin lines of business.
- We are reducing costs.
 - By moving more revenues on-net, we are reducing the amounts paid to other carriers.
 - As we exit low-margin and legacy lines of business, there are opportunities for reducing related back-office costs.
- We are improving the customer experience.
 - As we move more revenues on-net, more of our customers can be assured of receiving Allstream's superior customer service.
 - Using our own fibre network provides greater reliability to our customers.

Shifting our focus to Converged IP

- IP is the fastest-growing portion of the \$10 billion Canadian telecom enterprise market.
- 26% - **\$217 million** in 2010 - of Allstream's business is generated by converged IP.
- Solid track record with three year CAGR in IP revenues more than 10%; in line with market forecasts
- IP is Allstream's highest-margin product with average **gross margin of 72%**

Allstream
Converged IP revenues



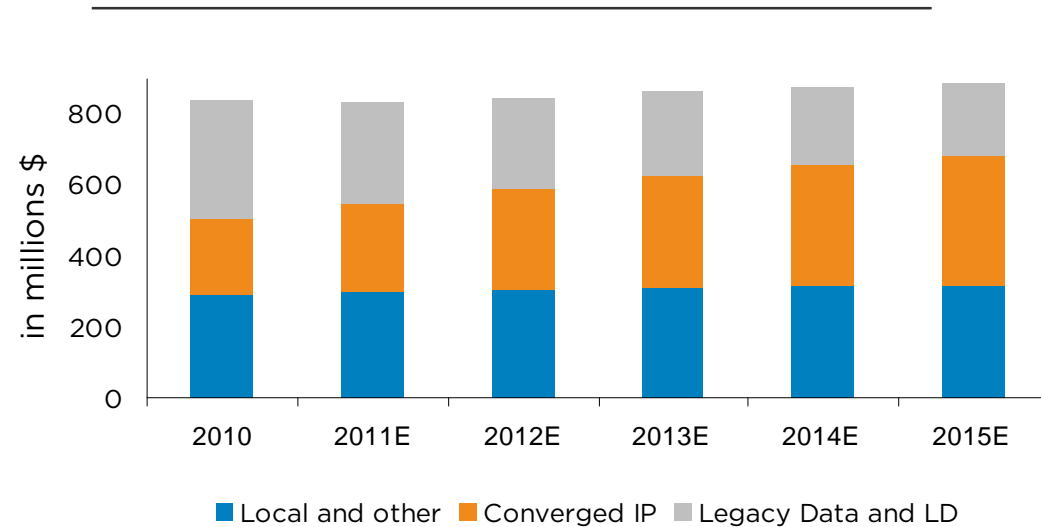
Allstream's strategy in action: A targeted, success-based investment program

- 2010 was the first year of a three-year program to extend fibre to an additional 675 multi-tenant buildings within 200 metres of existing national fibre network in Toronto, Montreal and Vancouver.
- This targeted, success-based investment program will help us win high-margin, on-net IP revenues, while lowering our costs, and providing us with greater control over the customer experience.
- The market in these targeted buildings is estimated to be a \$200 million revenue opportunity.
- We have a targeted sales and marketing approach to increase our penetration in these new buildings.
- In 2010, we won 139 new contracts due to this program.

