TELUS Corporation

annual information form

for the year ended December 31, 2005

March 20, 2006

Exchange Rate Information

TELUS publishes its consolidated financial statements in Canadian dollars. In this annual information form, except where otherwise indicated, all reference, to "dollars" or "$" are to Canadian dollars. The Bank of Canada noon spot exchange rate on March 1, 2006 was Cdn. $1.1369= U.S. $1.00. The following table sets forth, for the fiscal years and dates indicated, certain exchange rate information based on the noon spot rate:

December 31, 2003	**1.292**
December 31, 2004	**1.2036**
December 31, 2005	**1.1659**

FORWARD LOOKING STATEMENTS

This annual information form and management's discussion and analysis incorporated by reference hereto, contain statements about expected future events and financial and operating results of TELUS Corporation ("TELUS" or the "Company") that are forward looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. Readers of this document are cautioned not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the operating targets, expectations, estimates or intentions expressed in the forward-looking statements. Factors that could cause actual results to differ materially include but are not limited to: competition; technology (including reliance on systems and information technology); regulatory developments; human resources (including possible labour disruptions); business integrations and internal reorganizations; process risks (including the conversion of legacy systems and security); financing and debt requirements (including share repurchases and debt redemptions); tax matters; health, safety and environment developments; litigation and legal matters; business continuity events (including man-made and natural threats); economic growth and fluctuations; and other risk factors discussed herein and listed from time to time in TELUS' reports, public disclosure documents or other filings with securities commissions in Canada (filed on SEDAR at www.sedar.com) and the United States (filed on EDGAR at www.sec.gov). See "Management's Discussion and Analysis – Section 10 Risks and risk management" in TELUS' 2005 Annual Report – Financial Review for further information.

TELUS

TELUS was incorporated under the *Company Act* (British Columbia) (the "BC Company Act") on October 26, 1998 under the name BCT.TELUS Communications Inc. ("BCT"). On January 31, 1999, pursuant to a court-approved plan of arrangement under the *Canada Business Corporations Act* ("CBCA") among BCT, BC TELECOM Inc. ("BC TELECOM") and the former Alberta-based TELUS Corporation ("TC"), BCT acquired all of the shares of BC TELECOM and TC in exchange for Common Shares and Non-Voting Shares of BCT, and BC TELECOM was dissolved. On May 3, 2000, BCT changed its name to TELUS Corporation and in February 2005, the Company transitioned under the *Business Corporations Act* (British Columbia) (the "New BC Act"), successor to the BC Company Act. TELUS maintains its registered office at Floor 21, 3777 Kingsway, Burnaby, British Columbia ("B.C.") and its executive office at Floor 8, 555 Robson, Vancouver, B.C.

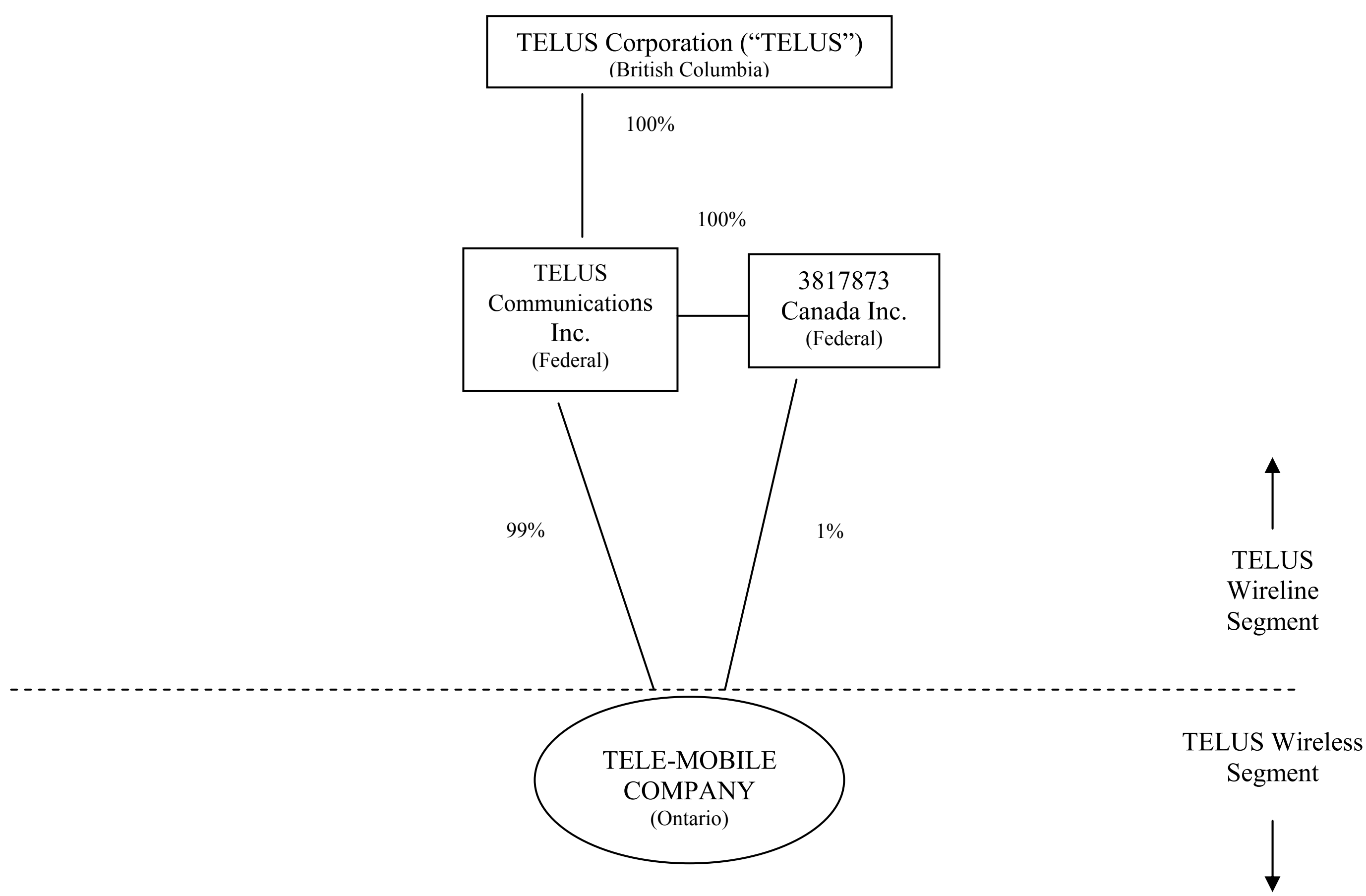
Subsidiaries of TELUS

As of December 31, 2005, the only material subsidiaries of TELUS are TELUS Communications Inc. ("TCI") and TELE-MOBILE COMPANY ("TELE-MOBILE"), each owning assets which constitute more than 10 per cent of the consolidated assets of TELUS as at December 31, 2005 and each generating sales and operating revenues which exceed 10 per cent of the consolidated sales and operating revenues of TELUS for the year ended December 31, 2005. TELUS owns

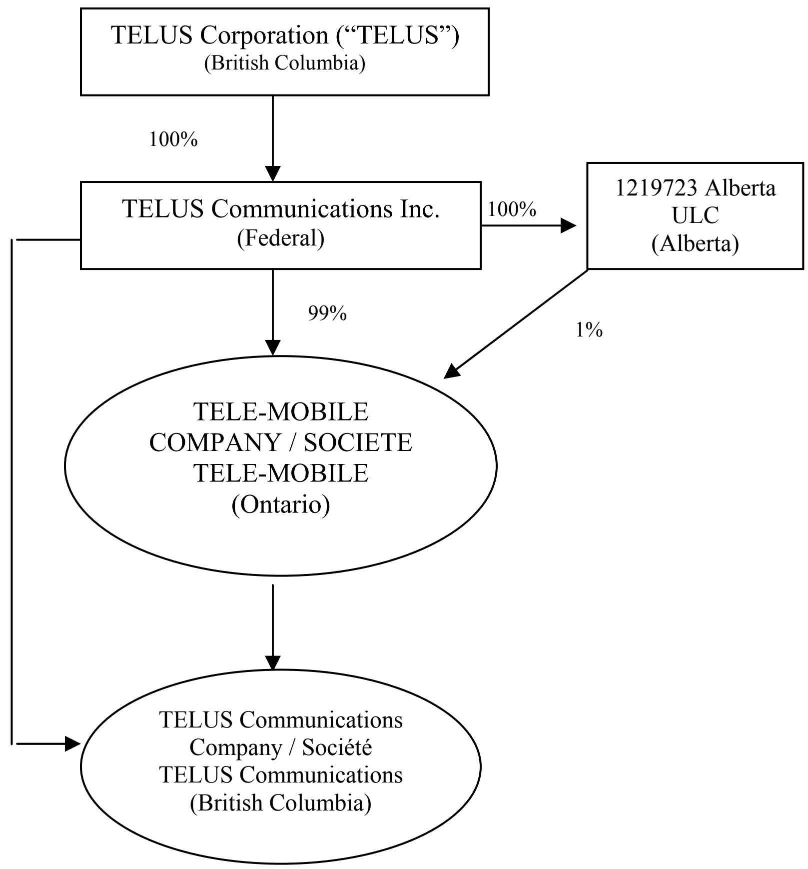
100 per cent of the voting shares in TCI directly, and 100 per cent of the partnership interests in TELE-MOBILE indirectly.

On November 24, 2005, TELUS announced the merger of the wireline and wireless segments of its business into a single operating structure (the “wireline-wireless merger”). This was partly effected by way of a legal entity restructure on March 1, 2006, at which time TELUS combined its wireline and wireless businesses which were formerly located in TCI and TELE-MOBILE respectively (the “2006 legal entity restructure”) into a new partnership, TELUS Communications Company (“TCC”). TCC is a partnership organized under the laws of B.C. whose partners are TCI and TELE-MOBILE. Immediately prior to the aforementioned 2006 legal entity restructure, 3817873 Canada Inc., a partner in TELE-MOBILE, was continued into Alberta as 1219723 Alberta ULC. TELUS owns 100 per cent of the partnership interest in TCC indirectly.

The following organization chart sets forth the material TELUS subsidiaries and partnerships, as well as their respective jurisdictions of incorporation or establishment and TELUS ownership prior to March 1, 2006:



The following organization chart sets forth the material TELUS subsidiaries and partnerships, as well as their respective jurisdictions of incorporation or establishment and TELUS ownership from March 1, 2006:



In this annual information form, references to “TELUS” are to TELUS Corporation and all of its subsidiaries and partnerships as a whole, except where it is clear that these terms mean only TELUS Corporation. Unless the context otherwise requires, “TELUS wireline” refers to the wireline businesses carried on primarily through TCC presently and through TCI within the TELUS Communications segment prior to the wireline-wireless merger, and “TELUS Mobility” or TELUS wireless refers to the wireless businesses carried on through TCC presently and through TELE-MOBILE prior to the wireline-wireless merger.

OPERATIONS, ORGANIZATION AND CORPORATE DEVELOPMENTS

Operations

TELUS is the largest telecommunications company in western Canada and the second largest telecommunications company in Canada. It provides a wide range of wireline and wireless telecommunications products and services including data, Internet protocol ("IP"), voice, video and entertainment services.

Organization

TELUS is organized into four customer facing business units:

- Consumer Solutions, which provides wireline and wireless IP service, voice and entertainment services to households and individuals across Canada;

- Business Solutions, which delivers innovative wireline and wireless data, IP, voice and business process in-sourcing solutions to small and medium-sized businesses and entrepreneurs and brings customized wireline, wireless, voice, data, IP, Information Technology ("IT") and e.business solutions to large multinational, corporate and public sector customers;

- TELUS Québec, which focuses on the unique needs of the Québec marketplace by offering businesses and consumers comprehensive and integrated wireless and wireline telecommunications solutions, including data, Internet and voice; and

- Partner Solutions, which provides services to wholesale customers, including telecommunications carriers, resellers, Internet service providers ("ISPs"), wireless communications companies, competitive local access providers and cable-TV operators.

These customer facing business units receive essential support from the business capabilities units comprised of Network Operations, Business Transformation and Technology Strategy, as well as from the business enabling units comprised of Finance, Corporate Affairs (which includes public policy, law, regulation, government relations and corporate communications) and Human Resources.

Prior to the wireline-wireless merger, TELUS divided its operations into two separate business segments: the wireline segment (formerly known as TELUS Communications) and the wireless segment (branded as TELUS Mobility). Wireline products and services were provided primarily through TCI, and wireless products and services were provided through TELE-MOBILE. The four customer facing units of Consumer Solutions, Business Solutions, Partner Solutions and TELUS Québec provided the wireline products and services and received essential support from the business capabilities units and business enabling units within TELUS Communications, while TELUS Mobility provided the wireless products and services and received essential support for employee services, engineering, finance, information systems, sales and marketing, operations, legal and regulatory matters from departments within TELUS Mobility.

By combining its wireline and wireless businesses into a single operation in the wireline-wireless merger, which included the 2006 legal restructure, TELUS expects to be better able to leverage the ongoing convergence between wireline and wireless communications technology, more effectively compete with telecom and cable TV operators, differentiate its business from those of its competitors by having TCC provide wireline and wireless services to customers, and provide new services to customers regardless of the physical medium used to deliver the service. The combining of the wireline and wireless businesses in TCC should also improve operating effectiveness and efficiency. TELUS will continue to report financial results separately for the wireless and wireline segments.

During the three years ended December 31, 2005, the corporate structure of the Company underwent other changes. On July 1, 2004, through an internal reorganization, TCI acquired substantially all of the assets and the wireline operations of TELUS Communications (Québec) Inc. ("TELUS Communications (Québec)"). TCI assumed substantially all the liabilities of TELUS Communications (Québec) including $30 million principal amount of First Mortgage Bonds and $70 million principal amount of Medium Term Notes, which were the publicly held debt of TELUS Communications (Québec). By combining in a single entity ownership of the network assets in Québec with those outside of Québec, TELUS expects to be able, over the long-run, to build common systems and processes that otherwise would have been more difficult to build due to regulatory requirements. These changes should allow TELUS to better serve customers whose service requirements span Canada**.**

On November 30, 2004, Verizon Communications Inc. ("Verizon") and the Company entered into an agreement pursuant to which the independent members of the Board of Directors of TELUS agreed to accommodate Verizon's desire to divest all of its 20.5 per cent equity investment in the Company. Such divestiture was effected by a public secondary offering of Verizon's entire equity interest in the Company. Post divestiture, Verizon and the Company are no longer related parties (the "Verizon Sale"). Concurrently with the divestiture, Verizon and the Company further adjusted their business relationships to reflect changes in their business requirements since the alliance was first established. See section "Alliances" on page 17 of this annual information form for further information.

On December 30, 2004, through an internal reorganization, a subsidiary of TELUS, TELUS Solutions Holdings Inc., was wound up into TCI. Upon this wind up, TELUS Services Partnership ceased to exist and its business was transferred by operation of law to TCI.

