

building on strength

08

corporate review



building on the strength of our strategy

TELUS' strategy and the six strategic imperatives that guide our performance have been in place since 2000.

Our strategic intent is to unleash the power of the Internet to deliver the best solutions to Canadians at home, in the workplace and on the move.

strategic imperatives

1

Focusing relentlessly on growth markets of data, Internet protocol (IP) and wireless

2

Partnering, acquiring and divesting to accelerate the implementation of our strategy and focus our resources on core business

3

Building national capabilities across data, IP, voice and wireless

4

Providing integrated solutions that differentiate TELUS from our competitors

5

Investing in internal capabilities to build a high-performance culture and efficient operation

6

Going to market as one team, under a common brand, executing a single strategy

who we are

TELUS is a leading national telecommunications company in Canada, with \$9.7 billion of annual revenue and 11.6 million customer connections including 6.1 million wireless subscribers, 4.2 million wireline network access lines and 1.2 million Internet subscribers. As a result of our national growth strategy, in 2008, revenue grew by 6.4 per cent and total connections increased by 448,000. TELUS provides a wide range of communications products and services including data, IP, voice, entertainment and video.

we give where we live

In support of our philosophy to give where we live, TELUS, our team members and retirees have contributed more than \$135 million to charitable and not-for-profit organizations and volunteered more than 2.6 million hours of service to local communities since 2000. Nine TELUS Community Boards from Victoria to Atlantic Canada lead our local philanthropic initiatives.

our values

- We embrace change and initiate opportunity
- We have a passion for growth
- We believe in spirited teamwork
- We have the courage to innovate



For detailed financial information, investor information and our commitment to ethics and corporate governance, refer to the TELUS 2008 annual report – financial review or visit telus.com/annualreport.



For information on our commitment to economic, social and environmental sustainability, refer to the TELUS 2008 corporate social responsibility report or visit telus.com/csr.

Caution regarding forward-looking statements summary
This document contains statements about expected future events and financial and operating results of TELUS that are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly this document is subject to the disclaimer and qualified in its entirety by the assumptions (including assumptions for 2009 targets), qualifications and risk factors referred to in the Management's discussion and analysis starting on page 12 of the TELUS 2008 annual report – financial review and in other TELUS public disclosure documents and filings with securities commissions in Canada (on sedar.com) and in the United States (on EDGAR at sec.gov). TELUS disclaims any intention or obligation to update or revise forward-looking statements, except as required by law, and reserves the right to change, at any time at its sole discretion, its current practice of updating annual targets and guidance.

look inside for more about us

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building on value

why invest in TELUS

Own a Canadian telecommunications company focused on data and wireless, with a consistent growth strategy that is generating robust cash flows from operations. Supported by the strength of our financial position and operational capabilities, TELUS continues to invest in the future while returning capital to investors.



We are building for the future by:

- Investing in strategic growth areas including our recently launched Koodo® wireless brand and service, a next generation wireless network, our broadband network, TELUS TV® service and managed data solutions for large enterprises
- Driving profit from our consistent national growth strategy focused on wireless and data
- Leveraging our strong brand and Future Friendly® suite of innovative wireline and wireless solutions for businesses and consumers alike
- Leading in wireless data growth with the widest selection of smartphones on TELUS' third generation high-speed network
- Enhancing the focus on our ongoing operational efficiency program
- Demonstrating a long-standing commitment to balance interests of debt and equity holders
- Sustaining a strong financial position and ample liquidity, with an enviable debt maturity profile
- Delivering on our dividend growth model for five years based on a dividend payout ratio guideline of 45 to 55% of sustainable net earnings
- Continuing strong performance with an eight-year track record for achieving the vast majority of our challenging annual consolidated financial targets
- Providing global leadership in financial reporting and disclosure excellence, corporate governance best practices, social responsibility and sustainability.

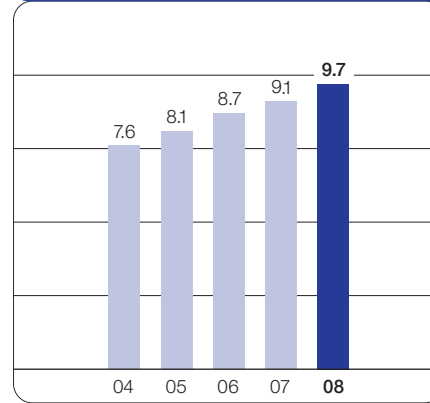
building on

success

2008 highlights

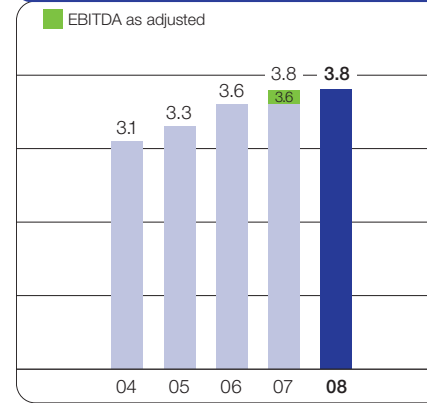


REVENUE (\$ billions)



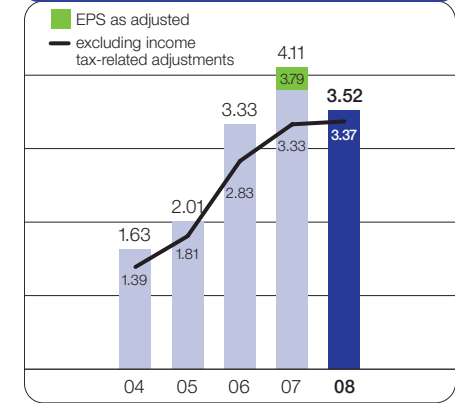
Revenue increased 6.4% driven by wireless growth and wireline data primarily from the Emergis acquisition

EBITDA (\$ billions)