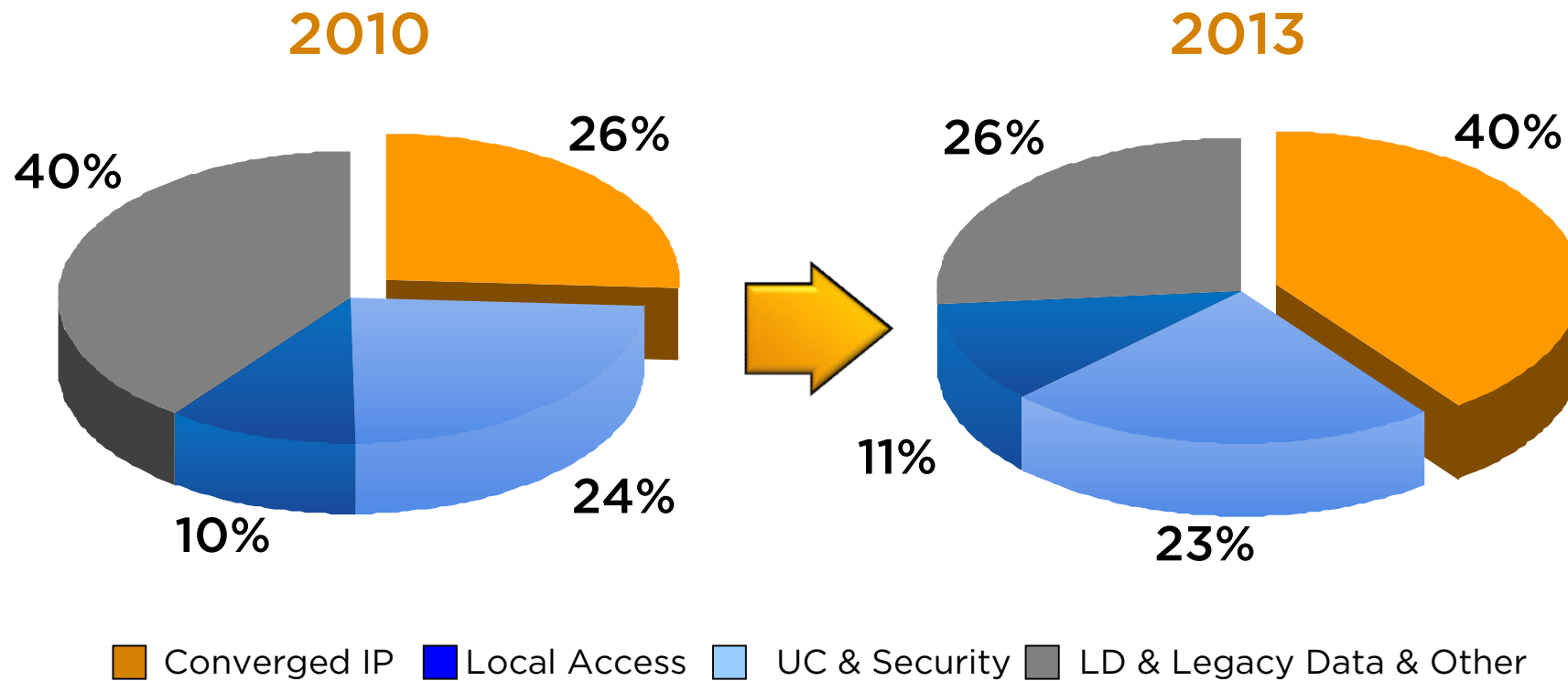
Allstream is well positioned to benefit from growth in Converged IP.

- Monthly IP sales levels increased by 30-40% from June to December 2010 over the levels seen in the first half of 2010. IP sales are at the level required to return to double-digit converged IP revenue growth rates in 2011.
- IP is expected to grow at 10% to 12% over the next few years
- LD and legacy data revenues are expected to decline between 9% and 11% over the next few years
- Other revenue lines (local access and unified communications) are expected to remain relatively stable