Amendments to Charter Documents

TELUS' charter documents, the Notice of Articles and the Articles of the Company, were amended in 2005 with the requisite approval of its shareholders. In particular, these amendments:

- decreased the minimum number of directors from 12 to 10;
- replaced the then existing Articles with a new form of Articles which conformed with the New BC Act;
- reduced the threshold for a special resolution and a special separate resolution from 3/4 to 2/3;

- subject to several exceptions, removed a requirement that the Company, before purchasing any of its shares, must make an offer to every shareholder holding shares of the class or series to be purchased, to purchase the shares *pro rata*;
- eliminated cumulative voting rights with respect to the election of directors and amended the Articles to permit holders of common shares to vote by a separate resolution for each director rather than a slate; and
- amended the Articles to provide that the special rights and restrictions relating to foreign ownership compliance under the *Telecommunications Act* (Canada) attaching to the common shares and the non-voting shares be extended to ensure similar compliance under both the *Radiocommunication Act* (Canada) and the *Broadcasting Act* (Canada).

DESCRIPTION OF THE BUSINESS AND GENERAL DEVELOPMENTS

TELUS is the largest incumbent telecommunications service provider in western Canada and provides a wide range of telecommunication products and services including data, IP, voice, video and other services to consumers and businesses and operates as a full-service incumbent local exchange carrier ("ILEC") in western Canada and eastern Quebec. With its national wireline fibre-optic network which offers advanced IP-based network applications, TELUS is a national provider of data, IP and voice solutions for business customers across Canada. TELUS is also a national facilities-based wireless provider, with more than 4.5 million subscribers, offering digital personal communications services ("PCS"), enhanced specialized mobile radio ("ESMR") services, wireless Internet and data, paging and analogue cellular services.

The Company earns the majority of its revenue (voice local, voice long distance, data and wireless network revenue) from access to, and usage of, the Company's telecommunication infrastructure. The majority of the balance of the Company's revenue (other revenue and wireless equipment revenue) arises from providing products that facilitate access to, and usage of, the Company's telecommunication infrastructure.

TELUS' national growth strategy

Since the January 1999 merger between BC TELECOM and TC, the Company has been pursuing a national wireline and wireless growth strategy outside Alberta and B.C. into the rest of Canada, most particularly into central Canada. This has been implemented by both organic growth and through a series of acquisitions which have provided TELUS with a regional full service presence in the province of Québec, national digital wireless communications networks and subscribers, PCS and other wireless spectrum nationally, employees, infrastructure and sales distribution channels in central and eastern Canada. Through growth, investment and a series of strategic acquisitions completed prior to 2002, TELUS became a leading managed data-hosting provider in Canada with a national network of intelligent Internet data centres.

The Company has a coast-to-coast backbone fibre optic-network, which interconnects cities between Halifax and Vancouver and extends into the U.S. via points of presence in Albany, Ashburn, Palo Alto, Buffalo, Chicago, Detroit, New York and Seattle. This network is fully integrated with TELUS' extensive metropolitan networks in Alberta and B.C. and connects into networks constructed in Montréal, Ottawa, Toronto and other cities. As at December 31, 2005, the total amount of network fibre has been expanded to more than 14,000 kilometres.

In 2003, TELUS started migrating toll voice traffic onto its fibre-optic network, beginning the transformation of the TELUS network to a single IP network designed to carry high quality voice, data and video applications. In 2005, TELUS successfully completed a migration of 99 per cent of its long distance traffic from the old Stentor platform. This fibre-optic network provides TELUS with certain competitive advantages in the business marketplace. For business customers, TELUS provides a full suite of IP-based advanced application services and the ability to integrate voice mail, e-mail, data and video through a user-friendly online Web portal. TELUS is exploiting the competitive head-start it has in managed data and IP solutions, utilizing its IP network to secure recurring data revenues in Ontario and Québec. A number of large national contracts for managed data solutions were signed in 2005, including an eight-year agreement with Intrawest Corporation to be the exclusive supplier of certain IP and telecommunications services at Intrawest resorts across Canada, and an agreement with a large manufacturer to provide and manage Internet-based voice and data services.

In June 2004, as a result of research and development activities that TELUS had undertaken, the next phase of the IP-One® product family was launched and is being offered to businesses in many cities in Ontario and Québec. In 2005, the Company expanded its suite of advanced IP-based network applications with the introduction of IP-One Evolution®. This new service enables business customers to migrate from their existing Centrex systems to IP telephony at a pace that best suits their needs. The Company also began a transformational billing initiative to re-engineer processes in the wireline segment for order entry, pre-qualification, service fulfillment and assurance, customer care, billing, collections/credit, customer contract and information management. The expected benefits of this project include streamlined and standardized processes and the elimination over time of multiple legacy information systems.

Another important element of the Company’s wireline revenue growth strategy is the TELUS Future Friendly® Home initiative being offered in its incumbent service areas. TELUS offers a suite of integrated, advanced digital and wireless services that leverage the Company’s significant investments in high-speed Internet. Two services, TELUS Home Networking and TELUS HomeSitter®, were launched in 2004. In 2005, TELUS began a targeted launch of its digital television service, TELUS TV, in select neighbourhoods in Edmonton and Calgary following extensive trials with TELUS employees.

Non-core assets, including real estate properties, were sold in 2003, 2004 and 2005 for total proceeds of $92 million.

In conjunction with the ongoing build-out of TELUS’ wireless networks, TELUS entered into enhanced and extended roaming/resale agreements in 2001 with Bell Mobility and certain affiliates and Aliant Wireless, a division of Aliant Telecom Inc. (“the Roaming/Resale Agreements”). These agreements significantly expanded TELUS’ digital PCS coverage areas outside of major urban markets in Ontario, Québec and Atlantic Canada and were subsequently amended to include 1X, and, with respect to Bell Mobility, the Evolution Data Optimize (“EVDO”) high-speed network. On November 29, 2004, TELUS Mobility and Verizon Wireless expanded their Canada and U.S. roaming arrangements under a consolidated long-term roaming agreement to improve each other's ability to provide more consistent and comprehensive roaming services to each other's customers.

In 2005, TELUS continued the enhancement of digital wireless capacity and coverage and the construction of significant microwave facilities aimed at reducing future leased line costs. In August 2005, TELUS launched its mobile TV service, which allows wireless clients to access live television on their wireless phones. In late 2005, EVDO services were also introduced in five major centres across Canada (Vancouver, Calgary, Edmonton, Toronto and Montreal), offering business customers wireless data downloads at typical speeds of 400 – 700 kilobits per second.

TELUS - wireline business segment

TELUS operates as an ILEC in Alberta, B.C. and eastern Québec where it provides comprehensive local, long distance, data, Internet and information services in its incumbent or ILEC territories and is a competitive local exchange carrier ("CLEC") offering services primarily in central Canada through its non-incumbent or non-ILEC operations. TELUS' ILEC operations serve a population of approximately 7.6 million in its incumbent western Canada service territory, and a population of more than one half million in its incumbent eastern Québec territory. On a combined basis, wireline services accounted for revenue of $4,847 million for the year ended December 31, 2005 ($4,769 million for the year ended December 31, 2004), representing 60 per cent of the total revenue of TELUS for 2005 (63 per cent of the total revenue of TELUS for 2004).

TELUS continues to focus on enhancing operational efficiency and effectiveness in its wireline business. In 2003, TELUS substantially completed Phases 2 and 3 of its operational efficiency program ("OEP") and achieved its goal of improving the profitability of TELUS, through the reduction of positions and closure and consolidation of customer contact centres in its ILEC region. In 2004, a number of comparatively smaller initiatives were undertaken, noticeably in the information technology resources area and in the merger of two customer-facing business units, aimed to enable greater efficiencies of scale, improve effectiveness of program delivery, improve competitiveness in the marketplace and improve operating and capital productivity. In 2005, TELUS continued to undertake initiatives aimed at improving operating and capital productivity and expects such initiatives to continue in 2006.

The operating profitability of non-ILEC operations has been steadily improving because of continued data-focused growth, cost containment efforts and increases in the proportion of services provided on TELUS facilities ("on-net"). TELUS started migrating toll voice traffic onto its IP network in 2003. See "TELUS' national growth strategy".

In addition, a partnership with the Calgary Health Region was established to deliver human resources and end-to-end solutions to healthcare and other organizations. A new call centre business was established in Montréal to in-source Internet help desk services from a third party and offer call centre solutions to other external customers.

In November 2004, TELUS signed a 10-year contract with the Government of B.C., in which the Government transferred approximately 140 staff members and all government payroll and human resource services to TELUS Sourcing Solutions Inc. ("TSS"), an indirect subsidiary of TELUS. This contract builds upon the partnership between TSS and the Calgary Health Region. In October 2005, TSS entered into a 10-year contract with the Calgary Board of Education ("CBE"), in which 50 CBE employees transferred to TSS. This contract will provide for the delivery of some of the district's human resources services. TSS also signed a 15-year agreement with Hamilton Health Sciences to deliver the process and information technology components of its human resources services.

Local

Local wireline services allow customers to complete calls in their local calling areas and to access long distance networks, wireless networks and the Internet. Virtually all homes and businesses in TELUS' incumbent service areas have access to some or all of its local services. In addition to local calling, local services generally include enhanced calling features, such as call display, call waiting, call forwarding and voice mail; Centrex for business customers; public pay telephones; and competitive long distance carrier access. Local access or exchange service is the largest component of local wireline service, and is generally provided on a monthly flat rate basis.

CLECs operating in Canada provide service to their customers over facilities they have constructed or leased from ILECs in a given region or by reselling the local services of the ILECs (including TELUS). CLECs that use their own facilities or facilities leased from TELUS Communications are eligible to receive a subsidy when they provide service to residential customers living in areas where TELUS, as an ILEC, receives a subsidy (see "Regulation – Regulation of Local Services").

TELUS is competing outside its incumbent territories as a non-dominant carrier and has obtained approval to operate as a CLEC in certain targeted markets in central Canada where it concentrates on providing business wireline services. TELUS is continuing to pursue CLEC status in other areas in central and eastern Canada.

Long distance

Wireline long distance services interconnect customers in different local calling areas, and provide domestic and international connectivity. TELUS offers its residential and business customers a range of long distance savings plans, billing options, and call options. The largest component of wireline long distance services is message toll services, which are transmitted through fibre optic cables, microwave radio systems, cable carrier systems and satellite channels. National and international wireline long distance services are provided through TELUS' national network and by way of interconnection with the networks of other facilities-based carriers and resellers.

Data, Internet and IT services

TELUS provides both "traditional" or "legacy" data services and "enhanced" data services. Traditional data services include circuit switched, packet switched and dedicated private lines. Enhanced data services provide greater functionality to the customer, allowing a customer to compress their telecommunications applications onto a single infrastructure. The primary enhanced data services offered by TELUS are Internet access, private intranets, wide area network outsourcing and electronic commerce. Customers may choose from a wide range of data services to suit the complexity of their requirements, including required speed and volume.

TELUS is the second largest ISP in Alberta and B.C. and is the fourth largest wireline Internet service provider in Canada. As at December 31, 2005, TELUS had 999,200 wireline Internet subscribers, including 763,100 high-speed Internet subscribers. In 2005, the number of high-speed subscribers increased by approximately 11 per cent. TELUS has seen an increase in the use of data services such as business Intranets by business customers and in the use of personal computer and Internet access by residential customers. TELUS also offers a range of broadcast, teleconferencing and advanced intelligent network services – services that can be customized to meet the specific needs of individual customers through software changes to network switches. These services include special number services such as toll free 1-800 and 1-900 and enhanced call routing.

TELUS provides businesses with IT services such as IT outsourcing, application development and sustainment, and national IT consulting. As a provider of Web hosting services, TELUS also offers managed hosting, co-location including shared Web and e-mail hosting services, media streaming, data storage and security services. In addition, TELUS offers managed applications services and software such as online backup Web conferencing, expense management, customer relationship management and sales force automation. These services are available across Canada and can be enhanced by connection with TELUS' infrastructure through points of presence throughout Alberta and B.C., Winnipeg, Regina, Saskatoon, and many cities in Ontario and Québec.

In February 2005, TELUS purchased a controlling interest in Ambergris Solutions Inc. ("Ambergris"), which provides TELUS with international call centre capability and backup capabilities. The international call centre capability provides support for TELUS' bids to offer competitive call centre services to potential new clients.

The following table sets forth certain statistical information with respect to the wireline business segment:

Wireline business	**December 31**		
	2005	**2004**	**2003**
Network access lines (000's)	4,691	4,808	4,870
High-speed Internet net additions (000s) [1]	73.4	128	152
High-speed Internet subscribers (000's) [1]	736	690	562
Dial-up Internet net reductions (000's) [1]	(45.5)	(38.2)	(71.9)
Dial-up Internet subscribers (000's) [1]	236	282	320
Total Internet subscribers (000's)	999	971	881
Full-time equivalent employees[2]	n/a	18,839	18,430
Total employees	22,888	19,500	19,029

(1) As a result of a subscriber audit following a billing system conversion in the third quarter of 2002, Internet subscriber counts and net additions for 2003 are net of reductions of approximately 13,000 dial-up subscribers and approximately 4,700 high-speed Internet subscribers.
(2) The measure for full-time equivalent employees is not available for 2005 as it does not factor in the effective overtime hours on staff equivalents because of the labour disruption from July to November.

The total number of employees in 2005 included approximately 3,200 employees from the acquisition of a controlling interest in Ambergris in February 2005.

TELUS wireline network

TELUS' network includes the Alberta and B.C. portion of the transcontinental high-density fibre optic transmission system used by the various ILECs across Canada. As part of TELUS' national strategy, TELUS has also built its own national inter-city fibre-optic backbone network that interconnects the network in Alberta and B.C. with major centres in Ontario and Québec. This fibre-optic network is supplemented by new local fibre optic networks in 34 CLEC exchanges or metropolitan areas. TELUS' network also interconnects with the networks of Verizon and other carriers in the U.S. for the exchange of U.S. and international traffic.

TELUS– wireless business segment

TELUS is one of three national Canadian facilities-based wireless service providers. TELUS is licensed to operate a national digital PCS network and analogue/digital cellular facilities in Alberta, B.C., and eastern Québec. TELUS also operates Canada's only national ESMR network. Its national PCS wireless network utilizes 1X, code division multiple access ("CDMA") digital technology. In late 2005, a new CDMA-based wireless high speed network (EVDO) was introduced in major centers across Canada offering customers wireless data transfers at speeds at least six times faster than previous TELUS wireless data services. TELUS offers wireless voice and data services to consumers and businesses nationally on both the ESMR and the PCS/cellular networks. As a result of acquisitions and purchases completed in previous years, TELUS holds a significant mobile spectrum position. TELUS is also a leading wireless communications service provider in Canada in terms of average monthly revenue per subscriber unit ("ARPU"), churn, operating margins and operating cash flow yield, based on publicly available information.

TELUS introduced two new global communications solutions in 2005: the Motorola A840 worldphone, which operates on both CDMA and global system for mobile ("GSM") networks, and a GSM global roaming card.

For the year ended December 31, 2005, the wireless business segment accounted for revenue of \$3,296 million (\$2,812 million for the year ended December 31, 2004), representing approximately 40 per cent of the total revenue of TELUS in 2005 (37 per cent of the total revenue of TELUS for 2004).

In 2001, TELE-MOBILE entered into the Roaming/Resale Agreements, which extended and enhanced then existing roaming and resale arrangements by, among other things, reducing the wholesale pricing for such services, to encourage the use of existing CDMA networks. The implementation of these agreements began in 2002 and has expanded TELUS' addressable PCS market by approximately 7.5 million people as of the end of 2005, while allowing TELUS to avoid estimated capital expenditures of approximately $800 million over the 10-year term of the agreements. In 2002 and in 2005, these Roaming/Resale Agreements were amended to include roaming for 1X and EVDO, respectively. At the end of 2005, TELUS' national digital networks combined with coverage provided by the Roaming/Resale Agreements reached approximately 30.6 million Canadians.

