Q4 2016 & 2017 targets investor conference call
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TELUS®

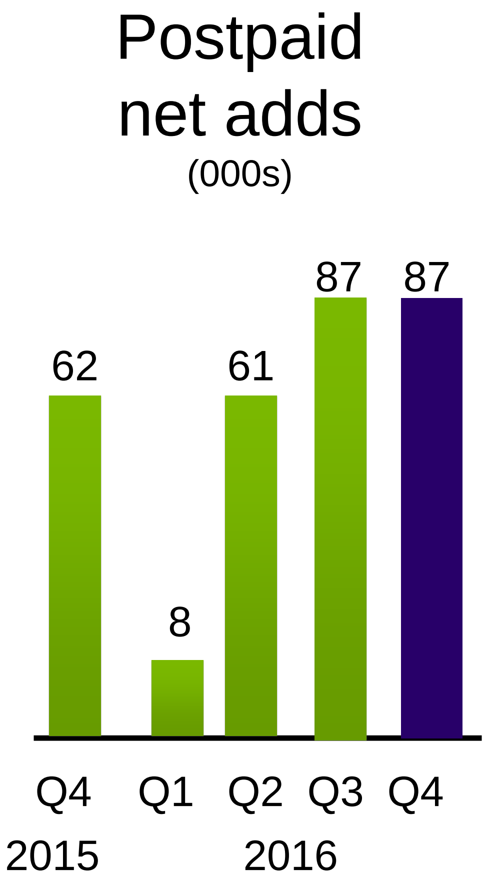
Caution regarding forward looking statements

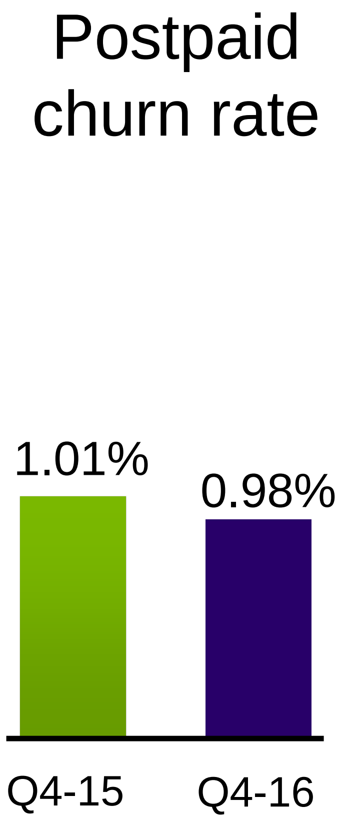
Today's presentation and answers to questions contain statements about financial and operating performance of TELUS (the Company) and future events, including with respect to future dividend increases and share purchases through 2019, and the 2017 annual targets and guidance that are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and predictions and are subject to inherent risks and uncertainties. There is significant risk that the forward-looking statements will not prove to be accurate. The forward-looking statements contained in this presentation describe our expectations at the date of this presentation and, accordingly, are subject to change after such date. Readers and listeners are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause actual future performance and events to differ materially from those expressed in the forward-looking statements. Accordingly, this presentation is subject to the disclaimer and qualified by the assumptions (including assumptions for the 2017 annual targets and guidance, semi-annual dividend increases through 2019 and our ability to sustain and complete multi-year share purchase programs through 2019), qualifications and risk factors referred to in our fourth quarter 2016 Management's review of operations, 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.