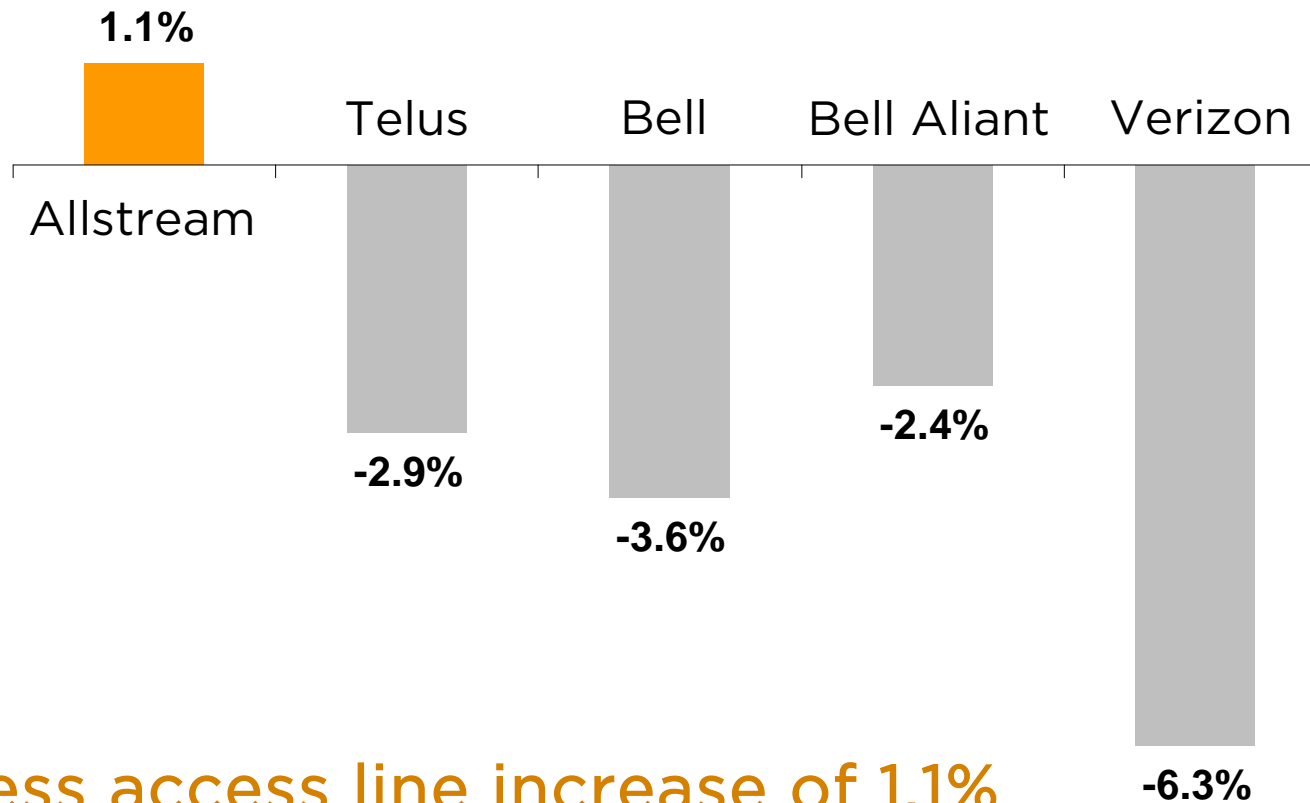
Allstream
Revenue trends



IP is expected to represent 40% of Allstream's revenue mix by 2013.



Best in class management of legacy declines¹



Business access line increase of 1.1% compares favorably to the industry.