The following table sets forth certain statistical information with respect to the wireless business segment:

Wireless business	**December 31**		
	2005	**2004**	**2003**
Net subscriber additions (000's) (1)	584	512	431
Gross subscriber additions (000's)	1,279	1,121	987
Wireless subscribers (000's) (1)	4,521	3,936	3,424
Penetration rate (2)	14.5%	12.9%	11.5%
Wireless market share, subscriber based	26.9%	26.1%	25.5%
Average monthly revenue per subscriber unit	$62	$60	$57
Minutes of use per subscriber per month ("MOU")	399	384	350
Cost of acquisition, per gross addition	$386	$389	$430
Monthly deactivations (churn rate)(1)	1.4%	1.4%	1.5%
Digital population coverage (millions) (3)	30.6	30.0	29.5
Full-time equivalent employees(4)	n/a	5,915	5,387
Total employees	6,931	6,298	5,690

(1) Based on an audit of the prepaid platform in 2003, a one-time adjustment was made to the prepaid subscriber base. Cumulative subscribers were reduced by approximately 7,600. Of the 7,600, net additions as recorded for 2003 reflected a 5,000 adjustment for current year deactivations. Management believes the deactivations related to the prior period are immaterial and therefore net additions have not been restated. Furthermore, 2003 churn was calculated to reflect the 5,000 deactivations in the current year.

(2) Subscribers divided by population coverage.

(3) Includes expanded population coverage in 2005 of approximately 7.5 million in the PCS coverage area (2003 – approximately 7 million) due to the Roaming/Resale Agreements.

(4) The measure for full-time equivalent employees is not available for 2005 as it does not factor in the effective overtime hours on staff equivalents because of the labour disruption.

TELUS wireless networks

TELUS owns and operates a national digital PCS network, and analogue and digital cellular networks in Alberta, B.C., and eastern Québec, with 40 to 45 MHz of PCS spectrum throughout all major population regions of Canada. TELUS continues to build significant microwave facilities in order to reduce costs. TELUS has combined these networks under one national brand. Substantially all of TELUS' digital subscribers are provided extended coverage in Canada, the U.S. and various other countries through analogue and digital roaming arrangements with other carriers by means of dual-mode or tri-mode, dual-band handsets.

TELUS also owns and operates an ESMR digital wireless business communications service under the Mike™ trademark using the integrated digital enhanced network ("iDEN") technology.

The Mike network covers the larger population centers and surrounding areas in Alberta, B.C., Manitoba, Ontario and Québec (including Toronto and Montréal), and many non-urban areas in Ontario, Québec and western Canada. The Mike network utilizes frequencies in the 800 MHz range which have propagation advantages over higher frequencies such as those used in digital 1900 MHz PCS networks, resulting in more cost effective geographic coverage. While the amount of 800 MHz spectrum licensed to TELUS varies by region, TELUS has in excess of 10 MHz of spectrum available for its Mike network in Montréal, Toronto and Vancouver, Canada's three most populous metropolitan areas. The Mike service is marketed primarily through independent and corporate-owned dealers to businesses and other organizations as a digital PCS-like service with the added benefit of Mike's Direct Connect™ Push to Talk™ functionality, which provides low-cost instant connectivity for work groups.

TELUS also operates analogue specialized mobile radio ("SMR") systems in most major urban centres in Canada. TELUS operates paging networks in Alberta, B.C., and eastern Québec.

EMPLOYEE RELATIONS

As at December 31, 2005, TELUS had a total of approximately 29,819 employees, of which 24,177 were regular full-time or regular part-time employees; the balance were temporary employees. Approximately 14,589 employees were unionized of which approximately 11,778 were part of the wireline business segment and approximately 2,811 were employed in the wireless business segment.

A labour disruption that began on July 21, 2005 was settled on November 18, 2005, following the ratification of a new five-year collective agreement covering approximately 14,000 employees (including inactive employees) in both the wireline and wireless business segments located predominantly in TELUS' western incumbent region in B.C. and Alberta. The new agreement, effective November 20, 2005 and expiring November 19, 2010, merged six previously separate collective agreements into one and applies to all unionized team members in B.C. and Alberta represented by the Telecommunications Workers Union ("TWU"), as well as TELUS Mobility team members in central Canada who were included in the scope of the TWU's bargaining unit by Canada Industrial Relations Board ("CIRB") Decisions 1088 and 278.

TELUS– wireline business segment

The TWU represents approximately 10,047 unionized employees in TELUS wireline operations in Alberta and B.C. These employees are covered by the new collective agreement with the TWU mentioned above.

TELUS – wireless business segment

TELUS' wireless operations has approximately 2,811 unionized employees in two separate bargaining units with the majority of unionized employees included in the TWU's national bargaining unit and a smaller number in a separate unit in Québec.

As noted above, the formerly non-union TELUS Mobility employees predominantly located in Ontario and Quebec were included in the scope of the TWU's national bargaining unit. After unsuccessful appeals of these decisions, including denial of leave to appeal to the Supreme Court of Canada, TELUS and the TWU reached an agreement on the inclusion of these employees in the TWU's national bargaining unit with the applicable negotiated terms and conditions of employment included in the new collective agreement between TELUS and the TWU mentioned above.

The unionized groups at TELUS' wireless segment are:

- Approximately 2,794 clerical and technical employees across Canada represented by the TWU covered by the new collective agreement that will expire on November 19, 2010.

- Approximately 17 former QuébecTel Mobilité professional and supervisory employees represented by the Syndicat des Agents de Maîtrise de TELUS covered by a collective agreement that will expire on March 31, 2007.

TELUS Québec

Approximately 1,516 unionized employees of TELUS Québec are represented by two bargaining agents. The two unionized groups are:

- Approximately 523 professional and supervisory employees, represented by the Syndicat des agents de maîtrise de TELUS. The current collective agreement covering these employees is in effect until March 31, 2006. The parties have reached an agreement in principle, which is subject to ratification, to extend the term of this agreement to March 31, 2007. The outcome of the ratification process is expected by March 31, 2006.

- Approximately 993 office, clerical and technical employees, represented by the Syndicat Québécois des employés de TELUS. The collective agreement covering these employees expired on December 31, 2005. Negotiations to renew this agreement commenced in 2005 and are currently ongoing.

Until a new collective agreement is reached, the terms and conditions of the expired collective agreements continue to apply. (See "Management's Discussion and Analysis – Risks and Risk Management – Section 10.5 Human Resources" in TELUS' 2005 Annual Report – Financial Review).

CAPITAL ASSETS AND GOODWILL

As at December 31, 2005, the total investment of TELUS in capital assets and goodwill was recorded at a net book value of $14.1 billion on a consolidated basis.

Capital assets and goodwill

The principal capital assets of TELUS consist of telecommunications property, plant and equipment and intangible assets and do not lend themselves to description by exact location. As at December 31, 2005, the total investment of TELUS in capital assets was recorded at a net book value of $10.9 billion on a consolidated basis. Such assets, located principally in Alberta, B.C., Ontario and Québec, include network facilities, relay and transmission towers, switching equipment, terminal devices, computers, motor vehicles, tools and test equipment, furniture, office equipment and intangible assets. Spectrum licenses, which had a net book value of $3.0 billion as at December 31, 2005, comprise the majority of identifiable intangible assets.

With the exception of terminal devices located at customer premises, most of the Company's communications plant and equipment are located on land owned or leased, or on rights-of-way obtained, by TELUS.

The properties of TELUS include: (i) office space; (ii) work centres for field service and materials management personnel; and (iii) space for exchange, toll and mobile radio equipment. A small number of buildings are constructed on leasehold land and the majority of the relay stations for TELUS' public service radio-telephone network are situated on lands held under leases or licenses for varying terms. The network facilities of TELUS are constructed under or along streets or highways pursuant to rights-of-way granted by the owners of land including municipalities and on land owned by the Crown or on freehold land owned by TELUS. Other communications property, plant and equipment consist of plant under construction and materials and supplies used for construction and repair purposes. Identifiable intangible assets include wireless spectrum licenses, subscriber base and computer software.

As at December 31, 2005, goodwill had a net book value of $3.2 billion. Goodwill represents the excess of cost of acquired businesses over the fair value attributed to the net identifiable assets.

TELUS monitors its operations for compliance with applicable environmental requirements and standards, and implements preventative and remedial actions as required. TELUS' business of telecommunications services does not generate significant waste products that would be considered hazardous. For these reasons, remedial action has not been significant to the ongoing operations and expenditures of TELUS.

Value of intangible assets and goodwill

The carrying value of intangible assets with indefinite lives, and goodwill, are periodically tested for impairment using a two-step impairment test. The frequency of the impairment test generally is the reciprocal of the stability of the relevant events and circumstances, but intangible assets with indefinite lives and goodwill must, at a minimum, be tested annually; the Company has selected December as its annual test time. No impairment amounts arose from the December 2005, 2004 and 2003 annual tests. The test is applied to each of the Company's two reporting units (the reporting units being identified in accordance with the criteria in the Canadian Institute of Chartered Accountants ("CICA") Handbook section for intangible assets and goodwill): wireline and wireless.

Intangible assets with finite lives ("intangible assets subject to amortization") are amortized on a straight-line basis over their estimated lives; estimated lives are reviewed at least annually and are adjusted as appropriate.

RISK FACTORS

Management's discussion and analysis -- Section 10 Risks and risk management in TELUS' 2005 Annual Report – Financial Review is hereby incorporated by reference. Management's discussion and analysis is available at www.sedar.com.

ALLIANCES

Verizon's Sale of TELUS Equity

Pursuant to the Long-Term Relationship Agreement between TELUS and certain Verizon corporations dated January 31, 1999 (the "Long Term Relationship Agreement"), Verizon was prohibited from selling its equity interest in TELUS to below 19.9 per cent without the approval of the independent directors of TELUS. On November 30, 2004, TELUS and Verizon announced that they have entered into an agreement pursuant to which TELUS' independent directors agreed to accommodate Verizon's sale of all of its equity interest in TELUS, being 48,551,972 Common Shares and 24,942,368 Non-Voting Shares held indirectly through a subsidiary, on certain conditions set out in that agreement. Under that agreement, Verizon paid to TELUS U.S. $125 million. The Long Term Relationship Agreement was terminated on December 14, 2004 on the completion of the Verizon Sale. Concurrently, the two Verizon executives who sat on the Board of Directors of TELUS resigned.

Verizon software and related technology and services

Concurrently with the Verizon Sale, Verizon and TELUS adjusted their business relationships to reflect changes in their business requirements since the alliance was first established. A number of business agreements (including the agreements described in this section) between Verizon and TELUS or their subsidiaries were amended or terminated.

Verizon adopted, with certain changes, the February 1, 1999 agreement (the “GTE Agreement”) made between TELUS and a predecessor to Verizon, GTE Corporation, with respect to certain GTE intellectual property rights and services. The agreement between TELUS and Verizon (the “Verizon Agreement”) was made effective January 1, 2001 and contains provisions which, subject to existing third party rights and certain other exceptions and conditions, give TELUS and its affiliates certain rights to purchase exclusive licences of Verizon software and other technology, trademarks and service marks as specified by TELUS, and to use exclusively the remaining Verizon software and other technology, trademarks and service marks, in each instance in connection with the provision of Telecommunications Services (as defined in the Verizon Agreement) in Canada. Telecommunications Services do not include the provision of content for broadcasting, video, cable or Internet services, or the sale, publication or provision of directories. If Verizon proposes to transfer all or a substantial portion of the software and other technology underlying the intellectual property rights sold or licensed to TELUS to a third party unrelated to Verizon, and the transferred software and other technology were in fact used in the U.S. (excluding Puerto Rico) or Canada by Verizon at the time of transfer, Verizon must use commercially reasonable efforts to obtain for TELUS substantially the same rights obtained by Verizon to use all upgrades, enhancements, additions and modifications to the transferred software and other technology developed by the third party transferee. As amended on December 14, 2004, TELUS retains the exclusive licenses in Canada to specified Verizon trademarks, and software and technology where such licenses were purchased or such trademarks, software and technology were used by TELUS prior to the closing of the Verizon Sale, together with certain collateral rights associated therewith granted under the Verizon Agreement, but not to any other Verizon trademarks or software and technology. TELUS also has relinquished certain purchasing rights. Verizon is required to continue to provide upgrade and support on the retained software and technology.

Verizon’s obligation to provide intellectual property rights, or any other right, service or product called for in the Verizon Agreement is subject to compliance with U.S. regulatory requirements by Verizon and its affiliates.

The Verizon Agreement requires Verizon to provide certain functional and consulting services to TELUS as requested by TELUS. As amended on December 14, 2004, TELUS has the right to require Verizon to provide such services under commercial terms with respect to those software and technology and their upgrades that are licensed to TELUS. The parties have also agreed, subject to existing obligations, to use reasonable efforts to provide services and products that are seamless with each other and each has agreed to use reasonable efforts to purchase for itself and its customers the Telecommunications Services of the other party in that party’s territory. As amended on December 14, 2004, the two companies will use each other’s cross-border services where capabilities and customer requirements permit. The Verizon Agreement also contains certain joint marketing and non-competition provisions, which do not apply to Verizon Wireless or TELUS Mobility. As at December 14, 2004, TELUS was released from its obligation not to compete against Verizon in the U.S., and the exceptions to the remaining non-competition obligations were in some cases clarified or modified.

The Verizon Agreement applies to Verizon and its American and Canadian affiliates, but specifically excludes Verizon Wireless. Independent of the Verizon Agreement, TELUS

Mobility and Verizon Wireless negotiated and implemented mutually beneficial changes to their reciprocal roaming arrangements. On November 29, 2004, TELUS Mobility and Verizon Wireless expanded their roaming agreements under a consolidated long-term roaming agreement to improve each other's ability to provide more consistent and comprehensive Canada and U.S. roaming services to each other's customers.

The initial term of the Verizon Agreement was for one year ending December 31, 2001. Prior to the amendment made on December 14, 2004, the term was renewable annually for successive one-year periods at TELUS' sole discretion with a last renewal right for a term ending December 31, 2008. Any renewal beyond December 31, 2008 requires the mutual agreement of the parties. In the event of termination, there will be in most instances a two-year transition period and TELUS will have a licence to use the then current software and other technology on a non-exclusive basis, allowing TELUS to properly manage the transition to new technology. TELUS has renewed the Verizon Agreement for 2005, and as at December 14, 2004, the term of the agreement was further extended to December 31, 2008 without any transition period.

The Verizon Agreement provides for the following annual payments to be made by TELUS (including both licence purchase prices and fees to be paid for all other property rights and services provided or granted to TELUS under the Verizon Agreement): U.S. $155 million during the initial term (2001), U.S. $100 million in the first renewal term (2002), U.S. $20 million in 2003 and in each subsequent annual renewal term up to December 31, 2008. As amended on December 14, 2004, annual payments in the aggregate of U.S. $82 million for the years 2005 to 2008 were reduced to an aggregate nominal amount of only four U.S. dollars for that time period.

Genuity software and related technology and services

In order to obtain regulatory approvals for the merger between GTE Corporation and Bell Atlantic Corporation, GTE Corporation transferred substantially all of its Internet business into a separate public corporation known as Genuity Inc. (formerly GTE Internetworking) prior to the closing of the merger.