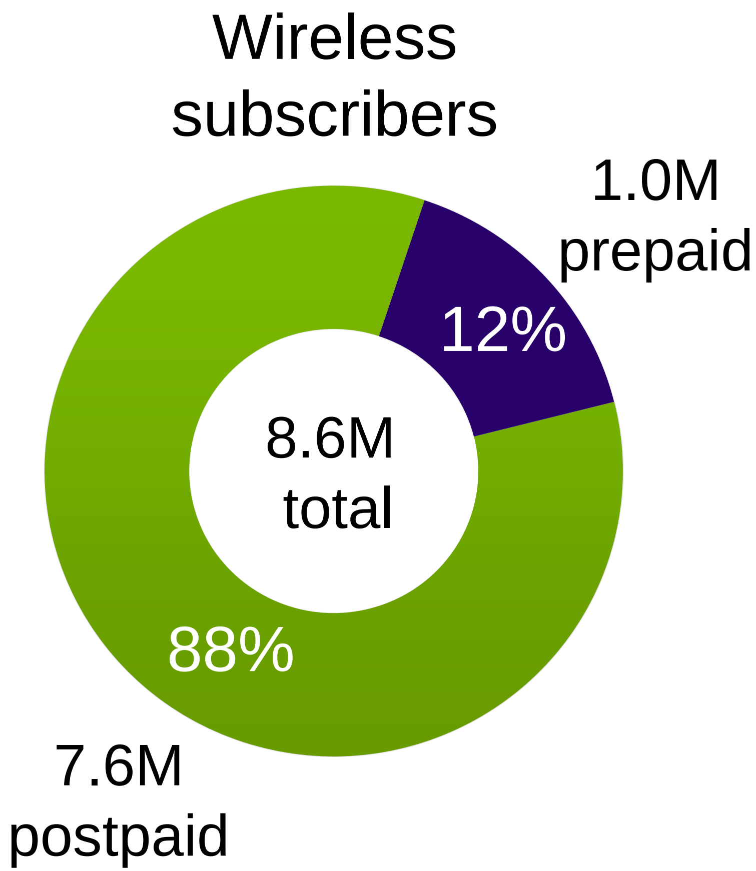
Strong results & 2017 outlook

- Executing strategy to deliver strong Q4 & 2016 results
- Investing for sustainable long-term future growth
  - World-class 4G LTE network
  - TELUS PureFibre + strong Optik TV product & roadmap
- 2017 targets reflect diversity & strength of assets
- Delivering on shareholder friendly initiatives

Wireless postpaid subscriber trends





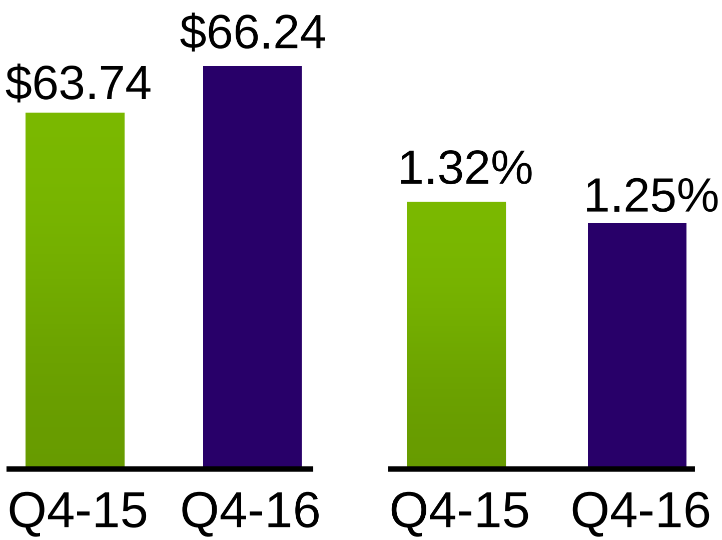


Operating momentum continues with strong postpaid adds
Industry-leading postpaid churn of 0.98%