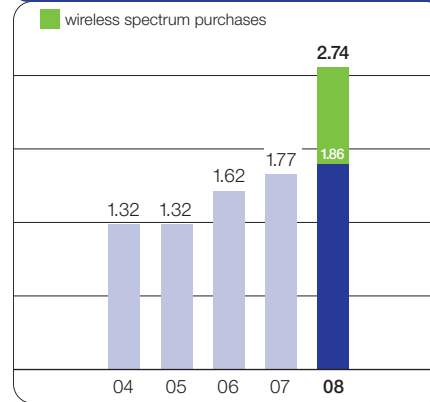
EBITDA as adjusted increased 0.6% as the increase in wireless was offset by wireline restructuring costs and dilutive impacts of new growth services

EARNINGS PER SHARE (EPS) (\$)



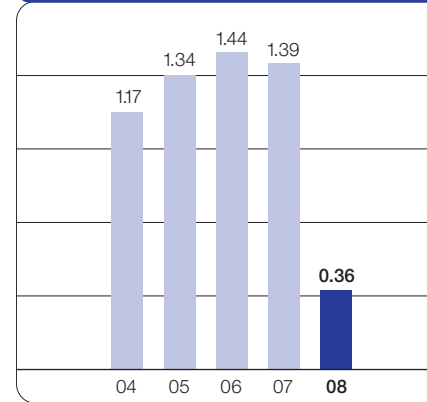
Underlying EPS was maintained, while EPS as adjusted decreased 14% due to lower positive tax-related impacts

CAPITAL EXPENDITURES INCLUDING SPECTRUM (\$ billions)



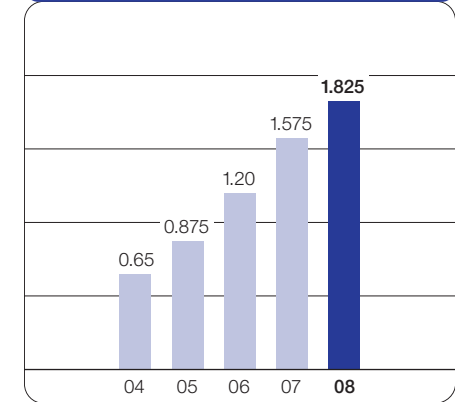
Capital expenditures, excluding spectrum, increased 5% to support new wireline enterprise customers and broadband services

FREE CASH FLOW (\$ billions)



Free cash flow decreased \$1.0 billion due to the \$882 million purchase of wireless spectrum and lower cash tax recoveries

DIVIDENDS DECLARED PER SHARE (\$)



Five years of dividend growth with the 2009 dividend set at a record \$1.90 annualized

FINANCIAL AND OPERATING HIGHLIGHTS

(\$ in millions, except per share amounts)

	2008	2007	% change (2008 to 2007)	2006	% change (2008 to 2006)
Operations					
Operating revenues	\$ 9,653	\$ 9,074	6.4	\$ 8,681	11
EBITDA ¹	\$ 3,779	\$ 3,589	5.3	\$ 3,615	4.5
EBITDA as adjusted ²	\$ 3,779	\$ 3,758	0.6	\$ 3,615	4.5
Operating income	\$ 2,066	\$ 1,974	4.7	\$ 2,039	1.3
Net income	\$ 1,128	\$ 1,258	(10)	\$ 1,145	(1.5)
Basic earnings per share (EPS)	\$ 3.52	\$ 3.79	(7.1)	\$ 3.33	5.7
Basic EPS as adjusted ²	\$ 3.52	\$ 4.11	(14)	\$ 3.33	5.7
Basic EPS as adjusted ² , excluding income tax-related adjustments	\$ 3.37	\$ 3.33	1.2	\$ 2.83	19
Dividends declared per share	\$ 1.825	\$ 1.575	16	\$ 1.20	52
Dividend payout ratio (%) ³	54	47	–	45	–
Return on common equity (%)	15.8	18.1	–	16.4	–
Cash from operations	\$ 2,819	\$ 3,172	(11)	\$ 2,804	0.5
Capital expenditures	\$ 1,859	\$ 1,770	5.0	\$ 1,618	15
Payment for wireless spectrum	\$ 882	\$ –	–	\$ –	–
Financial position					
Total assets	\$ 19,160	\$ 16,988	13	\$ 16,661	15
Net debt ⁴	\$ 7,286	\$ 6,141	19	\$ 6,278	16
Net debt to EBITDA ratio ⁵	1.9	1.7	–	1.7	–
Free cash flow ⁶	\$ 361	\$ 1,388	(74)	\$ 1,443	(75)
Shareholders' equity	\$ 7,182	\$ 6,926	3.7	\$ 7,048	1.9
Market capitalization of equity ⁷	\$ 11,483	\$ 15,823	(27)	\$ 17,848	(36)
Other information (as at December 31)					
Wireless subscribers (000s)	6,129	5,568	10	5,056	21
Network access lines (000s)	4,246	4,404	(3.6)	4,548	(6.6)
Internet subscribers (000s)	1,220	1,175	3.8	1,111	9.8
Total customer connections ⁸	11,595	11,147	4.0	10,715	8.2



- 1 Earnings before interest, taxes, depreciation and amortization, calculated as Operating revenues less Operations expense, net-cash settlement feature expense and Restructuring costs.
- 2 Excludes a \$169 million incremental charge in 2007, which did not result in an immediate cash outflow, relating to the introduction of a net-cash settlement feature for share option awards granted prior to 2005.
- 3 Last quarterly dividend declared per share, in the respective reporting period, annualized, divided by the sum of Basic earnings per share reported in the most recent four quarters.
- 4 The summation of Long-term debt, current maturities of Long-term debt, net deferred hedging liability related to U.S. dollar Notes and proceeds from securitized accounts receivable, less Cash and temporary investments.
- 5 Net debt to EBITDA, where EBITDA excludes Restructuring costs.
- 6 EBITDA, adding Restructuring costs, net employee defined benefit plans expense, the excess of share compensation expense over share compensation payments and interest received; and deducting restructuring payments, employer contributions to employee defined benefit plans, interest paid, cash income taxes, capital expenditures (including spectrum payments), donations and securitization fees. Note: the definition was refined in 2008 to incorporate defined benefit plans cash contributions instead of accrued net expense (recovery) for accounting purposes.
- 7 Market value based on year-end closing share prices and shares outstanding.
- 8 Total customer connections excludes TELUS TV subscribers.

building on

cool products

TELUS wireless



We provide integrated digital wireless voice, data and Internet services on a digital PCS (CDMA) third generation high-speed network, and Push To Talk (PTT) services with Mike, on Canada's only iDEN network.