Effective June 30, 2000, Genuity Inc. and its subsidiary, Genuity Solutions Inc. (collectively, "Genuity"), and TELUS entered into a Brand, Technology and Co-Marketing Agreement (the "Genuity Agreement") that was similar to the GTE Agreement. Subject to rights of early termination in certain instances, the initial term of the Genuity Agreement was to expire on January 31, 2009, during which term TELUS was not required to make any payments directly to Genuity and TELUS' payments to Verizon under the Verizon Agreement constituted sufficient consideration in that regard.

On or about July 24, 2002, Verizon announced that it would not exercise its right to reacquire control of Genuity Inc. On November 27, 2002, Genuity Inc., together with Genuity Solutions Inc. and certain other affiliates (collectively, the "Debtors") filed voluntary petitions for relief under chapter 11 of the United States Bankruptcy Code. On February 4, 2003, the Debtors sold substantially all of their assets and operations to Level 3 Communications Inc. and certain of its subsidiaries (collectively, "Level 3").

Level 3 Communications Inc.

By consensus of the interested parties, the Genuity Agreement was terminated as of the closing of the sale of the Debtors' assets to Level 3, and TELUS and Genuity ended their further rights and obligations with respect to each other under the Genuity Agreement. Effective as of June 25, 2003, the Genuity Agreement was reinstated, with certain modifications, between TELUS and Level 3. Level 3 was, in large measure, substituted as the contracting party in place of Genuity. Such modified agreement between TELUS and Level 3 (the "Level 3 Agreement"), among other things, designates Level 3 as the first preferred supplier to TELUS over Verizon on IP Services (as defined in the Level 3 Agreement) and Verizon as the first preferred supplier to TELUS over Level 3 on the remaining Telecommunications Services, provides for continued rights to certain pre-existing Genuity software and other intellectual property, and sets out joint marketing and non-compete provisions. The Level 3 Agreement terminated on June 30, 2005.

TELUS had negotiated wholesale agreements with Verizon and Level 3 including agreements to route traffic onto Verizon's and Level 3's U.S. and international network.

Directory Business

In 2001, TELUS sold its directory advertising services business to Verizon Information Services – Canada Inc. ("VIS"), a subsidiary of Verizon. At the same time, various TELUS subsidiaries and VIS entered into a series of commercial arrangements whereby VIS acquired the exclusive right to publish TELUS directories and provide on-line directories on TELUS portals, in Canada and within 40 miles of the Canada-U.S. border, for an initial term of 30 years with certain renewal rights thereafter, and TELUS agreed not to compete with this business for the terms of the agreement.

On November 9, 2004, Verizon announced that it had completed a transaction to sell VIS to Advertising Directory Solutions Holdings Inc. ("ADSHI"), an affiliate of Bain Capital. On May 25, 2005, the Yellow Pages Group announced that it, through Yellow Pages Income Fund had completed the purchase of ADSHI from an affiliate of Bain Capital.

LEGAL PROCEEDINGS

On May 8, 1998, an action was commenced against BC TEL (now TCI) by certain holders of the $117.75 million principal amount of First Mortgage Bonds, 11.35 per cent Series AL (the "Bonds") which were redeemed by BC TEL on December 30, 1997. The action alleged that the Bonds were improperly redeemed and claimed damages as a result thereof. TCI successfully defended the action, which was dismissed by the Ontario Superior Court of Justice in January 2003. On June 8, 2005, the Ontario Court of Appeal overturned the lower court decision and ruled that the redemption of the Bonds breached the terms of the First Mortgage Bonds. The Court of Appeal referred the matter back to the lower court for an assessment of damages. On January 26, 2006, the Supreme Court of Canada denied TCI's leave to appeal the decision of the Court of Appeal. TELUS accrued an estimate of damages, which was included in financing costs for the second quarter of 2005. Should the assessed damages be significantly different from management's expectations, a material adjustment could be recorded in the Company's Statements of Income.

On December 16, 1994, the TWU filed a complaint against BC TEL with the Canadian Human Rights Commission (the "CHRC"), alleging that wage differences between unionized male and female employees in British Columbia were contrary to the equal pay for work of equal value provisions in the *Canadian Human Rights Act*. In December 1998, the CHRC advised it would commence an investigation of the TWU complaint and following the investigation of preliminary matters referred the complaint to conciliation under the Canadian Human Rights Act. Conciliation did not result in resolution and the matter was referred back to the Commission for further investigation. Included in the terms of the ratified settlement of the 2005 collective agreement between TELUS and the TWU, was a letter of agreement under which the Company has agreed to establish a pay equity fund of $10,000,000 to be paid out to persons covered by the complaint subject to the TWU's withdrawal of the complaint and the CHRC's acceptance of and concurrence that the complaint is withdrawn and settled. On December 21, 2005, the TWU withdrew and discontinued this complaint. Subsequently, in a letter dated January 30, 2006 TELUS was advised by the CHRC that it would take no further proceedings and close its file on the matter.

Two lawsuits were commenced against TELUS and other defendants in the Alberta Court of Queen's Bench on December 31, 2001 and January 2, 2002 respectively, by plaintiffs alleging to be either members or business agents of the TWU. In one action, the three plaintiffs alleged to be suing on behalf of all current or future beneficiaries of the TELUS Corporation Pension Plan ("TCPP"), and in the other action, the two plaintiffs allege to be suing on behalf of all current or future beneficiaries of the TELUS Edmonton Pension Plan ("TEPP"). The statement of claim in the TCPP-related action named TELUS, certain of its affiliates and certain present and former trustees of the TCPP as defendants, and claims damages in the sum of $445 million. The statement of claim in the TEPP-related action named TELUS, certain of its affiliates and certain individuals who are alleged to be trustees of the TEPP and claims damages in the sum of $15.5 million. In May 2002, the statements of claim were amended by the plaintiffs and include allegations, *inter alia*, that benefits provided under the TCPP and TEPP are less advantageous than the benefits provided under the respective former pension plans, contrary to applicable legislation, that insufficient contributions were made to the plans and contribution holidays were taken and that the defendants wrongfully used the diverted funds, and that administration fees and expenses were improperly deducted. TELUS has filed statements of defence to both the original and the amended statements of claims. As a term of settlement of the 2005 collective agreement between TELUS and the TWU, the TWU has agreed to not provide any direct or indirect financial or other assistance to the plaintiffs in these actions, and to communicate to the plaintiffs the TWU's desire and recommendation that these proceedings be dismissed or discontinued. TELUS has been advised by the TWU that the plaintiffs have not agreed to dismiss or discontinue these actions. While the likelihood of the actions being determined adversely against TELUS is still being evaluated, but TELUS believes it has good defences to the actions. Should the lawsuits continue because of the actions of the court, the plaintiffs or for any other reason, and their ultimate resolution differ from management's assessment and assumptions, a material adjustment to the Company's financial position and the results of its operations could result.

A class action was brought August 9, 2004, under the Class Actions Act (Saskatchewan), against a number of past and present wireless service providers including the Company. The claim alleges that each of the carriers is in breach of contract and has violated competition, trade practices and consumer protection legislation across Canada in connection with the collection of system access fees, and seeks to recover direct and punitive damages in an unspecified amount. Similar proceedings have been filed by or on behalf of plaintiffs' counsel in other provincial jurisdictions, but will not proceed until the Saskatchewan action has been decided. The class has not been certified. The Company believes it has good defences to the action.

FOREIGN OWNERSHIP RESTRICTIONS

Certain subsidiaries of TELUS or partnerships in which TELUS has a controlling interest, as Canadian carriers, holders of radio authorizations or licences, and holders of broadcast distribution licences, are required by the *Telecommunications Act* (Canada) (the "Telecommunications Act"), the *Radiocommunication Act* (Canada) (the "Radiocommunication Act") and a Direction to the CRTC (Ineligibility of Non-Canadians) given under the *Broadcasting Act* (Canada) (the "Broadcasting Act") to be Canadian-owned and controlled. Each of the Canadian carriers, under the Telecommunications Act, is considered to be Canadian-owned and controlled as long as: (a) not less than 80 per cent of the members of its board of directors are individual Canadians; (b) Canadians beneficially own not less than 80 per cent of its issued and outstanding voting shares; and (c) it is not otherwise controlled in fact by persons who are not Canadians. Substantially the same rules apply under the Radiocommunication Act and the Broadcasting Act. After the 2006 legal entity restructure, TELUS filed with the CRTC the requisite documentation affirming TCC's status as a Canadian carrier. TELUS further intends that TCC will remain controlled by TELUS and that it will ensure that TCC remains "Canadian" for the purposes of these ownership requirements.

The Telecommunications Act also provides that in order for a company that holds shares in a carrier to be considered Canadian, not less than 66-2/3 per cent of the issued and outstanding voting shares of that company must be owned by Canadians and that such company must not otherwise be controlled in fact by non-Canadians. Accordingly, not less than 66-2/3 per cent of the issued and outstanding voting shares of TELUS must be owned by Canadians and TELUS must not otherwise be controlled in fact by non-Canadians. To the best of TELUS' knowledge, Canadians beneficially own and control in the aggregate not less than 66-2/3 per cent of the issued and outstanding Common Shares of TELUS and TELUS is not otherwise controlled in fact by non-Canadians.

The regulations under the Telecommunications Act provide Canadian carriers and carrier holding companies, such as TELUS, with the time and ability to rectify ineligibility resulting from insufficient Canadian ownership of voting shares. Under these regulations, such companies may restrict the issue, transfer and ownership of shares, if necessary, to ensure that they and their subsidiaries remain qualified under such legislation. For such purposes, in particular but without limitation, a company may, in accordance with the provisions contained in such regulations:

(i) refuse to accept any subscription for any voting shares;

(ii) refuse to allow any transfer of voting shares to be recorded in its share register;

(iii) suspend the rights of a holder of voting shares to vote at a meeting of its shareholders; and

(iv) sell, repurchase or redeem any voting shares.

To ensure that TELUS remains Canadian and that any subsidiary of TELUS including TCC is and continues to be eligible to operate as a telecommunications common carrier under the Telecommunications Act, to be issued radio authorizations or radio licences as a radiocommunications carrier under the Radiocommunication Act, or to be issued broadcasting distribution licences under the Broadcasting Act, provisions substantially similar to the foregoing have been incorporated into TELUS' Articles permitting the directors to make determinations to effect any of the foregoing actions.

REGULATION

General

The provision of telecommunications service in Canada is regulated by the Canadian Radio-television and Telecommunications Commission (the "CRTC") pursuant to the Telecommunications Act. In addition, the provision of cellular and other wireless services using radio spectrum is subject to regulation and licensing by Industry Canada pursuant to the Radiocommunication Act.

The Telecommunications Act gives the CRTC the power to forbear from regulating certain services or classes of services if it finds that the service or class of service is subject to a degree of competition which is sufficient to protect the interests of customers. In December 1996, the CRTC confirmed an earlier decision to forbear from regulating the entire portfolio of wireless and paging services. However, some of these services continue to be subject to CRTC regulation for certain matters, including network access and interconnection issues. The CRTC has also forborne from regulation of a number of wireline services, including interexchange voice services, wide area network services and retail Internet services. Wireline services are in general subject to a much greater degree of regulation than wireless services.

The major categories of telecommunications services provided by TELUS that are subject to rate regulation or have been forborne from rate regulation are as follows:

Regulated services	Forborne services (not subject to rate regulation)
• Residential wireline services in incumbent local exchange carrier regions • Business wireline services in incumbent local exchange carrier regions • Competitor services • Public telephone services	• Non-incumbent local exchange carrier services • Long distance services • Internet services • International telecommunication services • Interexchange private line services(1) • Certain data services • Cellular, enhanced specialized mobile radio and digital personal communications services • Other wireless services, including paging • Sale of customer premises equipment

(1) Forborne on routes where one or more competitors are offering or providing service at DS-3 or greater bandwidth.

In 2005, the CRTC undertook a review of the framework for the regulation of residential and business local exchange services. The CRTC's decision on local forbearance is expected to determine the timing and the conditions under which forbearance will be granted. The CRTC's decision is anticipated in the first half of 2006.

In 2005, the federal government undertook a review of Canada's telecommunications policy and regulatory framework. The review panel, reporting to the Minister of Industry, was asked to provide recommendations on how to modernize Canada's telecommunications framework in order to benefit Canadian industry and consumers. The report is expected to be presented in the first half of 2006.

Regulation of local services

In 1997, the CRTC issued Decision 97-8. This decision, together with several later decisions and orders, effectively opened Canada's local switched services voice market to full competition. Additionally, in Decision 97-9 the CRTC adopted a four-year price cap regulatory regime for a number of local services provided by the ILECs, which placed price caps on the amount by which rates for these services could be increased but which also allowed the ILECs to respond more quickly and flexibly to competitive conditions in their local markets than under the previous regulatory system. This decision was followed in 2002 (Decision 2002-34), with a second four-year price cap regulation period for TELUS. The four-year price cap regulation period was extended to five years, ending May 31, 2007, by the CRTC in Decision 2005-69.

TCC is subject to regulation as an ILEC in Alberta, B.C. and in eastern Québec. On July 31, 2002, the CRTC issued Decision 2002-43 adopting the first price cap regulatory regime for TELUS Communications (Québec) similar to the manner adopted in Decision 2002-34 for the larger ILECs. Local competition in the incumbent operating territory of TELUS Québec was allowed in September 2002 following Telecom Order CRTC 2001-761.

In other areas of Canada, TELUS operates as a CLEC. TELUS has received regulatory approval to operate as a CLEC in Brampton, Burlington, Chatham, Cooksville, Guelph, Hamilton, Kanata, Kingston, Kitchener, London, Malton-Mississauga, Oakville, Oshawa, Ottawa-Hull, Roxboro, St. Catherines, Thornhill, Toronto, Unionville, and Windsor in the province of Ontario; in Boucherville, Chicoutimi, Chomedey, Drummondville, Ile Perrot, Le Gardeur, Lac-Mégantic, Lévis, Longueuil, Lorretville, Montréal, Pont-Viau, Québec City, Rivière-du-Loup, Saint-Hyacinthe, Saint-Jovite, Saint-Vincent-de-Paul, Sainte-Geneviève, Sainte-Rose, Sainte-Thérèse, Sherbrooke, and Trois-Rivières in the province of Québec; and in Regina and Saskatoon in the province of Saskatchewan.

Price cap regulation

Price cap regulation applies to a basket of local services provided by ILECs. On May 30, 2002, the CRTC issued Decision 2002-34 and established a second four-year price cap regulation period. This four-year price cap regulation period was extended to five years by the CRTC in Decision 2005-69. The CRTC modified the price cap basket structure and established multiple baskets for price capped services. In the initial four-year price cap period, there was one overall price cap basket and three sub-baskets. The current price cap basket structure has seven separate baskets for residential services in non high-cost serving areas, residential services in high-cost serving areas, business services, other capped services, competitor services, services with frozen rates and payphones. While TELUS has a degree of flexibility to raise and lower rates in response to market pressures, prices within baskets are capped using a formula that depends on the relationship between the inflation rate as measured by the chain-weighted Gross Domestic Product Price Index and an estimate of the telephone companies' productivity gains, which the CRTC has set at 3.5 per cent for each year of the current price cap regulation regime, irrespective of the unique operating conditions of each telephone company. On average, rates for basic residential services should not increase unless inflation goes above 3.5 per cent whereas business services rates are allowed to increase by the annual inflation rate. Initially, the CRTC established a four-year price cap period, but in Decision 2005-69, the Commission added a fifth year to the price cap period. The current price cap period is scheduled to end on May 31, 2007. The rates for payphone services will remain at current levels until the CRTC reviews payphone service policy issues. For specific details on price cap constraints, see Note 3 to the Annual Consolidated Financial statements, on page 72 of the Financial Review in TELUS' 2005 Annual Report.

