Pricing Supplement No. 1 Dated May 21, 2014
to a Short Form Base Shelf Prospectus dated September 30, 2013

This pricing supplement together with the short form base shelf prospectus dated September 30, 2013 to which it relates (collectively, the "Prospectus"), and each document deemed to be incorporated by reference into the Prospectus constitutes a public offering of securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities commission or similar authority has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended, and, subject to certain exceptions, may not be offered, sold or delivered in the United States or to, or for the account or benefit of, United States persons.

MTS

MANITOBA TELECOM SERVICES INC.
4.00% Medium Term Notes (Series 10)
(unsecured)

1.	Designation:	4.00% Medium Term Notes (Series 10) (the "**Series 10 Notes**")
2.	CUSIP No.:	56348ZAW5
3.	Principal Amount:	CDN $225,000,000
4.	Issue Price:	$99.934
5.	Settlement Date:	May 26, 2014
6.	Maturity Date:	May 27, 2024
7.	Dealers' Commission:	0.40%
8.	Net Proceeds to the Issuer:	$223,951,500
9.	Interest Rate:	4.00% per annum
10.	Interest Payment Dates:	May 27th and November 27th of each year, payable in equal semi-annual instalments except for the first interest payment on November 27, 2014 which will be $20.11 per $1,000.00 principal amount of Series 10 Notes.
11.	First Interest Payment Date:	November 27, 2014
12.	Form of Issuance:	Book Entry only in the form of a fully registered global note in the name of CDS & Co., as nominee of CDS Clearing and Depository Services Inc., which will be issued under a trust indenture dated August 10, 2011 (the "**Trust Indenture**") between Manitoba Telecom Services Inc. (the "**Company**") and Computershare Trust Company of Canada (the "**Trustee**").

13.	Redemption:	Redeemable by the Company, at its option, in whole or in part, from time to time prior to February 27, 2024, on not more than thirty (30) days' and not less than ten (10) days' prior written notice, at a redemption price equal to the greater of par and the Canada Yield Price (as defined below) together, in each case, with accrued and unpaid interest to the date of redemption, provided that no event of default would result from such redemption under the Trust Indenture. In case of partial redemption, the Series 10 Notes shall be redeemed on a pro rata basis. Redeemable by the Company, at its option, in whole or in part, from time to time on or after February 27, 2024 and prior to the Maturity Date, on not more than thirty (30) days' and not less than ten (10) days' prior written notice, at a redemption price equal to par, together with accrued and unpaid interest to the date of redemption, provided that no event of default would result from such redemption under the Trust Indenture. In case of partial redemption, the Series 10 Notes shall be redeemed on a pro rata basis. "**Canada Yield**" means, as at any date, the arithmetic average of the respective percentages determined by two registered Canadian investment dealers selected by the Trustee to be the yield to maturity calculated at that date which, assuming semi-annual compounding, would be carried by a non-callable Government of Canada bond denominated in Canadian currency, having a term to maturity approximately equal to the remaining term to the Maturity Date, and issued on that date in Canada at 100% of its principal amount. "**Canada Yield Price**" means, as at any date, the price equal to the net present value of all scheduled payments of interest (other than accrued and unpaid interest) and principal on a Series 10 Note issued hereunder, using as a discount rate the sum of the Canada Yield and 42.5 basis points.
14	Use of Proceeds:	The net proceeds of this offering will be used by the Company to repay existing indebtedness and for general corporate purposes.
15.	Credit Ratings:	Standard & Poor's ("**S&P**"): BBB (stable) DBRS Limited ("**DBRS**"): BBB (stable)
16.	Dealers:	BMO Nesbitt Burns Inc. CIBC World Markets Inc. National Bank Financial Inc. RBC Dominion Securities Inc. Scotia Capital Inc.

REPURCHASE UPON CHANGE OF CONTROL TRIGGERING EVENT

If a Change of Control Triggering Event (as defined below) occurs, unless the Company has exercised its optional right to redeem all of the Series 10 Notes as described above, the Company will be required to make an offer to repurchase all or, at the option of the noteholder, any part (equal to $1,000 or an integral multiple thereof) of each noteholder's Series 10 Notes pursuant to the offer described below (the "**Change of Control Offer**"). In the Change of Control Offer, the Company will be required to offer payment in cash equal to 101% of the aggregate principal amount of Series 10 Notes together with accrued and unpaid interest on the Series 10 Notes repurchased to the date of purchase.