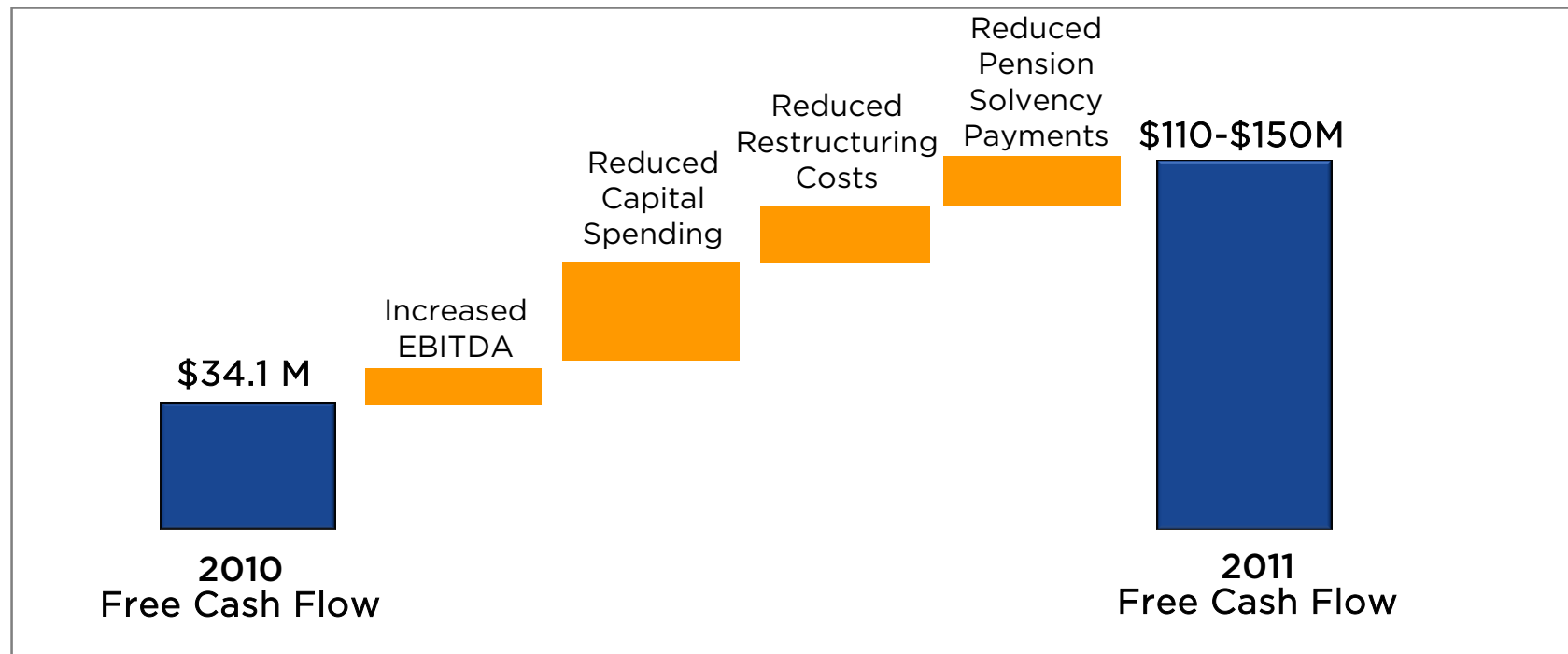
Financial overview and performance

2011 financial outlook

	2011 Outlook	2010 Actuals
Revenues	\$1.665 B to \$1.765 B	\$1.783 B
EBITDA	\$550 M to \$590 M	\$564.8 M
EPS	\$2.00 to \$2.45	\$2.18
Free cash flow	\$110 M to \$150 M	\$34.1 M
Capital expenditures	16% to 18% of revenues	20.3% of revenues