TELUS Québec became subject to price cap regulation in 2002, after previously being regulated on a rate of return basis. In Decision 2002-43, issued on July 31, 2002, the CRTC established a regulatory framework for TELUS Québec that is directly comparable to the price cap regulation regime set out in Decision 2002-34 for the large ILECs. In Decision 2005-70, the CRTC extended the price regulation period for TELUS Québec so that it now ends on July 31, 2007.

The CRTC stated in Decisions 2005-69 and 2005-70 that it will be initiating a review of the price regulation framework for TCI and TELUS Québec in the first half of 2006 in order to establish the price regulation framework that will be in effect beginning June 1, 2007.

On February 16, 2006, the CRTC determined that the funds that had accumulated in TCI's and TELUS Québec's deferral accounts in the current price cap period should be used to extend broadband service in rural and remote areas (95%) and to enhance access to telecommunications services for disabled persons (5%). The CRTC also determined that the recurring balance in the deferral accounts and the required productivity adjustment to the residential services basket on June 1, 2006 will be passed on to residential customers in non high-cost serving areas through reduced rates. As a result, no new funds will be added to these deferral accounts.

Quality of Service. On March 24, 2005, the CRTC issued *Retail quality of service rate adjustment plan and related issues,* Decision 2005-17 in which it finalized the retail quality of service rate adjustment plan. The rate adjustment plan sets the maximum rate adjustment at 5% of local service revenues and this amount is divided equally among the 13 quality of service indicators. For each quality of service indicator where the average annual performance is below the standard, a rate adjustment is triggered in a varying amount based on the degree that the average performance is below the standard. In addition, if the results for a quality of service indicator are below the standard for five or more months during the year, but the average performance is above the standard, a rate adjustment is also triggered. The rate adjustment plan allows an ILEC to apply to the CRTC to exclude the impact of natural disasters or other adverse events beyond the control of the company from its quality of service results on a case-by-case basis.

TELUS applied to the CRTC to adjust its quality of service results to take into account three adverse events, all of which occurred during the latter half of 2003. These events were severe forest fires in the interior of BC and southwestern Alberta, a major cable cut in Vancouver and unprecedented flooding in the lower mainland. TELUS is awaiting the CRTC's decision on this application. TELUS will also be applying to the CRTC to adjust its quality of service results to take into account a series of floods in southern Alberta during the month of June 2005 that resulted in severe damage to the Company's and customers' facilities as well as the impact of TELUS' labour disruption in 2005 on the Company's ability to meet quality of service standards on retail and competitor services.

Local competition framework

The regulatory framework for local services competition has a number of components, the more important of which are summarized below.

Unbundling of Essential Facilities. In 1997, in an effort to foster facilities-based competition in the provision of telecommunications services the CRTC determined in Decision 97-8 that ILECs must make certain "essential or near-essential facilities" available to CLECs, at rates based on the ILEC's incremental cost plus an approved mark-up. The CRTC has defined essential facilities as facilities which are monopoly controlled, required by competitors as an input to provide services and which cannot be economically or technically duplicated by competitors (which should include central office codes, subscriber listings and certain local loops in high-cost serving areas). Initially, for a five-year period, the ILECs were required to provide certain non-essential facilities, which the CRTC deemed to be near essential, such as local loop facilities in low cost areas and transiting arrangements, at prices determined as if they were essential facilities. In Order CRTC 2001-184, the CRTC extended the period of time during which near-essential facilities in low-cost areas must be made available to competitors at mandated rates. This obligation on the part of the ILECs will continue until such time as the market for near essential loops and transiting arrangements is competitive.

Competitor Services. On February 3, 2005, the CRTC issued *Competitor Digital Network Services*, Decision 2005-6, and expanded the services and facilities that the ILECs are required to make available to competitors and wireless service providers to include digital network access ("DNA") intra-exchange, central office channelization and non-forborne metropolitan inter-exchange facilities. Prior to Decision 2005-6, Competitor Digital Network ("CDN) Services only included the Access and Link components of DNA. To mitigate the revenue loss resulting from the introduction of CDN Services, the CRTC has allowed the ILECs to draw down their deferral accounts by an amount equal to the initial revenue reduction.

Traffic termination arrangements. A "bill and keep" mechanism, which applies to traffic that is interchanged between local service carriers, was expanded to include both local and toll traffic in Decision 2004-46. Additionally, exchanges have been consolidated to form local interconnection regions. Under the bill and keep mechanism, all local services carriers terminate each other's traffic within the local interconnection region, but do not specifically compensate each other for the traffic termination functions that they perform. Where the exchange of traffic between local exchange carriers is not balanced, a local carrier is compensated for terminating traffic in accordance with a mutual per-minute traffic termination scheme based on CRTC-approved cost based tariffs.

Mandated resale. With the exception of subscriber listings, the ILECs are required to make all of their residential local services available for resale. In contrast to regulatory decisions in the U.S., the CRTC did not mandate the provision of these services to resellers at discounted or wholesale rates, deciding, among other things, that the rates for residential local services are already priced below cost.

Regulation of CLECs. CLECs own or operate local transmission facilities, which means that they must be a "Canadian carrier" as defined in the Telecommunications Act. Canadian carriers are subject to foreign ownership restrictions. CLECs are required to file intercarrier agreements and tariffs for services provided to other local carriers but not for services that they provide to end-users. They are also subject to certain obligations, including the provision of 9-1-1 and message relay services, the protection of customer privacy, and the provision of information to their customers and the CRTC regarding their billing and payment policies.

Contribution and portable subsidies. The cost to local exchange carriers of providing the basic level of residential services in high cost serving areas (as required by the CRTC) is higher than the amounts the CRTC allows the local exchange carriers to charge for the level of service.

Accordingly, the CRTC collects contribution payments from all Canadian telecommunication service providers (including voice, data and wireless service providers) that are then disbursed as portable subsidy payments to subsidize the costs of providing residential telephone services in these high-cost serving areas. The portable subsidy payments are paid based upon a total subsidy requirement calculated on a per line/per band subsidy rate. The CRTC currently determines, at a national level, the total contribution requirement necessary to pay the portable subsidies and then collects contribution payments from the Canadian telecommunication service providers, calculated as a percentage of their telecommunication service revenue. Internet, paging and terminal equipment revenues are exempt from the revenue charge. In November 2005, the CRTC finalized the contribution revenue percentage charge for 2005 at 1.03 per cent and set an interim rate for 2006 at 1.03 per cent as well (see "Management's Discussion and Analysis – Risks and risk management – Section 10 Regulatory – Price cap regulation" in TELUS' 2005 Annual Report – Financial Review).

The portable subsidy mechanism provides a portable subsidy for every residential local customer in high-cost serving areas served by an ILEC. The portable subsidy amounts for each high-cost band in the serving territories of the large ILECs are updated annually by the CRTC.

Co-location. Co-location is an arrangement that allows ILEC customers and competitors to place their transmission facilities in the ILECs' central offices, thereby allowing competitors to configure their networks in a more efficient manner. In Decision 97-15, the CRTC ruled that, subject to space availability, both physical and virtual co-location must be provided to "Canadian carriers" pursuant to a tariffed service or an interconnection agreement. This decision has been subsequently extended to registered ADSL providers.

Telecommunications access to public rights-of-way. On January 25, 2001, the CRTC issued Order CRTC 2001-23, which ruled on a dispute over Ledcor Industries Limited's access to rights-of-way in the City of Vancouver. In this order, the CRTC confirmed its jurisdiction over telecommunications access to public rights-of-way; determined that municipalities cannot charge carriers rent for access to, or occupancy of, rights-of-way; indicated that carriers are responsible for the out-of-pocket expenses associated with gaining access to rights-of-way; and decided that it is not appropriate for municipalities to impose upon carriers a requirement to construct additional capacity beyond their needs. The principles established in this proceeding will generally be applicable to other municipalities. However, the Federation of Canadian Municipalities appealed the CRTC's order to the Federal Court of Appeal. In its decision, the Federal Court of Appeal upheld the CRTC's order and affirmed the CRTC's jurisdiction to regulate on matters respecting access to public rights-of-way by telecommunications companies and cable-TV undertakings. On February 28 and March 3, 2003, a number of municipalities filed an application for leave to appeal the Federal Court of Appeal's decision to the Supreme Court of Canada. On September 4, 2003, the Supreme Court of Canada decided not to hear the appeal and the significant claims for annual fees by the cities will not be payable. As a result, TELUS was put in a more favourable position to negotiate fair and reasonable terms of access to municipal rights-of-way for placement of facilities.

Building access. In June 2003, the CRTC issued Decision 2003-45, which, set out the principles for access by all local telephone companies to equipment and wiring in multi-dwelling units.

The decision reduced considerably the uncertainty TELUS faced in gaining access to such buildings. From a financial perspective, the decision reduced TELUS' exposure to potentially significant increased costs of building access. In November 2003 an association representing building owners was granted leave to appeal Decision 2003-45 to the Federal Court of Appeal. However, the Federal Court dismissed this appeal in June 2004.

Pricing safeguards. On April 29, 2005, the CRTC issued *Review of price floor safeguards for retail services and related issues*, Decision 2005-27 and modified selected pricing safeguards for retail tariff services. The CRTC did not change the imputation test for stand alone services and maintained an imputation test based on the underlying costs of these services. The imputation test for any service or service bundle that incorporates a Category I Competitor Service was changed to include the tariffed rate for the Category I Competitor Service. The previous imputation test included the tariffed rate for only those Category I Competitor Services that were deemed essential. Category II Competitor Services continue to be included in imputation tests based on their underlying costs. The CRTC also changed the imputation test for volume and term contracts so that every per-unit rate in a rate grid must pass the imputation test. Previously, services available under volume and term contracts only had to pass the imputation test at the service level (or at the rate band level in the case of access services). There was no requirement that every rate in a volume and term rate grid had to pass the imputation test. While the new pricing safeguards are somewhat more restrictive than the previous safeguards, the CRTC in Decision 2005-27 did not abandon the basic concept of an imputation test based on underlying costs. Decision 2005-27 did not approve the radical changes to the pricing safeguards put forward by the CRTC or proposals for guaranteed margins put forward by the competitors.

Quality of Service. On March 31, 2005, the CRTC issued *Finalization of quality of service rate rebate plan for competitors,* Decision 2005-20 in which it finalized the quality of service rate rebate plan for competitors. The rate rebate plan sets the total potential rebate amount ("TPRA") at 5% of the revenues for services provided to a competitor in the month. The total rebate payable in a month is equal to the TPRA time the number of quality of service indicators that are missed divided by the total number of quality of service indicators active in that month. The rate rebate plan allows an ILEC to apply to the CRTC to exclude the impact of circumstances beyond the control of the company from its quality of service results on a case-by-case basis.

Promotions. On April 27, 2005, the CRTC issued *Promotions of local wireline services*, Decision 2005-25. The CRTC determined that promotions are a legitimate business practice that should be permitted, subject to the following competitive safeguards: promotions involving local wireline service must be equally available and promoted across one or more entire rate bands; must pass an imputation test; cannot exceed six months; cannot lock customers in beyond the promotion period; and there must be a minimum six-month period between the expiry of a promotion and a new promotion involving the same wireline service. Decision 2005-25 strikes a reasonable balance between protecting the interests of competitors and permitting the ILECs to respond to competition.

Voice over Internet Protocol ("VoIP"). On May 12, 2005, the CRTC issued *Regulatory framework for voice communication services using Internet Protocol*, Decision 2005-28. The CRTC determined that local VoIP services are functionally equivalent to local exchange service and that the current regulatory framework governing local competition will apply to local VoIP service providers. The CRTC determined that ILECs may only provide VoIP services in their incumbent territories in accordance with approved tariffs.

On July 28, 2005 Aliant Telecom Inc., Bell Canada, Saskatchewan Telecommunications, Télébec, société en commandite, and TELUS Communications Inc. petitioned the Governor in Council to intervene and eliminate the economic regulation of VoIP services. In addition, Bell Canada, Saskatchewan Telecommunications and TELUS have appealed Decision 2005-28 to the Federal Court to eliminate the application of the winback rule on VoIP services.

Regulation of long distance services

In 1992, the CRTC issued Decision 92-12 which removed most of the restrictions on resale in the Canadian public long distance voice market and established the terms and conditions for entry by service providers which own and operate their own transmission facilities. This decision also established the rules which mandate the provision of equal ease of access to services of long distance carriers, the protection of competitor confidential information, the methods for interconnection by long distance carriers and resellers to the local telephone networks of local exchange carriers and the requirement for the payment of a contribution by long distance carriers and resellers to local exchange carriers which is used to subsidize the costs of providing below-cost local telephone services. In Decision 93-17, the CRTC extended the terms and conditions for long distance competition established in Decision 92-12 to the Alberta market.

In Decision 97-19, issued in December 1997, the CRTC concluded that the long distance and toll-free markets were sufficiently competitive to protect the interests of customers, and that it would be appropriate to forbear from regulation of these services. As a result, TELUS is no longer required to file and obtain CRTC approval of tariffs specifying rates for such services. However, TELUS is required to provide the CRTC, and to make publicly available, rate schedules setting out the rates for North American basic long distance service, and to update them within 14 days of any change in such rates. In addition, the CRTC has placed a cap on these schedules so that the weighted average rate for each schedule will not be allowed to increase. These conditions were reviewed and retained by the CRTC as part of the review of the price cap regulation regime that applies to TELUS.

Regulation of wireless services

The use of radio spectrum is subject to regulation and licensing by Industry Canada pursuant to the Radiocommunication Act, which is administered by Industry Canada. All of TELUS'wireless communications services depend on the use of radio frequencies.

The Minister of Industry has the authority to suspend or revoke radio spectrum licences if the licence holder has contravened the Radiocommunication Act, regulations or terms and conditions of its licence and after giving the holder of the licence a reasonable opportunity to make representations. Licence revocation is rare; licences are usually renewed upon expiration (see "Management's Discussion and Analysis – Risks and risk management – Section 10 Regulatory

– "Radiocommunications licences regulated by Industry Canada" and "Foreign ownership restrictions" in TELUS' 2005 Annual Report – Financial Review).

Radiocommunications spectrum licences

TELUS holds radiocommunication spectrum licences and authorizations for a variety of wireless services and applications, both mobile and fixed. TELUS holds significant 1.9 GHz PCS spectrum throughout Canada, is the leading holder of 800 MHz SMR/ESMR spectrum in all of the major Canadian markets, and holds 25 MHz of cellular 800 MHz spectrum in Alberta, B.C. and eastern Québec. In addition, TELUS holds various radio spectrum licences for paging services, analogue two-way radio services, and legacy mobile-telephone and other miscellaneous wireless services.

PCS/cellular. Including the acquisition of TELUS Québec, but before the 2001 PCS spectrum auction and the acquisition of Clearnet Communications, TELUS held authorizations for 10 MHz of 1.9 GHz PCS spectrum and 25 MHz of cellular spectrum in Alberta, B.C. and eastern Québec. With the acquisition of Clearnet, TELUS acquired an additional 30 MHz national PCS licence, but was required to return 20 MHz of PCS spectrum in Alberta, B.C. and the TELUS Québec territory to Industry Canada to comply with Industry Canada's spectrum cap limitation, which limitation has since been removed. In the PCS spectrum auction held in early 2001, TELUS obtained 10 MHz of additional PCS spectrum in the Industry Canada defined tier 2 licence areas of Nova Scotia and Prince Edward Island, southern Québec, eastern Ontario, southern Ontario and Manitoba (see "Management's Discussion and Analysis – Risks and risk management – Section 10.3 Regulatory – Foreign ownership restrictions" in TELUS' 2005 Annual Report – Financial Review).

