ANNUAL REPORT

1999

TELUS™

FAST FORWARD

CORPORATE PROFILE

BCT.TELUS Communications Inc. (operating as TELUS) is Canada's second largest telecommunications company. Formed with the January 31, 1999 merger of BC TELECOM and TELUS Corporation, we provide a full range of communications products and services connecting Canadians with the world. We started out in British Columbia and Alberta, which together represent approximately 23 per cent (seven million) of Canada's population and include three of the five largest Canadian cities — Vancouver, Calgary and Edmonton.

Last year we announced a plan to provide our telecommunications expertise to other areas across Canada. In November 1999 we officially launched services in Toronto, Sarnia and Winnipeg. During 2000, we plan to provide services in more than 20 other Canadian cities.

See TELUS-at-a-glance on pages 4 and 5.

Note to Shareholders: We expect to change our Company's legal name to TELUS Corporation, if we receive shareholder approval at our May 3rd, 2000 annual meeting. We also anticipate simplifying our stock symbols, from "BTS" for Common Voting and "BTS.A" for Common Non-voting, to "T" and "T.A."

STRATEGIC PRIORITIES

Build on our leading position in Western Canada

Create revenue growth in Central and Eastern Canada

Realize merger benefits

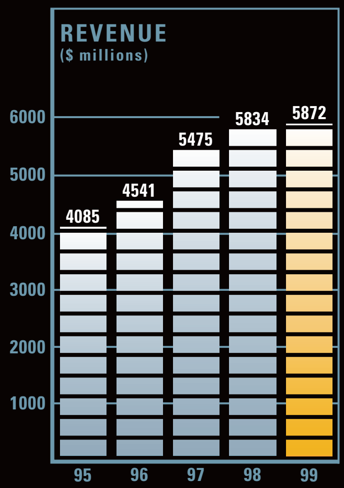
Please note the glossary on page 66 for a definition of industry and technical terms.

Certain brands of products and services named in this report are trademarks: * indicates those used under license; ™ indicates those owned by BCT.TELUS Communications Inc. or its subsidiaries.

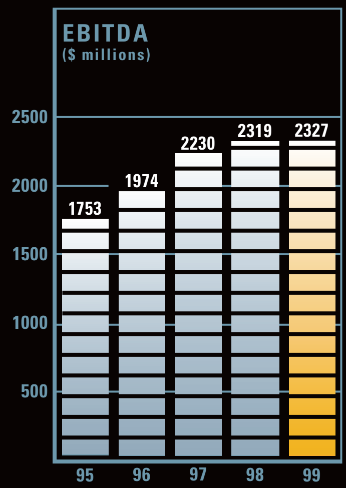
Safe Harbour Notice for Forward Looking Disclosure

This report contains statements about expected future events and financial results of TELUS that are forward looking and subject to risks and uncertainties. Factors that could cause actual results to differ materially include items discussed in this report but could also include competition, technological change, regulatory decisions, taxation and other risk factors that are identified from time to time in reports filed under applicable Canadian securities laws including the 1999 Annual Information Form.

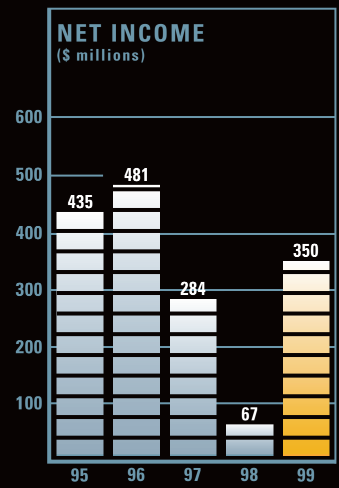
HIGHLIGHTS



During 1999, we successfully offset lower long distance pricing with Internet and Information Services growth.



The EBITDA margin remained stable at 40% in 1999.

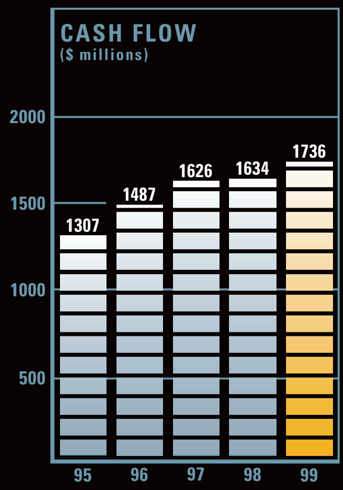


1997 and 1998 were impacted by non-cash extraordinary items of $285 million and $531 million. 1999 was impacted by a one-time net restructuring charge of $264 million.

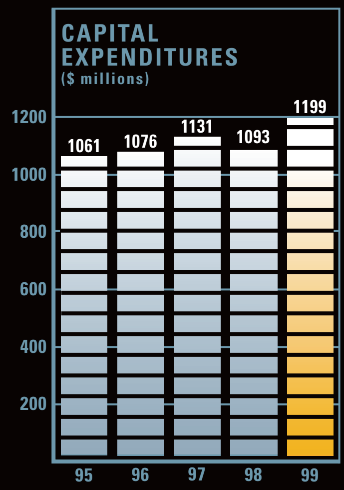
FINANCIAL

(millions except return on equity and per share amounts)	1999	1998	Change in 1999 (%)
Revenue	$ 5,872.3	$ 5,833.9	0.7%
EBITDA*	2,327.4	2,318.7	0.4%
Operating income	1,265.3	1,296.8	–2.4%
Net income	349.7	66.9	–
Cash flow**	1,735.5	1,634.1	6.2%
Capital expenditures	1,199.2	1,093.2	9.7%
Return on common equity, operations	14.2%	14.0%	–
Earnings per share: Operations	$ 2.58	$ 2.51	2.8%
Total	1.46	0.27	–
Cash flow per share	7.34	6.89	6.5%
Book value per share	17.91	18.03	–0.7%

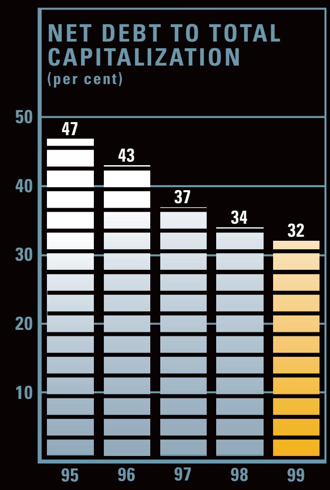
* EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization
** Cash flow from operations before changes in working capital



Over the past five years, cash flow has increased by a 9% compounded annual growth rate.



In 1999, capital expenditures for our national expansion accounted for $155.3 million of total capital expenditures.



Debt repayment has created a strong financial position.

OPERATIONAL

	1999	1998	Change in 1999 (%)
Access lines (thousands)	**4,551**	4,495	1.2%
Long distance minutes (millions)	**7,011**	5,333	31.5%
Cellular customers (thousands)	**1,099**	963	14.1%
Internet customers (thousands)	**313**	216	44.8%
Employees (thousands)	**21.6**	22.5	–4.0%

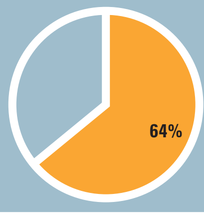
TELUS-AT-A-GLANCE

BUSINESS SEGMENTS	KEY FINANCIAL RESULTS	CUSTOMER STATISTICS

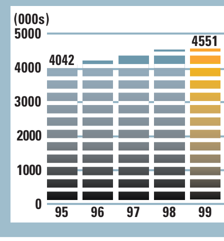
TELUS COMMUNICATIONS

- Provides local and long distance voice products and services to British Columbia and Alberta residences and businesses
- Includes sales and rentals of telephone equipment

Share of TELUS Revenue



Revenue of $3.8 billion was down only 1% even with competitive and regulatory price impacts.

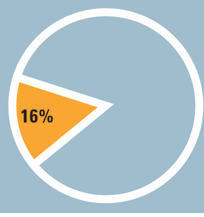


Network access lines were up 1% in 1999.

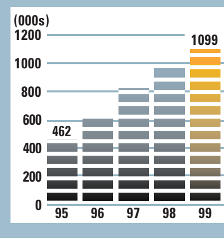
TELUS MOBILITY

- Operates largest cellular and paging networks in British Columbia and Alberta
- Offers full spectrum of wireless communications, including digital PCS, cellular, wireless data, and satellite services

Share of TELUS Revenue



Revenue of $960 million declined 3% because of lower pricing in a more competitive market.

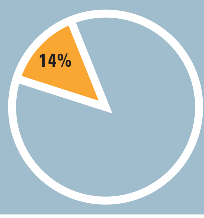


Cellular customers grew 14% in 1999.

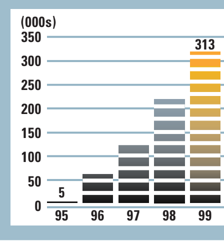
ADVANCED COMMUNICATIONS

- Provides digital data transmissions through wired or wireless networks in British Columbia and Alberta
- Services include data communications, Internet, network management, information services and consulting

Share of TELUS Revenue



Revenue grew by 15% to $801 million due to growth in Internet and Information Services.

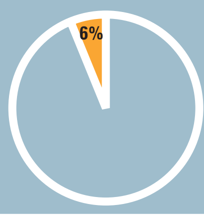


Internet customers grew 45% in 1999.

TELUS ADVERTISING SERVICES

- Produces White and Yellow Pages directories in British Columbia and Alberta

Share of TELUS Revenue



Revenue grew by 5% to $292 million due to higher sales activities.

Produced 73 directories in 1999.

NATIONAL

We are expanding into Central and Eastern Canada in three ways:

1. TELUS Integrated Communications

- A facilities-based competitor in Central and Eastern Canada
- Provides integrated data and voice services

Spent $155 million on capital expenditures, including construction of a national fibre infrastructure, one voice switch and four ATM switches.

Major wins include Westcoast Energy's Ontario subsidiaries and City Place in Toronto.

2. TELUS Advertising Services

- Publishes White and Yellow Pages directories in Ontario and the United States

Generated new revenue of $3.5 million.

Produced 32 directories in 1999.

3. TELUS Mobility

- Expansion of cellular services nationally
- Resale of services to start March 2000

HIGHLIGHTS	STRATEGY
• Operator Services earned Canadian Award for Excellence recognizing leadership and outstanding performance • Ended 1999 with 400,000 multi-service bundles sold, up 184% in the year • Successfully maintained strong market shares in local service at 98% (down 1%) and long distance at 71% (up 1%) • A second-line initiative successfully added 43,000 additional lines. This program was extended into 2000	• Defend customer base through bundling, packaging, contracts and other retention initiatives • Increase sales of enhanced services (e.g. call display) • Customize product and service offerings using an advanced database of specific customer segments • Harness merger benefits by reducing costs • Capitalize on the GTE* marketing and technology agreement
• Expanded digital cellular service coverage to include all major cities in British Columbia and Alberta — now 13% of total customers • Introduced tri-mode phones which allow customers to roam anywhere in North America • Launched Tango™ service in Alberta, the largest group calling radio network of its type in the world	• Provide superior network coverage and quality • Sustain high customer satisfaction • Provide a full suite of wireless telecommunications services • Utilize "home team" brand leadership image • Provide and maintain a superior distribution channel
• Introduced local web portal strategy — starting with MyBC.com and Alberta.com • Launched national e-commerce services which allow secure credit card transactions • Introduced Interactive Enterprise which allows enhanced applications for businesses that use the Internet • Won Interop Infra@structure Magazine's "Most Innovative Local Telephone Company" Award for leadership in deploying ADSL and e-commerce technology • Accelerated high-speed Internet rollout, and added 21,000 customers	• Focus on high-revenue growth products, including deployment of GTE Internetworking products • Achieve take-to-market excellence through increased customer targeting • Grow information technology outsourcing business (ISM-BC) through increased marketing efforts • Reduce costs by leveraging the GTE alliance • Continue aggressive expansion of high-speed Internet
• Introduced several new zones on the AltaVista Canada web site, including the Health and Wellness Guide, the Canadian Shopping Channel and the Money Channel • Negotiated strategic alliance with NCompass Labs Inc. to enhance ability to offer web design and advanced web hosting services for businesses	• Defend operations against competitors • Grow all product lines
• Began building an extensive fibre optic network in Canada — over 50% complete by year-end • Currently providing service through leased competitor facilities • Opened downtown Toronto office and network operations centre	• Build market share and grow revenues • Position TELUS over time as a national full-service provider • Exploit an integrated business model, where customers have a single relationship with TELUS for all their communications needs • Differentiate TELUS from competitors by delivering excellent customer service • Target primarily complex small to medium business customers and select large national accounts
• Acquired the Locator Group Inc. and the White Directory of Canada, which both produced community phone directories in Ontario • Acquired through a joint venture, Southwestern Directory Co., a phone book publishing company in Texas	• Continue geographic expansion in Central Canada and the U.S. • Build credibility and usage of TELUS directories with end users
• Negotiated resale agreement with Mobility Canada partners allowing TELUS to offer national services starting in March 2000 • Plans to participate in industry auction process expected in 2000 to allocate additional 40 MHz of national wireless spectrum	• Resell TELUS cellular to establish brand, distribution and customer service capabilities • Build or buy network in target markets to support high-volume customer segments

* Based in the United States, GTE is a leading provider of integrated telecommunications services, with annual revenues of Cdn$36 billion. The company is in the midst of finalizing a merger with Bell Atlantic. GTE owns 26.7% of our Common and Non-Voting Shares. Through a 10-year marketing and technology agreement, GTE will play a crucial role in helping us achieve our strategic priorities.

CHAIRMAN'S LETTER

If there's one constant in our industry, it's change. Technology continues to evolve at unprecedented rates. As we begin to compete nationally, we face growing competition in our own backyard. And, most importantly, we have more opportunities to grow and change than ever before. Our challenge at TELUS is to accelerate our own pace of change and focus on the opportunities that best position us for future success.

That's why, in 1999, the TELUS Board of Directors approved management's three strategic priorities:

- To continue building on our leading position in Western Canada
- To create revenue growth in Central and Eastern Canada, and
- To realize the benefits of the merger.

We are confident that we are now moving forward aggressively on these three priorities. Equally important, we believe that TELUS management has the right balance of skills, depth and experience to lead the company into a rapidly changing future.

As you're undoubtedly aware, in 1999, the TELUS senior leadership team changed significantly — including the departure of former CEO, George Petty, and the appointment of Brian Canfield, former TELUS Chairman, as CEO until a successor is found. On behalf of the Board of Directors, I'd like to thank both George and Brian for the critical roles they've played in our success to date. Brian has worked tirelessly and on a full-time basis over the last five months and made great progress in a number of important areas, including putting in place a robust financial and operational plan and organizing the Company to increasingly benefit from the GTE alliance.

Our search for a new CEO began last fall and, at that time, we estimated it would take from six to eight months to select a new CEO. We believe that estimate is still accurate and expect to name our new CEO in the next few months.

At times, we've been asked about the length of our CEO search. However, this is the normal period for a full external international search and we believe that selecting the right candidate for CEO is absolutely critical to our long-term success. We're looking for someone who can build on our accomplishments, continue to lead us through the challenges of merger integration and provide the insight and vision to guide the Company into new markets and the new millennium. In the meantime, as you'll read throughout this report, your Company remains financially strong and committed to moving full speed ahead on the execution of our three strategic priorities.

Each TELUS Board member contributes his or her unique set of experiences, expertise and judgment. The skills and perspectives brought to our Board from BC TELECOM Inc. and TELUS Corporation have enhanced our ability to effectively carry out the Board responsibilities during the challenges of the past year.

The TELUS Board is committed to the TELUS mission of helping people communicate effortlessly. The Board supports all TELUS employees who have worked tirelessly towards making this mission a reality. The corporate governance processes adopted by the Board, which are provided in greater detail in the proxy circular that accompanies this Annual Report, ensure TELUS meets its ongoing obligations and operates in a reliable and safe manner, while remaining attuned to the interests of our many stakeholders and the multitude of policy and business factors, both domestic and international, which shape the world in which we operate.

On behalf of the TELUS Board of Directors, I'd like to thank you for your continued support through a year of many challenges and changes, both in our exciting industry and here at TELUS. In 2000, we remain committed to evolving, improving and positioning ourselves for future growth — all of which should ultimately create more value for our shareholders.

Ronald P. Triffo
Chairman
February 16, 2000

PRESIDENT AND CEO'S LETTER

Last year was unlike any other in the history of telecommunications. In 12 short months, we zoomed into the future. We're now operating in a world of growing e-commerce, increasing wireless communication and service customization — not to mention intense competition and globalization. It's a world that runs on telecommunications. A world in perpetual fast forward where partners and alliances are paramount and established relationships like the one we had in Stentor no longer meet our customers' needs.

At TELUS, we're now one company — connecting Canadians to each other and the world — in four provinces, with more on the way. We now have the scale to expand nationally and, through our relationship with GTE, we have a strong North American and global alliance partner.

ACHIEVEMENTS

In 1999, we set ambitious goals for ourselves. Here's a quick review of our achievements in Year One:

- We brought together two large companies with distinct corporate cultures. Bringing these two entities together was, in and of itself, a tremendous feat.
- We rebranded in British Columbia under the TELUS banner in October. This was well received by our customers and positions us for success on the national stage.
- We accelerated our high-speed Internet service to connect more than 25,000 customers and increased our Internet customer base by 45 per cent to 313,000.
- We started and completed more than half of our 6,700-kilometre cross-Canada fibre build.
- We set up our senior management team, network infrastructure and national sales team in Toronto.

- We achieved $70 million of merger savings, exceeding our initial target by 40 per cent.
- We met or exceeded our market share expectations in the West for local, long distance and cellular.

CHANGE

Of course, the last year wasn't always easy. For one thing, we've seen our share price fluctuate from a high of $43 to a low near $28. As I write this, it's back in the $40 range. As you know, throughout the year, we were diligent in communicating to shareholders and investors as developments occurred.

We faced our most pressing challenge in the middle of last year when six of eight executives left the company. In each instance, however, we moved quickly to restore stability.

We brought Barry Baptie, a former ED TEL and TELUS executive with more than 20 years of telecom experience, on board immediately to fill the Chief Financial Officer position.

Roy Osing, a 31-year telecommunications veteran from British Columbia, stepped in right away to take the reins at TELUS Advanced Communications.

In the case of the Chief General Counsel position, we chose to downsize the executive team by delegating the responsibilities of that position among other members of the team. Jim Peters is now responsible for corporate development, corporate affairs and general counsel.

Judy Shuttleworth, with more than 30 years of experience in the human resources field, stepped in immediately, in an acting capacity, after the untimely death of Paul Smith.

And Arnie Stephens stepped in as President, TELUS Mobility, in an acting capacity last fall. He brings with him many years of cellular experience in finance, systems, marketing and service development.

Two-thirds of employees, however, experienced no change of leadership. Ian Mansfield, one of the architects of our merger with more than 30 years of management experience, continues in his role as President, TELUS Communications. He oversees the largest revenue-generating segment of our business.

Cynthia Lewis, a former senior executive with Xerox, joined the executive team to lead the charge on the national front. Cynthia brought a wealth of service-oriented start-up experience to her role as President, TELUS Integrated Communications.

Overall, I'm pleased to say we recovered from this very difficult time, and we did so very quickly. We demonstrated flexibility and drew upon the tremendous bench strength of our organization.

Unfortunately, unfounded rumours about why the four former executives from Alberta left circulated last fall. I want to be very clear on this point: each chose to leave for personal reasons. They were not motivated by any external pressures. They each chose to exercise an option, granted by their predecessor company, available for an extended period of time following the merger.

Another significant human resources challenge we faced in our first year is the fact that our unionized employees are represented by four different unions. This means that while an operator in Red Deer is a member of one union, her colleague in Kamloops, who does the same job, belongs to another and works under a different collective agreement.

That's why one of the first things we did as a new company in 1999 was apply to the Canada Industrial Relations Board to have a common employer status. This involves a lengthy hearing process, which the Company is attempting to expedite.

Once a decision is reached, we will negotiate a new collective agreement that balances the needs of employees with the evolving needs of our customers and the realities of our dynamic industry.

OUR NATIONAL INITIATIVES

As if bringing together our two founding companies under one name and structure wasn't challenging enough, we set another difficult task for ourselves in 1999. We set out to establish ourselves as a national company — to evolve beyond our provincial boundaries.

As a first step to serve our customers globally, we began building a national fibre-optic network. We will have facilities from coast to coast by mid-2001, across the second biggest country in the world. We've already completed more than half the construction and, as the volume of the various routes makes it economically feasible, we'll light the fibre.