More than 6.1 million subscribers

Digital coverage to 98% of Canadians

Record digital subscriber net additions of 588,000 in 2008

Industry-leading data revenue growth from smartphone adoption

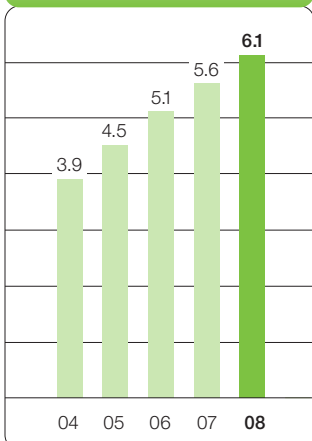
what we offer

digital voice – PCS (postpaid and Pay & Talk® prepaid) and Mike® all-in-one (iDEN); Push To Talk™ capability on both Mike (Direct Connect®) and PCS (Instant Talk®)

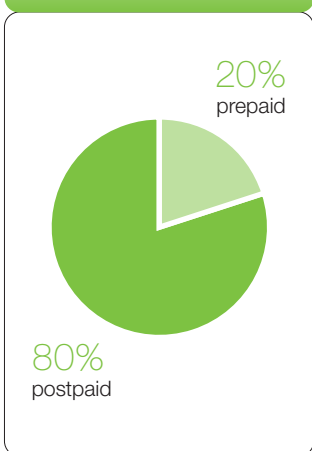
Internet and data services – SPARK™ services including TELUS Mobile TV®, TELUS Mobile Radio®, TELUS Mobile Music®, web browsing, Windows Live Messenger, social networking, text and picture messaging, and downloadable games, videos, ringtones and images

data devices – including smartphones and wireless connect cards available for use on wireless high-speed and Mike packet data networks

WIRELESS SUBSCRIBERS
(millions)



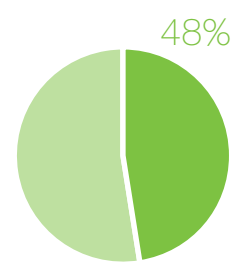
2008 SUBSCRIBER MIX



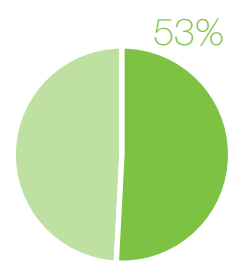
2008

- Future-proofed our wireless technology roadmap with our decision to invest in long-term evolution (LTE) technology, the emerging worldwide technology standard, while deploying a high-speed packet access (HSPA) network as an interim step
- Enhanced our spectrum position with the \$882 million purchase of 59 spectrum licences (average of 16.2 MHz) across Canada for future fourth generation (4G) wireless data services and customer growth
- Launched a successful basic wireless service, branded as Koodo Mobile®, which received the highest customer satisfaction score for postpaid service providers in the 2008 Canadian wireless customer satisfaction study by J.D. Power and Associates
- Offered a comprehensive selection of smartphones, bringing Canadians the latest wireless devices including, late in the year, the highly anticipated touchscreen BlackBerry Storm
- Achieved record digital subscriber net additions and a 55% increase in wireless data revenue due to focused execution in the smartphone market and success in targeting certain market segments.

2008 RESULTS – WIRELESS
(share of TELUS consolidated)



revenue (external) \$4.63 billion



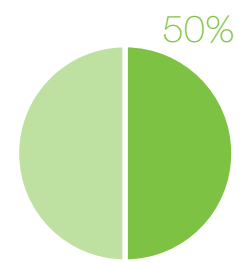
EBITDA \$2.01 billion

2009

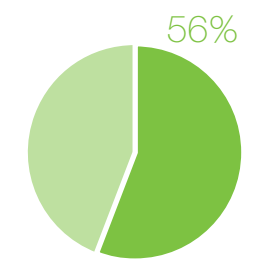
- Continuing to focus on customer retention and maintaining low churn levels through customer service excellence, supported by the TELUS Future Friendly promises, which highlight our dependable networks, premium client care and innovative new phones
- Building a next generation HSPA wireless network, to be launched by early 2010, to provide clients with the widest choice of wireless solutions to best meet their needs
- Continuing to offer innovative new wireless data devices and applications for business and consumers that leverage our investment in nationwide higher-speed networks
- Growing wireless data usage and revenues through continued smartphone adoption and bundling with other TELUS solutions
- Leveraging flexibility of Koodo service in addressing various customer segments and augmenting distribution, while continuing to complement the full-service TELUS brand in the marketplace
- Generating up to \$2.175 billion in EBITDA from our wireless operations, an increase of up to 8%.

See the Caution regarding forward-looking statements summary on the inside front cover.