SMR/ESMR. TELUS offers its unique digital Mike ESMR service in all major Canadian markets using 800 MHz SMR/ESMR spectrum. TELUS holds varying amounts of SMR/ESMR spectrum in different areas of Canada, but has in excess of 10 MHz of ESMR spectrum available to it in each of the major Canadian market areas.

Other. TELUS provides one-way messaging service (alpha-numeric and numeric paging) regionally and nationally with spectrum in the 150 and 931 MHz range in Alberta, B.C., the TELUS Québec region of the province of Québec and via roaming arrangements. TELUS currently operates a variety of other two-way radio services across the country in various spectrum bands. TELUS also operates the Autotel mobile telephone service in B.C. in the 150 MHz band and a number of microwave transmission links.

Licence terms and renewals. Currently, spectrum licences in Canada for PCS and cellular spectrum will expire in 2011 and 2013 (see "Management's Discussion and Analysis – Risk and Uncertainties – Section 10.3 Regulatory – Radiocommunications licences regulated by Industry Canada" and "Foreign Ownership Restrictions" in TELUS' 2005 Annual Report – Financial Review). The spectrum licences for the auctioned 24/38 GHz and PCS spectrum have a ten-year term from the date of issuance. Most other radiocommunications spectrum licences are renewed annually (see "Management's Discussion and Analysis – Risks and risk management – Section

10.3 Regulatory – Radiocommunication licences regulated by Industry Canada" in TELUS' 2005 Annual Report – Financial Review).

Wireless Number Portability. Wireless number portability enables consumers to retain their telephone number when switching between wireless service providers and when switching between wireline and wireless service. On December 20, 2005, the CRTC issued Decision 2005-72 directing Bell Mobility, Rogers Wireless Inc. and the wireless division of TELUS to implement wireless number portability in British Columbia, Alberta, Ontario and Quebec where LEC-to-LEC local number portability is currently in place by March 14, 2007. In other areas and for other wireless carriers, wireless number portability (where LEC-to-LEC local number portability is currently in place) for porting-out must be implemented by March 14, 2007 and for porting-in must be implemented by September 12, 2007.

Broadcasting services

The provision of broadcasting services in Canada is regulated by the CRTC pursuant to the *Broadcasting Act* (Canada) (the "Broadcasting Act"). This act applies to all types of broadcasting activities including commercial off-air radio and television broadcasting as well as the distribution of cable television service and the provision of cable television services like video-on-demand ("VOD").

The Broadcasting Act and its associated regulations give the CRTC the authority to issue licences for specific categories of broadcasting undertakings and to regulate the content provided and rates charged by each category of broadcasting undertaking. In August 1996, the federal government issued its policy under which "telecommunications common carriers" (as defined in the Telecommunications Act) would be allowed to apply for broadcasting distribution undertaking licenses to provide cable television service. In 1997, the CRTC confirmed that new entrant broadcasting distribution undertakings, including telecommunications common carriers, would not be rate regulated and would not have an obligation to serve. However, the CRTC confirmed that entrants would have to meet all the same content and carriage obligations as incumbent distribution undertakings.

Bundled services

In March 1998, the CRTC issued Decision 98-4, in which it removed restrictions on the joint marketing of wireless and wireline services and, subject to certain regulatory requirements, permitted telephone companies to offer bundled wireless and wireline services.

COMPETITION

TELUS expects continued strong competition in the wireline and wireless businesses within both its ILEC and non-ILEC territories. The following is a summary of the competitive environment in each of TELUS' principal markets and geographic areas:

Wireline segment

TELUS companies have always experienced competition for data services, while the long distance and local access voice services have faced competition since 1993 and 1998 respectively.

TELUS' wireline competitive environment is split into two regions, ILEC and Non-ILEC, based on its treatment under CRTC rules. TELUS is an ILEC in Alberta, B.C. and parts of Quebec, while it operates as a CLEC in the rest of Canada. Where it competes as a CLEC, TELUS has significantly more freedom from regulation than in the regions where it competes as the ILEC. As such its competitive position differs greatly between the geographies. Generally TELUS has higher market share in areas where it is the ILEC however that has been changing over time.

Within TELUS' ILEC territories a number of competitors offer voice and data service through a combination of their own facilities and unbundled network elements provided by TELUS. The primary competitors are: BCE, Shaw Communications, Allstream (a subsidiary of Manitoba Telecom Services Inc), Rogers Telecom (formerly Sprint Canada), and Primus Telecommunications Canada. Certain of these competitors have built extensive local fibre optic networks in TELUS' ILEC service territories. All of these competitors are increasingly integrating or bundling voice and data services in order to provide both discounted and more extensive service offerings to customers.

TELUS is an Internet service provider in Alberta, B.C., and in parts of Ontario and Québec. In the residential sector and, to a lesser extent, the business sector, cable-TV companies are also providing high-speed Internet access and represent significant competition to the ILECs. Shaw Communications is the primary competitor with TELUS in the provisioning of high-speed Internet services to consumers in Alberta and B.C. ILEC regions; in Quebec ILEC regions the primary competitor is Cogeco.

In recent years a number of new Internet based competitors have entered the market for local and long distance voice services in TELUS' ILEC and non-ILEC regions. These competitors utilize voice over Internet protocol ("VoIP") technology to offer customers phone service over existing Internet connections. In the past year, non-facilities based VoIP service providers (such as Vonage and Skype) have had some success, however the cable companies including Shaw Communications, Rogers, Videotron and Cogeco, are expected to be the more capable competitors in this space having already captured more than 200,000 VoIP service subscribers in 2005. At present VoIP competitors are largely free from regulatory burden, offering them significant flexibility in competing against ILECs such as TELUS. Competition from VoIP competitors is expected to intensify in 2006 and in coming years.

TELUS also faces competition from companies without wireline networks. Wireless service providers offer rate plans and services that are intended to compete directly with ILEC local services. Resellers of primary local exchange services and smaller competitors in niches such as dial-around plans and calling card services have been in operation in Alberta and B.C. for several years and also present competition to TELUS' ILEC operations.

In its non-ILEC territories, TELUS' major competitors for wireline voice and data services are the incumbent carriers. In most cases these competitors are subsidiaries or affiliates of BCE Inc. The other primary competitors are Allstream and Rogers Telecom with increasing competition beginning to emerge from cable companies and municipal hydro company owned telecommunications providers.

For higher bandwidth and other data services to businesses nationally, systems integrators such as IBM Canada and EDS also represent a competitive threat as they compete with TELUS not only in IT services but also in the provision of data and voice network management and network integration services.

Wireless segment

TELUS offers wireless voice and data services to consumers and businesses nationally on both the ESMR (branded Mike) and the PCS/cellular networks and competes in both the prepaid and postpaid markets.

The primary competitors with TELUS are Bell Mobility and Rogers Wireless, both of which have national networks, a broad offering of wireless voice and data services for consumers and businesses, and a large existing customer base. In April 2005, Virgin Mobile began offering services across Canada. Virgin Mobile is a Mobile Virtual Network Operator ("MVNO") which is owned in part by Bell Mobility and utilizes the Bell Mobility network for the provisioning of services. Its strategy is to focus on simple prepaid products and services at discounted prices by targeting the youth segment. In addition, both Bell Mobility and Rogers Communications are supporting other MVNO partnerships with cable companies and other resellers.

TELUS also competes with numerous national, regional and local-paging companies for paging customers in Alberta, B.C., and eastern Québec. TELUS offers a number of wireless Internet offerings using the networks noted above as well as wireless LAN services such as WiFi (802.11) in so-called "hotspots" and other areas utilizing unlicensed spectrum. In offering wireless Internet and LAN access service, TELUS competes, to a limited extent, with wireline business Internet access providers. It also competes with major equipment manufacturers for private radio engineered systems.

Other emerging competitive services

Over the longer term there are a number of factors that are expected to increase competition in the communications industry. Of note is the competitive escalation resulting from the continuing convergence of cable-TV, satellite, computer, wireline and wireless technologies. In November 2005, TELUS commercially launched TELUS TV within select neighbourhoods in the Edmonton and Calgary markets and there are plans underway to launch it in other major centres within its ILEC territories. In this segment, TELUS competes with established video providers such as Shaw Communications, with direct broadcast satellite companies, Bell ExpressVu and Star Choice and expects to compete with Cogeco as well.

Competition is also intense in other areas as TELUS continues its growth into emerging markets such as Web hosting and application services and human resource (HR) process outsourcing.

DIVIDENDS DECLARED

The dividends per Common Share and Non-Voting Share declared with respect to each quarter by TELUS, during the three-year period ended December 31, 2005, are shown below.

Quarter ended (1)	**2005**	**2004**	**2003**
March 31	$0.20	$0.15	$0.15
June 30	$0.20	$0.15	$0.15
September 30	$0.20	$0.15	$0.15
December 31	$0.275	$0.20	$0.15

(1) Paid on the first business day of the next month.

TELUS' Board of Directors reviews its dividend rate quarterly. On November 10, 2005, TELUS announced that it was increasing its dividend to $0.275 per share on the issued and outstanding Common and Non-Voting Shares. This 37.5% increase was consistent with the Company's forward-looking dividend payout ratio guideline of 45 to 55% of sustainable net earnings first set in October 2004. TELUS' quarterly dividend rate will depend on an ongoing assessment of free cash flow generation and financial indicators including leverage, dividend yield and payout ratio.

CAPITAL STRUCTURE OF TELUS

The authorized capital of TELUS consists of 4,000,000,000 shares, divided into: 1) 1,000,000,000 Common Shares without par value; 2) 1,000,000,000 Non-Voting Shares without par value; 3) 1,000,000,000 First Preferred shares without par value and; 4) 1,000,000,000 Second Preferred shares without par value. The Common Shares and Non-Voting Shares are listed for trading on the Toronto Stock Exchange and the Non-Voting Shares are listed for trading on the New York Stock Exchange. See "Market for Securities".

TELUS Common Shares and TELUS Non-Voting Shares

Subject to the prior rights of the holders of First Preferred shares and Second Preferred shares, the Common Shares and the Non-Voting Shares are entitled to participate equally with each other with respect to the payment of dividends and the distribution of assets of TELUS on the liquidation, dissolution or winding up of TELUS.

Neither the Common Shares nor the Non-Voting Shares can be subdivided, consolidated, reclassified or otherwise changed unless the other class is changed in the same manner.

The holders of the Common Shares are entitled to receive notice of, attend, be heard and vote at any general meeting of the members of TELUS on the basis of one vote per Common Share held. The holders of Non-Voting Shares are entitled to receive notice of, attend and be heard at all general meetings of the members of TELUS and are entitled to receive all notices of meetings, information circulars and other written information from TELUS that the holders of Common

Shares are entitled to receive from TELUS, but are not entitled to vote at such general meetings unless otherwise required by law.

In 2005, with the requisite shareholder approval, the Articles of TELUS were amended to remove cumulative voting for directors and replace it with a provision permitting holders of common shares to vote by a separate resolution for each director rather than a slate.

In order to ensure that the holders of the Non-Voting Shares can participate in any offer which is made to the holders of the Common Shares (but is not made to the holders of Non-Voting Shares on the same terms), which offer, by reason of applicable securities legislation or the requirements of a stock exchange on which the Common Shares are listed, must be made to all or substantially all the holders of Common Shares who are in any province of Canada to which the requirement applies (an "Exclusionary Offer"), each holder of Non-Voting Shares will, for the purposes of the Exclusionary Offer only, be permitted to convert all or part of the Non-Voting Shares held into an equivalent number of Common Shares during the applicable conversion period. In certain circumstances (namely, the delivery of certificates, at specified times, by holders of 50 per cent or more of the issued and outstanding Common Shares to the effect that they will not, among other things, tender to such Exclusionary Offer or make an Exclusionary Offer), these conversion rights will not come into effect.

If all of the Telecommunications Act, the Radiocommunication Act and the Broadcasting Act are changed so that there is no restriction on any non-Canadians holding Common Shares, holders of Non-Voting Shares will have the right to convert all or part of their Non-Voting Shares into Common Shares on a one for one basis, and TELUS will have the right to require holders of Non-Voting Shares who do not make such an election to convert such shares into an equivalent number of Common Shares.

TELUS will provide notice to each holder of Common Shares before a general meeting of members at which holders of Non-Voting Shares will be entitled to vote as a class. In such event, holders of Common Shares will have the right to convert all or part or their Common Shares into Non-Voting Shares on a one for one basis provided and to the extent that TELUS and its subsidiaries remain in compliance with the foreign ownership provisions of the Telecommunications Act, the Radiocommunication Act and the Broadcasting Act.

The Common Shares are subject to constraints on transfer to ensure TELUS' ongoing compliance with the foreign ownership provisions of the Telecommunications Act, the Radiocommunication Act and the Broadcasting Act. As well, holders of Common Shares will have the right, if approved by the Board of Directors of TELUS, to convert Common Shares into Non-Voting Shares in order that TELUS be in compliance with the foreign ownership provisions of the Telecommunications Act, the Radiocommunication Act and the Broadcasting Act.

In all other respects, each Common Share and each Non-Voting Share have the same rights and attributes.

First Preferred shares

The First Preferred shares may be issued from time to time in one or more series, each series comprising the number of shares, and having attached thereto the designation, rights, privileges, restrictions and conditions which the board of directors of TELUS determines by resolution and subject to filing an amendment to the Notice of Articles and Articles of TELUS. No series of First Preferred shares may have attached thereto the right to vote at any general meeting of TELUS or the right to be convertible into or exchangeable for Common Shares. Except as required by law, the TELUS holders of the First Preferred shares as a class are not entitled to receive notice of, attend or vote at any meeting of the members of TELUS. The First Preferred shares rank prior to the Second Preferred shares, Common Shares and Non-Voting Shares with respect to priority in payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding up of TELUS.

Second Preferred shares

The Second Preferred shares may be issued from time to time in one or more series, each series comprising the number of shares, and having attached thereto the designation, rights, privileges, restrictions and conditions, which the board of directors of TELUS determines by resolution and subject to filing an amendment to the Notice of Articles and Articles of TELUS. No series of Second Preferred shares may have attached thereto the right to vote at any general meeting of TELUS or the right to be convertible into or exchangeable for Common Shares. Except as required by law, the holders of the Second Preferred shares as a class are not entitled to receive notice of, attend or vote at any meeting of the members of TELUS. The Second Preferred shares rank, subject to the prior rights of the holders of the First Preferred shares, prior to the Common Shares and Non-Voting Shares with respect to priority in payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding up of TELUS.

TELUS Rights Plan

TELUS adopted a shareholder rights plan (the "Rights Plan") in March 2000 and issued one right (a "Series A Right") in respect of each Common Share outstanding as at such date and issued one right (a "Series B Right") in respect of each Non-Voting Share outstanding as of such date. The Rights Plan has a term of 10 years subject to shareholder confirmation every three years. The Rights Plan was amended and confirmed as amended by the shareholders first in 2003 and then in 2005 and as currently stated will again require confirmation in 2008. Each Series B Right, other than those held by an Acquiring Person (as defined in the Rights Plan) and certain of its related parties, entitles the holder in certain circumstances following the acquisition by an Acquiring Person of 20 per cent or more of the voting shares of TELUS (otherwise than through the "Permitted Bid" requirements of the Rights Plan) to purchase from TELUS $320 worth of Non-Voting Shares for $160 (i.e., at a 50 per cent discount).