Our network in the West is already connected through Seattle to GTE Internetworking's 17,000-mile high-speed fibre network that runs throughout the United States. And the Canadian Radio-television and Telecommunications Commission (CRTC) has changed its rules so we are now allowed to connect our cross-Canada traffic on GTE's facilities across the U.S.

In the meantime, we're not waiting for our national network to be complete. We're using leased facilities to establish our beachhead in the Central Canadian market. We've already set up shop in Toronto and taken on not only the biggest telecom company in Canada, but the biggest corporation in Canada. We opened our Toronto office with a lot of fanfare and media attention last November.

Already, we've signed on national customers such as Intrawest Resorts, Westcoast Energy and Budget Rent-A-Car. You'll find interesting details about some of our competitive wins later in this report.

At the executive level, we have benefited from a depth of expertise and strength of leadership that has guided us through a challenging year. I want to thank our Board of Directors for their strong support. Together, we have set a clear course for the future of our Company.

FAST FORWARD

I believe strategies, process and structure all flow from vision. Looking three years into the future, I see TELUS as a full-service national provider. To achieve this, we are concentrating our energies on three strategic priorities:

- Continuing to build on our leading position in Western Canada
- Creating revenue growth in Central and Eastern Canada
- Realizing merger benefits.

Our Board of Directors has approved our three-year plan based on these priorities. As an executive team, we will remain focused on our line of sight — looking out at least three years into the future so we make the right decisions today.

Already, we are a company that is focused on data, the Internet, and e-commerce, while maintaining and growing our core business. What's more, our business is no longer about simply selling individual products. Our business is now about consulting with our customers, finding out what their communications and information technology needs are, and solving their problems.

CREATING NEW WEALTH FOR SHAREHOLDERS

In 1999, we maintained the financial strength of our Company:

- Revenue of $5.9 billion — up 1%
- Cash flow from operations of $1.7 billion — up 6%
- Balance sheet was strengthened as we paid down long-term debt by $258 million.

Our line of sight includes creating new wealth for our shareholders. We intend to achieve an average total shareholder return of 15 per cent per annum — or more — for the next five years. Total shareholder return includes both dividends and share price appreciation. The factors that will enable us to achieve this target include:

- Depth of experience of a dynamic executive team and committed employees
- Aggressive and yet achievable business plan focused on meeting customer and shareholder needs
- Extensive portfolio of products and services
- Co-marketing with GTE and access to GTE's current and future technology and research and development. Additionally, we anticipate this will apply to Bell Atlantic once their merger with GTE is complete
- Well recognized and highly regarded TELUS brand.

I believe investors and shareholders need to be aware that as we fast forward into this new and exciting world of ours, there is a higher degree of risk. However, the higher risk also comes with higher potential reward.

I also believe we could not be in a better business at a better time. More than that, we have the right products, people and partners to make the most of the opportunities ahead. And, for the first time, through our relationship with GTE, and soon Bell Atlantic, we are part of a global play. With our exclusive marketing and technology agreement, we are increasingly able to offer customers across the country enhanced services and wider North American and global connectivity.

And so, Year One is behind us. We accomplished much and weathered a few storms. We have a solid plan for 2000, with our priorities on building on our strong position in the West, national growth and achieving the benefits from the merger. We are moving quickly to deliver on the promise of the future.

Brian A. Canfield
President and Chief Executive Officer
February 16, 2000

REWIND TO 1969

IN 1969, a standard business of the day had a few rotary-dial telephones, teletypes and typewriters — and households only had one telephone, if they had one at all.

IN 1979, business was still built upon those traditional communications tools, although folks were keeping up with the times. The phones were touch-tone, and the typewriters had become electronic. Almost every household had a phone with affordable local rates. Long distance calling, however, was quite expensive and seen by many as a luxury.

BY 1989, electronics began to give way to the digital age. The use of word processors and fax machines had spread throughout organizations. There were more phones, with features like voice mail, and cell phone use was on the rise. Business was booming.

FAST FORWARD TO 1999

IN 1999, the pace of technological innovation has hastened to speeds society can barely keep up with. The newest computers are outdated, often, before you can load the software. Households struggle to stay connected — tracking one another down through pagers or cell phones as additional phone lines ring concurrently, and voice mail answers.

Organizations don't sleep. They have gone on-line with e-mail and virtual storefronts, allowing customers to make purchases any time without leaving the comfort of their own den. Businesses are supported with every convenience — Internet, Intranets, high-speed networks and phones with advanced calling features.

The fact is, the speed at which we do things has accelerated because new high-tech tools make it easier to get things done.

LET THE TIMES KEEP UP WITH YOU FOR A CHANGE. CHOOSE TELUS.

BUILDING ON OUR LEADING POSITION IN WESTERN CANADA

In 1999, we installed 25 Internet centres in the Calgary International Airport to allow busy travellers to stay connected.

GROWTH AND INNOVATION

THE REALITY FOR OUR INDUSTRY IS THAT OUR WORLD HAS BECOME VIRTUAL.

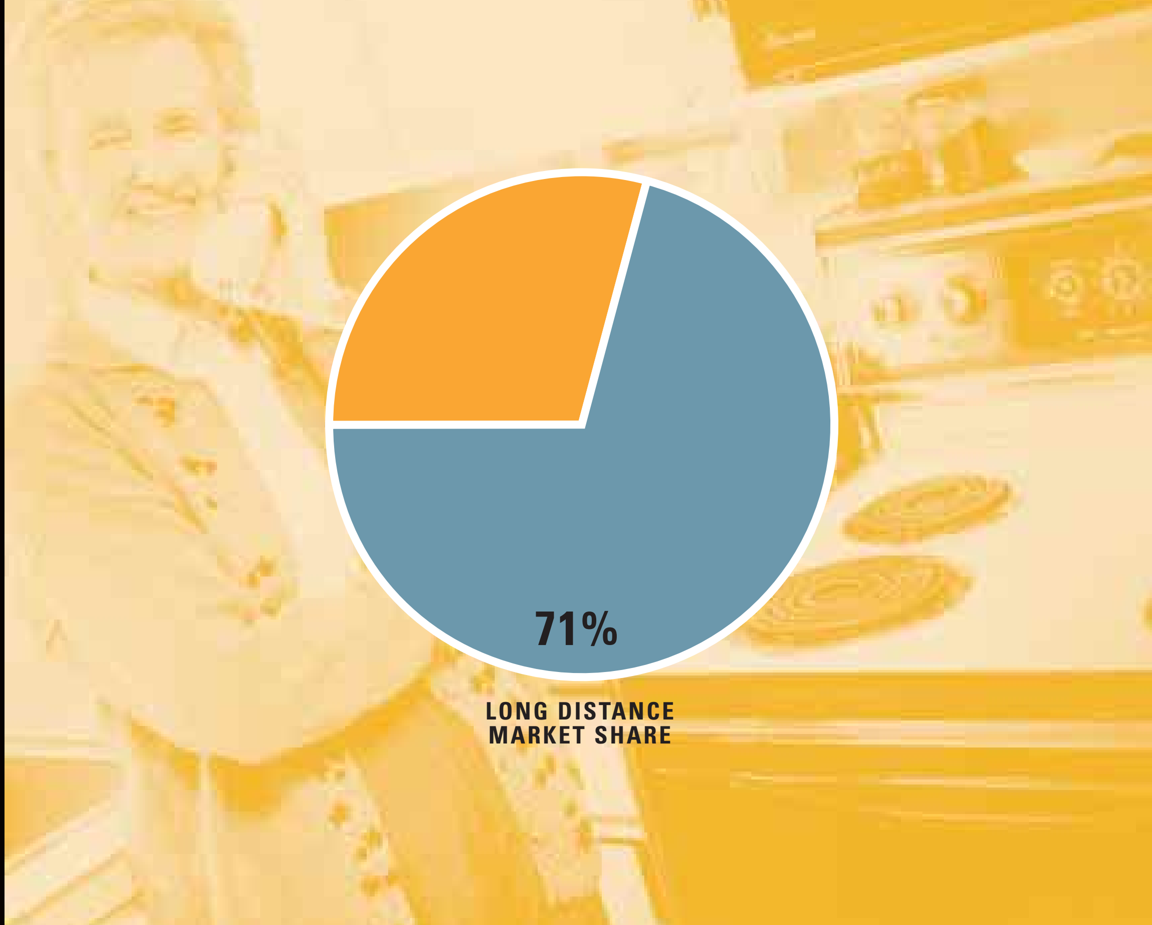
New capabilities have forged a business evolution that enables us to operate in a space with no real time or distance — our customers expect to do the same.

Modern-day conveniences are in demand, day or night. Customers expect access to products and services on their schedule and on their terms — that may be at 2 a.m. or 2 p.m. The businesses that strive to serve these clients will prosper — others will fall behind.

Our customers want products that meet their individual needs, delivered in unique ways, so that they can meet the needs of their customers. They expect virtual storefronts, e-commerce capabilities, timely product support and 24-hour help lines — exactly the types of services we're able to provide. And we take this one step further — for example, signing service level agreements to manage the reliability of our high-speed data services 24 hours a day, seven days a week.

Data services are quickly becoming one of the largest growth areas of our business. In 1999 we launched some advanced data solutions for business, including Interactive Enterprise, a new service providing enhanced applications for businesses that use the Internet. In 1999 overall Internet and e-commerce revenues grew by 54 per cent.

“MY GRANDCHILDREN LIVE ACROSS THE COUNTRY. I WANT TO BE ABLE TO TALK TO THEM AS OFTEN AS I CAN WITHOUT WORRYING ABOUT LONG DISTANCE RATES.” **Myrt Beck** – *TELUS customer,* Calgary



AFTER FIVE YEARS OF COMPETITION,
WE MAINTAIN THE LEADING LONG DISTANCE MARKET SHARE.

We experienced 45 per cent growth in our Internet customer base this year, becoming the second largest Internet Service Provider in the country with 313,000 customers. Our large customer base offers us opportunities for increased growth and revenue.

Our web portals allow users to personalize their own home page to meet their regional information needs — from stock prices to news headlines and sports highlights. Last spring we introduced our first web portal, MyBC.com, and in early 2000, we launched Alberta.com. We plan to launch portal sites in Toronto, Hamilton, Kitchener-Waterloo, Burlington and London later this year, and wireless portals in Alberta and British Columbia in 2000.

"OUR VALUE PROPOSITION TO THE CUSTOMER IS ABOUT MORE THAN PRICE, PIPE OR FIBRE. AS A FULL-SERVICE PROVIDER, WE OFFER THE CUSTOMER DISTINCT ADVANTAGES OVER THE COMPETITION."

We've taken a unique layered approach in developing our content strategy for web portals. In the first layer, we have local information, city guides and free web tools. However, we also offer the added value of our Yellow Pages* business, taking our customers' advertising on-line through the creation of "microsites." The second layer will be focused on Internet Protocol (IP) services and tools like Internet telephony, where telephone calls and video-conferencing can take place over the Internet. Other services will include IP fax, and a new service called unified messaging — allowing you to check voice mail, cellular voice mail, the fax machine and e-mail, all in one place. Layer three could potentially be our largest source of future revenue through the portals. This is where we will have the content people are willing to pay for on an as-needed basis — on-line games, audio streaming and video services such as pay-per-view TV.

Web portals, such as MyBC.com, allow users to personalize their own home page to meet their regional information needs.

In 1999 we also spent $44 million expanding our high-speed Internet availability from 10 to 37 communities in Alberta and British Columbia. By year-end, we had more than 25,000 customers, and we intend to more than triple that next year. In 2000 we will spend more than $150 million to further expand our Internet facilities and e-commerce applications.

Growth in the Internet, combined with digital network technology and mobile data devices, will allow for new value-added services for TELUS Mobility customers as well. Wireless Internet access, e-mail and portal-based information services are all possibilities we will be investigating and trialling in 2000.

COMPETITIVE SUCCESS

In this information era, the growth of data is attracting new entrants to the communications market faster than ever. In recent years we have seen competitors raise money to build their own facilities and target high-spending market niches. Some have offered lower pricing. Some have claimed improved service. But the fact is, despite competition, we have maintained a strong competitive edge.

Interactive Commerce provides quick access for customers worldwide.

Meet Dave. He's the head of revenue and information technology for a Calgary franchise of Budget Rent-A-Car. He was also one of TELUS' first interactive commerce clients.

When it comes to serving clients over the web Dave says, "I could go out and buy an Internet solution off the shelf, then buy my own hardware. But everything is outdated so quickly that I'd have to leave my core business to concentrate on technology. We're a small business, yet TELUS afforded us the opportunity to reach new markets in innovative ways."

Dave's project was rolled out for all of Budget Canada in January. It allows customers worldwide to book rentals on-line, and it enables insurance companies and tour wholesalers — Budget's primary clients — to set up rentals for their clients so they can pick up cars, without waiting in a telephone queue. The entire rental process is now customized and automated for secure one-to-one customer interactions.

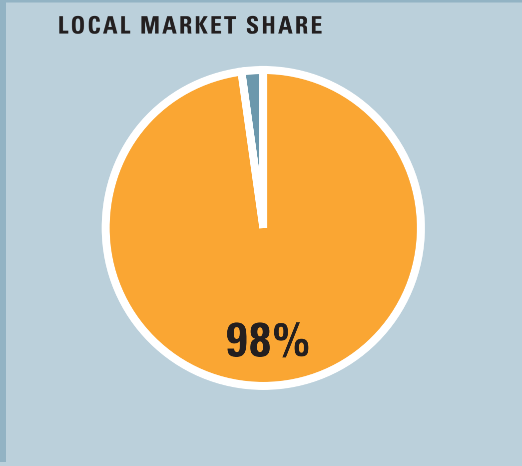
"We can now reach the end user without going through middlemen, and it's very cost-effective. It allows small businesses like ours to give the impression we're huge."

Our value proposition to the customer is about more than price, pipe or fibre. As a full-service provider, we offer the customer distinct advantages. We realized quickly that the Internet would change the face of business and that it would be a springboard to launch many new products and services, while capitalizing on the strong product and service offerings we spent years developing.

We have remained forward-thinking, flexible and responsive to our customers' needs and market movement. This means constantly challenging ourselves to provide customers with new solutions for all their communications needs. We were the first Canadian company to provide bundles of services for consumers and contracts with price guarantees for businesses.

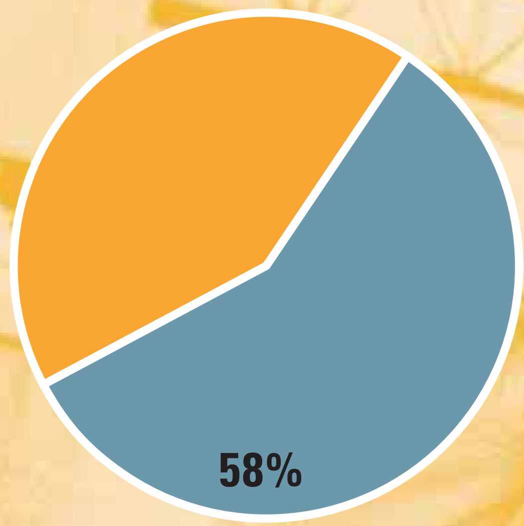
In 1999, we focused on a one-to-one marketing approach — working to treat every customer as an individual. Our goal is to understand enough about their needs to deliver the types of services they require in a cost-effective way. One way we do this is through bundling products and services — all in one package, for one price. For example, a residential customer may be looking for a combination of high-speed Internet, local and long distance service, plus several calling features. On the other hand, business customers like contracts with price guarantees for local and long distance service or wireless and Internet capabilities. Our wide breadth of products and services enables us to enhance our relationships with our customers by offering them the types of combinations they need.

While we contact every customer during the year, our market segmentation strategy, combined with our customer database information, allows us to specifically target high-value customers, providing the best return on our investment. In 2000, we will continue to focus on aggressive retention strategies to sustain current customers. At the same time, we understand that in order to grow, we need to deliver solutions that go beyond our western borders.



WE SUCCESSFULLY MAINTAINED HIGH LOCAL MARKET SHARE BY OFFERING SERVICE BUNDLES FOR CONSUMERS AND CONTRACTS FOR BUSINESSES.

"IN MY JOB I'VE GOT TO STAY CONNECTED. I NEED THE CELL PHONE, THE PAGER, AND THE SUPER-FAST INTERNET — ALL THE COOL TOYS THAT KEEP ME TUNED IN." **Richard Waring** – *TELUS customer,* Vancouver



WIRELESS MARKET SHARE

FACED WITH THREE COMPETITORS, WE LEAD THE MARKET IN MARKET SHARE AND REVENUE PER CUSTOMER ($60 PER MONTH).

CREATING REVENUE GROWTH IN CENTRAL AND EASTERN CANADA

In Central and Eastern Canada, we're targeting primarily complex small to medium business customers and select large national accounts.

POWERFUL FORCES ARE TRANSFORMING THE TELECOM INDUSTRY WORLDWIDE. TELUS RESPONDED IN 1999 BY BECOMING A NATIONAL COMPANY.

Our national initiatives are designed to create new wealth for our shareholders by doing what we do best — by understanding our customers' businesses before we try to sell them products and services.

Our market research tells us the small- and medium-sized business markets in Eastern and Central Canada are underserved. Our strategy is based on attracting these customers and competing on service — not just price. That's what our customers want first and foremost, and we intend to provide it.

In November, we opened our sales office and network operations centre in downtown Toronto to offer selected data and wireline services to customers in Toronto, Sarnia and Winnipeg. In early 2000 we will focus on new markets in Ottawa, Montreal and Quebec City, as well as other cities in southern Ontario, with plans to rollout products and services in at least 20 more cities in Central and Eastern Canada by the end of 2000.

We signed major agreements with Lucent Technologies, to supply the technology and equipment for our next generation network, and Newbridge, to provide high-speed switches, enabling us to offer enhanced data services. In January, we signed an agreement with NORTEL to provide

TELUS AND CONCORD ADEX DEVELOPMENTS CORP. HAVE PARTNERED TO CREATE CITY PLACE, CANADA'S MOST TECHNOLOGICALLY ADVANCED RESIDENTIAL COMMUNITY. **Mark Hewitt** – *City Place*, Toronto

CANADIAN FIBRE NETWORK

- Existing Alberta-British Columbia network
- National network under construction
- Central Canada network (2000)
- Eastern Canada network (future)

OUR EDMONTON TO TORONTO FIBRE NETWORK IS SCHEDULED TO BE COMPLETED BY THE END OF 2000. OUR DETROIT TO MONTREAL FIBRE NETWORK IS TO BE OPERATIONAL BY MID-2000.

fibre optic switches. Our high-capacity fibre network connects TELUS' Vancouver to Seattle network with GTE's network span to Detroit, and will link to Toronto and Montreal in 2000.

We've also been establishing the infrastructure we need to operate as a national carrier. In the summer we hired Worldwide Fiber Inc. to lay fibre-optic cable from Edmonton to Toronto, which is scheduled for completion by the end of 2000. We also plan to connect to Halifax, on the east coast, by mid-2001. In the meantime, we are leasing facilities and using resale agreements with other providers so we can offer enhanced data, voice and wireless services to customers who prefer to work with TELUS.

Our wireless business is expanding nationally as well. By March 2000 we will launch national wireless services in Ontario, Saskatchewan and Manitoba through a resale agreement among the Mobility Canada members. We have established distribution channels through an approved dealer network and are looking to build our own national wireless network. The resale agreement allows the Mobility Canada companies to resell wireless services in each other's territory using existing roaming settlement processes.

We have also expanded our operating territory through our Advertising Services business which publishes 21 directories in the Ontario market and 11 in Texas. Growth plans include expansion into other forms of advertising media — looking after the advertising sales for our new portal sites — and developing the "Go Pages™," a mini-directory for cell phone users.

Our value proposition for Central and Eastern Canada is based on offering our customers integrated communications solutions — all on one bill, from one company with one single point of contact — hence the name we've chosen in the East, TELUS Integrated Communications.

"OUR VALUE PROPOSITION FOR CENTRAL CANADA IS BASED ON OFFERING OUR CUSTOMERS INTEGRATED COMMUNICATIONS SOLUTIONS — ALL ON ONE BILL, FROM ONE COMPANY WITH ONE SINGLE POINT OF CONTACT."

We intend to provide local service, wireless, long distance and data products — including internetworking services, Internet applications and managed application services — that can be bundled to meet individual customers' needs.