2009 TARGETS – WIRELESS
(share of TELUS consolidated)



revenue (external) \$4.975 to \$5.1 billion



EBITDA \$2.1 to \$2.175 billion



building on innovation

TELUS wireline

We are a full-service incumbent local exchange carrier in B.C., Alberta and Eastern Quebec offering local, long distance, data, Internet, video, entertainment and other services to consumers and businesses. Nationally, we provide data, IP and managed solutions focusing on the business market in urban centres in Ontario and Quebec.

what we offer

voice – reliable phone service with long distance and call management services such as Voice Mail, Call Display and Call Waiting, and the sale, rental and maintenance of telephone equipment

Internet – secure high-speed or dial-up access with a comprehensive suite of security and entertainment services

TELUS TV – flexible digital entertainment service with high-definition TV, personal video recorder (PVR), Video on Demand and Pay Per View services

data – IP networks, private line, switched services, network wholesale, network management and hosting

converged voice and data – premier integrated and hosted IP telephony solutions through TELUS IP-One® business services

hosting and infrastructure – managed information technology and infrastructure solutions delivered through TELUS' IP networks and connected to our Internet data centres

security – managed and non-managed solutions to protect business networks, messaging and data, in addition to security consulting services

customized solutions – global multi-language contact centre solutions including CallCentreAnywhere, remote agent solutions with TELUS AgentAnywhere®, interactive voice response (IVR) and speech recognition services, conferencing and collaboration services, and performance optimization, human resource and health and safety outsourcing solutions

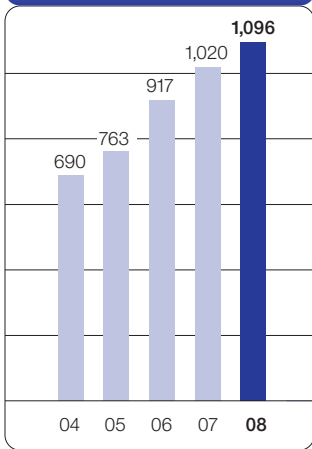
2.4 million residential network access lines

1.8 million business network access lines

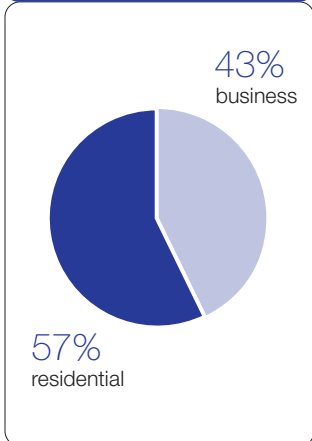
Second largest Internet service provider
in Western Canada

1.2 million Internet subscribers

HIGH-SPEED INTERNET SUBSCRIBERS (000s)



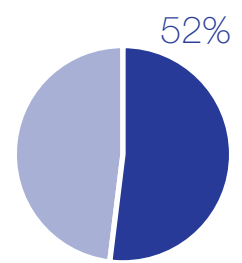
2008 NETWORK ACCESS LINES



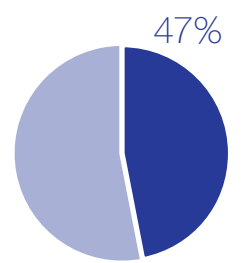
2008

- Launched TELUS TV in several Quebec communities and began mass marketing across Calgary and Edmonton, with the inclusion of high-definition TV and, late in the year, PVR services
- Continued to invest in increasing speed and coverage of our broadband infrastructure in B.C., Alberta and Eastern Quebec, which facilitated the expansion of TELUS Extreme High-Speed Internet service
- Implemented a consolidated order entry and billing platform for more than one million residential customers in B.C.
- Focused on key industry verticals and implementing major contracts for clients including the City of Montreal and Department of National Defence. Late in the year, we won a landmark seven-to-10-year contract with the Government of Quebec estimated at up to \$900 million
- Enhanced our leadership position in healthcare with the acquisition and integration of Emergis, launch of TELUS Health Solutions and a commitment to invest \$100 million over three years in the sector
- Generated wireline revenue growth of 4.4% driven primarily by data revenue from the Emergis acquisition in January and increased Internet, hosting and digital entertainment services.

2008 RESULTS – WIRELINE
(share of TELUS consolidated)



revenue (external) \$5.02 billion



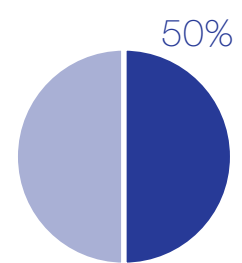
EBITDA \$1.77 billion

2009

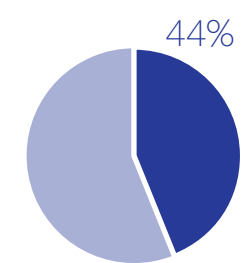
- Bringing robust wireline solutions to market by expanding and enhancing our broadband footprint across B.C., Alberta and Eastern Quebec, including the continued roll-out of high-definition TV and PVR services
- Leveraging our Future Friendly Home suite of services by bundling voice, Internet and entertainment solutions, which enhances loyalty and retention so as to contain residential line losses
- Winning and implementing large complex deals focused on providing managed data solutions to key industry verticals in support of TELUS' national growth strategy
- Investing in efficiency initiatives to help mitigate both the short-term dilutive impact of growth investments on profit margins and revenue decline in certain areas due to technological substitution or competition
- Continuing to develop TELUS Health Solutions, with applications and technology infrastructure to support the evolution of the healthcare industry and help Canadians manage critical health information
- Growing revenues by up to 3%, to \$5.175 billion.

See the Caution regarding forward-looking statements summary on the inside front cover.

2009 TARGETS – WIRELINE
(share of TELUS consolidated)



revenue (external) \$5.05 to \$5.175 billion



EBITDA \$1.65 to \$1.725 billion

2008 scorecard

At TELUS, we believe in setting annual financial targets to provide clarity for investors. This scorecard summarizes TELUS' 2008 performance against our original consolidated targets.

For further information, see Section 1.4 of the Management's discussion and analysis in the TELUS 2008 annual report – financial review.