Industry-leading wireless lifetime revenue per sub

Blended

ARPU   Churn

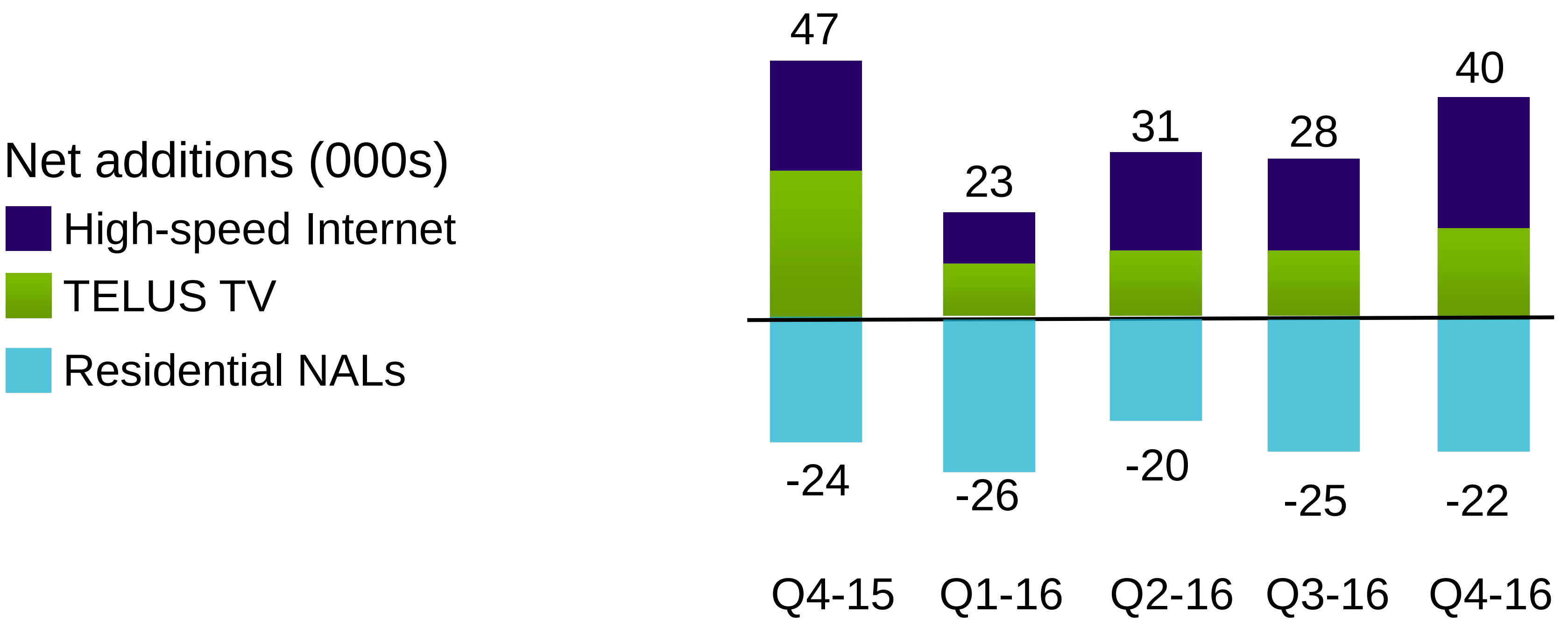


Average lifetime revenue

[1] Lifetime revenue derived by dividing ARPU by blended churn rate.

Continued focus on high-quality postpaid subscriber growth delivering leading lifetime revenue per subscriber

Wireline subscriber trends



Net wireline additions	23	(3)	11	3	18

Positive wireline net adds in competitive Western Canadian market

Returning significant cash to shareholders

2016

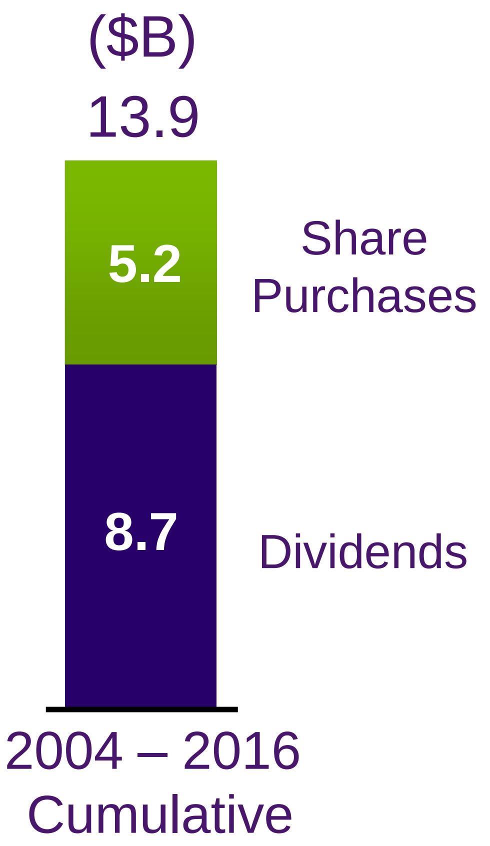
- More than $1.2 billion to shareholders – $1.1 billion in dividends
- Purchased and cancelled 4.3 million shares for $169 million