At the same time, we understand the huge challenges that lie before us. These are tough markets, and we anticipate strong competition in the future. However, we believe our entrepreneurial spirit in the East will keep us nimble and give us major advantages over incumbents. Our team is led by Cynthia Lewis, who has a fresh perspective as she came to us from another industry; her leadership is combined with a seasoned sales and marketing team with experience in telecommunications. We're committed to offering customers more value for their communications spending, while being responsive in a way that customers have not seen before.

Given training and sales cycle lead times, we expect to see sales from our national initiatives hitting stride in the second quarter of 2000, with a goal of $350 million in new national revenues by 2002.

A single communications provider simplifies business and offers quality service.

One-stop shopping. Competitive prices. Quality service. That's why Vancouver-based Westcoast Energy recently chose TELUS to supply local, long distance and a complete suite of data services for all their operating companies across Canada, including Ontario-based Union Energy and Union Gas.

Especially important to Westcoast Energy was the ability to work with one vendor for all their voice and data needs, according to Donna Marsland, Senior Manager of Corporate Telecommunications, who oversees the purchase of all telecommunications infrastructure or "anything we throw over the pipes."

"We use the frame relay and ATM services to transfer data between our companies across the country," said Donna. "We need access to portals for our dial-in travellers. And we need to provide access to communicate with our external partners, service providers and customers.

"TELUS gave us the best value for the price, and they very much have a can-do, committed attitude. They were very interested in partnering with us to deliver our service. They've delivered and they have been flexible and committed to providing quality service."

REALIZING MERGER BENEFITS

The benefits of our GTE alliance include exclusive use of their products and services in Canada and access to their renowned research and development.

ALLIANCES, PARTNERSHIPS, MERGERS, ACQUISITIONS — THESE WORDS ARE NOT JUST DESCRIPTORS FOR GROWTH OR COST SAVINGS, THEY DEFINE THE KEY TO SUCCESS IN TODAY'S DYNAMIC COMMUNICATIONS MARKET.

In this Internet era, traditional barriers of time and distance are being erased as the world moves toward large global suppliers. Our partnership with GTE gives us this reach. They are a global player, and we are their Canadian partner.

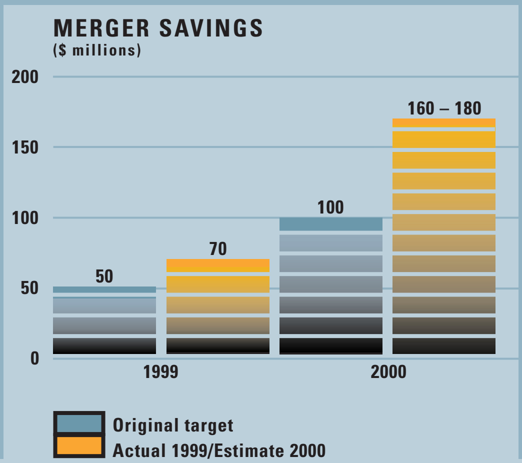
This strategic alliance gives us access to GTE's global partnership programs, worldwide network infrastructure, exclusive use of their products and services in Canada and access to their renowned research and development.

In the last half of 1999, we better organized ourselves to work with GTE. We set up a project team that enables TELUS business units to partner with GTE business units to provide seamless service delivery to joint customers, and to facilitate the purchase of telecom services from one another. We have also begun to achieve significant Information Technology capital and operating cost reductions, and estimated purchasing savings of $15 million for 1999. At the same time, we are trialling certain GTE services, such as a virtual private network and interactive e-billing. We expect to launch these and other advanced data and Internet services in 2000.

Through integration efforts in the West, the merger allowed us to realize $70 million dollars in savings in 1999. In 2000, continued integration will help us to more than double our savings.

Other major milestones in 1999 included selecting Burnaby as our head office location, completing the majority of management selections and uniting the two companies under the TELUS brand name, with the brand launch in British Columbia. Our rebranding in October was highly successful, with more than 80 per cent "top of mind" brand awareness in British Columbia just two months after the launch.

While we've enjoyed many successes this year, we recognize that this is just the beginning. We're continuing to accelerate our pace as we execute our three strategic priorities: building on our leading position in Western Canada, creating revenue growth in Central and Eastern Canada and realizing the benefits of the merger.



Web portals grant competitive advantages.

More and more mobile electronics consumers are looking to the Internet as a research tool before they buy. At Ralph's Radio, Tim Rurak, vice-president and the man in charge of their company's corporate image, knows this fact.

"We had a web presence that we just weren't happy with. We looked at TELUS and were very impressed with what they were doing with their portal business through their MyBC.com site. We wanted an enhanced presence on the web, but we didn't want to have our own servers or programmers. We wanted a good vendor with a solid track record in the web. And in our opinion, TELUS hosts one of the best ISP sites in North America."

Today, you can reach Ralph's Radio through a hyperlink off the shopping segment of the MyBC.com site. And Tim is also looking at additional advertising options. "We've been spending a little more on the web each year. We haven't put a banner ad on MyBC.com yet, but that's something we are looking into."

This Management Discussion and Analysis includes the following sections: Overview, Results of Operations, Liquidity and Capital Resources and Outlook. These sections should be read jointly with the audited consolidated financial statements on pages 42 through 59.

OVERVIEW

($ millions except per share amounts)	**1999**	1998	Change	%
Operating revenues	**5,872.3**	5,833.9	38.4	0.7
EBITDA (1)	**2,327.4**	2,318.7	8.7	0.4
Net income	**349.7**	66.9	282.8	–
Earnings per share before restructuring costs and extraordinary item	**2.58**	2.51	0.07	2.8
Earnings per share	**1.46**	0.27	1.19	–
Cash flow (2)	**1,735.5**	1,634.1	101.4	6.2
Cash flow per share	**7.34**	6.89	0.45	6.5
Capital expenditures	**1,199.2**	1,093.2	106.0	9.7

(1) Earnings Before Interest, Taxes, Depreciation and Amortization
(2) Cash from operations before working capital changes normalized to exclude the effects of restructuring activities

The major financial trends or changes in 1999 were:

- growth in Internet, information services, and enhanced local services
- competitive impacts on long distance revenue and Mobility revenue from lower pricing
- new marketing and information technology payments to GTE, partly offset by lower payments to Stentor
- a lower debt balance and related financing costs
- a merger-related restructuring charge of $466.3 million before income taxes.

RESULTS OF OPERATIONS

OPERATING REVENUES (EXTERNAL) BY SEGMENT

($ millions)	**1999**	1998	Change	%
TELUS Communications (Wireline)	**3,783.0**	3,827.0	(44.0)	– 1.1
TELUS Mobility (Wireless)	**960.2**	989.0	(28.8)	– 2.9
TELUS Advanced Communications *	**800.9**	697.3	103.6	14.9
National †	**3.5**	0.0	3.5	–
Other **	**324.7**	320.6	4.1	1.3
Operating Revenues	**5,872.3**	5,833.9	38.4	0.7

* Data, Internet and Information Services revenue
† Comprises Advertising Services Locator Group and WestVista directory operations
** Includes Advertising Services and Telecom Leasing Canada

Revenue and operations expense for 1998 have been restated in order to conform with the current presentation (Note 1a).

TELUS Communications revenue decreased due to lower long distance pricing, while TELUS Mobility revenue decreased due to lower pricing to compete with two recent entrants. TELUS Advanced Communications revenue increased due to higher information services and Internet services revenues.

LOCAL SERVICE REVENUE

	1999	1998	Change	%
Revenue ($ millions)	**3,195.0**	3,160.2	34.8	1.1
Network access lines (000s)	**4,551**	4,495	56	1.2
Local market share (estimated %)	**98**	99	– 1	–
Cellular customers (000s)	**1,099**	963	136	14.1
Cellular market share (estimated %)	**58**	62	– 4	–

TELUS Communications local revenue increased by $42.3 million (1.9%) due mainly to growth in enhanced services such as residential SmartTouch* and business Centrex, and moderate access line growth, despite the estimated $40.5 million lower business access revenues mandated under price cap regulation.

Mobility local revenue decreased by $13.8 million (2.0%) when compared to last year due primarily to new price plans, while average usage remained about the same at 218 minutes per month. Average monthly cellular revenue per customer (including long distance) was $60, lower than the $70 reported last year. Market share was down as the Company focused its efforts more on obtaining higher revenue customers and less on the prepaid market.

Advanced Communications local revenue, which includes basic data service products, increased by $5.9 million (2.9%) due mainly to increased access volumes.

LONG DISTANCE REVENUE

	1999	1998	Change	%
Revenue ($ millions)	**1,609.1**	1,720.1	(111.0)	– 6.5
Conversation minutes (millions)	**7,011**	5,333	1,678	31.5
Market share (estimated %)	**71**	70	1	–

TELUS Communications long distance revenue was $120.4 million (9.3%) lower due to the implementation of unlimited residential plans in the summer of 1998, reduced business rates implemented earlier this year, and lower settlement rates on inbound traffic from other carriers. Last year's revenue included a one-time $13.5 million reduction.

Mobility long distance revenue decreased by $7.9 million (6.2%) due primarily to lower rates.

Advanced Communications long distance revenue increased by $17.5 million (5.9%) due mainly to increased Internetworking volumes (high-speed connectivity between local area networks) and increased demand for bandwidth, partly offset by settlement adjustments with other carriers. One-time broadcast revenues of $3.0 million were recorded in 1998.

OTHER REVENUE

	1999	1998	Change	%
Revenue ($ millions)	**1,068.2**	953.6	114.6	12.0
Internet access customers (000s)	**313.4**	216.4	97.0	44.8

Other revenue includes service and equipment sales, directory and advertising sales, information services revenue, and consumer and other Internet revenues.

TELUS Communications other revenue increased by $34.1 million (12.7%) when compared with last year due primarily to higher telephone equipment sales and desktop computer lease revenue.

Mobility other revenue decreased by $7.1 million (4.2%) due mainly to lower revenues at Canadian Mobility Products (CMP). While unit sales of cellular telephones, pagers and accessories at CMP increased by 16%, revenue decreased due to lower prices.

Advanced Communications other revenue increased by $80.2 million (40.5%). New external contracts at ISM-BC, a 75%-owned information technology outsourcing company, increased revenues by $53.3 million. Revenues from consumer Internet access, as well as from Internet hosting, content and e-commerce increased by $26.9 million largely because of a 45% increase in customers, offset in part by lower rates on Internet dial-up plans. High-speed Internet customers increased to more than 25,000 from less than 5,000 a year ago.

In other segments, National revenues increased by $3.5 million due to Advertising Services Locator Group operations in Ontario (starting April 1999) and WestVista operations in the U.S. (starting May 1999). The remaining increase was due mainly to Advertising Services revenue growth in Alberta and British Columbia.

OPERATIONS EXPENSE BY SEGMENT

($ millions except employees)	1999	1998	Change	%
TELUS Communications	**2,388.4**	2,407.6	(19.2)	– 0.8
TELUS Mobility	**595.0**	626.6	(31.6)	– 5.0
TELUS Advanced Communications	**799.3**	785.9	13.4	1.7
National *	**41.3**	–	41.3	–
Other †	**177.6**	224.4	(46.8)	– 20.9
Eliminations	**(456.7)**	(529.3)	72.6	–
Operations expense	**3,544.9**	3,515.2	29.7	0.8
Regular employees	**21,601**	22,499	(898)	– 4.0

* Comprises TELUS Integrated Communications, Advertising Services Locator Group and WestVista, and Mobility national start-up costs
† Includes Advertising Services and Telecom Leasing Canada

Expense increases were due to higher net information technology payments, start-up costs associated with the national expansion, and higher costs associated with new revenue at Advanced Communications. Partly offsetting these increases were merger-related synergies of $70 million realized in 1999. Over 60% of the synergies were wage-related while the remainder included reduced expenses for advertising, consulting and systems.

TELUS Communications expenses were slightly lower than last year. Their share of the $61.2 million total payment to GTE for marketing and information technology, which commenced in February 1999, was $37.2 million, while payments to Stentor decreased by $29.6 million. Settlement costs with other carriers were $47.4 million lower due to lower rates. Costs of sales on contract work and telephone equipment sales increased by $14.2 million, while portable subsidy payments increased by $7.0 million. Synergies of more than $20 million were realized — largely offset by compensation increases.

Mobility expenses decreased by $24.6 million mainly due to lower hardware subsidies, dealer commissions and system development costs, partially offset by higher licence fees and technology payments, and other costs from the growing number of customers and cell sites. Expenses at CMP decreased by $7.0 million due to a lower cost of goods sold.

In the Advanced Communications segment, increased expenses at ISM-BC of $11.1 million arose from higher incremental costs associated with new external contracts. The remaining increase of $2.3 million arose primarily from installation costs for high-speed Internet services, partly offset by merger synergies.

In the National segment, $33.7 million was associated with establishing operations in Toronto and other centres — including an $18.5 million share of the marketing and information technology payment to GTE. Locator Group & WestVista directory operations had expenses of $7.6 million.

In the Other segment, expenses were lower due to the realization of synergies in corporate functions ($36 million), the discontinuance of TELUS Marketing Services ($18.4 million) and lower TELUS Multimedia market trial costs ($6.9 million). Partly offsetting this were higher Advertising Services costs related to growing revenues in Alberta and British Columbia, and other costs not recovered from operating business segments.

Expense eliminations decreased primarily due to lower priced services provided by the Advanced Communications segment to other TELUS segments.

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)

By segment

($ millions)	1999	1998	Change	%
TELUS Communications	**1,653.6**	1,686.5	(32.9)	–2.0
TELUS Mobility	**379.4**	375.3	4.1	1.1
TELUS Advanced Communications	**172.1**	151.9	20.2	13.3
National operations	**(37.8)**	–	(37.8)	–
Other operations and eliminations	**160.1**	105.0	55.1	52.5
EBITDA	**2,327.4**	2,318.7	8.7	0.4

EBITDA Margin * by segment

(per cent)	1999	1998	Change
TELUS Communications	**40.9**	41.2	–0.3
TELUS Mobility	**38.9**	37.5	1.4
TELUS Advanced Communications	**17.7**	16.2	1.5
TELUS	**39.6**	39.7	–0.1

* EBITDA divided by total revenue

DEPRECIATION AND AMORTIZATION (NOTES 1e and 1g)

($ millions)	1999	1998	Change	%
	1,062.1	1,021.9	40.2	3.9

About $19 million of the increase resulted from a full year's impact of the 1998 completion of new Mobility customer care and billing systems and the Alberta digital network. Growing capital assets in Advanced Communications contributed about $14 million. The remaining increase arose from other growing capital assets and the standardization of depreciation processes as part of merger integration activities.

OTHER INCOME (NOTE 3)

($ millions)	1999	1998	Change	%
	40.2	56.9	(16.7)	–29.3

Other income includes gains and losses, as well as recurring interest income, and charitable donation expense. A $36.9 million pre-tax gain was recorded in 1999 for the sale of real estate properties and investments in MediaLinx and Pacific Place Cable. In 1998, a $34.4 million pre-tax gain, net of non-operating and investment losses, was recorded for the sale of investments and other properties. Interest income was $13.3 million lower due to lower investment balances, while charitable donation expense increased by $8.2 million due mainly to a funding commitment to the University of Alberta for 1999. Sinking fund income and other items increased by $2.3 million.

FINANCING COSTS (NOTE 4)

($ millions)	1999	1998	Change	%
	188.7	232.1	(43.4)	–18.7

Financing costs decreased due mainly to net debt repayments in 1999 and 1998. Also contributing to lower financing costs were foreign exchange gains of $9.4 million in 1999, compared with foreign exchange losses of $8.5 million in 1998.

INCOME TAXES (NOTE 5)

($ millions)	1999	1998	Change	%
Income before income taxes and non-controlling interest	**650.5**	1,121.6	(471.1)	–42.0
Income taxes	**296.9**	519.5	(222.6)	–42.8

Income taxes decreased primarily due to the reduction in income before income taxes and non-controlling interest.

RESTRUCTURING COSTS ($466.3 MILLION) (NOTE 1a) AND EXTRAORDINARY LOSS ($530.6 MILLION) IN 1998 (NOTE 6)

A restructuring charge was recorded in 1999 for the expected costs to complete merger-related restructuring activities. In 1998, BC TELECOM announced a change from regulated accounting practices to generally accepted accounting principles, similar to steps taken previously by most Canadian and U.S. telecommunications companies, including TELUS Corporation in 1997.

YEAR 2000 PROGRAM

The total expense associated with the Year 2000 readiness program was just under $80 million since inception, with approximately $27 million spent in 1999 and approximately $32 million in 1998. TELUS experienced no significant Year 2000-related problems or outages during the rollover.

LIQUIDITY AND CAPITAL RESOURCES

CASH AND TEMPORARY INVESTMENTS (BANK INDEBTEDNESS)

($ millions)	1999	1998	Change	%
	(32.3)	81.4	(113.7)	–

Cash balances available at the end of 1998 were used to reduce debt in 1999.

OPERATING ACTIVITIES

($ millions)	1999	1998	Change	%
Cash provided by operating activities adjusted for restructuring costs	**1,735.5**	1,634.1	101.4	6.2
Net change in non-cash working capital	**(90.4)**	(137.8)	47.4	34.4
Cash provided by operating activities	**1,645.1**	1,496.3	148.8	9.9

Cash provided by operating activities, adjusted to exclude the impact of restructuring, improved in 1999. This was mainly due to lower net financing costs, an improved EBITDA and lower cash income taxes. The use of cash due to working capital changes in 1999 was mainly due to the payment of restructure termination costs, higher income taxes receivable, and higher inventory, partially offset by a decrease in prepaid expenses and other. The working capital change in 1998 was due mainly to a reduction in accounts payable and an increase in prepaid expenses and other.

INVESTING ACTIVITIES

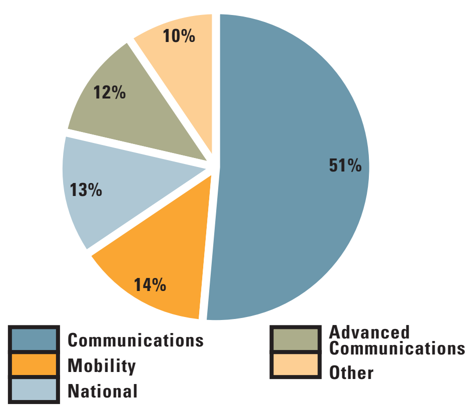
($ millions)	1999	1998	Change	%
Cash used by investing activities	**1,198.3**	1,035.6	162.7	15.7

Cash used by investing activities increased in 1999 due mainly to construction of a national fibre network and establishment of operations in Toronto and other cities, as detailed below. Proceeds from the sale of investments and assets were $51.8 million lower than in 1998. Merger transaction costs of $51.9 million were recorded in 1999. The increase in capitalized leases receivable was $41.8 million in 1999 and $24.4 million in 1998. Other investing activities for 1999 and 1998 were primarily reductions in plant-related inventory, salvage and other adjustments to capital assets.

CAPITAL EXPENDITURES BY SEGMENT

($ millions)	1999	1998	Change	%
TELUS Communications	**617.5**	677.0	(59.5)	– 8.8
TELUS Mobility	**165.2**	192.6	(27.4)	– 14.2
TELUS Advanced Communications	**147.3**	104.4	42.9	41.1
National	**155.3**	–	155.3	–
Other	**113.9**	119.2	(5.3)	– 4.4
Capital Expenditures	**1,199.2**	1,093.2	106.0	9.7

1999 CAPITAL EXPENDITURES



Capital expenditures increased due to construction of a national fibre infrastructure and the establishment of operations in Toronto and other cities. By year-end, 3,600 dark fibre route km were constructed. Three cities were in service, along with one voice switch and four ATM switches.

TELUS Communications capital expenditures were lower due to the wind-down of several projects including local number portability, a new area code for northern Alberta in 1998, and local competition. Mobility expenditures were lower due to completion of a customer care and billing system in 1998, and the rollout of the Alberta digital network in 1998. Advanced Communications capital expenditures increased primarily because of expansion of ADSL high-speed Internet services ($44.4 million).

Other capital expenditures decreased due mainly to the implementation of SAP financial systems in British Columbia in 1998. Lower infrastructure construction costs for the multimedia trial ($20.9 million) were offset by building upgrades and earthquake protection programs.