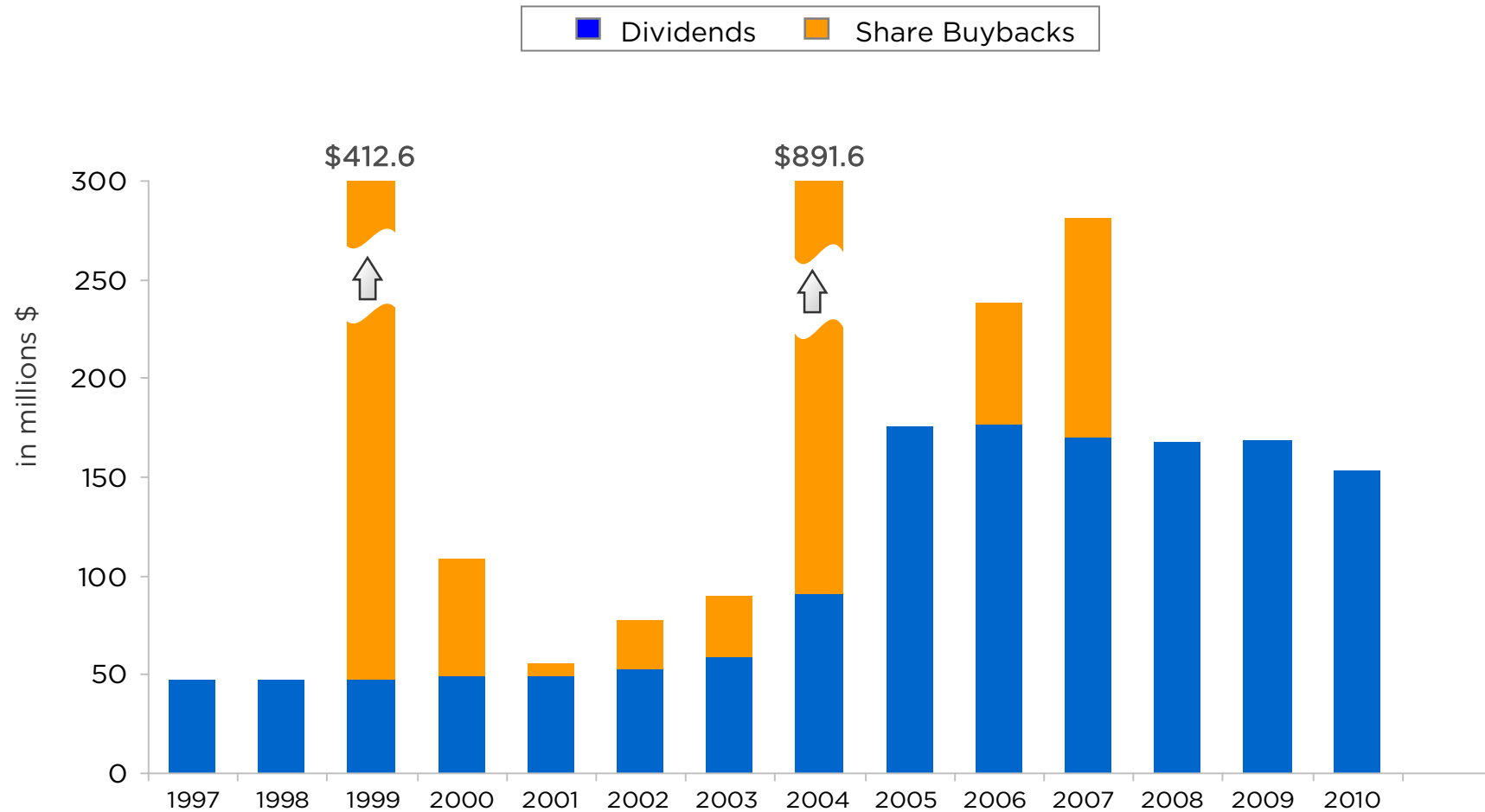
Consolidated; in accordance with IFRS

Consolidated free cash flow is expected to improve significantly in 2011.



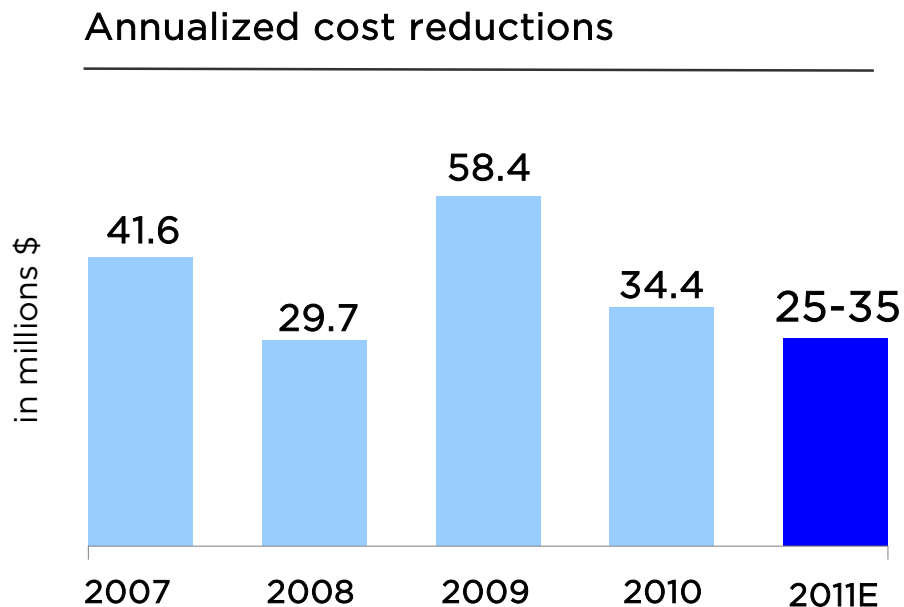
- ➔ The 2011 free cash flow range is achievable and sufficient to sustain the dividend and all foreseen cash flow requirements.
- ➔ Our dividend payout ratio target is 70% to 80% of free cash flows from our Manitoba operations.

