



CHECK AGAINST DELIVERY

From Regional Leader to National Innovator

Montreal Board of Trade
Allstream Trends Business Breakfast
April 10, 2008

Pierre Blouin
Chief Executive Office
MTS Allstream Inc.

Madam Chair. Distinguished head table guests. Ladies and gentlemen. Good morning, everyone. Mr. Dieng, thank you for your kind introduction. I would like to thank the Board of Trade of Metropolitan Montreal and Isabelle Hudon, its president and CEO, for their invitation.

I would also like to take this opportunity to welcome some of our guests. Joining us today is a table of students from the MBA program at HEC Montréal, my alma mater and an Allstream customer. I am very pleased to see you here this morning because you represent our leaders of tomorrow!

As you know, I have lived in Montreal for most of my life. But for the past two years, I have been on a journey—a very exciting journey—to strengthen and grow a telecommunication company that is active throughout Canada.

In December 2005, I accepted the position of CEO at MTS Allstream, formerly AT&T Canada, and the third largest telecommunication company in the country.

Many people are unfamiliar with all the various activities of our company, so let me give you a brief overview in the form of a few facts:

Our annual sales exceed \$2 billion and we are listed on the TSX under the symbol MBT.

If you had invested in our company on January 10, 1997, you would have earned a yield of 437% as of year-end 2007. So we have had great success.

We have 6,000 employees across Canada and offices in all major Canadian cities, including Montreal and Quebec City.

We have a state-of-the-art broadband network that extends from coast to coast over more than 24,000 kilometres of optic fibre.

We also own Manitoba Telecom or MTS, a company that meets all the communication needs of Manitobans.

Our strengths are innovation and our ability to fully understand the needs of our customers and work with them very closely. We are very focused on the customer's experience.

Our company is made up of two major business divisions, which serve two different markets—Consumer Markets and Enterprise Solutions.

The Consumer division sells mainly to Manitoba consumers, offering individual services and unique bundles that include voice, high-speed Internet, wireless, security and television services.

In fact, we're the only ones in Canada to offer in a single package five products meeting all residential communication needs through a fully-integrated approach.

Some industry analysts say that, in Manitoba, we operate the most innovative and efficient telecommunication company in all of North America. And I can assure that we are very proud of our performance!

The Consumer division also meets the needs of small businesses throughout Canada.

Our Enterprise Solutions division operates under the Allstream brand and serves medium- and large-scale businesses and organizations throughout the country, offering them a wide range of solutions adapted to their needs—everything from IP connectivity, unified communications and network security to more traditional services like voice and data connectivity.

Allstream is now the leading business solutions competitor of Bell or Telus in most major telecom markets nationally. And we see this as an enviable position. We believe Canada represents a very significant growth opportunity.

We are celebrating our 100th anniversary this year, and some of our history is relevant to what I have to say today.

A few years before my arrival, Manitoba Telecom acquired Allstream, transforming us from a regional company recognized for its operational strength into a truly national company.

By the way, the history of Allstream dates back to the creation of the Montreal Telegraph Company, the forerunner of CNCP Telecommunications and Unitel, which became AT&T Canada before changing its name to Allstream.

Our company's tradition of success extends over several generations. We brought a number of innovations that have benefited all Canadians. Here are just a few examples.

- About a hundred years ago, we were the first company to send a telegraph message from one end of the country to the other. Of course, this was at a time when a “blackberry” was still just a small fruit, not a telecommunications device that users tap away at all day long.
- In 1926, Winnipeg became the first major urban centre in North America to get city-wide dial telephone service. Remember? Those were the days when you dialed a phone number by actually turning a rotary dial with your finger? I doubt today's kids can even imagine such a thing.
- In 1959, we were first to use 999, the predecessor to 911, as an emergency contact number.
- In 2003, we were among the first to deliver digital television service over telephone lines, and we now have a 32% market share in Winnipeg.

Our phone-line TV service is recognized as the most advanced and successful in North America.

Over the past two years, we have repositioned our company by adopting a new customer-based approach and have made significant progress by creating new momentum to grow our business throughout Canada.

In Quebec, for example, we have about 10,000 business customers, including major companies such as Via Rail, Hydro-Quebec, Groupe St-Hubert, Transat A.T. and Scotia Bank, as well as the provincial and federal governments.

We are at the heart of the action, and we are among the companies that are shaping and driving the economy of Quebec. Last November, we acquired Multinet, a Montreal-based networking solution company, to strengthen our capacity to deliver new IP and unified communication solutions.

This acquisition means that we now have a total of about 400 employees in Quebec, mainly in the Montreal area.

Over the past five years, we have invested more than \$54 million to improve our network in Montreal and throughout Quebec.

Allstream is rapidly expanding right across the country. And our recent past clearly demonstrates that innovation and presence in local markets can lead to solid achievements.

Today, I would like to explain how innovation and competition, in our industry, can contribute to the success of your businesses. My point of view is probably somewhat different from that of most of our competitors.