FINANCING ACTIVITIES

($ millions)	1999	1998	Change	%
Cash used by financing activities	**560.5**	776.0	(215.5)	–27.8

The only long-term debt issue in 1999 was an increase in capital leases. The amount of long-term debt retired in 1999 was $258.4 million, while in 1998, $934.3 million in long-term debt was retired and short-term debt increased by $494.5 million. In the summer of 1999, TELUS arranged medium-term note programs of $1 billion in BCT.TELUS, and $700 million in each of TELUS Communications (B.C.) Inc. (TCBC) and TELUS Communications Inc. (TCI). At year-end, there was $195 million in medium-term notes outstanding. There were no issues under the new medium-term note programs.

The merger of BC TELECOM Inc. and TELUS Corporation came into effect on January 31, 1999 (see Note 1a). The small repurchase of shares recorded in 1999 reflects a redemption of fractional shares for cash as part of the exchange of shares on the merger. The repurchase of common shares recorded in 1998 reflects a normal course issuer bid that TELUS Corporation had in place until August 1998. Common shares issues during 1999 were due to exercised stock options.

Dividend payments increased by $25.2 million due to the increase in the dividend rate paid to shareholders of TELUS Corporation after completion of the merger. This was offset slightly by a lower number of shares outstanding.

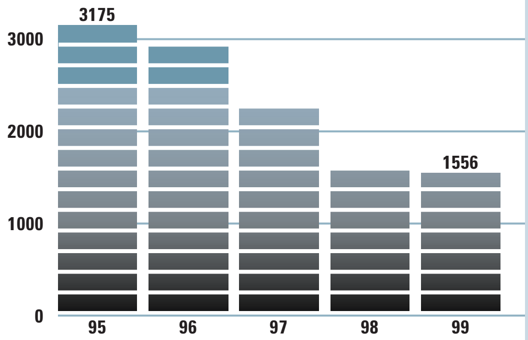
Credit Facilities

TELUS maintains short-term commercial paper programs with an approved maximum of $1.3 billion supported by committed bank credit facilities. At year-end, $627 million was outstanding under the commercial paper programs, and $380 million was reclassified to long-term debt. This $380 million portion of commercial paper is supported by long-term bank credit facilities.

LIQUIDITY AND CAPITAL RESOURCE RATIOS

(per cent)	1999	1998	Change
Debt to total capitalization	**33.0**	35.5	–2.5
Net debt to total capitalization (net of sinking fund assets)	**31.9**	34.2	–2.3
Cash flow to net debt	**81.3**	66.1	15.2
Construction funded internally	**109.3**	108.5	0.8

LONG-TERM DEBT
($ millions)



CREDIT RATINGS

	CBRS	DBRS
BCT.TELUS		
Debentures	A	A
Medium-term Notes	A	A
Commercial Paper	A-1	R-1 (middle)
TELUS Communications (B.C.) Inc. (TCBC)		
First Mortgage Bonds	A+ (High)	A (high)
Debentures	A (High)	A (high)
Medium-term Notes	A (High)	A (high)
Commercial Paper	A-1	R-1 (middle)
Preferred Shares	P-2 (High)	Pfd-2 (high)
TELUS Communications Inc. (TCI)		
Debentures	A	A (high)
Medium-term Notes	A	A (high)
Commercial Paper	A-1	R-1 (middle)

Canadian Bond Rating Service (CBRS) reaffirmed the rating of A-1 on BCT.TELUS commercial paper in August 1999 and assigned a rating of single-A to the new medium-term note program. Ratings for TCI commercial paper and senior debentures were reaffirmed and a rating of single-A was established for the new medium-term note program. The rating for TCBC First Mortgage Bonds was reaffirmed at A+ (High). Other ratings for TCBC were revised to A-1 from A-1 (High) for its commercial paper, to P-2 (High) from P-1 for preferred shares, and to A (High) from A+ (Low) for debentures and medium-term notes.

Before the downgrades, the TCBC's ratings were the strongest in the Canadian telecom industry and these downgrades bring the Company's ratings in line with CBRS's industry benchmarks. CBRS indicated that the previous ratings were no longer appropriate due to a perceived threat of impending competition in the local, long distance and high-speed Internet access markets. The outlook for all ratings was 'stable.'

In July 1999, Dominion Bond Rating Service (DBRS) confirmed its ratings for: BCT.TELUS commercial paper and debentures; TCI commercial paper and senior debentures; and TCBC commercial paper, first mortgage bonds, debentures, medium-term notes and preferred shares. On August 13, 1999, DBRS assigned ratings for the new medium-term note programs: single-A for BCT.TELUS and A (high) for both TCI and TCBC. The trend for all ratings was 'stable.'

OUTLOOK 2000

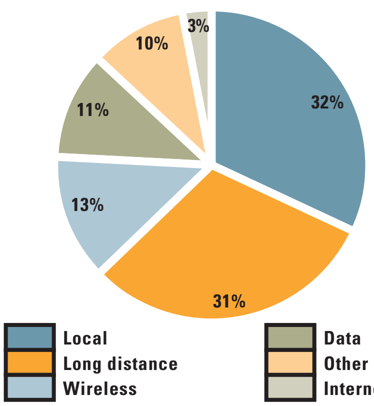
Canadian Telecommunications Industry

The Canadian telecommunications industry entered into an era of competition a decade ago. This has involved ongoing deregulation that has encouraged many new entrants into the industry. The full impact of these developments took hold in 1999 as the Canadian telecom landscape changed dramatically and events accelerated. These included the TELUS merger and the dismantling of the Stentor alliance of regional telcos. There was also the creation of Bell Nexxia and Bell Intrigna (Bell Canada and Manitoba Tel partnership) to enter Western Canada, the merger of AT&T Canada with MetroNet, Ameritech's 20% investment in Bell Canada and the success of new digital cellular entrants, Clearnet and Microcell.

In addition, we have also seen a global consolidation through a series of mergers among telecommunications companies, but also across industry lines such as a U.S. long distance company, AT&T, with a cable TV company, TCI, and recently an Internet company, AOL, with an entertainment company, Times Warner. As a result, most Canadian communications players have moved to align themselves with large global strategic partners, mainly U.S.-based.

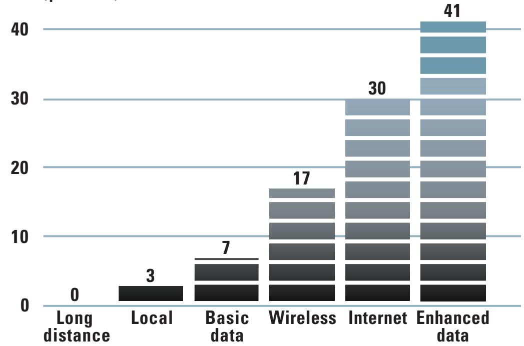
In 1999, the Canadian telecom industry generated revenue of about $28 billion, of which Bell Canada and its affiliated regional telcos controlled more than half and TELUS over a fifth. There are more than a dozen other companies competing for the remaining quarter of the market.

COMPONENTS OF 1999 ESTIMATED CANADIAN INDUSTRY REVENUE



The 1999 revenue growth in the Canadian telecom market was about 5%. However growth rates varied widely among the various services, with Internet and data leading the way with double-digit growth, while long distance decreased due to lower prices. As you can see below, we expect a range of growth rates going forward over the next five years. In Western Canada, TELUS is a supplier of all these services, and next year we will be providing these services in Central Canada.

CANADIAN 5-YEAR ESTIMATED ANNUAL REVENUE GROWTH TO 2004
(per cent)



Graph sources: Company research of public information and estimates.

These growth trends give credence to industry observers who are forecasting unprecedented growth in traffic (volume), many new users and an explosion of new communications services and applications. This is to be fuelled by continuing technology advances, rapid growth of the Internet and e-commerce, and cross-industry mergers, acquisitions and alliances. Decreasing prices and continued emergence of new providers is also expected. Clearly the industry remains one of many opportunities, but also many challenges.

Reporting Back

The following key issues from 1999 were identified in last year's TELUS Annual Report. Generally all these issues were important to the Company's progress and valuation last year.

Local, long distance and wireless competition in our western urban markets

Despite Sprint Canada's and AT&T's increasing presence in major western cities, we held local and long distance market share very well. We expected less long distance competition last year as competitors focused on local entry. Our competitive pricing policies for long distance, instituted in mid-1998 and 1999, plus bundling of services, were effective. By 1999, the quarterly year-over-year decreases in long distance revenue were moderating.

In the wireless business, TELUS chose not to concentrate marketing resources into the low revenue and high churn pre-paid customer segment and instead sustained its position in the higher revenue business segment. Given the fast growth in the pre-paid segment, our market share decreased by four points during the year. In addition, we had forecasted a 10% drop in average cellular monthly revenue per subscriber to $63, which turned out to be $60 in 1999. This can be attributed to several factors including a slowdown in the Alberta oil and British Columbia forestry sectors in the first half of the year and faster migration onto discounted rate plans.

The table below compares 1999 market share actuals to the expectations provided to shareholders in last year's Annual Report:

MARKET SHARE

	1999 Estimate	**1999 Actual**
Local	95%	**98%**
Long distance	70%	**71%**
Wireless	58%	**58%**

Positioning for fast growth of Internet access services and commercial applications

We led Canadian telcos with our aggressive rollout of high-speed Internet by doubling our original capital spending plan to $44 million. This enabled us to sign up more than 25,000 high-speed customers by year-end and, in total, to reach 313,000 Internet customers — a yearly increase of 45%.

Launch of TELUS data business into Ontario and Quebec. Valuation of our mature businesses separately from the growth businesses, including the new national business

Our competitive thrust into Eastern Canada began in Ontario with an initial November launch, but not into Quebec as previously expected. This was due to the complexity of the business and the longer time it took to put in place management, a sales force, the services and the network and support infrastructure. As a result, we believe the investment community is not yet ascribing full value into the TELUS share price for our $200 million investment in the national start-up businesses.

Success of integrating the British Columbia and Alberta operations without negatively impacting customer service — while achieving at least $50 million of cost efficiencies

The integration of British Columbia and Alberta operations as a result of the February 1999 merger is an ongoing two-year task. This year the Company overachieved on the estimated $50 million cost savings by an additional $20 million. We saw some 1,500 employees leaving their jobs from job duplication at the executive and management level and voluntary retirement programs for unionized workers. This resulted in a 900 net decrease after new hiring and redeployment to the growth parts of the business. This amount of change, combined with high demand for certain services such as second lines and high-speed Internet, caused stress to employee morale, union relations and at times customer service levels — for example, installation wait times.

Begin achieving good value for the 10-year technology and exclusive marketing agreement with GTE

Another crucial benefit from the merger was the strong alliance with a global player, GTE Corporation. With some $36 billion of annual revenue, GTE is a telecom company that is in the midst of a merger with Bell Atlantic. We entered into a 10-year marketing and technology agreement with GTE and have taken advantage of GTE's purchasing power for estimated discounts of $15 million. In addition, alliance payments to Stentor have been reduced by $30 million. In the last half of 1999, we organized to better achieve ongoing benefits from GTE in the areas of operational system savings and new product and service introductions over the next several years. These initiatives should cause us to roughly break even on the payment to GTE of US$45 million in 2000 and are estimated to exceed the US$50 million to be paid in 2001.

Finalizing Year 2000 compliance for our networks and computer systems

As explained previously, the TELUS and industry preparations to avoid Year 2000 network and computer system problems was a success, with no significant disruptions in service or systems.

Other issues

The August and September turnover of four executive management positions, including the Chief Financial Officer, President of TELUS Mobility and Chief Executive Officer, was unexpected. This clearly contributed to downward pressure on the TELUS share price in the fall. From the merger closing price of $40 per share in early 1999, the shares reached a low of $28.20 in November, but enjoyed a strong recovery through December (traded up to the $37 area and closed the year at $35.15) and back to the $40 range in February.

Key Issues for 2000

Important issues for investors to watch for in 2000 include:

- Appointment of a new President and CEO of TELUS and a President of TELUS Mobility
- Effectiveness of local competitors in our western urban markets
- Ramp-up of national sales beginning in the second quarter and extension of service to up to 20 more cities
- Access to digital/PCS spectrum outside Western Canada, which would allow the Company to compete more economically on our own facilities, rather than by cellular resale. Industry Canada expects to auction 40 MHz of PCS in the fall of 2000
- Investors ascribing more value (or lower discount) in the overall TELUS share price for its wireline, data, wireless and national assets
- Success completing the integration of British Columbia and Alberta operations without negatively impacting customer service due to rapid change in processes or labour unrest — while achieving $160 to $180 million of cost efficiencies
- Ability for the Company to capture a share of the fast growing market for high-speed Internet access services, web portal and content business and e-commerce applications
- Progress at Mobility to capture a larger share of the fast growing personal pre-paid segment. Also by increasing the digital base and introducing new wireless data and Internet services under development, a basis for future revenue growth can be created
- Achieving the financial earnings targets outlined below.

Financial Expectations for 2000

TELUS expects improved financial performance in 2000.

- Overall consolidated TELUS earnings per share will likely be in the range of $2.47 to $2.57, subject to a determination of our tax rate later in the year
- Included in our earnings per share are increased start-up losses for our National operations (telecom, cellular resale and directory advertising)
- Consolidated revenue growth is expected to be in the range of 2% to 3% from a base of $5.9 billion

- Merger cost savings are expected to ramp up next year to a range of $160 to $180 million ($70 million in 1999)
- Earnings before interest, taxes, depreciation and amortization (EBITDA) is targeted to increase by 4% to 6% from $2.3 billion
- Operating cash flow, before restructuring charges, is expected to increase by approximately 10% from $1.7 billion
- Capital spending is expected to increase approximately $150 million to around $1.3 billion, as TELUS invests a higher proportion into high growth initiatives such as the national rollout, high-speed data and Internet access and e-commerce
- Revenues from National expansion are expected to approach $350 million by the year 2002.

Revenue growth in 2000 is expected from data (10–12% range), which includes over 30% growth in Internet, resumed wireless growth, and national start-up. Partially offsetting this will be slightly lower wireline revenues due to regulated decreases of about $47 million under the local price cap formula (4.5% productivity factor less inflation factor) and competitive inroads as we expect to lose about 3% local market share. Wireline will generate increased revenues from sales of enhanced services, second lines and wholesale operator services.

Operations expenses of $3.5 billion in 1999 are expected to be up slightly in 2000. The $90 million to $110 million of additional synergy savings in 2000 are expected to be offset by increased expenses in the growth areas of the business such as the national rollout and data and Internet services. Depreciation expense should be up only slightly.

It should be noted that these 2000 projections are subject to a number of forecast sensitivities that are very real given today's competitive activity and fast changing environment. The sensitivities include, but are not limited to, those listed in the next section.

With a low net debt to total capitalization ratio of 32% at the end of 1999 and a long-term target in the 40% area, the Company has significant capacity to raise additional debt. TELUS believes that its internally generated cash flow combined with its ability to access external capital provides sufficient resources to finance its cash requirements during 2000.

TELUS has $327 million of debt due within one year. The combination of a commercial paper program, a revolving line of credit and internal cash flow is available to repay our obligations. It is likely that some longer term debt will also be raised under one or more medium-term note programs.

The 1999 quarterly dividend for TELUS was 35 cents for common and non-voting shares. It is expected that dividends in 2000 will continue at this rate. However, the Board of Directors makes this decision on a quarter-by-quarter basis.

Based on the current situation, the financial position of TELUS should remain strong in 2000.

Risks and Uncertainties

Competition

The most significant uncertainties facing TELUS in the coming year relate to additional competition that not only affects customer growth rates but also revenue growth, if prices decrease too quickly.

TELUS expects increased competition in 2000 primarily in the local marketplace, which was opened up by the federal regulator in 1998. Although competitors entered the local market quite slowly, this began to change in the last half of 1999. Sprint Canada began their national launch in Calgary in February, Vancouver in August and Toronto and other eastern locations in the fall of 1999. In addition, AT&T Canada, who merged with MetroNet, has been increasingly active. Bell Nexxia and Bell Intrigna have spent 1999 preparing their competitive networks and have begun to market their business services in various urban markets with an expected launch in the first half of 2000. GT Group Telecom's deal to acquire Shaw Fiberlink late in 1999 will provide them with significant local fibre facilities in Western Canada.

In addition, there are more than a dozen niche competitors that are in various stages of start-up (e.g. Cannect Communications, RSL Com, OCI, Norigen, Excel, Qwest and various Internet Service Providers). These new entrants may alienate some customers with unwanted choice and sales pitches, but many appear well capitalized and may impact general pricing levels and gain some market share. Some of these companies are offering fibre-optic facilities in and between certain city locations and are aligned with other partners such as cable TV companies (e.g. GT Group Telecom).

In 1999, cable TV companies enjoyed success in their high-speed Internet access business. Telecommunication companies across North America are also working on their competitive Internet access products such as Asynchronous Digital Subscriber Loop (ADSL) and G-Lite that successfully run on the copper network. TELUS plans to spend $72 million in 2000 on this initiative and will carefully assess that spending during the year. We will monitor customer demand and determine the need to extend high-speed Internet services to a greater number of households — currently 60% of the urban target market or about 46% overall.

Long distance competition should continue to moderate in 2000 as competitors will likely want to maintain margins and cash flow to fund the cost of their entry into the local service business. We believe price competition in local will not occur to the same extent it did in long distance, however we do expect discounting through bundling of multiple services. We must remain responsive to major competitors should they initiate price reductions on a stand-alone basis or through local, Internet and wireless service bundles.

Cellular competition will remain strong in 2000 with four other companies active in the market — Rogers AT&T Wireless, Clearnet, Microcell and beginning in March, Bell Mobility by way of resale. TELUS will begin cellular resale in March 2000 in Ontario, Saskatchewan and Manitoba. Certain competitors have been successful in attracting lower paying customers using pre-paid offers. We have responded in only a limited way with competitive pre-paid offers of our own, but we continue to successfully focus on the higher end post-paid part of the market. TELUS has only 6% of its 1.1 million cellular customers on pre-paid plans. As a result, we should continue to enjoy one of the highest average revenue per customer rates (1999 $60 per month) in Canada, but it will likely fall by around 10% this year as we move more aggressively into the pre-paid market.

Two other areas of competition, which may negatively impact our wireline local business over the next several years are digital wireless phones and Internet telephony. One cellular competitor encourages customers to substitute a digital wireless phone for the fixed home phone line. As a full-service provider, TELUS can obviously respond should this become a sizeable trend. Many Canadian and U.S. cable TV companies are running trials of cable telephony and voice over the Internet and may launch some form of local and long distance service within the next one or two years. TELUS is running trials of its own and working with GTE on having its own Internet-based telephone services as the technology is perfected.

Regulation

In 2000, Industry Canada is expected to hold an auction for a reserved 40-MHz block of additional digital/PCS spectrum. TELUS is participating in the current public proceeding that will set the ground rules for the auction and plans to be a bidder. Winning spectrum outside TELUS Mobility's current operating territory at a reasonable price would enhance our plans to offer wireless service nationally. We believe the economics of owned facilities will be superior to resale. However, there is no assurance that:

- the auction will take place in 2000, as some competitors are lobbying to delay it
- the auction rules or amount of spectrum available will be ideal for our business case or
- we will win spectrum in the auction.

In the absence of national wireless spectrum, TELUS may consider acquisitions as an alternate way to obtain spectrum.

CRTC regulatory proceedings that could affect operations in 2000 include access to public rights-of-way. This issue is important to our planned fibre builds in Toronto, Ottawa and Montreal as well as other Canadian cities. We have not agreed to the access demands of the City of Toronto and in December 1999 asked the CRTC for an interim order. This order would allow us to proceed with construction, subject to the outcome of the CRTC proceeding that has been initiated to deal with a similar situation between Ledcor (a fibre-network construction company) and the City of Vancouver. It is expected this process will establish principles for future negotiations for access to municipal rights-of-way.

Technological Change

The pace and the scope of technological advancements in our industry is expected to continue to accelerate in the foreseeable future. This offers great opportunities, while at the same time presents many challenges.

A few key examples of the opportunities provided by technology include the following: The advancement in digital subscriber loop (DSL) technology allows us to extend the life of our copper plant while offering high value high-speed access services to our large customer base. The emergence of Internet Protocol (IP)-based network architecture creates unprecedented opportunities for us to develop new software-based services, such as e-commerce for customers, while increasing network efficiency by delivering both voice and data services on a single network infrastructure. The unprecedented opportunities in laser technology allow us to deliver more information faster on the existing fibre infrastructure, while reducing the cost. The advancements in digital cellular technology position us to emulate the rich service environment of wireline-based services with the added convenience of wireless.