	2008 results	2008 original targets	Result
Consolidated			
Revenues	\$9.653 billion	\$9.6 to \$9.8 billion	✓
EBITDA	\$3.779 billion	\$3.8 to \$3.95 billion	✗
Basic earnings per share (EPS)	\$3.52	–	–
Basic EPS, excluding income tax-related adjustments	\$3.37	\$3.50 to \$3.80	✗
Capital expenditures	\$1.859 billion	\$1.9 billion approximately	✓

✓ Met target ✗ Did not meet target



2009 targets

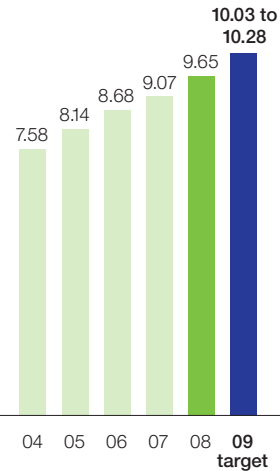
For additional information on 2009 financial targets, see Sections 1.4 through 1.6 of the Management's discussion and analysis in the TELUS 2008 annual report – financial review.



REVENUE (\$ billions)

Generate revenue of more than \$10 billion

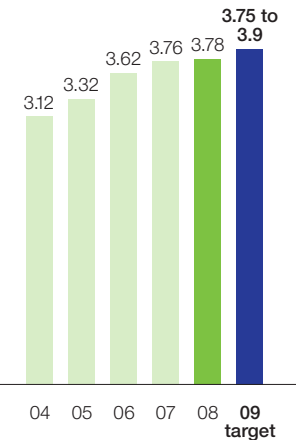
Increase of more than \$370 million or 4 to 6%, driven by continued wireless and data growth



EBITDA* (\$ billions)

Achieve EBITDA of \$3.75 to \$3.9 billion

Representing growth of up to 3%, supported by increased operating earnings in wireless and a focus on cost control

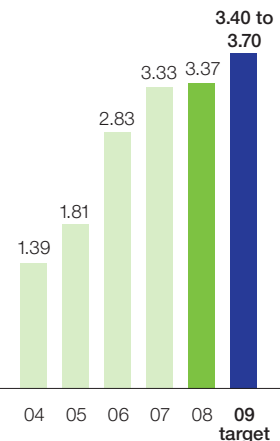


*2007 EBITDA adjusted to exclude a \$169 million net-cash settlement feature for past options expense

EPS* (\$)

Realize EPS of \$3.40 to \$3.70

Increase of up to 10%, on a comparable basis, due to continued EBITDA growth and fewer shares outstanding after share repurchases in 2008

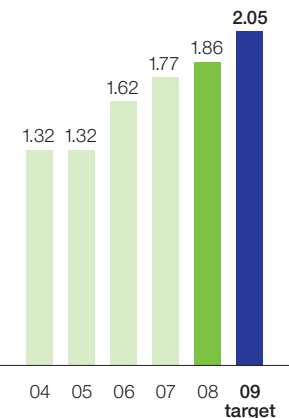


*Basic EPS as adjusted, excluding income tax-related adjustments and, in 2007, excluding 32 cents for a net-cash settlement feature

CAPITAL EXPENDITURES* (\$ billions)

Invest \$2.05 billion for long-term growth

Reflecting significant investments in TELUS' next generation wireless network, continued wireline broadband network enhancements, efficiency initiatives and new managed data contracts in Central Canada



*Excluding wireless spectrum costs in 2008

These 2009 targets are qualified in their entirety by the Caution regarding forward-looking statements on page 12 of the TELUS 2008 annual report – financial review.

building on strength



Dear investor,

2008 was a year of major accomplishments for TELUS, but also a year that presented significant challenges. Despite the unprecedented global economic uncertainty impacting our company, the industry and investors, our team is delivering on our strategy, building on the strength of our financial policies and performance, and making significant growth investments for the future.

TELUS' support for organizations such as the BC Children's Hospital helps children like 12-year-old Casey Haney, shown here with Darren Entwistle. After many years of numerous operations, intense physiotherapy and wearing a metal frame to lengthen her leg, Casey is now active like other kids her age.

Highlights of 2008

During these challenging economic times, we managed our business responsibly whilst continuing to make decisive moves that advance our growth strategy, increase our future competitiveness and grow shareholder value over the long term.

Our financial and cash flow strength has enabled your company to invest in strategic growth areas that yield sustainable value creation for securities holders.

Our growth investments included launching Koodo Mobile, our new wireless basic brand and service, starting the implementation of a next generation wireless technology platform, continuing the roll-out of TELUS TV and implementing major data network contracts for corporate and public sector clients. Whilst in the near term these initiatives are dilutive to our earnings and cash flow, they are designed to create long-term value for shareholders.

Importantly, your company has maintained a transparent approach to these investments – assessing opportunities rigorously in relation to our core strategy, planning fastidiously and making considered decisions, all before communicating to stakeholders and implementing our plans effectively.

For example, our decision to invest in a high-speed packet access (HSPA) wireless network, to be launched by early 2010, essentially future-proofs our technology roadmap as we plan to move to a fourth generation (4G) network using long-term evolution (LTE) technology. As part of our comprehensive execution plan, we expanded on our existing network sharing agreement with Bell Canada and chose two leading equipment suppliers – Nokia Siemens Networks and Huawei Technologies – to ensure the build will be both timely and cost-effective. These decisions will provide our customers a full choice of wireless solutions.

Complementing this initiative was our purchase of 59 spectrum licences across Canada in the advanced wireless services (AWS) spectrum auction, which will enable us to provide wireless data

services to support the future growth of our business and facilitate our plans to move to LTE technology. The total cost of this spectrum for most participants, including TELUS, exceeded original expectations by two to three times.

On the Ontario and Quebec front, I am pleased to report that momentum keeps building as we win and implement multi-year large corporate and public sector contracts. Most recently, we were selected by the Government of Quebec to deliver and manage the province's next generation data network, the Réseau intégré de télécommunications multimédias. This seven-to-10-year contract is worth up to \$900 million.

We recognize that, whilst such investments advance our strategy, they impact our financial performance in the near term. To help offset the associated costs, in the latter part of 2008 we renewed our focus on our internal operational efficiency program, which has been in place since 2001. Certain of these productivity initiatives caused restructuring costs to triple from the prior year to \$59 million in 2008, and these costs are projected to remain at this higher level in 2009 as we drive productivity enhancements across our business.