Within 30 days following any Change of Control Triggering Event, the Company will be required to give written notice to noteholders describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase the Series 10 Notes on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is given. The Company must comply with the requirements of applicable securities laws and regulations in connection with the repurchase of the Series 10 Notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any such applicable securities laws and regulations conflict with the provisions described in this pricing supplement relating to a Change of Control (as defined below), the Company will be required to comply with such laws and regulations and will not be deemed to have breached its obligations to repurchase the Series 10 Notes by virtue of such conflict.

The Company will not be required to make a Change of Control Offer upon a Change of Control Triggering Event if a third party makes such an offer substantially in the manner, at the times and in compliance with the requirements for a Change of Control Offer (and for at least the same purchase price payable in cash) and such third party purchases all Series 10 Notes properly tendered and not withdrawn under its offer.

For the purpose of the repurchase provisions outlined above, the following definitions apply:

"**Change of Control**" shall mean the occurrence of any one of the following: (a) the direct or indirect sale, transfer, conveyance, lease or other disposition (other than by way of consolidation, amalgamation or merger), in one or a series of related transactions, of all or substantially all of the property and assets of the Company and its subsidiaries, taken as a whole, to any person or group of persons acting jointly or in concert for purposes of such transaction (other than to the Company and its subsidiaries); or (b) the consummation of any transaction including, without limitation, any consolidation, amalgamation, merger or issue of voting shares the result of which is that any person or group of persons acting jointly or in concert for purposes of such transaction (other than the Company and its subsidiaries) becomes the beneficial owner, directly or indirectly, of more than 50% of the voting shares of the Company, measured by voting power rather than number of shares (but shall not include the creation of a holding company or similar transaction that does not involve a change in the beneficial ownership of the Company).

"**Change of Control Triggering Event**" shall mean the occurrence of both a Change of Control and a Rating Event.

"**Investment Grade Rating**" shall mean a rating equal to or higher than (i) BBB– (or the equivalent of any successor rating category of S&P) by S&P, (ii) BBB (low) (or the equivalent of any successor rating category of DBRS) by DBRS, or (iii) the equivalent investment grade credit rating from any other Specified Rating Agency.

"**Rating Event**" shall mean the rating on the Series 10 Notes is lowered to below an Investment Grade Rating by both of the Specified Rating Agencies, if there are two Specified Ratings Agencies, or by two out of three of the Specified Ratings Agencies, if there are three Specified Ratings Agencies (the "**Required Threshold**"), on any day within the 60-day period (which 60-day period will be extended so long as the rating of the Series 10 Notes is under publicly announced consideration for a possible downgrade by such number of the Specified Rating Agencies which, together with Specified Ratings Agencies which already have lowered their ratings on the Series 10 Notes as aforesaid, would aggregate in number the Required Threshold, but only to the extent that, and for so long as, a Change of Control Triggering Event would result if such downgrade were to occur) after the earlier of (a) the occurrence of a Change of Control, and (b) public notice of the occurrence of a Change of Control or of the Company's intention or agreement to effect a Change of Control.

"**Specified Rating Agencies**" shall mean each of S&P and DBRS and, if a rating of the Series 10 Notes is obtained from Moody's Investors Service, Inc. ("**Moody's**), shall also include Moody's, as long as, in each case, it has not ceased to rate the Series 10 Notes or failed to make a rating of the Series 10 Notes publicly available for reasons outside of the Company's control, provided that if one or more of S&P, DBRS or Moody's ceases to rate the Series 10 Notes or fails to make a rating of the Series 10 Notes publicly available for reasons outside of the Company's control, the Company may select any other "designated rating organization" within the meaning of National

Instrument 41-101 of the Canadian Securities Administrators ("**NI 41-101**") as a replacement agency for such one or more of them, as the case may be.

RISK FACTORS

In addition to the risks otherwise identified or incorporated by reference in the Prospectus, an investment in the Series 10 Notes is subject to the following additional risk:

Repurchase Upon Change of Control Triggering Event

In the event the Company is required to repurchase the Series 10 Notes upon the occurrence of a Change of Control Triggering Event, it may not have sufficient funds to repurchase the Series 10 Notes in cash at such time. In addition, the Company's ability to repurchase the Series 10 Notes for cash may be limited by applicable law.

HISTORICAL EARNINGS COVERAGE

The following historical earnings coverage ratios are based on consolidated financial information for the twelve month period ended on the date specified and do not reflect the issue of the Series 10 Notes.