Technological advancements also present us with many challenges. Two of the universal characteristics of technological advancements are lower unit costs and increasing flexibility. This creates opportunities for new competitors to offer price reductions and service differentiation to gain market share. Incumbent players in the market, such as TELUS in Western Canada, must invest in new technologies at a faster pace in order to remain competitive. TELUS and GTE must make the difficult timing calls of whether to invest early or wait until new technologies have proven successful, been improved or failed. Existing business processes must also be continually revisited and upgraded to reflect the capabilities of the new technologies.

Human Resources

In the face of increasing competition from new entrants, technological change and increasing customer demands, attracting and keeping the best and brightest employees is increasingly important for a telecommunications company's success. The TELUS merger and the associated organizational change and downsizing has resulted in approximately 1,500 employees leaving the company and, as expected, a proportion have joined competitors. TELUS very carefully benchmarks to comparable companies to ensure we are paying competitively and continue to be an attractive employer for both current and new employees. However, TELUS and the telecom industry cannot ensure that shortages of skilled employees will not occur from time to time.

It is also increasingly important in this competitive environment that union agreements provide increased flexibility to meet evolving customer needs. TELUS applied to the Canada Industrial Relations Board (CIRB) for a common employer designation to combine various bargaining units. The CIRB hearing process, including mediation and arbitration to speed the process, has been proceeding for a year. As we bargain new agreements for some 16,000 employees, we must negotiate mutually acceptable contracts that balance customer needs with those of the employees, while taking account of the realities of our dynamic industry. The negotiating process always has the potential risk of labour unrest.

In 2000, TELUS employees must again cope with the distraction and inward focus of consummating a major merger — a two-year process. We have completed the difficult management selection process in 1999, but work continues on the more complex tasks of integrating systems and processes. For example, in 2000 we are consolidating three data centres into one and six network operating centres into two.

Growth Strategy

A crucial strategic focus of the merger in 1999 was the growth platform it created for TELUS. With continued competitive entry by new entrants in British Columbia and Alberta, revenue growth is slowing. Our revenue growth in 1999 was 1% compared to 5% the year before. We are launching into a market approximately double the size of our western market. We expect this will provide increasing revenue growth over the next few years (target of $350 million by 2002), but will require a significant amount of funds for capital expenditures and usual start-up losses.

In addition, we will be working hard to replace revenues lost to competitive activity in the West by concentrating on the growth businesses — data, Internet, e-commerce, wireless, enhanced wireline services, second lines and related opportunities.

Competitive Strategy

Competitive strategy at TELUS will revolve around tailoring our services to various customer groups and striving to provide excellent customer service, high-quality products and competitive pricing.

Given the large number of new competitors, we need to be very responsive to customer requests for information and service levels and pricing. We are also focusing on promotions to those customer segments — primarily business — that are most susceptible to competitive approach.

A key competitive tool available to a full-service provider like TELUS against niche players is product bundling. For example, for $47.79 per month, residential customers in Alberta receive local service, up to 11 enhanced services, plus a choice of one of three long distance discount plans starting at a $10 price point. For an additional $20.75, customers can add 100 hours a month of Internet use. Customers appreciate the simplicity, price certainty and convenience of dealing with only one telecommunications provider. We have sold more than 400,000 residential and business customers these types of packaged services in little over a year. In the business market, one-year contracts are being well received. These tools should prove useful in continuing to minimize market share losses.

On the digital cellular front, we will continue to be price competitive, while ensuring our customer satisfaction ratings remain high. We will continue to refine our offers of cellular, new digital enhanced features and/or long distance. We will also look to continue superior coverage and functionality for our customers with the continued rollout of tri-mode phones. These phones provide digital features at 1.9 GHz and 800 MHz and conventional analog service elsewhere across North America.

On the national front we are targeting the small- and medium-sized business sectors, plus a select list of large customers, that we believe we can serve nationally. We are pursuing a value proposition for customers that integrates advanced data, voice and cellular products. We are utilizing a service approach that focuses on a single point of contact, a single contract and a single bill — all combined with a superior customer care process. The sales force undergoes an intense two-month training and orientation before beginning the customer contact and complex sales process.

In competitive markets, a key marketing advantage is a well recognized brand. Research has proven that the TELUS brand name is an excellent one, well regarded not only in Western Canada but also in Ontario. With the explosion of Internet and communications companies in recent years, all attractive names with "tel" are long gone and competitors are stuck with less than memorable alternatives. The rebranding in British Columbia in the fall of 1999 was exceedingly well received and "TELUS" now commands a leading 80% "top of mind" awareness factor. The brand is increasingly recognized in Ontario and we will continue to build brand equity throughout 2000.

We believe that we must stay price competitive with our major competitors to maintain our healthy market share positions. Excellent service levels and well regarded brands cannot overcome non-competitive prices, especially in the more mass consumer markets. We are increasingly segmenting our markets to provide the proper balance of service, value, cost and price to ensure we are delivering consumer value with a fair return to our shareholders.

Our market share goals in Alberta and British Columbia remain aggressive for the end of 2000, as compared to 1999. We show these estimates below and the estimated impact on revenue of a 1% variance in these shares:

MARKET SHARES	2000 Estimate	**1999 Actual**	Estimated Revenue Impact of a 1% Change
Local	94 – 95%	**98%**	$ 15 million
Long distance	69 – 70%	**71%**	$ 9 million
Wireless	54 – 55%	**58%**	$ 15 million

QUARTERLY FINANCIAL DATA

Three Months Ended (millions)	March 31	June 30	Sept. 30	Dec. 31	**Total**
1999					
Operating revenues	$ 1,430.2	$ 1,454.8	$ 1,460.3	$ 1,527.0	**$ 5,872.3**
Operating expenses	1,126.7	1,147.6	1,136.8	1,195.9	**4,607.0**
Operating Income	303.5	307.2	323.5	331.1	**1,265.3**
Other income, net	2.3	3.5	5.7	28.7	**40.2**
Financing costs	46.6	45.2	50.3	46.6	**188.7**
Restructuring costs	466.3	–	–	–	**466.3**
Income (Loss) Before Income Taxes and Non-controlling Interest	(207.1)	265.5	278.9	313.2	**650.5**
Income taxes	(77.9)	130.1	134.2	110.5	**296.9**
Income (Loss) Before Non-controlling Interest	(129.2)	135.4	144.7	202.7	**353.6**
Non-controlling interest	0.4	1.1	0.4	2.0	**3.9**
Net Income (Loss)	(129.6)	134.3	144.3	200.7	**349.7**
Preference and preferred share dividends	1.1	0.7	0.8	0.9	**3.5**
Common Share Income (Loss)	$ (130.7)	$ 133.6	$ 143.5	$ 199.8	**$ 346.2**
Earnings (loss) per common share ($)	(0.55)	0.56	0.61	0.84	**1.46**
Earnings per common share before restructuring costs ($)	0.57	0.56	0.61	0.84	**2.58**
Average Common Shares Outstanding	236.6	236.6	236.6	236.6	**236.6**
1998					
Operating revenues	$ 1,438.1	$ 1,437.4	$ 1,451.2	$ 1,507.2	**$ 5,833.9**
Operating expenses	1,104.2	1,127.7	1,115.9	1,189.3	**4,537.1**
Operating Income	333.9	309.7	335.3	317.9	**1,296.8**
Other income, net	5.6	51.7	(10.2)	9.8	**56.9**
Financing costs	58.4	60.7	57.6	55.4	**232.1**
Income Before Income Taxes and Non-controlling Interest	281.1	300.7	267.5	272.3	**1,121.6**
Income taxes	135.6	135.3	126.0	122.6	**519.5**
Income Before Non-controlling Interest	145.5	165.4	141.5	149.7	**602.1**
Non-controlling interest	1.1	1.1	1.2	1.2	**4.6**
Income Before Extraordinary Item	144.4	164.3	140.3	148.5	**597.5**
Extraordinary Loss	530.6	–	–	–	**530.6**
Net Income (Loss)	(386.2)	164.3	140.3	148.5	**66.9**
Preference and preferred share dividends	0.9	0.9	0.8	0.9	3.5
Common Share Income (Loss)	$ (387.1)	$ 163.4	$ 139.5	$ 147.6	**$ 63.4**
Earnings (loss) per common share ($)	(1.63)	0.69	0.58	0.63	**0.27**
Earnings per common share before extraordinary item ($)	0.60	0.69	0.58	0.63	**2.51**
Average Common Shares Outstanding	237.3	237.1	236.6	236.6	**237.0**

MANAGEMENT'S REPORT

Management is responsible to the Board of Directors for the preparation of the consolidated financial statements of the Company and its subsidiaries. These statements have been prepared in accordance with generally accepted accounting principles and necessarily include some amounts based on estimates and judgments. Financial information presented elsewhere in this Annual Report is consistent with that in the consolidated financial statements.

The Company maintains a system of internal control which provides management with reasonable assurance that assets are safeguarded and that reliable financial records are maintained. This system includes written policies and procedures, an organizational structure that segregates duties and a comprehensive program of periodic audits by the internal auditors. The Company has also instituted policies and guidelines which require employees to maintain the highest ethical standards.

The external auditors of the Company, Arthur Andersen LLP, have been appointed by the shareholders to express an opinion as to whether these consolidated financial statements present fairly the Company's consolidated financial position and operating results in accordance with generally accepted accounting principles. Their report follows.

The Board of Directors has reviewed and approved these consolidated financial statements. To assist the Board in meeting its responsibility, it has appointed an Audit Committee which is composed entirely of outside directors. The committee meets periodically with management, the internal auditors and the external auditors to review internal controls, audit results and accounting principles and practices. The committee's terms of reference are available, on request, to shareholders.

Barry A. Baptie
Executive Vice-President
and Chief Financial Officer

AUDITORS' REPORT

TO THE SHAREHOLDERS OF BCT.TELUS COMMUNICATIONS INC.

We have audited the consolidated balance sheets of BCT.TELUS Communications Inc. as at December 31, 1999 and 1998 and the consolidated statements of income, retained earnings and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1999 and 1998 and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles. As required by the British Columbia Companies Act, we report that, in our opinion, these principles have been applied on a consistent basis.

Arthur Andersen LLP

Chartered Accountants

Vancouver, B.C.

January 28, 2000

CONSOLIDATED STATEMENT OF INCOME

Years Ended December 31 (millions)	1999	1998
OPERATING REVENUES		
Local service	**$ 3,195.0**	$ 3,160.2
Long distance service	**1,609.1**	1,720.1
Other (Note 2)	**1,068.2**	953.6
	5,872.3	5,833.9
OPERATING EXPENSES		
Operations	**3,544.9**	3,515.2
Depreciation and amortization	**1,062.1**	1,021.9
	4,607.0	4,537.1
OPERATING INCOME	**1,265.3**	1,296.8
Other income, net (Note 3)	**40.2**	56.9
Financing costs (Note 4)	**188.7**	232.1
Restructuring costs (Note 1a)	**466.3**	–
INCOME BEFORE INCOME TAXES AND NON-CONTROLLING INTEREST	**650.5**	1,121.6
Income taxes (Note 5)	**296.9**	519.5
INCOME BEFORE NON-CONTROLLING INTEREST	**353.6**	602.1
Non-controlling interest	**3.9**	4.6
INCOME BEFORE EXTRAORDINARY ITEM	**349.7**	597.5
Extraordinary loss (Note 6)	**–**	530.6
NET INCOME	**349.7**	66.9
Preference and preferred share dividends	**3.5**	3.5
COMMON SHARE INCOME	**$ 346.2**	$ 63.4
EARNINGS PER COMMON SHARE ($)		
Income before restructuring costs and extraordinary item	**2.58**	2.51
Common share income	**1.46**	.27
AVERAGE COMMON SHARES OUTSTANDING	**236.6**	237.0

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Years Ended December 31 (millions)	1999	1998
BALANCE AT BEGINNING OF YEAR	**$ 1,495.9**	$ 1,772.3
Net income	**349.7**	66.9
	1,845.6	1,839.2
Less – Preference and preferred share dividends	**3.5**	3.5
– Premium paid on repurchase of shares	**1.3**	33.8
– Merger costs (Note 1a)	**51.9**	–
– Common share dividends	**331.4**	306.0
BALANCE AT END OF YEAR	**$ 1,457.5**	$ 1,495.9

CONSOLIDATED BALANCE SHEET

As At December 31 (millions)	1999	1998
ASSETS		
Current Assets		
Cash and temporary investments	**$ –**	$ 81.4
Accounts receivable (Note 7)	**629.1**	659.7
Income taxes receivable	**69.0**	34.4
Inventories	**56.3**	46.1
Current portion of future income taxes	**266.0**	147.9
Current portion of sinking fund assets (Note 10)	**105.4**	32.8
Prepaid expenses and other	**120.5**	147.7
	1,246.3	1,150.0
Property, plant and equipment, net (Note 8)	**5,873.4**	5,827.6
Other Assets		
Deferred charges (Note 9)	**117.1**	121.8
Future income taxes	**420.8**	528.8
Sinking fund assets (Note 10)	**–**	92.8
Investments	**4.7**	5.1
Leases receivable	**66.3**	24.5
Goodwill (Note 1g)	**64.8**	68.0
Other	**17.7**	41.9
	691.4	882.9
	$ 7,811.1	$ 7,860.5
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Bank indebtedness	**$ 32.3**	$ –
Accounts payable and accrued liabilities	**929.8**	709.2
Dividends payable	**83.6**	77.4
Advance billings and customer deposits	**175.6**	169.7
Short-term obligations (Note 12)	**573.2**	781.9
	1,794.5	1,738.2
Long-term debt (Note 13)	**1,555.5**	1,608.7
Other long-term liabilities	**141.0**	161.0
Non-controlling interest	**12.4**	9.6
Shareholders' equity (Note 14)		
Common equity	**4,238.0**	4,273.3
Preference and preferred shares	**69.7**	69.7
	4,307.7	4,343.0
	$ 7,811.1	$ 7,860.5
Commitments (Note 15)		

Approved by the Directors:

Harold P. Milavsky, Director

Ronald P. Triffo, Director

CONSOLIDATED CASH FLOW STATEMENT

Years Ended December 31 (millions)	1999	1998
OPERATING ACTIVITIES		
Income before extraordinary item	**$ 349.7**	$ 597.5
Items not affecting cash:		
Depreciation and amortization	**1,062.1**	1,021.9
Future income taxes	**(10.1)**	81.5
Non-cash restructuring related write-offs	**79.9**	–
Gain on disposal of property and investments (Note 11)	**(36.9)**	(46.3)
Sinking fund earnings	**(12.6)**	(11.4)
Other, net	**(26.1)**	(9.1)
Operating cash flow	**1,406.0**	1,634.1
Provision for future cash restructuring costs	**329.5**	–
Operating cash flow adjusted for restructuring costs	**1,735.5**	1,634.1
Net change in non-cash working capital	**(90.4)**	(137.8)
Cash provided by operating activities	**1,645.1**	1,496.3
INVESTING ACTIVITIES		
Capital expenditures	**(1,199.2)**	(1,093.2)
Proceeds from the sale of property and investments (Note 11)	**40.2**	92.0
Merger costs	**(51.9)**	–
Other	**12.6**	(34.4)
Cash used by investing activities	**(1,198.3)**	(1,035.6)
FINANCING ACTIVITIES		
Common shares issued	**3.5**	7.9
Repurchase of common shares	**(1.8)**	(47.7)
Dividends to shareholders	**(334.9)**	(309.7)
Long-term debt issued	**44.2**	13.9
Redemptions of long-term debt	**(258.4)**	(934.3)
Sinking fund withdrawal (contribution)	**32.7**	(2.0)
Change in short-term obligations	**(47.7)**	494.5
Other	**1.9**	1.4
Cash used by financing activities	**(560.5)**	(776.0)
Decrease in cash	**(113.7)**	(315.3)
Cash and temporary investments, beginning of year	**81.4**	396.7
Cash and temporary investments (bank indebtedness), end of year	**$ (32.3)**	$ 81.4
SUPPLEMENTAL DISCLOSURE		
Interest paid	**$ 204.7**	$ 249.6
Income taxes paid	**$ 341.6**	$ 517.3

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and in conformity with prevailing practices in the Canadian telecommunications industry. These statements conform in all material respects with International Accounting Standards.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The term "Company" is used to mean BCT.TELUS Communications Inc. and where the context of the narrative permits or requires, its subsidiaries.

(a) Business Combination

On January 31, 1999, the operations of BC TELECOM Inc. (BC TELECOM) and TELUS Corporation (TELUS) were merged to form BCT.TELUS Communications Inc. The merged Company is engaged in providing communications services and solutions for consumers and businesses.

The nature of the business combination was such that neither of the combining companies could be identified as the acquirer for accounting purposes. Therefore, the business combination has been accounted for using the pooling of interests method of accounting whereby the consolidated financial statements reflect the combined carrying values of the assets, liabilities and shareholders' equity, and the combined operating results of BC TELECOM and TELUS for all periods presented.

Under the terms of the merger, shares of BC TELECOM were exchanged on a one-for-one basis and shares of TELUS were exchanged on a one for 0.7773 basis for shares in BCT.TELUS Communications Inc. Subsequent to the exchange, the former shareholders of BC TELECOM held 52.5% and the former shareholders of TELUS held 47.5% of the 177,427,492 outstanding voting common shares of the combined company. On February 1, 1999, the closing market price of the BCT.TELUS Communications Inc. voting common shares was $42.50.

A summary of the book values of the assets and liabilities at the date of the merger is as follows:

(millions)	BC TELECOM	TELUS
Assets:		
Current assets	$ 476.3	$ 497.5
Property, plant and equipment, net	3,156.9	2,713.8
Other assets	388.4	604.5
	4,021.6	3,815.8
Less:		
Current liabilities	1,017.8	861.6
Long-term debt	883.7	558.5
Other liabilities	77.0	10.4
Non-controlling interest	9.7	–
Net assets	$ 2,033.4	$ 2,385.3

The operating results of BC TELECOM and TELUS for the month ended January 31, 1999 are as follows:

(millions)	BC TELECOM	TELUS
Revenue	$ 261.8	$ 215.3
Income before interest and taxes	60.6	35.2
Net income	29.5	15.3

A charge of $466.3 million was recorded in the first quarter of 1999 for the expected costs in 1999 and 2000 to complete merger-related restructuring activities. More than half of this charge is for management termination costs and the costs of voluntary early retirement programs. The business restructuring also included the rationalization of real estate, the impairment of assets in two start-up businesses that were reassessed in relation to national growth plans and consulting costs from merger integration activities.

Third party costs to effect the merger arrangement were charged to retained earnings in the first quarter of 1999. These costs totalled $51.9 million and included financial adviser fees, regulatory filing fees, legal and accounting fees, and printing and mailing costs.

The financial statements of BC TELECOM and TELUS have been adjusted to put the accounting methods used by the two companies on a common basis. As part of this process, TELUS Mobility Cellular Inc. has changed its accounting policies relating to the recognition of customer acquisition costs and access revenues. This change was applied retroactively and resulted in a prior period adjustment charging retained earnings with $25.3 million net of tax as at January 1, 1998. The 1998 results have been restated to reflect this change as follows:

(millions)	Increase (Decrease)
Revenue	$ (0.3)
Operations expense	8.0
Financing costs	1.7
Income tax	(4.5)
Net income	$ (5.5)
Prepaid expenses and other	$ (23.3)
Deferred charges	(27.4)
Current liabilities	(19.9)
Closing retained earnings	$ (30.8)

(b) Consolidation

The consolidated financial statements include the accounts of the Company and all of the Company's subsidiaries, of which the principal ones are TELUS Communications Inc., TELUS Communications (B.C.) Inc. (formerly BC TEL), TELUS Mobility Cellular Inc., TELUS Mobile Inc., TELUS Services Inc., TELUS Systems Support Inc., Telecom Leasing Canada (TLC) Limited, and ISM Information Systems Management (B.C.) Corporation (75%).

(c) Inventories

Inventories are valued at the lower of cost and net realizable value, with cost being determined on an average cost basis.

(d) Property, Plant and Equipment (Property)

Property is recorded at historical cost and, with respect to self-constructed property, includes materials, direct labour and applicable overhead costs. In addition, where construction projects exceed $20 million and are of a sufficiently long duration, an amount is capitalized for the cost of funds used to finance construction. This amount is included in the Consolidated Statement of Income as an offset against financing costs. The rate for calculating the capitalized financing costs is based on the Company's one-year cost of borrowing. In 1999, $1.6 million of financing costs was capitalized ($5.9 million – 1998).