Share price performance

TELUS has demonstrated leading and resilient share price performance over many years, however, we were clearly not immune to what transpired around us and in the global capital markets in 2008. Notwithstanding my deep disappointment at the TELUS common share price being down by 25 per cent for the year, your company outperformed the Toronto Stock Exchange (down 35 per cent) and the S&P 500 Index in the United States (down 38 per cent). Notably, we once again outperformed the global index of telecommunications companies, which was down 36 per cent for the year.

Looking back at our long-term performance on a total return basis, which includes share price appreciation and reinvested



During these challenging economic times, we managed our business responsibly whilst continuing to make decisive moves that advance our growth strategy, increase our future competitiveness and grow shareholder value over the long term.

Long-term total return performance for global incumbent telcos

Rank	Company	Total return*
1	TELUS	40%
2	BCE	10%
3	Singapore Tel	9%
4	Telefonica – Spain, Europe & Latin America	-8%
5	Portugal Tel	-8%
6	AT&T – U.S.	-15%
7	Verizon – U.S.	-18%
8	Swisscom	-23%
9	Telstra – Australia	-27%
10	Hellenic Tel – Greece	-32%
11	New Zealand Tel	-50%
12	Royal KPN – Netherlands	-71%
13	Telecom Italia	-72%
14	France Telecom	-75%
15	NTT Corp – Japan	-75%

*Nine-year cumulative share price change including reinvested dividends (December 31, 1999 to December 31, 2008). Source: Thomson Reuters.

dividends, TELUS has generated a 40 per cent return for shareholders in the last nine years. As the table illustrates, TELUS ranked first in creating shareholder value among global incumbent telcos.

Building on a position of financial strength

TELUS continues to realize its prudent long-term financial policies and is maintaining its targeted investment grade credit ratings. Moreover, TELUS has no long-term material debt maturing until 2011. As a result, we are in a good financial position to weather the credit market turmoil.

Our company's performance remains robust due to the significant national exposure to wireless and data growth. Whilst operating earnings were stable in 2008, revenue was up 6.4 per cent to \$9.7 billion, earnings per share (EPS) before tax adjustments increased one per cent to \$3.37, and return on equity was 15.8 per cent. I believe our company could have done appreciably better as we underperformed in certain areas, including missing our 2008 operating earnings and EPS targets.

TELUS continued to focus on balancing the interests of equity and debt holders and returning cash to shareholders in 2008. Your company has delivered five successive increases in your dividend in as many years, bringing the dividend in January 2009 to a record high of \$1.90 on an annualized basis. We also continued our normal course issuer bid program, purchasing almost seven million shares for \$280 million in 2008. Since December 2004, we have repurchased 60 million shares for \$2.8 billion. TELUS renewed this program to allow for the possibility of repurchasing up to eight million shares by December 2009.

As previously mentioned, our cash flow was impacted significantly in 2008 as we invested in advancing our growth strategy with the purchase of wireless spectrum and the start of our next generation wireless network build. Additionally, in 2009, we expect to pay more than a net \$320 million of

cash taxes. This is due to TELUS fully depleting the \$860 million of value from tax losses that were acquired with the purchase of Clearnet Communications in 2000.

In 2009, the TELUS team will focus on areas of challenge including competitive activity, continued technological substitution and declines in certain parts of our wireline and wireless businesses, which are impacting profitability margins. We are focusing on efficiency initiatives to improve profitability and free up cash flow, thereby allowing us to continue investing in the future and delivering new solutions to customers and long-term returns to shareholders.

Building on the strength of our strategy

TELUS has the right strategy – one that has been tested and proven since it was established almost nine years ago. This strategy, along with the six strategic imperatives that guide our efforts, are still as relevant today as when they were developed in 2000.

The following is a discussion of our key accomplishments as they relate to our strategic imperatives.

Focusing on data and wireless growth

TELUS experienced excellent growth in data and wireless services throughout 2008. In fact, wireless and data revenue represented 69 per cent of total revenue, compared to only 28 per cent in 2000. In particular, your company experienced industry-leading wireless data revenue growth of 55 per cent and record digital wireless subscriber additions of 588,000 during the year.

This performance is driven by our extensive selection of smartphones, innovative service offerings and, importantly, the successful launch of Koodo service. Koodo expands your company's ability to serve new customer segments, augmenting our wireless distribution, increasing client additions and

complementing our full-service TELUS brand in the marketplace. Notably, Koodo received the highest score for postpaid service providers in the 2008 Canadian wireless customer satisfaction study by J.D. Power and Associates.

Canada's relatively low wireless penetration, at 65 per cent, provides ample room for continued growth with an estimated six million new customers expected to join the industry during the next four years. Your company is well positioned to compete for and win a good portion of this business, even with certain new entrants expected to enter the market over the next two years. Our focus will be to continue providing service excellence to sustain the anticipated growth, whilst also ensuring we bring cool new devices and data-rich smartphone solutions to market.

Our technology path to 4G LTE wireless technology, using our HSPA network as an interim step, will continue to drive innovation for Canadians. Importantly, this will complement our powerful CDMA (code division multiple access) and iDEN (integrated digital enhanced network) wireless networks. It will also significantly strengthen our competitive position by giving clients more choice with the broadest selection of wireless services and applications while simultaneously providing TELUS with access to new roaming revenue.

Partnering, acquiring and divesting

Our acquisition of Emergis in January 2008 is significantly advancing our leadership in healthcare, an area of strategic importance for TELUS and Canada.

During 2008, we carefully integrated 1,100 Emergis employees with the TELUS healthcare team to maintain the management and expertise of Emergis going forward. Your company has leveraged this partnership to pursue revenue opportunities in healthcare, winning a significant number of new client relationships in this strategic sector.

future-proofing our wireless technology path

We are building on our strength as we implement a new path to fourth generation wireless technology. This investment will enhance our competitive position in the Canadian wireless market and continue to deliver innovation for our clients.



building a new era in healthcare

TELUS is helping to transform healthcare with an innovative agenda that leverages technology to deliver critical health information to the point of patient care, shifting the focus from the remediation to the prevention of disease.