2011 through 2016

- 12 dividend increases to $1.92 annualized, up 83% since 2011
- Purchased 66 million shares for $2.4 billion

Since 2004

- Dividend growth with 19 dividend increases
- Purchased 185 million shares for $5.2 billion
- Returned $13.9 billion or $24 per share



Consistent track record of growth
while returning capital to shareholders

Fourth quarter 2016 wireless financial results

($ millions, except margin)	Q4 2016	y/y change
Revenue (external)	1,841	+3.9%
Network revenue	1,681	+5.4%
EBITDA[1]	598	-4.7%
Adjusted EBITDA[1,2]	679	+4.0%
EBITDA margin[3]	32.2%	-2.9 pts
Adjusted EBITDA margin[3]	36.7%	+0.2 pts
Capital expenditures	249	+19%

[1] EBITDA and Adjusted EBITDA are non-GAAP measures and do not have any standardized meaning prescribed by IFRS-IASB. Please see the appendix for the definitions.
[2] When excluding a non-recurring gain on certain real estate assets in the fourth quarter of 2015, adjusted wireless EBITDA increased by 5.1%
[3] As a percentage of total revenue.

Strong network revenue gains from higher ARPU and customer growth
Underlying EBITDA growth of 5.1% as cost savings offset higher COA/COR

Fourth quarter 2016 wireline financial results

($ millions, except margin)	Q4 2016	y/y change
Revenue (external)[1]	1,464	+1.3%
EBITDA[1]	171	-51%
Adjusted EBITDA[1,2]	431	+1.7%
EBITDA margin[3]	11.3%	(12.2) pts
Adjusted EBITDA margin[3]	28.5%	-
Capital expenditures	545	+22%

[1] EBITDA and Adjusted EBITDA are non-GAAP measures and do not have any standardized meaning prescribed by IFRS-IASB. Please see the appendix for the definitions.
[2] When excluding a non-recurring gain on certain real estate assets in the fourth quarter of 2015, adjusted wireline EBITDA increased by 5.0%
[3] As a percentage of total revenue.

Underlying EBITDA growth of 5.0% reflects cost efficiency programs and improving margins in data services

Fourth quarter 2016 consolidated financial results

($ millions, except EPS)	Q4 2016	y/y change
Revenue	3,305	+2.7%
EBITDA[1]	769	(21)%
EBITDA (adjusted) [1, 2]	1,110	+3.1%
EPS (basic)	0.14	(68)%
Adjusted basic EPS[1]	0.53	(1.9)%
Capital expenditures	794	21%
Free cash flow	(191)	n.m

[1] EBITDA, adjusted EBITDA and adjusted basic EPS are non-GAAP measures and do not have any standardized meaning prescribed by IFRS-IASB. Please see the appendix for the definitions.
[2] When excluding a non-recurring gain on certain real estate assets in the fourth quarter of 2015, adjusted EBITDA increased by 5.1%

Revenue and underlying EBITDA growth of 5.1% offset by $305M in immediately vesting transformative compensation expense

2017 targets

	2017 targets[1]	y/y change
Revenue	$13.120 to 13.250 billion	+ 2.5 to 3.5%
EBITDA[2,3]	$4.850 to 4.995 billion	+ 3 to 6%
EPS (basic)[3]	$2.49 to 2.64	+ 2 to 8%
Capital expenditures	Approx. $2.9 billion	-

[1] Excluding any potential impact from acquisition of Manitoba Tel postpaid subscribers and dealer locations.
[2] Excluding restructuring and other costs of $125 million. EBITDA is a non-GAAP measure and does not have any standardized meaning prescribed by IFRS-IASB. Please see the appendix for the definitions.
[3] EBITDA and EPS (basic) growth rates based off values excluding immediately vesting compensation expense in 2016.

Strong operating momentum and focus on efficiency to continue in 2017

Questions?