When property, plant and equipment is sold by the Company, the historical cost less accumulated depreciation is netted against the sale proceeds and the difference is included in the Consolidated Statement of Income.

(e) Depreciation

Assets are depreciated on a straight-line basis over their estimated useful life as determined by a continuing program of engineering studies. The composite depreciation rate for the year ended December 31, 1999 was 7.8% (7.9% – 1998).

(f) Deferred Charges

Deferred charges include deferred pension costs, more fully described in Note 16, deferred costs of issuing debt and deferred start-up costs. The deferred start-up costs are amounts relating to information services contracts that will be matched with related revenues. Discounts on long-term debt are amortized to interest expense on a straight-line basis over the remaining lives of the related liabilities. Where interest coupons and residuals are held as separate investments in sinking funds, discounts are amortized over the period to maturity or call date so as to produce a constant rate of return on the investments.

(g) Goodwill

Goodwill represents the excess of the cost of acquired businesses over the fair value attributed to the net identifiable assets. Goodwill is being amortized on a straight-line basis over either 12 or 15 years. Management estimates the value of goodwill to be not less than the unamortized balance at December 31, 1999.

(h) Income Taxes

The Company and its subsidiaries follow the liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes that are more likely than not to be realized.

The balance of future income taxes at December 31, 1999 consists mainly of reserves not available for current deduction, undepreciated capital cost in excess of net book value of capital assets arising from the difference between the Company's depreciation rates and those prescribed for income tax purposes and tax losses available to be carried forward.

(i) Leases

Leases are classified as capital or operating depending upon the terms and conditions of the contracts.

Where the Company is the lessor, the majority of capital leases are through its subsidiary, Telecom Leasing Canada (TLC) Limited, which acts as a financing intermediary. The long-term leases receivable represent the present value of future lease payments receivable due beyond one year. Finance income derived from these financing leases is recorded so as to produce a constant rate of return over the terms of the leases.

Where the Company is the lessee, asset values recorded under capital leases are amortized on a straight-line basis over the term of the lease. Obligations recorded under capital leases are reduced by lease payments net of imputed interest.

Revenue from operating leases of equipment is recognized when service is rendered to customers. The leased equipment is depreciated in accordance with the Company's depreciation policy.

(j) Other Long-term Liabilities

Included in Other Long-term Liabilities are contributions from the Government of Alberta under the Individual Line Service program, which are recognized as income on a straight-line basis over the estimated useful life of the related assets. The amount to be recognized as income within one year is included with Advance Billings and Customer Deposits in the Consolidated Balance Sheet.

(k) Research and Development

Research and development costs are expensed in the period in which they are incurred unless they meet certain identifiable criteria for deferral. Research and development costs expensed during the year amounted to $2.5 million ($61.6 million – 1998).

(l) Translation of Foreign Currencies

Trade transactions completed in foreign currencies are translated into Canadian dollars at the rates prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into equivalent Canadian dollars at the rate of exchange in effect at the balance sheet date with any resulting gain or loss being expensed. Gains or losses arising from translation of non-current monetary liabilities are deferred and amortized over the remaining lives of the related liabilities.

(m) Financial Instruments

The Company's financial instruments consist of cash and temporary investments, accounts receivable, leases receivable, sinking fund assets, bank indebtedness, accounts payable and accrued liabilities, dividends payable, notes payable under commercial paper programs and long-term debt.

The carrying value of cash and temporary investments, bank indebtedness, accounts receivable, leases receivable, accounts payable and accrued liabilities, dividends payable and notes payable under commercial paper programs approximates their fair values due to the immediate or short-term maturity of these financial instruments. The fair values of the Company's sinking fund assets are determined by quoted market prices at the balance sheet date. The fair value of the Company's long-term debt is estimated based on quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same maturity as well as the use of discounted future cash flows using current rates for similar financial instruments subject to similar risks and maturities. As of December 31, 1999 the estimated fair value of long-term debt exceeded the carrying value by approximately $249 million ($463 million – 1998).

The Company is exposed to interest rate risk arising from fluctuations in interest rates on its temporary investments, sinking fund assets, notes payable under commercial paper programs and long-term debt.

The Company uses various financial instruments which are not reflected on the balance sheet to reduce or eliminate exposure to interest rate and currency risks, and as part of structured financing. These instruments are accounted for on the same basis as the underlying exposure being hedged. At December 31, 1999, the total notional amount of derivative financial instruments outstanding was $442.4 million ($416.5 million – 1998). The fair market value of these instruments at December 31, 1999 exceeded their carrying value by approximately $1 million ($4 million – 1998). Use of these instruments is subject to a policy which requires that no derivative transaction be effected for the purpose of establishing a speculative or a levered position and sets criteria for the credit worthiness of the transaction counterparties.

The Company is exposed to credit risk with respect to its short-term deposits and sinking fund assets. Credit risk is minimized substantially by ensuring that these financial assets are placed with governments, well-capitalized financial institutions and other creditworthy counter-parties. An ongoing review is performed to evaluate changes in the status of counter-parties.

The Company is exposed to credit risk with respect to its accounts and leases receivable, however, this is minimized by the Company's large customer base which covers all consumer and business sectors in British Columbia and Alberta. The Company follows a program of credit evaluations of customers and limits the amount of credit extended when deemed necessary. The Company maintains provisions for potential credit losses, and any such losses to date have been within management's expectations.

2. OTHER REVENUES

(millions)	**1999**	1998
Service and equipment sales	**$ 405.1**	$ 372.3
Directory advertising and sales	**292.2**	277.5
Information services	**167.7**	111.4
Rental	**92.7**	104.7
Other	**110.5**	87.7
	$ 1,068.2	$ 953.6

3. OTHER INCOME, NET

(millions)	**1999**	1998
Gain on disposal of property and investments	**$ 36.9**	$ 46.3
Interest income	**10.1**	23.4
Sinking fund income	**12.6**	11.4
Non-operating loss from joint venture	**–**	(7.2)
Investment loss	**–**	(4.7)
Charitable donations	**(14.7)**	(6.5)
Other	**(4.7)**	(5.8)
	$ 40.2	$ 56.9

4. FINANCING COSTS

(millions)	1999	1998
Interest on long-term debt	**$ 169.2**	$ 211.2
Other interest	**30.5**	18.3
Foreign exchange loss (gain)	**(9.4)**	8.5
	190.3	238.0
Allowance for funds used during construction	**1.6**	5.9
	$ 188.7	$ 232.1

5. INCOME TAXES

(millions)	1999	1998
Current	**$ 307.0**	$ 438.0
Future	**(10.1)**	81.5
	$ 296.9	$ 519.5

A reconciliation of the statutory income tax rate to the effective income tax rate is as follows:

	1999	1998
Basic federal and provincial statutory income tax rate	**45.5%**	45.2%
Non-deductible portion of amortization of acquired assets	**0.5**	0.3
Non-taxable portion of gain on disposal of assets	**(0.6)**	(0.9)
Other	**(1.1)**	0.8
	44.3	45.4
Large corporations tax	**1.3**	0.9
Effective rate per Consolidated Statement of Income	**45.6%**	46.3%

6. EXTRAORDINARY LOSS

In March 1998, BC TELECOM announced a change in accounting principles in response to the growing competitiveness of the industry and the new regulatory requirements that took effect on January 1, 1998. This change from regulated accounting practices to generally accepted accounting principles resulted in an after-tax, extraordinary charge to earnings of $530.6 million. This charge comprised a write-down of $489.0 million to property, plant and equipment and $41.6 million to eliminate deferred workforce transformation costs and was consistent with similar steps taken previously by most Canadian and U.S. telecommunications companies, including TELUS Corporation in 1997.

7. ACCOUNTS RECEIVABLE

(millions)	1999	1998
Trade receivables	**$ 544.7**	$ 557.1
Current portion of leases receivable	**55.1**	46.1
Other	**29.3**	56.5
	$ 629.1	$ 659.7

Under an agreement dated November 20, 1997, TELUS Communications (B.C.) Inc. sold, with minimal recourse, accounts receivable for aggregate cash proceeds of $150 million. Pursuant to the agreement, the purchaser will use the proceeds of collection to purchase further receivables. This agreement, which expires in November 2002, is extendable upon the Company's request.

8. PROPERTY, PLANT AND EQUIPMENT, NET

	Cost	Accumulated Depreciation	Net Book Value	
(millions)			**1999**	1998
Telecommunications assets	$ 10,970.2	$ 6,837.3	**$ 4,132.9**	$ 4,281.2
Assets leased to customers	198.7	147.6	**51.1**	49.7
Buildings	1,164.1	603.6	**560.5**	569.3
Office equipment and furniture	447.8	292.2	**155.6**	145.3
Assets under capital lease	68.2	42.8	**25.4**	8.2
Other	991.4	613.7	**377.7**	411.2
	13,840.4	8,537.2	**5,303.2**	5,464.9
Land	82.8	–	**82.8**	84.7
Plant under construction	443.6	–	**443.6**	223.2
Materials and supplies	43.8	–	**43.8**	54.8
	$ 14,410.6	$ 8,537.2	**$ 5,873.4**	$ 5,827.6

9. DEFERRED CHARGES

(millions)	**1999**	1998
Pension plan contributions in excess of charges to income	**$ 81.2**	$ 71.1
Cost of issuing debt securities, less amortization	**11.2**	12.8
Investment in New Media & Broadcast Fund	**9.1**	9.9
Deferred merger costs	**–**	8.7
Deferred start-up costs	**7.1**	9.4
Other	**8.5**	9.9
	$ 117.1	$ 121.8

10. SINKING FUND ASSETS

Sinking fund assets relate to the Company's note payable and consist of the following:

(millions)	**1999**	1998
Debentures, at amortized cost		
Government of Canada, direct and guaranteed	**$ 38.3**	$ 48.8
Alberta Government Telephones Commission	**67.1**	61.8
Short-term deposits	**–**	15.0
	105.4	125.6
Less: current portion	**105.4**	32.8
	$ –	$ 92.8

Assets in the sinking fund have an approximate market value of $107 million ($133 million – 1998). The sinking fund assets have a weighted average effective interest rate of 9.3% (10.7% – 1998).

11. SALE OF PROPERTY AND INVESTMENTS

During 1999, the Company disposed of some selected, non-strategic property and investments, including its investments in MediaLinx and Pacific Place Cable for total proceeds of $40.2 million resulting in a pre-tax gain of $36.9 million.

During 1998, dispositions of investments in Telesat, Sierra Wireless and CrossKeys resulted in total proceeds of $92.0 million and a pre-tax gain of $46.3 million.

12. SHORT-TERM OBLIGATIONS

Amounts due for redemption within one year are as follows:

(millions)	1999	1998
Notes payable under commercial paper programs	**$ 246.5**	$ 494.2
Current maturities of long-term debt	**326.7**	287.7
	$ 573.2	$ 781.9

Notes payable under commercial paper programs are unsecured, range in maturity from 17 to 97 days and carry a weighted average interest rate of 5.09%.

At December 31, 1999, $380.0 million of commercial paper notes ($180.0 million – 1998) has been classified as long-term debt on the basis of the availability of a $380.0 million long-term credit facility agreement. In addition, the Company had in place committed operating lines of credit of $311.0 million ($465.0 million – 1998).

13. LONG-TERM DEBT

(a) Details of Long-term Debt

(millions)	Series	Rate	Maturity	1999	1998
	Series	Rate	Maturity		
TELUS Communications (B.C.) Inc. First Mortgage Bonds					
	AK	6%	February 1999	**$ –**	$ 30.0
	AN	10.5%	June 2000	**115.0**	116.3
				115.0	146.3
TELUS Communications (B.C.) Inc. Debentures					
	1	12.0%	May 2010	**50.0**	50.0
	2	11.90%	November 2015	**125.0**	125.0
	3	10.65%	June 2021	**175.0**	175.0
	4	9.15%	April 2002	**1.0**	21.3
	5	9.65%	April 2022	**249.0**	228.7
				600.0	600.0
TELUS Communications Inc. Debentures					
	A	9.50%	August 2004	**200.0**	200.0
	B	8.80%	September 2025	**200.0**	200.0
				400.0	400.0
TELUS Communications Inc. Notes Payable					
		12.00%	November 1999	**–**	50.0
		11.80%	May 2003	**150.0**	150.0
				150.0	200.0
TELUS Communications Inc. notes issued at varying rates of interest up to 12.00%				**–**	78.1
TELUS Communications (B.C.) Inc. Medium-term Note Debentures issued at varying rates of interest up to 8.00% and maturing on various dates up to 2001				**195.0**	265.0
Commercial paper reclassified under a long-term credit facility agreement (Note 12)				**380.0**	180.0
Other long-term debt				**14.8**	17.0
Capital leases (Note 15e) issued at varying rates of interest up to 11.75% and maturing on various dates up to 2004				**27.4**	10.0
Total debt				**1,882.2**	1,896.4
Less – current maturities				**326.7**	287.7
Long-term Debt				**$ 1,555.5**	$ 1,608.7

(b) TELUS Communications (B.C.) Inc. First Mortgage Bonds

TELUS Communications (B.C.) Inc.'s property is subject to liens under the Deed of Trust and Mortgage dated March 1, 1946, under which the first mortgage bonds are issued. The Deed of Trust and Mortgage requires either an annual sinking fund payment of 1% of the original principal amount of bonds outstanding or the pledge of additional unmortgaged property in the amount of 1.5% of the principal. In 1999, a sinking fund payment was made in respect of the Series AN First Mortgage Bonds.

(c) TELUS Communications (B.C.) Inc. Debentures

Debentures are issued under the Trust Indenture dated May 31, 1990 and are not secured by any mortgage, pledge or other charge. While the Trust Indenture is in effect, further issues of first mortgage bonds are not permitted. New issues of unsecured debt are subject to restrictions as to debt ratio and interest coverage as defined in the Trust Indenture.

The outstanding debentures may not be redeemed prior to maturity.

The Series 4 Debentures were exchangeable, at the holder's option, effective on April 8 of any year during the four-year period from 1996 to 1999, for an equal principal amount of Series 5 Debentures. In 1999, $20.3 million ($24.3 million – 1998) of the Series 4 Debentures were exchanged for Series 5 Debentures.

(d) TELUS Communications Inc. Debentures

The outstanding Series A Debentures and Series B Debentures are issued under the TELUS Communications Inc. Trust Indenture dated August 24, 1994 and a supplemental trust indenture dated September 22, 1995 relating to Series B Debentures only. These debentures are not secured by any mortgage, pledge or other charge. During 1995 the Company terminated an interest rate swap contract relating to the Series A Debentures and realized a gain on early termination in the amount of $16.8 million which is being amortized and credited to interest expense over the remaining term of the Series A Debentures. The amortization of the gain resulted in an effective rate of interest on Series A Debentures in 1999 of 8.79% (8.79% – 1998).

(e) TELUS Communications Inc. Notes Payable

The outstanding note is secured by sinking fund assets of the Company. In accordance with note terms, this note requires annual sinking fund contributions of 1% of the principal amount outstanding until one year prior to maturity. The note has an early redemption provision at the Company's option on May 31, 2000 or on any May 31 or November 30 thereafter prior to maturity. The Company intends to redeem the note in the year 2000.

(f) Medium-term Note Program

Under the terms of the medium-term note prospectus, a total of $2,400.0 million in medium-term notes may be issued prior to September 9, 2001. The notes will have maturities, interest rates and other features determined at the time of issue.

(g) Long-term Debt Maturities

Anticipated requirements to meet long-term debt repayments and sinking fund provisions, excluding capital lease maturities, during each of the next five years from December 31, 1999 are as follows:

(millions)	
2000	$ 314.9
2001	339.8
2002	1.0
2003	–
2004	400.0

Of the long-term debt repayment in 2000, $105.4 million is expected to be met by sinking fund assets.

14. SHAREHOLDERS' EQUITY

(a) Details of Shareholders' Equity

(millions)					**1999**	1998
Common equity						
Voting shares					**$ 2,080.0**	$ 2,077.6
Non-voting shares					**693.1**	692.5
Retained earnings					**1,457.5**	1,495.9
Contributed surplus					**7.4**	7.3
					4,238.0	4,273.3
TELUS Communications (B.C.) Inc. Preference and Preferred, Cumulative						
No. of Shares			Par Value	Redemption Premium		
8,090	$ 6.00	Preference	$ 100	10.0%	**0.8**	0.8
53,000	$ 4.375	Preferred	$ 100	4.0%	**5.3**	5.3
47,500	$ 4.50	Preferred	$ 100	4.0%	**4.8**	4.8
71,250	$ 4.75	Preferred	$ 100	5.0%	**7.1**	7.1
71,250	$ 4.75	Preferred ('56)	$ 100	4.0%	**7.1**	7.1
114,700	$ 5.15	Preferred	$ 100	5.0%	**11.5**	11.5
96,400	$ 5.75	Preferred	$ 100	4.0%	**9.6**	9.6
42,750	$ 6.00	Preferred	$ 100	5.0%	**4.3**	4.3
768,400	$ 1.21	Preferred	$ 25	4.0%	**19.2**	19.2
					69.7	69.7
Total Equity					**$ 4,307.7**	$ 4,343.0

(b) Authorized Capital

BCT.TELUS Communications Inc. is authorized to issue an unlimited number of common voting shares, common non-voting shares, first preferred shares and second preferred shares.

(c) Changes in Common Shares

	1999		1998	
	Number of Shares	**Amount (millions)**	Number of Shares	Amount (millions)
Common Voting Shares				
Beginning of Year	**177,433,909**	**$ 2,077.6**	177,910,895	$ 2,082.1
Exercise of stock options	**111,963**	**2.6**	265,433	5.9
Normal course issuer bid	–	–	(742,419)	(10.4)
Other	**(23,982)**	**(0.2)**	–	–
End of Year	**177,521,890**	**$ 2,080.0**	177,433,909	$ 2,077.6
Common Non-Voting Shares				
Beginning of Year	**59,144,636**	**$ 692.5**	59,303,632	$ 694.0
Exercise of stock options	**37,309**	**0.9**	88,477	2.0
Normal course issuer bid	–	–	(247,473)	(3.5)
Other	**(25,498)**	**(0.3)**	–	–
End of Year	**59,156,447**	**$ 693.1**	59,144,636	$ 692.5

(d) Stock Option Plans

BCT.TELUS Stock Option Plan:

BCT.TELUS has a stock option plan under which directors, officers and key employees receive options to purchase common voting shares at a price equal to the fair market value of the shares at the date of granting. Options granted in the plan may be exercised over specific periods not to exceed 10 years from the date granted.

Year Options Granted	Options Granted	Options Outstanding	Average Exercise Price
1999	781,430	655,358	$ 35.72

BC TELECOM Stock Option Plan:

Under the terms of the BCTSOP introduced in 1995, BC TELECOM granted officers and key employees options in tandem share appreciation rights and retention options at fixed exercise prices. Effective December 8, 1998 the plan was modified to replace share appreciation rights with a stock option repurchase plan. Options granted in the plan may be exercised over specific periods not to exceed 10 years from the date granted. Options granted prior to 1999 can be exercised in a ratio of 75% voting and 25% non-voting for common shares in BCT.TELUS.

Year Options Granted	Options Granted	Options Outstanding	Average Exercise Price
1999	3,700	3,700	$ 36.78
1998	339,600	322,934	46.72
1997	435,800	375,496	31.05
1996	427,200	250,401	25.26
1995	213,300	98,900	24.20

BC TELECOM Long-Term Incentive Share Option Plan:

BC TELECOM had stock option plans under which officers and key employees received common share purchase options at a price equal to the fair market value of the shares at the date of granting. Options granted in the plan may be exercised over specific periods not to exceed 10 years from the date granted. These options can be exercised in a ratio of 75% voting and 25% non-voting for common shares in BCT.TELUS.

Year Options Granted	Options Granted	Options Outstanding	Average Exercise Price
1995	395,300	120,486	$ 24.25
1994	293,756	86,781	25.08
1993	444,300	74,700	19.25
1992	263,725	32,850	22.13
1991	270,600	33,000	20.00

TELUS Stock Option Plans:

TELUS had stock option plans under which directors, officers and key employees received common share purchase options at a price equal to the fair market value of the shares at the date of granting. Options granted under the plans may be exercised over specific periods not to exceed seven years from the date of granting. These options can be exercised in a ratio of 75% voting and 25% non-voting for common shares in BCT.TELUS.