RATINGS

Ratings information contained in Management's Discussion and Analysis -- Section 7.7 Credit Ratings in TELUS' 2005 Annual Report –Financial Review is hereby incorporated by reference. Management's Discussion and Analysis is available at www.sedar.com. Credit ratings are not recommendations to purchase, hold or sell securities and do not address the market price or suitability of a specific security for a particular investor. In addition, real or anticipated changes in the rating assigned to a security will generally affect the market value of that security. There can be no assurance that a rating will remain in effect for any given period of time or that a rating will not be revised or withdrawn entirely by a rating agency in the future.

A description of the rating categories applied to TELUS as at December 31, 2005 from each agency is below. The outlook or trend for TELUS from all agencies is stable.

Institution	Rating	Outlook
Fitch	"BBB" ratings indicate that there is currently expectations of low credit risk. The capacity for payment of financial commitments is considered adequate but adverse changes in circumstances and economic conditions are more likely to impair this capacity. This is the lowest investment grade category. The modifiers "+" or "-" may be appended to ratings "AA" to "CCC" to denote relative status within major rating categories.	An Outlook indicates the direction a rating is likely to move over a one to two-year period. Outlooks may be positive, stable or negative. A positive or negative Rating Outlook does not imply a rating change is inevitable. Similarly, ratings for which outlooks are 'stable' could be upgraded or downgraded before an outlook moves to positive or negative if circumstances warrant such an action.
DBRS	Long-term debt rated "A" is of satisfactory credit quality. Protection of interest and principal is still substantial, but the degree of strength is less than that of AA rated entities. While "A" is a respectable rating, entities in this category are considered to be more susceptible to adverse economic conditions and have greater cyclical tendencies than higher-rated securities. Long-term debt rated "BBB" is of adequate credit quality. Protection of interest and principal is considered acceptable, but the entity is fairly susceptible to adverse changes in financial and economic conditions, or there may be other adverse conditions present which reduce the strength of the entity and its rated securities. The ratings from "AA" to "C" are denoted	Each DBRS rating category is appended with one of three rating trends - "Positive", "Stable", or "Negative". The rating trend helps to give the investor an understanding of DBRS's opinion regarding the outlook for the rating in question. However, the investor must not assume that a positive or negative trend necessarily indicates that a rating change is imminent.

Institution	Rating	Outlook
	by the subcategories "high" and "low". The absence of either a "high" or "low" designation indicates the rating is in the "middle" of the category.	
S&P	An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. The ratings from 'AA' to 'CCC' may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.	Rating outlooks assess the potential direction of a rating, typically over a six-month to two-year period. An outlook does not necessarily precede a rating change or CreditWatch placement. Outlooks may be positive, negative, stable, or developing and they accompany all long-term credit ratings except those on CreditWatch.
Moody's	Issuers rated "Baa" are subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from 'Aa' through 'Caa'. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.	A Moody's rating outlook is an opinion regarding the likely direction of a rating over the medium term. Where assigned, rating outlooks fall into the following four categories: Positive (POS), Negative (NEG), Stable (STA), and Developing (DEV -- contingent upon an event).

See also "Material Contracts" on page 46 of this annual information form for more information.

DIRECTORS AND OFFICERS

Directors

The names, municipalities of residence, principal occupations of the directors of TELUS and the date the person became a director of TELUS are as set out below. Currently, there are 12 directors on the TELUS Board.

Directors of TELUS Name and municipality of residence	Director since (1)	Principal occupation
R.H. (Dick) Auchinleck(3)(4) Calgary, Alberta	2003	Corporate Director
A. Charles Baillie(2)	2003	Corporate Director

Directors of TELUS Name and municipality of residence	Director since [1]	Principal occupation
Toronto, Ontario		
Micheline Bouchard[2] Montréal, Québec	2004	President and Chief Executive Officer, ART Advanced Research Technologies (biomedical company)
R. John Butler [4] [5-Chair] Edmonton, Alberta	1995	Counsel, Bryan & Company (law firm)
Brian A. Canfield [5] Point Roberts, Washington	1993	Chair, TELUS Corporation
Pierre Ducros[2] Montréal, Québec	2005	President of P. Ducros & Associés Inc. (investment and administration firm)
Darren Entwistle Vancouver, B.C.	2000	President and Chief Executive Officer, TELUS Corporation
Ruston E.T. Goepel[2] Vancouver, B.C.	2004	Senior Vice President, Raymond James Financial Ltd. (investment firm)
John S. Lacey [3-Chair] [4] Toronto, Ontario	2000	Chairman, Alderwoods Group, Inc. (funeral home operator)
Brian F. MacNeill [2 - Chair] Calgary, Alberta	2001	Chairman, Petro Canada (oil and gas company)
Ronald P. Triffo [4 - Chair] [5] Edmonton, Alberta	1995	Chairman, Stantec Inc. (engineering company)
Donald Woodley [3] [5] Orangeville, Ontario	1998	CEO and President, GENNUM Corporation (technology company)

(1) TELUS or its predecessors
(2) Member of Audit Committee
(3) Member of Human Resources and Compensation Committee
(4) Member of Corporate Governance Committee
(5) Member of Pension Committee

All of the directors of TELUS have held the principal occupations set forth above or executive positions with the same companies or firms referred to, or with affiliates or predecessors thereof, for the past five years except as follows: Dick Auchinleck was employed by Gulf Canada for 25 years, retiring in 2001 as President and Chief Executive Officer of Gulf Canada Resources after the sale of the company to Conoco Inc.; Charles Baillie was Chairman and Chief Executive Officer of the Toronto-Dominion Bank from 1998 until 2003; Micheline Bouchard was Corporate Vice-President and General Manager, Enterprise Services Organization of Motorola Inc. in Chicago from 2001 to 2002 and Corporate Vice-President and then President and Chief Executive Officer of Motorola Canada Inc. from 1998 to 2000; Brian F. MacNeill was President and Chief Executive Officer of Enbridge Inc. prior to January 2001; and Rusty Goepel was Deputy Chairman of Goepel McDermid Inc. (subsequently acquired by Raymond James Financial Ltd.) prior to 2001.

Officers

The name, municipality of residence and present and principal occupations of each of the officers of TELUS, as of March 1, 2006, are as follows:

Officers of TELUS **Name and municipality of residence**	**Position held with TELUS**
Brian A. Canfield Point Roberts, Washington	Chair, TELUS Corporation
Darren Entwistle Vancouver, B.C.	President and Chief Executive Officer, TELUS Corporation
Robert S. Gardner Vancouver, B.C.	Senior Vice President and Treasurer
Joseph R. Grech Vancouver, B.C.	Executive Vice President, TELUS Network Operations
Audrey T. Ho Vancouver, B.C.	Vice President, Legal Services, General Counsel and Corporate Secretary
Robert G. McFarlane Vancouver, B.C.	Executive Vice President and Chief Financial Officer
Joe M. Natale Toronto, Ontario	Executive Vice President and President, Business Solutions
Karen Radford Montréal, Québec	Executive Vice President and President, Partner Solutions and TELUS Québec
Kevin A. Salvadori Vancouver, B.C.	Executive Vice President, Business Transformation and Chief Information Officer

Judy A. Shuttleworth Surrey, B.C.	Executive Vice President, Human Resources
Eros Spadotto Toronto, Ontario	Executive Vice President, Technology Strategy
John Watson Toronto, Ontario	Executive Vice President and President, Consumer Solutions
Janet S. Yale Ottawa, Ontario	Executive Vice President, Corporate Affairs

All of the officers above have been engaged for the past five years in the specified present principal occupations with TELUS, its subsidiaries, affiliates or predecessors thereof, except as described as follows: Joseph R. Grech held various executive positions with Cable & Wireless plc., the last of which was the President, Global Carrier Services of Cable & Wireless plc., from October 1999 to June 2000 at which time he joined TELUS as Executive Vice President and President, Partner Solutions. He remained in that role until July 2004 until his responsibilities changed and he became Executive Vice President, Technology & Operations. He held that position until November 2005 at which point he assumed his current position; Janet Yale was President and Chief Executive Officer of the Canadian Cable Television Association from 1999 until she joined TELUS in 2003 as Executive Vice President, Government and Regulatory Affairs. In 2004, she became Executive Vice President, Legal, Government and Regulatory Affairs and in May 2005, she became Executive Vice President, Corporate Affairs; Karen Radford was VP, Technology and Operations from 2000 to 2004 when she was promoted to her current position; Eros Spadotto was Executive Vice President & Chief Technology Officer of TELUS Mobility from May 2000 to November 2005 when he was promoted to his current position; John Watson was Executive Vice President, Client Operations with TELUS Mobility from 2000 to April 2005 when he was promoted to Executive Vice President and President, Consumer Solutions; Robert Gardner was Director, Treasury from 2001 to 2002 and Vice President and Treasurer from 2003 to November 2005 when he was promoted to Senior Vice President and Treasurer; and Audrey Ho was Associate General Counsel from 2000 to 2002 when she became Vice President, Legal Services. She assumed the role of General Counsel in 2003 and Corporate Secretary in May 2004.

TELUS shares held by directors and officers

As at March 1, 2006, the directors and executive officers of TELUS, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 131,163 Common Shares, which represented approximately 0.07 per cent of the outstanding Common Shares and 886,959 Non-Voting Shares, which represented approximately 0.53 per cent of the outstanding Non-Voting Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as disclosed, for the ten years ended December 31, 2005, TELUS is not aware that any current director or officer of TELUS had been a director or officer of another issuer which, while that person was acting in that capacity, became bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangements or compromises with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. In December 1998, J.S. Lacey was asked by a group of shareholders to lead the Loewen restructuring, as Chairman of the Board, a position he held at the time of Loewen's filing under Chapter 11 of the *U.S. Bankruptcy Code* and the *Companies' Creditors Arrangement Act* (Canada).

For the ten years ended December 31, 2005, TELUS is not aware that any current director or officer of TELUS had been a director or officer of another issuer which, while that person was acting in that capacity, was the subject of a cease trade or similar order or was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, of the company being the subject of a cease trade or similar order that denied the company relevant access to any exemption under securities legislation for a period of more than 30 consecutive days.

MARKET FOR SECURITIES

TELUS Common Shares and Non-Voting Shares are listed on the Toronto Stock Exchange ("TSX") under "T" and "T.NV" respectively and the TELUS Non-Voting Shares are listed on the New York Stock Exchange under "TU". Beginning May 13, 2006, TELUS' Non-Voting Shares will trade on the TSX under the symbol "T.A". TELUS 6.75% unsecured subordinate redeemable convertible debentures traded on the Toronto Stock Exchange under "T.DB" until the Company redeemed them on June 16, 2005. Monthly share prices and volumes for 2005 are listed below:

TSX – Common and Non-Voting

Month	Common			Non-Voting		
	High($)	Low($)	Volume	High($)	Low($)	Volume
January	37.07	35.13	15,362,152	35.94	33.65	11,263,372
February	38.98	35.16	17,058,090	37.08	33.79	13,844,975
March	40.00	37.72	20,051,663	38.96	36.41	17,837,786
April	39.17	36.61	12,232,534	37.85	35.40	9,795,864
May	42.40	37.65	17,603,078	40.65	36.35	12,932,283
June	45.08	41.21	14,030,497	43.38	39.75	10,198,448
July	44.74	41.75	12,493,240	43.58	40.45	7,675,894
August	46.55	43.65	12,071,177	45.00	42.47	8,732,157
September	49.99	44.90	13,624,241	48.84	43.55	9,912,221
October	48.88	44.55	12,663,702	47.50	43.36	11,701,812
November	48.95	44.41	17,092,016	47.20	43.17	12,805,052
December	48.70	43.67	14,794,915	47.63	42.51	11,021,603

NYSE – Non-Voting

Month	High ($)	Low ($)	Volume
January	29.36	27.59	781,200
February	29.98	27.15	1,004,000
March	32.30	29.91	2,469,500
April	31.06	28.47	2,275,700
May	32.69	29.00	1,970,700
June	35.20	31.91	1,954,600
July	35.47	33.27	1,577,500
August	37.54	34.86	1,801,600
September	41.46	36.85	1,693,600
October	40.78	36.57	2,178,300
November	39.60	36.33	1,815,300
December	40.90	36.77	2,641,800

TSX – 6.75% unsecured subordinate redeemable convertible debentures

Month	High ($)	Low ($)	Volume
January	110.00	106.60	28,271
February	110.00	100.25	77,020
March	103.80	101.25	78,470
April	103.00	100.51	86,855
May	102.69	100.25	412,195
June	108.00	100.00	473,583

In October 2005, the Company also announced the early redemption of its C$1,578,000,000 7.50%, Series CA, Notes due June 1, 2006. This redemption was completed on December 1, 2005. The redemption price and amount per C$1,000 principal amount for these notes is set out below:

Redemption Price	C$1,018.130
Accrued and unpaid interest:	C$37.500
Total Redemption Amount:	C$1,055.630

INTERESTS OF EXPERTS

Deloitte & Touche LLP has audited the Consolidated financial statements of the Company for the years ended December 31, 2005 and 2004, and that are included in the Company's Annual Report filed under National Instrument 51-102 Continuous Disclosure (portions of which are incorporated by reference into this AIF).

AUDIT COMMITTEE

The Audit Committee of the Company supports the Board in fulfilling its oversight responsibilities regarding the integrity of the Company's accounting and financial reporting, internal controls and disclosure controls, legal and regulatory compliance, ethics policy and timeliness of filings with regulatory authorities, the independence and performance of the Company's external and internal auditors, the management of the Company's risk, credit worthiness, treasury plans and financial policy and whistleblower and complaint procedures. A copy of the Audit Committee's Terms of Reference is attached as Appendix A to this annual information form.

The current members of the Audit Committee are Brian F. MacNeill (Chair), A. Charles Baillie, Micheline Bouchard, Ruston Goepel and Pierre Y. Ducros. Each member of the Audit Committee is independent and financially literate within the meaning of Multilateral Instrument 52-110 "Audit Committees" and the Board has determined that Brian MacNeill is an audit committee financial expert and has accounting or related financial management expertise. The following lists the relevant education and experience of the members of TELUS' Audit Committee that is relevant to his or her role on the committee.

Brian MacNeill chairs the Audit Committee. He holds a Bachelor of Commerce from Montana State University and has over 35 years of experience in accounting having earned his Certified Public Accounting designation (California) and his Chartered Accountant designation (Canada). In 1995, Mr. MacNeill was made a Fellow of the Chartered Accountants of Alberta. Mr. MacNeill served as Chief Executive Officer of Enbridge Inc. from 1990 until his retirement in 2001. Prior to that, he served as Chief Operating Officer of Enbridge and held numerous financial positions with various Canadian companies.

A. Charles Baillie holds an Honours B.A. from Trinity College, University of Toronto and an M.B.A. from Harvard Business School. Mr. Baillie served as Chairman and Chief Executive Officer of the Toronto-Dominion Bank from 1998 until his retirement in 2003. He is a Fellow of The Institute of Canadian Bankers and has served on the audit committees of four other public companies, including George Weston Limited and Canadian National Railway.