	June 30, 2013(3)	**September 30, 2013**(3)	**December 31, 2013**(4)	**March 31, 2014**(3)
Earnings coverage(1)	1.9 times	1.6 times	(0.7) times(5)	(0.6) times(6)
Earnings coverage excluding certain specified charges(2)	3.6 times	3.6 times	3.4 times	3.7 times

(1) Earnings coverage on financial liabilities is equal to net income before financing costs on all financial liabilities and income taxes divided by financing costs.

(2) Earnings coverage on financial liabilities is equal to net income (excluding certain specified charges) before financing costs on all financial liabilities and income taxes divided by financing costs. The ratio for June 30, 2013 excludes the impact of discontinued operations; the ratio for September 30, 2013 excludes non-cash impairment loss; and the ratios for December 31, 2013 and March 31, 2014 exclude non-cash impairment loss and non-cash pension past service costs.

(3) Calculated in accordance with International Financial Reporting Standards and derived from the unaudited interim consolidated financial statements of the Company.

(4) Calculated in accordance with International Financial Reporting Standards and derived from the audited consolidated financial statements of the Company.

(5) In order to achieve an earnings coverage ratio of one-to-one for the 12 months ended December 31, 2013, the Company would need to have earned an additional $114.9 million.

(6) In order to achieve an earnings coverage ratio of one-to-one for the 12 months ended March 31, 2014, the Company would need to have earned an additional $99.9 million.

Updated earnings coverage ratios are filed quarterly with Canadian securities regulatory authorities.

RELATIONSHIP BETWEEN THE COMPANY AND THE DEALERS

The Company may be considered a "connected issuer" to BMO Nesbitt Burns Inc., CIBC World Markets Inc., National Bank Financial Inc., RBC Dominion Securities Inc. and Scotia Capital Inc. under applicable securities laws. Each of the Dealers, other than National Bank Financial Inc., is an affiliate of a financial institution which is a lender to the Company under a $400 million unsecured credit facility (the "**Credit Facility**") that currently matures in 2017. As of April 30, 2013, approximately $161.8 million was outstanding under the Credit Facility, all of which was being utilized for letters of credit. The Company also has a $150 million unsecured credit facility that is used solely for the issuance of letters of credit (the "**LC Facility**") which currently matures in 2017. CIBC World Markets Inc. is an affiliate of the sole financial institution that provides the LC Facility. As of April 30, 2014, approximately $149.7 million of the LC Facility was utilized. In addition, National Bank Financial Inc. is an affiliate of a financial institution which is a lender to the Company under a $150 million unsecured credit facility that is used solely for the issuance of letters of credit (the "**Second LC Facility**") that currently matures in 2017. As of April 30, 2014, no amounts have been drawn against the Second LC Facility. The Company is in compliance with all material terms and conditions of all of its credit facilities as at the date hereof.

None of the lenders under any of the facilities has had any involvement in the decision to distribute the Series 10 Notes and the terms and conditions of the offering of the Series 10 Notes were determined solely by negotiation between the Company and the Dealers. The lenders will not play any role in these determinations or decisions. As a consequence of the sale of the Series 10 Notes, each of the Dealers will receive a commission on the principal amount of any Series 10 Notes sold through such Dealer.

DOCUMENTS INCORPORATED BY REFERENCE

This pricing supplement and the following documents, each of which has been filed with the securities regulatory authorities in each Province of Canada, are specifically incorporated by reference and form an integral part of the Prospectus:

(a) the annual information form of the Company dated February 6, 2014 for the year ended December 31, 2013;

(b) the Company's audited consolidated financial statements for the years ended December 31, 2013 and 2012 and related notes together with the independent auditor's report thereon, and the management's discussion and analysis in connection therewith and the related earnings coverage ratios;

(c) the Company's comparative unaudited condensed consolidated financial statements for the three months ended March 31, 2014 and the management's discussion and analysis in connection therewith and the related earnings coverage ratios;

(d) the management information circular of the Company dated March 24, 2014 in respect of the annual meeting of shareholders of the Company held on May 13, 2014;

(e) the material change report of the Company dated February 4, 2014; and

(f) the template version of the indicative term sheet and the final term sheet for the offering of Series 10 Notes dated May 21, 2014 (the "**Marketing Materials**").

MARKETING MATERIALS

The Marketing Materials are not part of this pricing supplement to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in this pricing supplement. Any "template version" of "marketing materials" (as each such term is defined in NI 41-101) filed after the date of this pricing supplement and before the termination of the distribution of Series 10 Notes (including any amendments to, or an amended version of, the Marketing Materials) is deemed to be incorporated into this pricing supplement and the Prospectus.