It has been demonstrated time and time again that innovative communication technologies transform the way we do business and how we communicate—while on the move, at the office or at home.

In fact, new communication technologies have completely transformed our lives and the efficiency of our businesses.

We now live in a communication society, a connected world. If you need further evidence, just look at your kids! The Internet and wireless generation has truly arrived. We are all swimming in a sea of communication options. The question is, how well are we swimming?

The adoption of new technologies can create new challenges for some companies. Let me lay out a few statistics to give you some food for thought. Most of this data comes from recent studies conducted by Sage Research.

- 27% of us travel at least once a month for work-related purposes, which means mobility is an essential feature for voice and e-mail services.
- 52% of employees have to try several different means of communication to get in touch with co-workers, when they would obviously prefer to reach them on the first try.
- And 100% of employees at our businesses probably experience some frustration with e-mail and voice-mail overload. That figure doesn't come from a study but from personal experience. And I'm sure yours is no different.
- Also, the average organization uses 6.4 types of communication devices. 6.4. Really? Let's try to name them: wired telephone, mobile phone, BlackBerry or PDA, computer, fax, pager . . . we're up to 6 already . . . and a combination of text messages and satellite or point-to-point communications (PIN, private couriers) account for the remaining 0.4.

Here's another significant statistic that will come as no surprise to many of you: An average of 1.9 tonnes of greenhouse gases are released into the atmosphere every year by just one employee who drives to work instead of working from home.

I bring up all these statistics to point out:

- The extent to which business culture continuously evolves;
- Just how much our businesses have changed over the past five years;
- And the vital role of communications in the workplace, at all levels.

I also want to draw attention to the new challenges that a company like ours must face, in terms of productivity and simplicity, to meet the needs of our customers.

The environment has also become an increasingly significant concern for most companies and is certainly a priority for ours. A growing number of our customers are asking us to provide solutions that can help them reduce their energy costs and their carbon footprint.

And this trend will only intensify, even for businesses like telecommunication companies whose services have a relatively small impact on the environment.

We can help you meet these challenges with our unified communications solutions and our advanced videoconferencing solutions.

And we are also doing our part. At several of our offices, including here in Montreal, we have launched a teleworking initiative for our employees that will allow us to reduce our costs, be more environmentally-friendly and promote a better work/life balance.

Elsewhere, we subsidize our employees using public transit and make it easier for them to bike to work. We are also partnering with the City of Montreal on its sustainable development strategy for the metropolitan area.

Our leadership on environmental issues reflects the concerns of our customers and the values of our company.

Let me take a moment to salute the efforts of Isabelle Hudon and Steven Guilbault, who have agreed to co-chair the Défi Climat initiative launched this past Tuesday in Montreal. This campaign to fight against climate change is based on the involvement and support of companies that are committed to encouraging their employees to take simple and concrete actions. I am proud to announce that Allstream is joining the companies that have committed to establishing a campaign committee to encourage our employees to take action. I hope that the Défi Climat program will be a great success.

I would like to conclude by telling you about a recent development at MTS Allstream.

Canada has long been recognized as a global telecommunication leader. But over the last decade, countries in Europe and Asia, as well as the United States, have become more aggressive and open to competition, and investment in the industry has increased. Canada has fallen behind.

Given the economic significance of the Canadian telecommunication sector, we have to make up the lost ground and promote innovative competition. MTS Allstream is playing a key role in this regard.

You probably know that our company has joined forces with the Canada Pension Plan and a US partner, the Blackstone Group investment fund, and that we have announced our intention to bid for the new wireless spectrum that will soon be auctioned by Industry Canada.

So we are part of a consortium with substantial financial resources, and we will contribute our solid expertise and experience in the wireless market as well as our advanced Canada-wide network.

We are heading into the auction with a very well defined strategy, and with the determination to create long-term value for our shareholders and for all Canadians.

The auction, which is scheduled to begin on May 27, is designed to foster greater competition and innovation in the wireless market, and to create an opportunity for new service providers to enter the market. Our \$340 million deposit for the auction shows how very serious we are about our involvement.

We are very excited about this initiative because it represents an opportunity, for our company and our partners, to provide Canadians with advanced wireless technology through the effective use of our experience and our assets.

I can't say much more about this today, but I can assure you that you will hear in the media about the outcome of this key step in the development of telecommunications in Canada.

The Montreal business community has changed dramatically over the past 20 years, thanks in part to the development of dynamic knowledge-based sectors such as IT, telecom and biotech. MTS Allstream is part

of this new generation of innovative and highly-competitive companies that are rapidly expanding in Quebec.

We are continuing to successfully transition from the regional to the national level by setting ourselves apart from the competition and by demonstrating imagination and innovation. We are a strong, determined company with a very clear focus on our markets and our customers.

So I believe that we are well positioned to help other companies in Montreal and Quebec embrace the future with confidence. We have a solid and experienced team here. You can count on us to support your future initiatives and to provide the leading-edge telecommunication services you will need.

Thank you for your time and have a great day.