TELUS

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2017 ANNUAL REPORT

2017 RESULTS AND 2018 TARGETS

We are driven to achieve outstanding performance

2017 targets

We continued to pursue our proven national growth strategy focused on wireless and data

2017 results

We achieved our revenues and earnings targets, supported by profitable customer growth in wireless and wireline and cost efficiencies

2018 targets

Our targets reflect revenue, earnings and dividend growth, supported by customer growth, continued network investments and an ongoing focus on efficiency

At TELUS, we believe in setting annual financial targets to provide clarity for investors and help drive our performance.

In 2017, we achieved three of our four revised consolidated targets. Our achievements reflect growth in wireless network revenues resulting from an increase in average revenue per subscriber unit and growth in our wireless subscriber base, as well as an increase in wireline data service revenue and an ongoing focus on operational efficiency. Capital expenditures exceeded our target due to a continued focus on investments in our broadband wireless and wireline infrastructure.

For further information, see Section 1.4 of Management's discussion and analysis (MD&A) in this report.

We are currently guided by a number of long-term financial objectives, policies and guidelines, which are detailed in Section 4.3 of the MD&A.

With these policies in mind, our 2018 consolidated financial targets reflect continued execution of our successful national growth strategy focused on wireless and data. In each of the past eight years, we have met three of our four consolidated financial targets, which has supported the return of capital to shareholders through our shareholder-friendly initiatives, including our multi-year dividend growth program.

The following scorecard shows TELUS' 2017 performance against our revised targets, as well as our targets for 2018.

For more information and a complete set of 2018 financial targets and the assumptions on which they are based, see our fourth quarter 2017 results and 2018 targets quarterly report issued on February 8, 2018.

Caution regarding forward-looking statements summary

This annual report contains forward-looking statements including statements relating to our 2018 targets, expected performance and multi-year dividend growth program. By their nature, forward-looking statements do not refer to historical facts and require the Company to make assumptions and predictions, and are subject to inherent risks. There is significant risk that the forward-looking statements will not prove to be accurate and there can be no assurance that TELUS will achieve its targets or performance goals or maintain its multi-year dividend growth program. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors (such as competition, technological substitution, regulatory developments, government decisions, economic performance in Canada, our cost reduction initiatives, our earnings and free cash flow, and our capital expenditures) could cause actual future performance and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified by the assumptions (including assumptions on which our 2018 annual targets and guidance are based and regarding semi-annual dividend increases through 2019), qualifications and risk factors as set out in Management's discussion and analysis in this report, especially Sections 9 and 10, and in other TELUS public disclosure documents and filings with securities commissions in Canada (on SEDAR at sedar.com) and in the United States (on EDGAR at sec.gov). Except as required by law, TELUS disclaims any intention or obligation to update or revise forward-looking statements, and reserves the right to change, at any time at its sole discretion, its current practice of updating annual targets and guidance.

	2017 revised targets[1]	2017 results and growth	2018 targets[2]
Revenues	Targeted between **$13.180 and $13.310 billion** an increase of **3.0 to 4.0%**	**$13.30 billion** an increase of **3.9%**	Targeting between **$13.835 and $14.100 billion** an increase of **4 to 6%**
EBITDA – excluding restructuring and other costs[3]	Targeted between **$4.875 and $5.040 billion** an increase of **3.5 to 7.0%**	**$4.91 billion** an increase of **4.4%**	–
Adjusted EBITDA[3]	–	**$4.89 billion** an increase of **4.8%**	Targeting between **$5.105 and $5.230 billion** an increase of **4 to 7%**
Basic earnings per share (EPS)	Targeted between **$2.49 and $2.66** an increase of **2.0 to 9.0%**[4]	**$2.51**[5] an increase of **2.9%**	Targeting between **$2.53 and $2.68** an increase of **3 to 9%**[6]
Capital expenditures (excluding spectrum licences)	Targeted **$3.0 billion**	**$3.09 billion** an increase of **4.2%**	**Approximately $2.85 billion**

OPERATING REVENUES
($ billions)

Targeting an increase of 4 to 6%, driven by growth in wireless and wireline data, including acquisitions

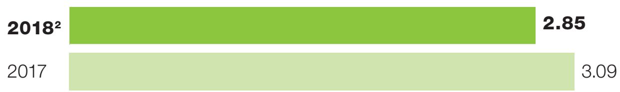
ADJUSTED EBITDA[3]
($ billions)

Targeting 4 to 7% growth, generated by profitable revenue growth and operating efficiencies in both our wireless and wireline businesses

BASIC EPS
($)

Targeting an increase of 3 to 9%[6], driven by EBITDA growth, partly offset by higher depreciation and amortization and interest costs

CAPITAL EXPENDITURES (EXCLUDING SPECTRUM LICENCES)
($ billions)



Continuing investment in wireless and wireline broadband infrastructure to support customer growth, technology evolution and reliability

1 Reflects the 2017 revised targets that were announced on May 11, 2017 to account for the acquisition of Manitoba Telecom Services' postpaid wireless subscribers, certain network assets and dealer locations. The 2017 original targets were set on February 9, 2017. For more information, see Section 1.4 of the MD&A in this report.
2 The targets for 2018 exclude the impacts of IFRS 9 and IFRS 15.
3 EBITDA – excluding restructuring and other costs and Adjusted EBITDA are non-GAAP measures and do not have a standardized meaning under IFRS-IASB. Therefore, they are unlikely to be comparable to similar measures presented by other companies. See Section 11 of the MD&A in this report.
4 Our basic EPS target growth rate was based on 2016 basic EPS of $2.44, which was adjusted to exclude the transformative compensation expense of $0.38.
5 Our 2017 basic EPS included the effect of an increase in the B.C. corporate income tax rate of $0.05, which was not reflected in the original target. Excluding this impact, our basic EPS of $2.51 met the target range.
6 The target for 2018 basic EPS growth is based on 2017 basic EPS of $2.46.