Year Options Granted	Options Granted	Options Outstanding	Average Exercise Price
1998	540,930	398,937	$ 42.39
1997	670,330	366,276	25.97
1996	717,300	296,001	21.33
1995	379,600	75,157	21.14
1994	387,000	188,803	20.78
1993	406,527	21,505	16.57

At December 31, 1999, 7,769,846 shares remained reserved for issuance under all option plans.

(e) Employee Share Purchase Plan

The Company has an employee share purchase plan under which eligible employees can purchase common shares through regular payroll deductions by contributing between 1% and 6% of pay. The Company contributes two dollars for every five dollars contributed by an employee. The Company records its contributions as a component of operating expenses. During 1999, the Company contributed $19.2 million ($10.9 million – 1998) to this plan. All common shares issued to employees under the plan during the year were purchased on the market at normal trading prices. Under this plan, the Company has the option of offering shares from Treasury or having the trustee acquire shares in the stock market.

(f) Dividend Reinvestment and Share Purchase Plan

The Company has a Dividend Reinvestment and Share Purchase Plan under which eligible shareholders may acquire additional common shares through the reinvestment of dividends and optional cash payments. Shares purchased through optional cash payments are subject to a minimum investment of $100 and a maximum investment of $20,000 per calendar year. Under this Plan, the Company has the option of offering shares from Treasury or having the trustee acquire shares in the stock market.

15. COMMITMENTS AND CONTINGENT LIABILITIES

(a) The Company estimates expenditures for capital asset purchases to be $1,346 million in 2000. Substantial purchase commitments have been made in connection with these as at December 31, 1999.

(b) The Company has entered into an agreement for the provision of data processing services. The 2000 cost under this agreement is expected to be approximately $55 million.

(c) The Company has entered into a 10-year agreement with GTE Corporation (GTE) with respect to the use of GTE's brand and technology. The 2000 cost under this agreement is US$45 million.

(d) The Company has entered into an agreement with Bell Canada in the amount of $29 million in the year 2000 for services previously performed within the Stentor alliance.

(e) The Company occupies leased premises in various centres and has land, buildings and equipment under operating leases.

At December 31, 1999, the future minimum lease payments under capital leases and operating leases were:

(millions)	Capital Leases	Operating Leases
2000	$ 12.6	$ 64.2
2001	8.5	57.6
2002	5.9	51.1
2003	1.5	38.6
2004	0.7	33.7
Total future minimum lease payments	29.2	
Less imputed interest	1.8	
Capital lease liability	$ 27.4	

(f) A number of claims and lawsuits seeking unspecified damages and other relief are pending against the Company. It is impossible at this time for the Company to predict with any certainty the outcome of such litigation. However, management is of the opinion, based upon information presently available, that it is unlikely that any liability, to the extent not provided for through insurance or otherwise, would be material in relation to the Company's consolidated financial position.

16. PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

Pension plans are maintained for substantially all employees. These comprise:

(a) Company-sponsored defined benefit plans for management, exempt and certain bargaining unit employees. The defined benefit plans provide pensions based on length of service and average earnings. The Company also maintains non-registered management and executive supplementary income plans.

Accrued pension costs for accounting purposes are determined in accordance with generally accepted accounting principles, using management's best estimate assumptions of future events. Adjustments arising from plan amendments, changes in assumptions, experience gains and losses and the initial net plan assets and obligations are amortized over the expected average remaining service life of employees.

The cumulative difference between the amount contributed to the pension plan and the amount charged to income is recorded in the Consolidated Balance Sheet under Deferred Charges. The accrued obligation for management and executive supplementary income plans is recorded in the Consolidated Balance Sheet under Other Long-term Liabilities.

Based on the actuarial reports of the Company-sponsored pension plans and management and executive supplementary income plans, which used projected employee earnings in estimating the accrued pension and supplementary income obligations and market-related value for asset valuation, a comparison of the plan assets and obligations projected to December 31, 1999 has been estimated as follows:

(millions)	**1999**	1998
Actuarial value of assets	**$ 3,650.0**	$ 3,314.9
Actuarial value of obligations	**3,081.4**	2,790.2
Surplus	**$ 568.6**	$ 524.7

(b) Defined Contribution Plan for management and exempt employees. The Company contributes a fixed or defined amount to the plan each year.

(c) Telecommunications Workers Union-sponsored pension plan for certain bargaining unit employees. This plan requires the Company to contribute a fixed percentage of employee gross earnings to the trust fund.

The total pension expense amounted to $93.2 million in 1999 ($96.8 million – 1998).

The Company provides supplementary life insurance to eligible retirees and certain health care benefits to inactive employees. The expected costs of these employees' benefits are expensed during the years the employees render service and an accumulated obligation is recognized.

The Company provides certain disability and group life insurance benefits for all eligible employees. The cost of these benefits is determined by an independent actuary and the annual funding requirements are paid into specific trusts. The cost of these employee benefits is included in Operations Expense.

17. RELATED PARTY TRANSACTIONS

Transactions with related parties included purchases and sales of telecommunications technology, equipment and supplies, directory advertising commissions and payments for services rendered under cost-sharing agreements. During the year the Company purchased goods and services from related parties amounting to $139.9 million ($75.9 million – 1998). Sales to related parties amounted to $7.2 million ($7.7 million – 1998). These transactions were conducted in the normal course of business at prices established and agreed to by both parties.

18. SEGMENTED INFORMATION

The Company's reportable segments, which are used to manage the business, are:

- **TELUS Communications (Wireline)** – local access, long distance, and other voice services;
- **Advanced Communications (Adv. Com.)** – digital services, services on dedicated or specialized facilities, Internet, Ubiquity network (fibre) and ISM-BC;
- **Mobility (Wireless)** – cellular and paging services;
- **Other** – national operations, directory and advertising services.

Segmentation is based on similarities in technology, the technical expertise required to deliver the products and services, and the distribution channels used.

The accounting policies used for segmented reporting are the same as described in the Summary of Significant Accounting Policies, Note 1.

BCT.TELUS Communications Inc. Segmented Disclosure

	Wireline		Wireless		Adv. Com.		Other		Eliminations		Totals	
(millions)	**1999**	1998	**1999**	1998	**1999**	1998	**1999**	1998	**1999**	1998	**1999**	1998
External revenue	**$ 3,783.0**	$3,827.0	**$ 960.2**	$ 989.0	**$ 800.9**	$ 697.3	**$ 328.2**	$ 320.6	**$ –**	$ –	**$ 5,872.3**	$ 5,833.9
Inter-segment revenue	**259.0**	267.1	**14.2**	12.9	**170.5**	240.5	**14.2**	18.7	**(457.9)**	(539.2)	**–**	–
Total operating revenue	**4,042.0**	4,094.1	**974.4**	1,001.9	**971.4**	937.8	**342.4**	339.3	**(457.9)**	(539.2)	**5,872.3**	5,833.9
Operations expenses	**2,388.4**	2,407.6	**595.0**	626.6	**799.3**	785.9	**218.9**	224.4	**(456.7)**	(529.3)	**3,544.9**	3,515.2
EBITDA	**$ 1,653.6**	$1,686.5	**$ 379.4**	$ 375.3	**$ 172.1**	$ 151.9	**$ 123.5**	$ 114.9	**$ (1.2)**	$ (9.9)	**$ 2,327.4**	$ 2,318.7
Capital additions	**$ 617.5**	$ 677.0	**$ 165.2**	$ 192.6	**$ 147.3**	$ 104.4	**$ 269.2**	$ 119.2	**$ –**	$ –	**$ 1,199.2**	$ 1,093.2

19. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

20. PRIOR YEAR PRESENTATION

The 1998 amounts have been reclassified, where applicable, to conform with the 1999 presentation.

TELUS

STATISTICS

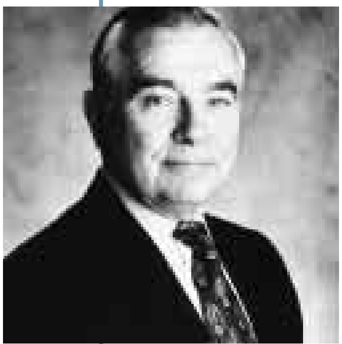
	Consolidated		Combined			
	1999	1998	1997	1996	1995	1994
INCOME STATEMENT (MILLIONS)						
Local revenue	**$ 3,195.0**	$ 3,160.2	$ 2,746.3	$ 2,278.0	$ 1,852.2	$ 1,450.6
Long distance revenue	**1,609.1**	1,720.1	1,805.9	1,534.4	1,557.7	1,641.6
Other revenue	**1,068.2**	953.6	923.0	728.1	675.2	579.5
Total operating revenues	**5,872.3**	5,833.9	5,475.2	4,540.5	4,085.1	3,671.7
Operations expense	**3,544.9**	3,515.2	3,245.5	2,566.3	2,332.0	2,064.4
EBITDA	**2,327.4**	2,318.7	2,229.7	1,974.2	1,753.1	1,607.3
Depreciation and amortization	**1,062.1**	1,021.9	1,109.9	935.7	854.9	733.0
Operating income	**1,265.3**	1,296.8	1,119.8	1,038.5	898.2	874.3
Interest and other	**614.8**	175.2	235.8	274.3	254.8	219.2
Income taxes	**296.9**	519.5	442.2	245.3	217.7	209.8
Income before non-controlling interest	**353.6**	602.1	441.8	518.9	425.7	445.3
Non-controlling interest	**3.9**	4.6	4.0	3.4	3.2	2.4
Extraordinary loss	**–**	530.6	285.2	–	–	–
Gain (loss) from discontinued operations	**–**	–	130.9	(35.0)	12.1	(6.7)
Net income	**349.7**	66.9	283.5	480.5	434.6	436.2
Preference and preferred share dividends	**3.5**	3.5	3.5	3.5	3.5	3.5
Common share income	**$ 346.2**	$ 63.4	$ 280.0	$ 477.0	$ 431.1	$ 432.7
BALANCE SHEET (MILLIONS)						
Property, plant and equipment, at cost	**$ 14,410.6**	$ 13,778.1	$ 13,316.0	$ 12,945.8	$ 12,269.9	$ 10,887.7
Accumulated depreciation	**8,537.2**	7,950.5	6,702.0	5,642.5	5,077.1	4,281.7
Total assets	**7,811.1**	7,860.5	8,761.9	9,167.7	9,160.0	7,939.5
Total capitalization	**6,448.8**	6,743.2	7,476.5	7,587.3	7,569.5	6,520.1
Long-term debt	**1,555.5**	1,608.7	2,280.6	2,953.1	3,175.4	2,441.4
Common equity	**4,238.0**	4,273.3	4,581.0	4,181.8	3,884.6	3,628.7
FINANCIAL						
Average shares outstanding (millions)	**236.6**	237.0	236.6	234.2	229.2	225.3
Earnings per common share, operations	**$ 2.58**	$ 2.51	$ 1.84	$ 2.19	$ 1.83	$ 1.95
Earnings per common share, total	**$ 1.46**	$ 0.27	$ 1.18	$ 2.04	$ 1.88	$ 1.92
Dividends declared per common share	**$ 1.40**	$ 1.29	$ 1.27	$ 1.25	$ 1.23	$ 1.21
Cash flow per common share	**$ 7.34**	$ 6.89	$ 6.88	$ 6.35	$ 5.70	$ 5.05
Book value per common share	**$ 17.91**	$ 18.03	$ 19.36	$ 17.86	$ 16.95	$ 16.11
Return on common equity, operations	**14.2%**	14.0%	9.9%	11.8%	11.5%	12.3%
Interest coverage (times)	**6.8**	5.7	4.3	3.4	3.0	3.5
Cash flow from operations before changes in working capital (millions)	**$ 1,735.5**	$ 1,634.1	$ 1,626.4	$ 1,486.8	$ 1,307.1	$ 1,138.8
Debt to total capitalization, net of sinking fund assets	**31.9%**	34.2%	36.7%	43.1%	47.1%	42.2%
Capital expenditures (millions)	**$ 1,199.2**	$ 1,093.2	$ 1,130.7	$ 1,076.0	$ 1,060.7	$ 1,048.1

STATISTICS CONTINUED

	Consolidated		Combined			
	1999	1998	1997	1996	1995	1994
OTHER						
Total regular employees	**21,601**	22,499	21,802	22,352	23,511	21,384
Total salary expense (millions)	**$ 1,350.7**	$ 1,405.5	$ 1,253.9	n/a	n/a	n/a
TELUS COMMUNICATIONS (WIRELINE)						
Customer access lines in service (thousands)	**4,551**	4,495	4,367	4,198	4,042	3,498
Long distance switched conversation minutes (millions)	**7,011**	5,333	4,577	n/a	n/a	n/a
Long distance market share	**71%**	70%	n/a	n/a	n/a	n/a
Local market share	**98%**	99%	n/a	n/a	n/a	n/a
TELUS MOBILITY (WIRELESS)						
Cellular customers (thousands)	**1,099**	963	823	635	462	263
Penetration rate	**16.9%**	15.1%	13.1%	10.6%	8.0%	5.6%
Cellular market share	**58%**	62%	64%	64%	63%	59%
Average monthly revenue per customer	**$ 60**	$ 70	$ 76	$ 81	$ 84	$ 90
Average minutes per subscriber per month	**218**	219	200	199	178	168
Monthly deactivations (churn rate)	**1.4%**	1.3%	1.2%	1.6%	1.6%	1.4%
TELUS ADVANCED COMMUNICATIONS						
Dial-up Internet subscribers (thousands)	**287.7**	212.1	122.9	60.6	5.3	n/a
High-speed Internet subscribers (thousands)	**25.7**	4.3	n/a	n/a	n/a	n/a

Note: For comparative purposes, historical BC TELECOM and TELUS Corporation information for 1994 to 1997 has been added together. Where appropriate, previously reported information has been restated to achieve consistency but minor differences in definition may exist. Transactions between BC TELECOM and TELUS Corporation have been eliminated for 1997 but not for 1994 through 1996.

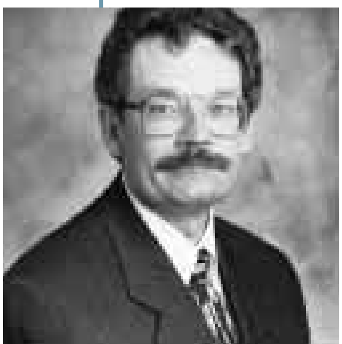
EXECUTIVE TEAM



BRIAN CANFIELD • President and Chief Executive Officer

Brian joined BC TEL in 1956 and, in the early part of his career, held key positions in Network Services, Engineering, Operator Services and Sales and Operations. He was appointed Vice-President, Technical Support, in 1985 and Executive Vice-President of Telephone Operations in 1988. In 1989, Brian was named BC TEL President, to which the title Chief Executive Officer was added one year later. In 1993, he was appointed Chairman and CEO.

Although Brian retired as Chief Executive Officer in 1997, he continued to serve as Chairman of BC TELECOM and was named Chairman of the Company when BC TELECOM and TELUS merged in February 1999. The Board of Directors asked him to assume his current position in September 1999.



BARRY BAPTIE • Executive Vice-President and Chief Financial Officer

Barry's career in telecommunications began in 1980 when he joined ED TEL (Edmonton Telephones) where he held increasingly senior positions in Regulatory, Strategy and Administrative Services, culminating in his appointment as Vice President of Finance and Chief Financial Officer. He helped establish ED TEL as the first subsidiary corporation of a municipality in 1990 and led the sale of ED TEL to TELUS in 1995.

At TELUS, Barry has held senior positions in both Finance and Regulatory Affairs and served as Project Manager for the launch of the TELUS brand in 1997. He holds both a BA and MBA from the University of Alberta, as well as a CMA from the Society of Management Accountants of Alberta.

CYNTHIA LEWIS • Executive Vice-President and President, TELUS Integrated Communications

Cynthia has more than 20 years of experience in the highly competitive business services industry, both in Canada and the United States. Prior to joining TELUS in fall 1999, she was Vice-President, Worldwide Business Integration with Xerox Corporation in New York. Throughout her 16-year career with Xerox, Cynthia held numerous sales, marketing and operations roles and gained extensive experience in start-up operations.

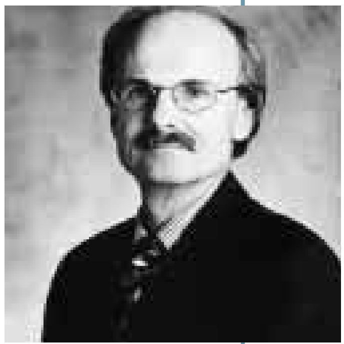
She holds a BSc in Architecture from Mississippi State University and an MBA from the University of Rochester. Cynthia has been an active member of the Law for the Future Society, co-chair of the Canadian Quality Institute and a volunteer with the Out of the Cold Association.

IAN MANSFIELD • Executive Vice-President and President, TELUS Communications

Ian joined BC TEL in 1969 and held various senior management positions in Engineering, Network Management, Operations and Customer Service before being appointed Assistant Vice-President, Strategic Customer Relations in 1991. In 1997, he was named Senior Vice-President of Operations, and in 1998, was appointed Senior Vice-President of Strategic Business Development, a role in which he served as chief negotiator for the BC TELECOM and TELUS merger.

Ian has completed management studies at the British Columbia Institute of Technology, the Banff School of Advanced Management, the University of Southern California Advanced Management Program and the Harvard Business School Advanced Management Program.

ROY OSING • Executive Vice-President and President, TELUS Advanced Communications



Roy began his career with BC TELECOM in 1969 and has held a number of senior-level management positions in Network Marketing, Business Communications, and Long Distance Services. In 1999, following the merger of BC TELECOM and TELUS, he was appointed Senior Vice-President of Strategic Alliance Management. He was named to his current post in August 1999.

Roy holds a BSc in Mathematics and Computer Science from the University of British Columbia. He is Chairman of the Board of ISM-BC and SRI Strategic Resources Inc. and was the founding President and Chairman of the Quality Council of British Columbia.

JIM PETERS • Executive Vice-President, Corporate Development and Corporate Affairs, and General Counsel

Jim joined the BC TELECOM legal department in 1988 and became Director of Mergers and Acquisitions in 1990. In 1995, he was appointed Vice-President, Corporate Planning and Mergers and Acquisitions. After the merger of BC TELECOM and TELUS, Jim was named Executive Vice-President, Corporate Development and Emerging Business. In September 1999, he also became responsible for the Chief General Counsel portfolio.

Jim holds a BSc in Human Kinetics from the University of Guelph, a Bachelor of Law degree from the University of British Columbia and an MBA from Simon Fraser University. He was called to the British Columbia Bar in 1979 and is a member of the Law Society of British Columbia and the Canadian Bar Association.

JUDY SHUTTLEWORTH • Senior Vice-President, Human Resources

Judy joined BC TELECOM in 1965 and has held various senior operational management and human resources positions during her career. From 1993 to 1999, she was Director of Employee Relations responsible for labour relations, compensation and benefits, recruitment and leadership development. Most recently, she was Vice-President of Labour Relations, a position she held since the BC TELECOM and TELUS merger, and was named to her current position on an acting basis in August 1999.

Judy has participated in executive management programs at Queen's University in Kingston, Ontario. She is a member of the Human Resources Committee of the Conference Board of Canada, the Telco Industrial Relations Committee, the Human Resources Management Association and the British Columbia Labour Force Development Board.

ARNIE STEPHENS • Executive Vice-President and President, TELUS Mobility

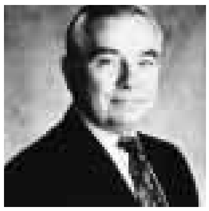
Arnie joined TELUS Mobility in 1989 and held various roles in Finance and Systems before being named Vice President in 1991. In 1995, he was appointed Vice President, Marketing and Service Development. He was named Vice President, Strategy for TELUS Mobility after the BC TELECOM and TELUS merger and was named to his current acting position in September 1999.

Arnie holds a BSc from the University of New Brunswick and an MBA from the University of Western Ontario. He is also a Certified Management Accountant and has completed the Executive Management Program in Telecommunications at the University of Southern California.

BOARD OF DIRECTORS

R. JOHN BUTLER, Q.C. is counsel to Bryan & Company and serves as special legal adviser to several major Alberta corporations. He specializes in corporate matters, including acquisitions, finance, land law and contract law. John served on the Board of ED TEL (Edmonton Telephones), prior to its acquisition by TELUS Corporation. He is a member of the Board of Directors of Trans Global Insurance Company, Trans Global Life Insurance Company and the Edmonton Eskimos Football Club. John is Chairman of the Pension Committee.