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Appendix – Q4 2016 EPS analysis

Basic EPS as reported (Q4 2015)	**$0.44**
Restructuring and other costs	0.12
Favourable income-tax adjustments	(0.02)
Adjusted basic EPS (Q4 2015)	**$0.54**
Higher EBITDA excluding restructuring and other costs	0.06
Gain on sale of real estate in Q4-15	(0.02)
Higher depreciation and amortization and other	(0.02)
Higher financing costs	(0.02)
Non-controlling interest	(0.01)
Adjusted basic EPS (Q4 2016)	**$0.53**
Restructuring and other costs[1]	(0.43)
Net gains and equity income from real estate joint ventures	0.01
Favourable income-tax adjustments	0.03
Basic EPS as reported (Q4 2016)	**$0.14**

[1] Includes 5 cents of restructuring costs and 38 cents from immediately vesting transformative compensation expense

Appendix - free cash flow comparison

C$ millions	**Q4-2015**	**Q4-2016**	**2015**	**2016**
EBITDA	978	769	4,262	4,229
Capital expenditures (excluding spectrum licenses)	(655)	(794)	(2,577)	(2,968)
Net employee defined benefit plans expense	37	26	118	93
Employer contributions to employee defined benefit plans	(26)	(18)	(94)	(71)
Interest paid, net	(108)	(120)	(434)	(506)
Income taxes paid, net of refunds	(7)	(29)	(256)	(600)
Share-based compensation	(78)	(67)	(38)	(2)
Restructuring (disbursements) net of restructuring costs	56	51	97	24
Gain on the exchange of wireless spectrum licences	-	-	-	(15)
Net gains and equity income from real estate joint venture developments	-	(7)	-	(26)
Gains from the sale of property, plant and equipment	-	(2)	-	(17)
Free Cash Flow	**197**	**(191)**	**1,078**	**141**
Spectrum	(46)	-	(2,048)	(145)
Issue of shares by subsidiary to non-controlling interest	-	3	-	294
Purchase of Common Shares for cancellation	(226)	(39)	(628)	(179)
Dividends paid to holders of Common Shares	(252)	(272)	(992)	(1,070)
Cash payments for acquisitions and related investments	-	(74)	(10)	(90)
Real estate joint ventures	(11)	7	48	70
Working Capital and Other	99	142	(4)	305
Funds available for debt redemption	**(239)**	**(424)**	**(2,556)**	**(674)**
Net issuance of debt	321	446	2,719	883
Increase (decrease) in cash	**82**	**22**	**163**	**209**

2017E free cash flow

($M)	2016	2017E
EBITDA (net of restructuring)	$4,229	$4,725 to 4,870
Capex (excluding spectrum)	(2,968)	~(2,900)
Simple Cash flow	1,261	1,825 to 1,970
Net cash interest payment	(506)	~(540)
Other[2]	57	~30
Free Cash Flow (before income taxes, dividends, spectrum and pension contributions)	812	1,315 to 1,460
Net cash tax payment[1]	(600)	(300) to (360)
Cash pension contribution	(71)	(65)
Free Cash Flow (before dividends and spectrum)	141	950 to 1,065

[1] Midpoint used to calculate FCF range

[2] Other includes share based compensation, restructuring disbursements net of restructuring costs, net employee defined benefit plans expense

Appendix - definitions

Our presentation and answers include the following non-GAAP measures, which may not be comparable to similar measures used by other issuers:

- EBITDA does not have any standardized meaning prescribed by IFRS-IASB. We have issued guidance on and report EBITDA because it is a key measure used to evaluate performance at a consolidated level and the contribution of our two segments. For definition and explanation, see Section 4.1 in the 2016 fourth quarter Management's review of operations.
- Adjusted EBITDA for the fourth quarter of 2016 excludes:1) net gains and equity income of $7 million related to real estate joint venture developments; and 2) restructuring and other costs of $348 million ($43 million of restructuring costs and $305 million of immediately-vesting transformative compensation expense)
- Adjusted basic EPS does not have any standardized meaning prescribed by IFRS-IASB. This term is defined in this presentation as excluding (after income taxes), 1) net gains and equity income from real estate joint venture developments in the fourth quarter of 2016; 2) restructuring and other costs in the fourth quarter of 2016 and 2015; and 3) favourable income tax-related adjustments in the fourth quarter of 2016 and 2015. For further analysis see Section 1.2 in the 2016 fourth quarter Management's review of operations.