Signifying the seriousness of our commitment to help transform healthcare in Canada, in November, we launched TELUS Health Solutions and announced plans to invest \$100 million over three years in patient-critical applications such as electronic health records. TELUS is making a difference in Canadian healthcare with applications and technology infrastructure that help citizens across Canada track, access and manage critical health information in a more timely and cost-effective fashion. Notably, we earned recognition as the 2008 Health Company of the Year by the Information Technology Association of Canada.

In 2008, we also signed an enhanced network sharing agreement with Bell Canada as part of our investment in the HSPA wireless network that is giving us the ability to offer the widest national coverage in the shortest time possible. The agreement reduces our required capital expenditures and increases the speed of the build, with the HSPA network set to launch by early 2010.

Finally, during 2008, TELUS Ventures successfully concluded its investments in Hostopia Inc., Brix Inc. and Atreus Inc., resulting in more than \$10 million in proceeds. TELUS Ventures focuses on bringing innovative technologies and solutions into the company. We are continuing to make equity investments in high-tech companies that have the capabilities TELUS is desirous of implementing, and have the potential for profitable returns.

Building national capabilities

Strategic initiatives such as our new wireless network and Koodo service are reinforcing our national competitive position. Additionally, in the wireline business market, we continue to focus on and create momentum in our four key industry verticals – the public sector, healthcare, financial services and energy.

Throughout 2008, we continued building on the strength of our leadership position in winning and executing large managed data networking solutions. For example, our contract with the Government of Ontario has been fully implemented and the City of Montreal contract implementation is underway. Also, on the wireless side, we have completed the multi-year roll-out of a major contract with the Government of Canada, making TELUS the prime supplier of wireless phones for government employees.

Our implementation track record and the accompanying positive references continue to lead to success. Late in 2008, we were awarded a new seven-to-10-year contract with the Government of Quebec, worth up to \$900 million, to deliver and manage the province's next generation data network. This infrastructure will provide data connections to some 160 ministries and agencies and 350 health institutions across the province.

Providing integrated solutions

TELUS advanced its Future Friendly Home strategy in 2008, expanding your company's broadband infrastructure and bringing a wider range of services to more customers. For example, TELUS TV gained increased traction in our incumbent markets of British Columbia, Alberta and Quebec, particularly when marketed with local, long distance and high-speed Internet services. TELUS is capitalizing on this momentum by expanding its broadband network to more households in its traditional territories.

TELUS continues to expand its broad suite of call centre and business process outsourcing services for the benefit of a large roster of Canadian, U.S. and international clients. These services are reliant on TELUS International's growing contact centre outsourcing operations that are located in the Philippines, Latin America and the U.S. Recently, bilingual Spanish/English language capabilities have been added at call centre sites in three Central American countries and at a new call centre

being built in Clark County, Nevada. These new sites augment the company's capability to offer clients bilingual call centre support from diverse locations.

On the business front, we introduced a wide range of new solutions including TELUS Field Pack for Energy Services, to help keep field workers safe and connected, and three new global positioning system (GPS) solutions – TELUS Asset Tracker, TELUS Resource Tracker and TELUS Track and Dispatch – that are ideal for businesses with mobile workers. We also introduced TELUS Visual Voice Mail, the first national deployment of a service that enables customers to read their voice mail as e-mail.

Investing in internal capabilities

We successfully completed the second large implementation of a billing and client care system in July, with the conversion of more than one million wireline consumers in British Columbia. Accordingly, we became the first telecom company in North America to consolidate legacy ordering, provisioning, customer management and billing software onto a single advanced platform. For the first time, approximately 2.5 million customers in Alberta and B.C. are on the same system, enabling front-line agents to better manage their services from a single application.

We continue to do well with innovative employee initiatives, including new recognition, training and career development programs designed to help us attract and retain the best talent in the global communications industry. In 2008, team member engagement at TELUS increased significantly by 500 basis points. Notably, this past year, TELUS was cited as one of Canada's Human Capital Leaders by The Beacon Group. In its survey of more than 4,000 business leaders, executives consistently cited TELUS for excellence in the overall leadership of its people. Additionally, SkillSoft, a global leader in the provision of online learning solutions, honoured TELUS with its Industry Achievement Award.



TELUS has the right strategy – one that has been tested and proven since it was established almost nine years ago. This strategy, along with the six strategic imperatives that guide our efforts, are still as relevant today as when they were developed in 2000.



Your company is strongly positioned for ongoing success, despite the challenging economic times. We have a proven strategy, a dedicated team and the financial strength to fund investments for future growth.

Realizing internal efficiencies is an ongoing reality of our business. In late 2008 and into 2009, TELUS augmented its operational efficiency program with a series of major initiatives including:

- Streamlining our technology, network operations and IT business units into two integrated teams, enabling us to realize efficiencies in technology deployment, whilst simplifying operational support systems
- Lowering external spending by centralizing procurement and vendor management
- Reducing staffing levels and associated costs by optimizing our layers of management and spans of control, freezing management compensation and containing staff benefit costs
- Leveraging business process outsourcing to drive cost efficiencies
- Optimizing our product portfolio by decommissioning uneconomic services to simplify our go-to-market value propositions.

Going to market as one team, under a common brand

The TELUS brand has clearly grown in popularity and value over the years. The public instantly recognizes our advertising with its fresh white backgrounds, TELUS colours and creative use of nature and critters. This provides more time to communicate our customer value proposition, thereby increasing the effectiveness and efficiency of our marketing.

Indeed, our brand garners significant third-party recognition. In October, the TELUS brand was named as one of Strategy Magazine's 2008 Brands of the Year. These brands stand out in their sectors for devising ingenious and entertaining ways to reach their audiences, and have been rewarded by strong consumer response. Notably, your company's brand was determined to be worth more than \$1.8 billion by Brand Finance.