Strong history of returning cash to shareholders



\$2.9B returned to shareholders since 1997

Focusing on cost efficiency



- More than **\$300 million** in annualized savings achieved since 2005
- 2010 program target range was \$30 to \$40 million.
- **\$34.4 million** in annualized savings achieved in 2010
- 2011 program target range is \$25 to \$35 million

Cost reduction initiatives

New systems:

- MTS wireless billing platform
- Allstream customer self-service

New system benefits:

- Lower operating costs
- Lower maintenance
- Reduced telco costs
- Better quality

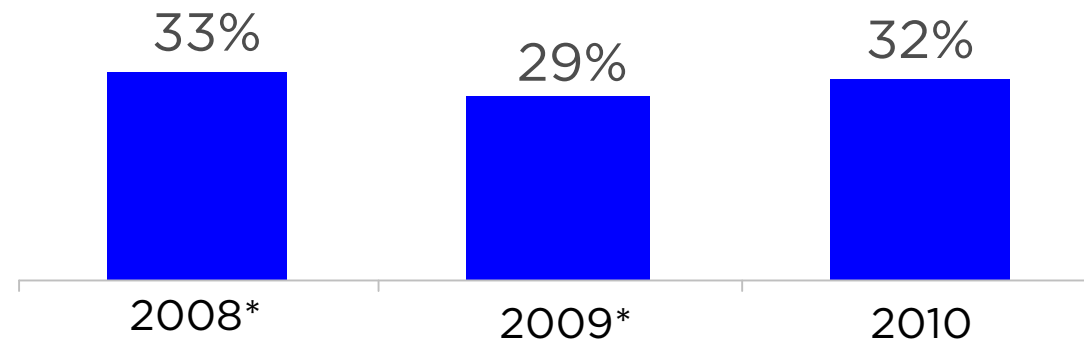
More fibre, less copper facilities:

- MTS fibre-to-the-home
- Allstream fibre-to-buildings

Benefits of fibre:

- Greater bandwidth
- Lower operating costs
- Lower maintenance
- Better customer service

Stable consolidated EBITDA margins



- EBITDA margins reflect prudent cost management through recession
- Stable EBITDA margin is expected in 2011

Unique tax assets

By the numbers*:

- \$821.7 million in tax loss
- \$2,264.7 million in UCC
- NPV of special tax asset
\$330 million or
\$5.00 per share

No payments
of cash taxes
until 2019

Pension solvency payments

- Our pension funding is expected to be significantly reduced from prior years with the finalization of new federal pension regulations.
 - In 2010, new federal pension legislation was passed allowing letters of credit to satisfy a portion of pension solvency obligations.
 - On December 18, 2010, the associated regulations were published for comment. The comment period has expired and the regulations are expected to become effective in the near future.
- In 2011, we have contributed a total of \$19.7 million in pension solvency payments to meet 2011 pension funding obligations.
 - Additional pension solvency payments of approximately \$5 million monthly will be required until the new regulations are in place.

MTS Allstream summary

- MTS provides a solid foundation for the company
- We are strategically investing in FTTH and HSPA+ in Manitoba to ensure MTS's leadership and competitiveness for years to come
- Allstream is positioned to benefit from expected strong demand growth for IP products and an improving economy
- Demonstrated stability over time based on strong fundamentals, regional market strengths, strong financial metrics and attractive dividend

Appendix – definitions

- **EBITDA** – We define EBITDA as earnings before interest, taxes, amortization, and other income. EBITDA should not be construed as an alternative to operating income or to cash flows from operating activities (as determined in accordance with International Financial Reporting Standards) as a measure of liquidity.
- **Free cash flow** – We define free cash flow as cash flow from operating activities, less capital expenditures, and excluding changes in working capital. Free cash flow is the amount of discretionary cash flow that we have for purchasing additional assets beyond our annual capital expenditure program, paying dividends, buying back shares, and/or retiring debt.