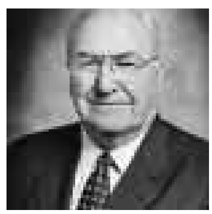
DAVID L. EMERSON is the President and Chief Executive Officer of Canfor Corporation, a B.C.-based integrated forest products company. From 1992 to 1997, he was President and Chief Executive Officer of the Vancouver International Airport Authority. Prior to that, he served as Deputy Minister to the Premier, Secretary to the Executive Council for the Government of British Columbia, and Deputy Minister of Finance for British Columbia and Chairman and Chief Executive Officer of the Canadian Western Bank. His current directorships also include Forest Industrial Relations Ltd., Council of Forest Industries and the Canadian Pulp and Paper Association. He has been honoured as Vancouver Businessman of the Year and B.C. Regional Transportation Person of the Year.



BRIAN CANFIELD is the President and Chief Executive Officer of BCT.TELUS Communications Inc. His career with BC TEL spans nearly 44 years, including four years as Chairman and Chief Executive Officer of BC TELECOM and three years as President. He is a member of the Board of Directors of BC Gas Inc., BC Gas Utility Ltd., Trans Mountain Pipe Line Ltd., Suncor Energy Inc., and MD Funds Management Inc. He is also on the Board of Governors of the Toronto Stock Exchange. In 1997, Brian was appointed to the Order of British Columbia and named an Honorary Doctor of Technology by the British Columbia Institute of Technology.

IAIN J. HARRIS is the Chairman and Chief Executive Officer of Summit Holdings Ltd., a private holding and investment company. From 1982 to 1995, he was President and Chief Executive Officer of AirBC Limited. Prior to that, he was Vice-President of Finance and Administration of the Jim Pattison Group, one of the largest private companies in Canada. He is a recipient of the Governor General's Commemorative Medal for his community and public service. Iain is Chairman of the Corporate Governance Committee.

PIERRE CHOQUETTE is the President and Chief Executive Officer of Methanex Corporation, a marketer and producer of methanol. Prior to that, he held numerous senior management positions with NOVA, including serving as President of Novacorp International and Executive Vice-President of Novacor Chemicals. Pierre is a member of the Business Council of British Columbia and the Business Council on National Issues. He is also a member of the Board of Directors of Gennum Corporation and Echo Bay Mines Ltd.



NORMAN H. KIMBALL is a partner in and President of L&N Investments Inc., an investment holding company. Active in sports management, he is the President of Kan Alta Golf Management Ltd. and a director of Grand Prix F1 du Canada Inc., which organizes and operates the Canadian Grand Prix. A 28-year career in football included 19 years as general manager and executive manager of the Edmonton Eskimos Football Club and serving as the President and part owner of the Montreal Alouettes. In 1991, Norman was inducted into the Canadian Football League Hall of Fame as a Builder.

G.N. (MEL) COOPER is the Chairman and Chief Executive Officer of Seacoast Communications Group Inc. His 49-year career in the broadcast industry includes serving as Vice-President of Western Broadcasting (Western International Communications), Chairman and CEO of C-FAX, Victoria and CKOV-AM and CKLZ-FM in Kelowna. Mel has been named an Honorary Citizen, Business Person of the Year, Enterpriser of Excellence of Victoria, B.C. and British Columbia's Entrepreneur of the Year. He is a member of the Order of Canada and the Order of British Columbia.

JOHN S. LACEY is the Chairman of Loewen Group Inc. From August 1998 to December 1998, he was President and Chief Executive Officer of Oshawa Group Ltd. and from 1996 to 1998, he was President and Chief Executive Officer of Western International Communications. Prior to that, he served as President and Chief Executive Officer of Scott's Hospitality Inc. from 1990 to 1996. In addition to TELUS, his current directorships include Clarica Inc., the Ontario Liquor Control Board and Doncaster Racing Inc.

RICHARD J. LELACHEUR is the Chairman of the Worker's Compensation Board – Alberta. He is also President and Chief Executive Officer of the organizing committee for the Edmonton 2001 World Championships in Athletics. From 1992 to 1997, he was President and Chief Executive Officer of Economic Development Edmonton. Previously, he spent 25 years in the moving and storage business. From 1981 to 1992, Richard was President and Chief Executive Officer of Western Moving. During that period he was also a director and officer of Allied Van Lines.

FARES F. SALLOUM is the Senior Vice-President – International Operations for GTE Corporation. Since June 1997, he has been responsible for GTE operations worldwide. This includes BCT.TELUS and QuebecTel in Canada, CANTV in Venezuela, CODETEL in the Dominican Republic, PRTC in Puerto Rico, CTI in Argentina, Taiwan Cellular Communications in Taiwan and Tianwei Communications in China. He is also responsible for business development in these countries. Previously, he enjoyed 24 years with BC TELECOM in various positions. Fares is also a director of Taiwan Cellular Communications, CANTV, CTI, GTE China and PRTC.

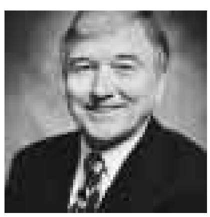
MICHAEL T. MASIN is the Vice-Chairman, GTE Corporation, a consolidated group of telecommunications companies. He is responsible for all international operations and business development, GTE Internetworking, GTE Information Services and GTE Airfone and the corporate human resources, legal and public affairs and communications functions. Prior to joining GTE in October 1993, he was managing partner of the law firm O'Melveny & Meyers' New York office and co-head of its international practice with responsibility for its European and Asian offices. Michael is Chairman of the Human Resources and Compensation Committee.

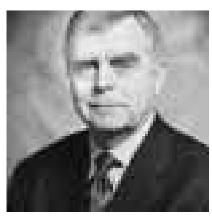
DR. GERRY SINCLAIR is the President and CEO of Ncompass Labs Inc., an Internet start-up company, developing web content management systems for the enterprise market. She is also the founding director of ExCITE at Simon Fraser University, the first multimedia research and development centre in Canada. She has served on several blue ribbon advisory boards, including Canada's National Advisory Council on the Information Highway (IHAC), and the Canadian Network for the Advancement of Research, Industry, and Education (CANARIE). She is a current Director of the Canadian Foundation for Innovation. She is the recipient of the YWCA Woman of Distinction Award, the Canadian Women in Communications Woman of the Year Award and the Canadian Women in New Media Pioneer Award. She holds a PhD from the University of British Columbia.

HAROLD P. MILAVSKY is the Chairman of Quantico Capital Corporation, a privately held investment company engaged in merchant banking, principal investments and acquisitions. He is also a director of Aspen Properties Ltd., Citadel Diversified Management Ltd., Encal Energy Ltd., Enmax Corporation, Northrock Resources Ltd., PrimeWest Energy Inc., Torode Realty Limited, and TransCanada PipeLines Limited. Mr. Milavsky has received Honorary Doctor of Laws degrees from the University of Saskatchewan and the University of Calgary. Harold is Chairman of the Audit Committee.

RONALD P. TRIFFO is the Chairman of Stantec Inc., an engineering and international professional services company where he served in various executive management positions for more than 20 years. He is a past President of the Consulting Engineers of Alberta and the Association of Consulting Engineers of Canada. He served as director and Board Chairman of ED TEL (Edmonton Telephones) prior to its acquisition by TELUS Corporation. He is also a director of Alberta Treasury Branches, a member of the Alberta Economic Development Authority, serves on the Advisory Councils of the Faculties of Business and Medicine at the University of Alberta, and on the Board of Governors of the Northern Alberta Institute of Technology. Ron is Chairman of the Strategic Policy Committee and Chairman of the Board.

WALTER B. O'DONOGHUE is a partner in the Bennett Jones law firm engaged in corporate law. He has been involved in several major privatizations and corporate restructurings. He is a director of a number of public companies including Gulf Canada Resources Ltd., Gulf Indonesia Resources Limited, TransCanada Gas Processing Services Ltd., and is Chairman of Athabasca Oil Sands Investments Inc. Walter is also a member of the Alberta Securities Commission.





DONALD WOODLEY is the President of The Fifth Line Enterprise, a privately held consulting business providing strategic advisory services to the IT industry. From 1997 to 1999 he was President of Oracle Corporation Canada Inc. From 1987 to 1997, he was President of Compaq Canada Inc. He is past Chairman and current Governor of the Information Technology Association of Canada and is currently on the board of directors of Star Data Systems Inc., Delano Technology Corporation and ThinWEB.com Corporation. He is also a member and Vice Chairman of the Board of Governors of The Stratford Festival of Canada.

GLOSSARY

ADSL (asynchronous digital subscriber loop) – a technology that allows existing copper telephone lines to carry voice, data and video images at very high speeds.

Alberta.com – a news and information web site for Albertans. The site includes a wide variety of information such as local, national and international news, arts and entertainment information, local weather, Yellow Pages listings and mapping and directions to hundreds of points of interest in Alberta. Customers can also customize the site so the information that matters most appears where they want it on a personalized home page.

ATM (asynchronous transfer mode) – a high-speed switching technology that routes voice, data and video at high speeds over the same network.

Bundles – a group of telecommunications services, i.e. Internet, long distance and calling features, that are sold together at a lower price than if customers purchased them separately.

CRTC (Canadian Radio-television and Telecommunications Commission) – the federal regulator for radio and television broadcasters, and cable TV and telecommunications companies in Canada.

DSL (digital subscriber loop) – a high-speed technology that provides Internet access at speeds of up to 50 to 150 times faster than a conventional dial-up modem.

e-commerce – refers to business conducted electronically, usually via the Internet.

Fibre network – transmits information by light pulses along hair-thin glass fibres. Cables of optical fibres can be made smaller and lighter than conventional cables using copper wires or coaxial cable, yet they can carry much more information, making them useful for transmitting large amounts of data between computers or many simultaneous telephone conversations.

Frame relay – a high-speed packet switching technology that has evolved to meet the LAN-to-LAN interconnection market. Frame relay is designed to provide high-speed packet transmission, very low network delay and efficient use of network bandwidth.

Interactive commerce – a number of services designed to help businesses set up on the Internet and to offer a personalized marketing and sales channel.

Interactive enterprise – a service for business customers that helps them conduct sophisticated business over the Internet with applications like customer self-services, bill presentation, cataloguing, corporate Intranets and Extranets.

Internet – the global web of networks that connects computers around the world, providing rapid access to information from multiple sources. The Internet was established by the U.S. Department of Defense during the Cold War.

Internet protocol (IP) – standards adopted by the Internet community to help with specific tasks such as transferring files between computers and sending mail.

Intranet – a private, in-company version of the Internet typically used for sharing company-specific data and information with employees.

ISP (Internet Service Provider) – a company that sells Internet access service to residences and/or businesses.

LAN (local area network) – a way of connecting several computers, typically either in the same room or building, so that they can share files and devices like printers and copiers.

MyBC.com – a news and information web site for British Columbians. The site includes a wide variety of information such as local, national and international news, arts and entertainment information, local weather, Yellow Pages listings and mapping and directions to hundreds of points of interest in Greater Vancouver. Customers can also customize the site so the information that matters most appears where they want it on a personalized home page.

Tango™ – the largest group calling radio network of its type in the world. Tango offers customers individual calling and messaging over the same network across Alberta.

Tri-mode phone – wireless phone that is both dual-mode and dual-band. It operates on digital networks at both 800 MHz and 1900 MHz, and on analog networks at 800 MHz when digital service is unavailable.

Web portal – an Internet gateway providing customers with access to on-line news and information, 24 hours a day, seven days a week (see MyBC.com as an example).

Wireless Internet access – technology that provides access to the Internet through the wireless cellular network instead of the traditional wireline telephone network.

INVESTOR INFORMATION

TRADING SYMBOLS

BCT.TELUS Communications Common Voting Shares – BTS

BCT.TELUS Communications Common Non-Voting Shares – BTS.A

Prior to the merger on Jan. 31, 1999, BC TELECOM Common Shares traded as "BCT" and TELUS Common Shares traded as "T"

Subject to shareholder and regulatory approval, the Company intends to change its trading symbols to "T" for Common Voting Shares and "T.A" for Common Non-Voting Shares.

LISTED ON

Toronto Stock Exchange

OWNERSHIP

On Dec. 31, 1999, Anglo-Canadian Telephone Company of Montreal (Common Shares owned by GTE Corporation of Stamford, Connecticut) owned 47,354,954 (26.7%) of the 177,521,891 BCT.TELUS Common Voting Shares outstanding, and 15,784,984 (26.7%) of the 59,156,447 Common Non-Voting Shares outstanding.

Under federal legislation, total non-Canadian ownership of the Common Voting Shares of Canadian telecommunication companies, including BCT.TELUS, is limited to 33 1/3%. To control and monitor this level, we have implemented a Reservation System. This System requires non-Canadian purchasers of Common Voting Shares to obtain a reservation number from our transfer agent, Montreal Trust. The purchaser is notified within two hours if Common Voting Shares are available.

There are no ownership restrictions on the Common Non-Voting Shares.

VOLUME OF SHARES TRADED

(millions)	1994	1995	1996	1997	1998	**Jan.'99**
BC TELECOM	16.8	18.2	18.7	27.3	27.2	**2.2**
TELUS Corporation	73.5	90.0	106.6	117.6	102.9	**6.9**

(millions)	**1999***
BCT.TELUS Common Voting	**56.0**
BCT.TELUS Common Non-Voting	**22.8**

* February 1, 1999 – December 31, 1999

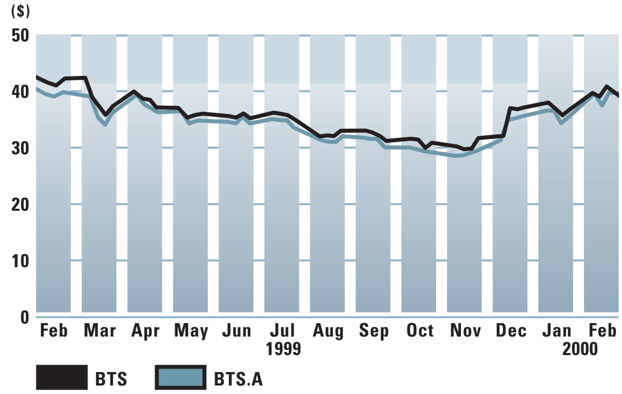
REGISTERED SHAREHOLDERS*

	1994	1995	1996	1997	1998	**Jan.'99**
BC TELECOM	13,096	12,551	12,347	11,966	11,480	**11,360**
TELUS Corporation	52,114	50,111	46,461	44,418	41,611	**41,261**

	1999
BCT.TELUS Common Voting	**48,754**
BCT.TELUS Common Non-Voting	**47,306**

* The Canadian Depository for Securities (CDS) represents one registration and holds securities for many institutions. At the end of 1999, it was estimated that BCT.TELUS had over 45,000 non-registered shareholders in each of the two classes of stock.

BTS AND BTS.A CLOSING PRICES



BCT.TELUS COMMON VOTING SHARES (BTS)

	1999				2000
($)	Q1 (2 mo)	Q2	Q3	Q4	Q1 (2 mo)
High	43.00	39.85	36.70	37.70	42.00
Low	35.55	34.70	30.40	28.10	33.75
Close	37.00	35.40	30.65	35.15	39.00
Quarterly dividend declared per share	0.35	0.35	0.35	0.35	0.35

BCT.TELUS COMMON NON-VOTING SHARES (BTS.A)

	1999				2000
($)	Q1 (2 mo)	Q2	Q3	Q4	Q1 (2 mo)
High	40.80	39.50	35.35	36.00	41.50
Low	33.50	33.95	28.80	27.25	33.00
Close	35.75	34.85	30.25	34.85	39.55
Quarterly dividend declared per share	0.35	0.35	0.35	0.35	0.35

VALUATION DAY PRICES

For capital gains purposes, the valuation day (December 22, 1971) cost base for BC TELECOM and now BCT.TELUS shares was $6.375 per share. The closing price of BC TELECOM and now BCT.TELUS shares on February 22, 1994 was $25.25 per share — the same price when exchanged into BCT.TELUS shares. The closing price of TELUS Corporation Common Shares on February 22, 1994 was $16.875 per share and $21.71 when exchanged into BCT.TELUS shares.

IF YOU NEED HELP RELATED TO THE FOLLOWING

- exchange of BC TELECOM or TELUS Corporation share certificates to BCT.TELUS Common and Non-Voting certificates
- changes of address
- transfer of shares
- option to receive quarterly information by mail
- loss of share certificates
- consolidation of multiple mailings to one shareholder
- estate settlements
- dividend payments or direct deposit of dividends into your Canadian bank account
- participation in Dividend Reinvestment and Share Purchase Plan

PLEASE CONTACT THE TRANSFER AGENT AND REGISTRAR

- 1-800-558-0046 (toll-free in North America)
- (403) 267-6555 (within Calgary, Alberta and outside North America)
- fax: (403) 267-6592
- web site: www.montrealtrust.com
- e-mail: inquire@montrealtrust.com

Montreal Trust Company
Shareholder Services
600, 530 – 8th Avenue SW
Calgary, Alberta T2P 3S8 CANADA

Montreal Trust also has offices in Vancouver, Edmonton, Regina, Winnipeg, Toronto, Montreal and Halifax.

IF YOU NEED HELP RELATED TO THE FOLLOWING

- merger information
- additional financial or statistical information
- industry and company developments
- latest news releases or investor presentations
- fax-on-demand information available toll-free

PLEASE CONTACT INVESTOR RELATIONS

- 1-800-667-4871 (toll-free in North America)
- (780) 493-7311 (outside North America)
- fax: (780) 493-7399
- e-mail: ir@telus.com

John Wheeler
Vice President, Investor Relations
30, 10020 – 100th Street NW
Edmonton, Alberta T5J 0N5 CANADA

OR VISIT OUR INTERNET SITE

http://www.telus.com — click on "Investors"

SHARE EXCHANGE

With the merger, the Common Shares of BC TELECOM and TELUS Corporation can no longer be traded on the stock exchanges. If you still have a share certificate for either company, you must have it replaced for new BCT.TELUS Common and Non-Voting share certificates. Please contact our transfer agent for instructions. The exchange will occur as follows:

If you are still holding BC TELECOM shares:

- 75% of your BC TELECOM common shares will be exchanged for BCT.TELUS Common Shares
- 25% of your BC TELECOM common shares will be exchanged for BCT.TELUS Non-Voting Shares
- In each case your share exchange will be on a one-for-one basis.

If you are still holding TELUS Corporation shares:

- 75% of your TELUS common shares will be exchanged for BCT.TELUS Common Shares
- 25% of your TELUS common shares will be exchanged for BCT.TELUS Non-Voting Shares
- In each case your share exchange will be on a one for 0.7773 basis.

For registered shareholders, any fractional shares will be paid by cheque.

AUDITORS

Arthur Andersen LLP, Vancouver

DIVIDEND REINVESTMENT AND SHARE PURCHASE PLAN

Shareholders wishing to acquire additional BCT.TELUS shares without fees can take advantage of this plan, which provides a convenient method to acquire additional Common Shares.

Under the Dividend Reinvestment feature eligible shareholders can have their dividends reinvested automatically into additional Common Shares.

Under the Share Purchase feature eligible shareholders can on a monthly basis buy BCT.TELUS Common Shares (maximum of $20,000 per calendar year and minimum $100 per transaction) at the market price without brokerage commissions or service charges.

Information booklets are available from Montreal Trust.

IMPORTANT DATES – EARNINGS AND DIVIDENDS

2000	Expected Dividend Record Dates	Expected Dividend Payment Dates	Expected Earnings Release Dates
Q1	March 10	April 1	May 3
Q2	June 9	July 1	July 26
Q3	September 8	October 1	October 25
Q4	December 11	January 1, 2001	February 2001

ANNUAL MEETING OF SHAREHOLDERS

On Wednesday, May 3, 2000, a multi-site meeting will be held in the following locations:

10:00 a.m. (Pacific time) Robson Square Conference Centre 800 Robson Street Vancouver, BC	11:00 a.m. (Mountain time) Metropolitan Centre 333 – 4th Avenue SW Calgary, AB	1:00 p.m. (Eastern time) Metro Toronto Convention Centre 255 Front Street West Toronto, ON

TELUS 1999 ANNUAL REPORT FAST FORWARD

TELUS™

WWW.TELUS.COM
TELUS, 3777 Kingsway, Burnaby, British Columbia V5H 3Z7

This Annual Report is printed on paper containing post-consumer fibre.
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