Micheline Bouchard holds a Bachelor of Applied Science (Engineering Physics) and a Master of Applied Science (Electrical Engineering) from Ecole Polytechnique. She has been the Chief Executive Officer of ART Advanced Research Technologies since 2002 and prior to that, she held senior executive positions at both Motorola Inc. and Motorola Canada Limited. Ms. Bouchard has served on seven audit committees, including Sears Canada, Corby Distilleries and Ford Canada, and served as chair for two of them.

Pierre Y. Ducros obtained a Bachelor of Arts Degree from the Université de Paris at Collège Stanislas in Montréal and a Bachelor of Engineering (Communications) degree from McGill University. Mr. Ducros was President and CEO of DMR Consulting Group, Inc. (Canada), an information technology services company, which he co-founded in 1973. Mr. Ducros has also held various management positions at IBM Canada Limited and serves on the board of a number of other public companies.

Ruston E.T. Goepel holds a Bachelor of Commerce from the University of British Columbia and has over 35 years of experience in the investment industry. He is currently Senior Vice President with Raymond James Financial Ltd. Mr. Goepel is a director of several public companies, and currently serves as a member of the audit committee of Amerigo Resources Ltd.

Audit, Audit related and non-audit services

All requests for non-prohibited audit, audit related and non-audit services provided by TELUS' external auditor and its affiliates to TELUS are required to be pre-approved by the Audit Committee of TELUS' Board of Directors. To enable this, TELUS has implemented a process by which all requests for services involving the External Auditor are routed for review by the VP Risk Management and Chief Internal Auditor to validate that the requested service is a non-prohibited service and to verify that there is a compelling business reason for the request. If the request passes this review, it is then forwarded to the CFO for further review. Pending the CFO's affirmation, the request is then presented to the Audit Committee for its review, evaluation and pre-approval or denial at its next scheduled quarterly meeting. If the timing of the request is urgent, it is provided to the Audit Committee Chair for his review, evaluation and pre-approval or denial on behalf of the Audit Committee (with the full committee's review at the next scheduled quarterly meeting). Throughout the year, the Audit Committee monitors the actual versus approved expenditure for each of the approved requests.

The following table is a summary of billing by Deloitte & Touche, LLP, as external auditors of TELUS, during the period from January 1, 2005 to December 31, 2005:

Type of work	Deloitte & Touche	Total Fees	%
Audit fees	$2,237,606	$2,237,606	90.7
Audit-related fees	$195,584	$195,584	7.9
Tax fees	$33,180	$33,180	1.4
All other fees	--	--	--
Total	**$2,466,760**	**$2,466,760**	100.0

The following table is a summary of billing by Deloitte & Touche, LLP, as external auditors of TELUS, during the period from January 1, 2004 to December 31, 2004:

Type of work	Deloitte & Touche	Total Fees	%
Audit fees	$2,102,260	$2,102,260	79.5
Audit-related fees	$313,325	$313,325	11.8
Tax fees	$231,278	$231,278	8.7
All other fees	--	--	--
Total	**$2,646,863**	**$2,646,863**	100.0

(1) Fees to Deloitte Consulting were paid pursuant to contracts entered into before Deloitte and Touche LLP became the auditors of the Company in 2002, and were for systems integration services.

MATERIAL CONTRACTS

On July 19, 2002, TCI entered into a Purchase and Servicing Agreement with an arm's-length securitization receivables trust which enables TCI to sell an interest in certain of its receivables up to a maximum of $650 million. This revolving period securitization has an initial term ending

July 18, 2007. TCI is required to maintain at least a BBB (low) credit rating by Dominion Bond Rating Service ("DBRS"), or the purchaser may require the sale program to be wound down. The necessary credit rating was exceeded by three levels at A (low) as of February 24, 2006. The proceeds of securitized receivables were $500 million at December 31, 2005, as compared with $150 million a year earlier. Section 7.6 - Accounts receivable sale of Management's discussion and analysis in TELUS' 2005 Annual Report – Financial Review and Note 10 to the audited Consolidated financial statements of TELUS for the year ended December 31, 2005 are hereby incorporated by reference.

On November 30, 2004, Verizon and the Company entered into an agreement pursuant to which the independent members of the Board of Directors of the Company agreed to accommodate Verizon's desire to divest all of its equity interest in the Company. See page 6 of this annual information form for further details.

TRANSFER AGENTS AND REGISTRARS

The Company's transfer agent and registrar is Computershare Trust Company of Canada. Computershare maintains the Company's registers at 600, 530 - 8th Avenue SW, Calgary, Alberta T2P 3S8.

ADDITIONAL INFORMATION

Additional information relating to TELUS may be found on SEDAR at www.sedar.com and EDGAR at www.sec.gov. Additional information regarding directors' and officers' remuneration, indebtedness and options to purchase securities, is contained in the TELUS information circular dated March 15, 2006 for the annual general meeting to be held on May 3, 2006. Additional financial information, including supplementary quarterly financial data and the audited Consolidated financial statements of TELUS for the year ended December 31, 2005, are set out in the 2005 Annual Report – Financial Review. All of the above information can also be found at telus.com.

Appendix A: Terms of Reference for the Audit Committee

The Board has established an Audit Committee (the "Committee") to assist the Board in fulfilling its oversight responsibilities regarding the integrity of the Company's accounting and financial reporting, the Company's internal controls and disclosure controls, the Company's legal and regulatory compliance, the Company's ethics policy and timeliness of filings with regulatory authorities, the independence and performance of the Company's external and internal auditors, the management of the Company's risks, the Company's credit worthiness, treasury plans and financial policy and the Company's whistleblower and complaint procedures.

1. MEMBERSHIP

1.1 The Committee will have a minimum of three members, including the chair of the Committee. The Board, following the recommendation of the Corporate Governance Committee, will appoint and remove the members of the Committee by a majority vote. The members will sit on the Committee at the pleasure of the Board.

1.2 The Board, following the recommendation of the Corporate Governance Committee, will appoint the chair of the Committee from the Committee's members by a majority vote. The chair of the Committee will hold such position at the pleasure of the Board.

1.3 All members of the Committee will be Independent Directors.

1.4 All members of the Committee will be financially literate, as defined in accordance with applicable securities laws and standards of the stock exchanges on which the Company's securities are listed.

1.5 At least one member of the Committee will be an audit committee financial expert, as defined in accordance with applicable securities laws, and at least one member of the Committee will have accounting or related financial management expertise, as defined in accordance with applicable securities laws.

2. MEETINGS

2.1 The Committee will meet at least once each quarter and otherwise as necessary. Any member of the Committee may call meetings of the Committee.

2.2 All directors of the Company, including management directors, may attend meetings of the Committee provided, however, that no director is entitled to vote at such meetings and is not counted as part of the quorum for the Committee if he or she is not a member of the Committee.

2.3 Notwithstanding section 2.2 above, the Committee will, as a regular feature of each regularly scheduled meeting, hold an in-camera session with the external auditors and separately with the internal auditors, without management or management directors present. The Committee may, however, hold other in-camera sessions with such members of management present, as the Committee deems appropriate.

2.4 The Corporate Secretary or his or her nominee will act as Secretary to the Committee.

2.5 The Committee will report to the Board on its meetings and each member of the Board will have access to the minutes of the Committee's meetings, regardless of whether the director is a member of the Committee.

2.6 The external auditors of the Company will receive notice of every meeting of the Committee and may request a meeting of the Committee be called by notifying the chair of the Committee of such request.

3. QUORUM

3.1 The quorum necessary for the transaction of business at Committee meetings will be a majority of the members of the Committee. A quorum once established is maintained even if members of the Committee choose to leave the meeting prior to conclusion.

4. DUTIES

The Board hereby delegates to the Committee the following duties to be performed by the Committee on behalf of and for the Board:

4.1 Financial Reporting

Prior to public disclosure, the Committee will review and recommend to the Board, and where applicable, to the boards of the Company's subsidiaries which are reporting issuers, for approval:

a) the annual audited consolidated financial statements and interim unaudited consolidated financial statements of the Company and those of its subsidiaries that are reporting issuers, as defined in accordance with applicable securities laws;

b) the interim and annual management's discussion and analysis of financial condition and results of operations ("MD&A") of the Company and those of its subsidiaries that are reporting issuers, as defined in accordance with applicable securities laws;

d) earnings press releases and earnings guidance, if any;

e) Management's Statement on Financial Reporting; and

f) all other material financial public disclosure documents of the Company and those of its subsidiaries that are reporting issuers, including prospectuses, press releases with financial results and the Annual Information Form.

4.2 External Auditors

The external auditors will report directly to the Committee and the Committee will:

a) appoint the external auditors, subject to the approval of the shareholders, and determine the compensation of the external auditors;

b) oversee the work of the external auditors and review and approve the annual audit plan of the external auditors, including the scope of the audit to be performed and the degree of co-ordination between the plans of the external and internal auditors. The Committee will discuss with the internal auditors, the external auditors and management, the adequacy and effectiveness of the disclosure controls and internal controls of the Company and elicit recommendations for the improvement of such controls or particular areas where new or more detailed controls or procedures are desirable. Particular emphasis will be given to the adequacy of internal controls to prevent or detect any payments, transactions or procedures that might be deemed illegal or otherwise improper;

c) meet regularly with the external auditors without management present and ask the external auditors to report any significant disagreements with management regarding financial reporting, the resolution of such disagreements and any restrictions imposed by management on the scope and extent of the audit examinations conducted by the external auditors;

d) pre-approve all audit, audit-related and non-audit services to be provided to the Company or any of its subsidiaries, by the external auditors (and its affiliates), in accordance with applicable securities laws;

e) annually review the qualifications, expertise and resources and the overall performance of the external audit team and, if necessary, recommend to the Board the termination of the external auditors or the rotation of the audit partner in charge;

f) at least annually, obtain and review a report by the external auditors describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality control review, or peer review of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with such issues; and all relationships between the external auditors and the Company;

g) annually assess and confirm the independence of the external auditors and require the external auditors to deliver an annual report to the Committee regarding its independence, such report to include disclosure regarding all engagements (and fees related thereto) by the Company and relationships which may impact the objectivity and independence of the external auditors;

h) require the external auditors to deliver an annual acknowledgement in writing to the Committee that the shareholders, as represented by the Board and the Committee, are its primary client;

i) review post-audit or management letters, containing recommendations of the external auditors and management's response;

j) review reports of the external auditors; and

k) pre-approve the hiring of employees and former employees of current and former auditors.

Notwithstanding section 4.2(d) above, the Committee may delegate the pre-approval of audit, audit-related and non-audit services to any one member of the Committee, provided, however, a report is made to the Committee on any pre-approval of such services at the Committee's first scheduled meeting following the pre-approval.

4.3 Internal Auditors

The internal auditors will report functionally to the Committee and administratively to the Chief Financial Officer and the Committee will:

a) review and approve management's appointment, termination or replacement of the Chief Internal Auditor;

b) oversee the work of the internal auditors including reviewing and approving the annual internal audit plan and updates thereto;

c) review the report of the internal auditors on the status of significant internal audit findings, recommendations and management's responses and review any other reports of the internal auditors; and

d) review the scope of responsibilities and effectiveness of the internal audit team, its reporting relationships, activities, organizational structure and resources, its independence from management, its credentials and its working relationship with the external auditors.

The internal auditors will report quarterly to the Committee on the results of internal audit activities and will also have direct access to the chair of the Committee when the internal auditors determine it is necessary.

4.4 Whistleblower, Ethics and Internal Controls Complaint Procedures

The Committee will ensure that the Company has in place adequate procedures for:

a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters; and

b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

The CEO or CFO will report to the Committee, and the Committee will review such reports, on any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls. Where the CEO, CFO and/or the Chief Internal Auditor are named in a complaint, the Director of Ethics and Internal Controls will speak directly with the Chair of the Committee.

The Chief Internal Auditor will report to the Committee, and the Committee will consider such reports, on the results of the investigation of whistleblower, ethics and internal controls complaints.

4.5 Accounting and Financial Management

The Committee will review:

a) with management and the external auditors, the Company's major accounting policies, including the impact of alternative accounting policies and key management estimates and judgments that could materially affect the financial results and whether they should be disclosed in the MD&A;

b) emerging accounting issues and their potential impact on the Company's financial reporting;

c) significant judgments, assumptions and estimates made by management in preparing financial statements;

d) the evaluation by either the internal or external auditors of management's internal control systems, and management's responses to any identified weaknesses;

e) the evaluation by management of the adequacy and effectiveness in the design and operation of the Company's disclosure controls and internal controls for financial reporting;

f) audits designed to report on management's representations on the effectiveness and efficiency of selected projects, processes, programs or departments;

g) management's approach for safeguarding corporate assets and information systems, the adequacy of staffing of key financial functions and their plans for improvements; and

h) internal interim and post implementation reviews of major capital projects.

4.6 Credit Worthiness, Treasury Plans and Financial Policy

The Committee will review with management:

a) the Company's financial policies and compliance with such policies;

b) the credit worthiness of the Company;

c) the liquidity of the Company; and

d) important treasury matters including financing plans.

4.7 Legal/Regulatory Matters and Ethics

The Committee will review:

a) with management, the external auditors and legal counsel, any litigation, claim or other contingency, including any tax assessment, that could have a material effect upon the financial position or operating results of the Company;

b) annually, management's relationships and compliance with regulators, and the accuracy and timeliness of filings with regulatory authorities; and

c) annually, the ethics policy, management's approach to business ethics and corporate conduct and the program used by management to monitor compliance with the policy.

4.8 Risk Management

The Committee will:

a) consider reports on the annual enterprise business risk assessment and updates thereto;

b) consider reports on the business continuity disaster recovery plan(s) for the Company;

c) consider reports on the insurance coverage of the Company;

d) consider reports on financial risk management including derivative exposure and policies;

e) monitor, on behalf of the Board, the Company's compliance with environmental legislation and the adequacy of the Company's environmental budget expenditures;

f) monitor, on behalf of the Board, the Company's health and safety policies and receive and review regular reports concerning the Company's health and safety programs, policies and results from the Chief Internal Auditor and the Chief Compliance Officer;

g) review and recommend to the Board for approval environmental policies and procedure guidelines and any amendments or changes thereto;

h) report to the Board, and require management to report to the Committee, on environmental matters each quarter; and

i) review other risk management matters as from time to time the Committee may consider suitable or the Board may specifically direct.

4.9 Other

The Committee will review:

a) the expenses of the Chair of the Board and CEO and will assess the Company's policies and procedures with respect to the Executive Leadership Team members' expense accounts and perquisites, including their use of corporate assets;

b) the proposed disclosure concerning the Committee to be included in the Company's Annual Information Form to verify, among other things, that it is in compliance with applicable securities law requirements;

c) significant related party transactions and actual and potential conflicts of interest relating thereto to verify their propriety and that disclosure is appropriate;

d) the disclosure policy of the Company; and

e) at least once annually, and evaluate the adequacy of these Terms of Reference and the Committee's performance, and report its evaluation and any recommendations for change to the Corporate Governance Committee.

The Committee will also have such other duties and responsibilities as are delegated to it and review such other matters as, from time to time, are referred to it by the Board.

5. AUTHORITY

The Committee, in fulfilling its mandate, will have the authority to:

a) engage and set compensation for independent counsel and other advisors;

b) communicate directly with the Chief Financial Officer, internal and external auditors, Chief Compliance Officer and Chief General Counsel;

c) delegate tasks to Committee members or subcommittees of the Committee; and

d) access appropriate funding as determined by the Committee to carry out its duties.