



Stock Symbol: MBT



MTS Allstream Launches \$100 Million *Transition Phase II Plan*

- Aligning business to capture opportunities from evolving marketplace -

- *Streamlining market focus and refining service portfolio*
- *Refining cost structure for long-term success*
- *Initiating workforce management program*

Winnipeg, November 29, 2005 -- MTS Allstream (“the Company”) today announced key elements of its *Transition Phase II Plan* (“TP-2”) to position the Company to grow profitably in the rapidly changing telecommunications industry. Through TP-2, the Company is refining its market focus and aligning its cost structure for long-term competitive success. TP-2 is targeting a minimum of \$100 million in expense savings over the next two years.

“We have a long tradition of successfully capitalizing on change at our company,” said Chief Executive Officer Bill Fraser. “Our efforts through the first phase of our transition have led to more than \$40 million in annual cost savings, and have also identified opportunities for significant additional cost reductions. While the accelerated pace of market evolution creates nearer term challenges, which all industry participants are indeed experiencing -- we believe by leveraging the many fundamental strengths of our organization together with proactively moving forward with TP-2, that the factors of change in our industry represent significant opportunity for long-term profitable growth.”

Market Evolution

The pace at which the national telecommunications market is evolving has accelerated, creating pressure on revenues and margins for all service providers. Customers are increasingly migrating from legacy based services to next generation IP solutions and industry players continue to evolve as well. The purchase of Call-Net Enterprises Inc. (“Call-Net”) by Rogers Communications Inc. (“Rogers”) will see a continued transfer of Rogers’ long distance traffic from MTS Allstream to Call-Net, and the Company anticipates the legacy data services it provides to customers through its relationship with AT&T Corp. will also decline in 2006 as customers continue to migrate to IP solutions.

Streamlined Market Focus and Refined Service Portfolio

TP-2 will build on and extend the initiatives achieved in MTS Allstream’s initial integration efforts. This next phase will centre the organization on growing from a strong well-defined core business by managing the transition of legacy service offerings, focusing on key growth areas of the business and lowering the cost base. In its business segment outside Manitoba service offerings will be tightly aligned and tailored to the requirements of the large and upper mid-market customer segments. MTS Allstream has proven leading edge service development capabilities which it intends to capitalize on as it offers the best of legacy and emerging products – all in support of a continued focus on profitable growth.

Restructured Organization

At the core of TP-2 is the establishment of a cost structure that will drive long-term operational and financial success. A more homogenous go-to-market approach is being implemented around specific customer segments to maximize capabilities and ensure resources are appropriately aligned with market opportunities.

Earlier this month, MTS Allstream's marketing functions across the entire company were consolidated under the position of Chief Marketing Officer. Dean Prevost (formerly Executive Vice-President Customer Operations & Service Delivery, Allstream (National) Division) was appointed to this role.

As part of the refined cost structure, staffing reductions will be made across the organization. The overall employee base will be reduced by approximately 750 - 800 positions. The majority of the departures will take place in the first half of 2006.

It is estimated that these staffing reductions will result in annualized savings of approximately \$50 million to \$60 million. A one-time charge will be recorded in the fourth quarter of 2005 for costs associated with the workforce management program. This charge will reduce the Company's reported 2005 after-tax earnings by an estimated \$0.38 to \$0.42 per share.

Financial Implications

The Company has a long tradition of managing successfully through industry change. Through the initiatives being undertaken to address the opportunities that have been identified to reduce its cost structure, MTS Allstream will be well positioned to move forward and compete successfully in its markets. The Company's preliminary expectations for the year ahead are for consolidated revenue and EBITDA¹ from continuing operations² to be at levels comparable to its forecasts for 2005.

"Our initial integration effort delivered results that exceeded our expectations, and TP-2 is about furthering that cost reduction success," said Wayne Demkey, Executive Vice President Finance & CFO.

¹ Earnings before interest, taxes, amortization and other (expense) income. Information concerning EBITDA is provided because management believes investors use it as a measure of MTS Allstream'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.

²Revenue and EBITDA from continuing operations in 2005 include synergies, exclude restructuring and integration costs, the estimated net positive retroactive portion of the impact from Canadian Radio-television and Telecommunications Commission ("CRTC") decision in *Competitor Digital Network Service*, Telecom Decision CRTC 2005-6, and the positive retroactive portion associated with *MTS Allstream's application to review and vary certain decisions relating to its Band F subsidy*, Telecom Decision CRTC 2005-52. Revenue and EBITDA from continuing operations in 2006 include synergies and exclude restructuring and integration costs.

“2006 will see significant change in our business as we execute on the various projects making up TP-2. Among others these include, today’s announced workforce management program, improved network access costs, further integration of compatible functions and various process re-engineering initiatives.” MTS Allstream expects to incur one-time restructuring and integration costs associated with TP-2 of approximately \$100 million. “Overall, we are seeing very positive growth in our business IP portfolio of services, which we believe when combined with our refined market focus and aligned cost structure will deliver growth in profitability longer term.” added Mr. Demkey.

The Company anticipates providing its outlook and financial guidance for 2006, in conjunction with the release of fourth quarter 2005 financial results.

NOTICE OF INVESTOR CONFERENCE CALL AND WEBCAST

MTS Allstream is hosting an investor conference call today at 10:00 am Eastern time to discuss today’s announcement. The dial-in number is 1-800-796-7558. The public and media are invited to -listen to the live audio Webcast of the investor conference call by visiting the Investors section of the MTS Web site (www.mts.ca). A replay of the conference call will be available until midnight December 9, 2005 and can be accessed by dialing 1-877-289-8525 (access code 21164400#). The audio Webcast will be archived on MTS’s Web site.

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 November 29, 2005. Additional information on these risks can be found in our filings with the Canadian securities regulatory authorities. 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 has been reviewed by our Audit Committee.

MTS is one of Canada’s leading communications providers, focused on delivering outstanding value. Seamlessly blending innovative solutions and world-class technology, we connect our customers to the world. We serve residential and business customers in the province of Manitoba with a full suite of wireline voice, data, wireless, and MTS TV services. Through Allstream, we provide national business customers with a world-class portfolio of connectivity, managed, and professional services. Our 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. Our Common Shares are listed on The Toronto Stock Exchange (trading symbol: MBT). Visit our Web site at www.mts.ca.

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