



Manitoba Telecom Services (MTS) shareholders will receive Can\$40 in cash or 0.6756 Bell Canada shares for each MTS share tendered, according to a statement.

The sale price is 23.2 percent above MTS's market value over the past 20 trading days. In order to defray the hefty purchase costs, Bell said it would also divest one-third of Manitoba Telecom's wireless subscribers and dealer locations in the province to rival Telus.

MTS was founded by the Manitoba government in 1908, and was later privatized, all the while remaining the dominant telecommunications provider in the province.

The combined local operations will be known as Bell MTS, Bell said, "in recognition of the powerful brand presence the MTS team has built across the province."

Bell and MTS have been off-and-on allies and competitors. Bell was once MTS's largest shareholder but also faced competition from MTS subsidiary Allstream for business customers across Canada. MTS sold Allstream in January.

Bell's acquisition of MTS will add 2,700 employees to Montreal-based Bell's phone business and will give Bell a significantly increased presence in Western Canada to compete with other independents and Vancouver-based rival Telus.