Building on our commitment to social responsibility

The TELUS team is committed to our philosophy of we give where we live. Since 2000, TELUS, our team members and retirees have contributed more than \$135 million to charitable and not-for-profit organizations and volunteered more than 2.6 million hours. Even during these current uncertain times, I am proud that team members and retirees increased their giving by 23 per cent for 2009, which is matched by TELUS.

Furthering our belief that corporate philanthropy must be owned and delivered locally, we have announced the launch of our ninth TELUS Community Board in Atlantic Canada, led by General Rick Hillier, which will benefit local charitable organizations in 2009 and beyond. Consisting of distinguished community members and senior TELUS leaders, our community boards provide local insight, valuable knowledge and inspiration for communities across Canada.

In 2008, we were pleased to join the Juvenile Diabetes Research Foundation (JDRF) in the first annual TELUS Walk to Cure Diabetes, the start of a three-year partnership. The 2008 Walk raised more than \$8 million to help find a cure for this devastating disease and its complications. Our partnership with JDRF demonstrates a new level of corporate leadership – helping to transform research into treatments and moving us closer to finding a cure.

We also continued to demonstrate our commitment to environmentally friendly initiatives. In May, more than 8,600 team members, retirees, friends and families participated in the third annual TELUS Day of Service, volunteering their time at more than 200 activities that focused on caring for the environment and the well-being of citizens.

Moreover, new TELUS facilities are being designed with the environment in mind. We are adhering to the leadership in energy and environmental design (LEED) standards, a North American standard of excellence for the design and construction of environmentally sustainable buildings.

For example, TELUS buildings in Ottawa, Toronto and Quebec City are designed to meet LEED silver standards.

TELUS' commitment to achieving excellence in corporate social responsibility has gained repeated third-party recognition. For the eighth consecutive year, your company was listed on the Dow Jones Sustainability World Index, recognizing our leadership and stewardship on economic, environmental and social fronts. Notably, for the first time, we were named to the 2009 Global 100 Most Sustainable Corporations list, one of only five Canadian companies that qualified.

Meeting future challenges

TELUS continues to operate in a rapidly changing environment that includes increasing competitive intensity from cable-TV companies and national telecommunications providers. We are also operating during a recession, which is challenging our business despite telecommunications being reasonably resilient to economic downturns.

A key challenge is managing the complexity of our industry and our company, which includes business areas exhibiting strong growth and areas that are maturing or declining such as long distance and residential local telephone service. This means we need to redeploy resources and reduce costs to sustain profitability, and free up resources to invest in growth opportunities. Importantly, as we increase our focus on operational efficiency measures, we must also strive to enhance customer service.

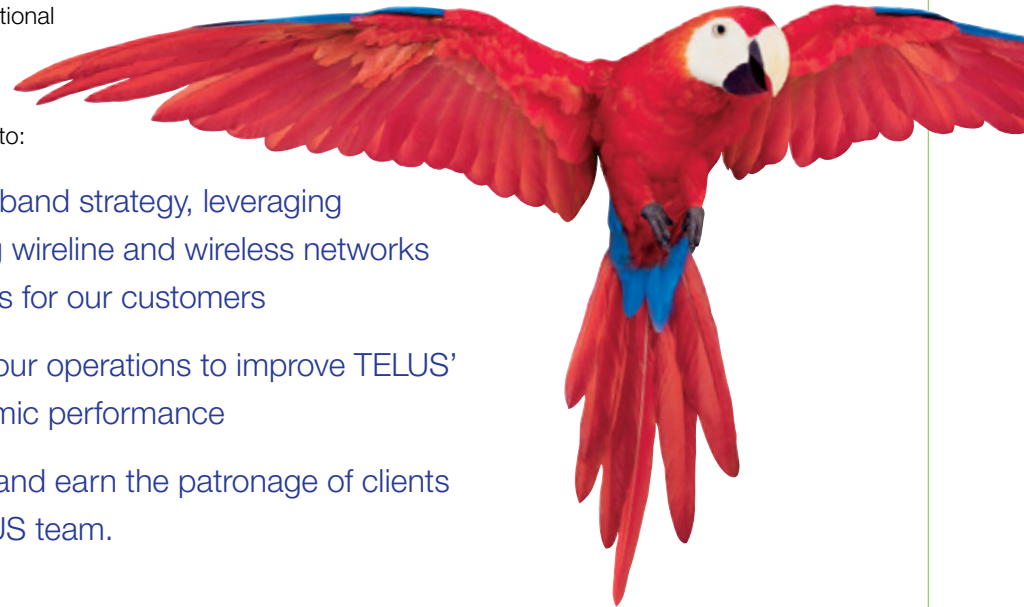
Helping us address these challenges and remain responsive to the changing competitive and economic landscape are our three corporate priorities for 2009, which are shown in the sidebar.

2009 corporate priorities

Every year since 2000, your company has established corporate priorities to advance our national growth strategy and guide us in fulfilling our strategic imperatives.

For 2009, our corporate priorities are to:

- Execute on TELUS' broadband strategy, leveraging our investments in leading wireline and wireless networks to deliver winning solutions for our customers
- Increase the efficiency of our operations to improve TELUS' cost structure and economic performance
- Outpace the competition and earn the patronage of clients through an engaged TELUS team.



Building on strength

Your company is strongly positioned for ongoing success, despite the challenging economic times. We have a proven strategy, a dedicated team and the financial strength to fund investments for future growth. We also have a track record for achieving our publicly stated financial targets. Since 2001, your company has met or exceeded 83 per cent of our 40 consolidated financial targets, including two of four in 2008, a most challenging year.

The TELUS team is entering 2009 with a relentless focus on advancing our strategy and a keen dedication to upholding our social responsibilities, predicated on achieving ongoing business success. Your company aims to remain at the forefront of

our global peers and create long-term value for our investors, team members, customers and the communities we serve. We look forward to building on our strength in 2009 and beyond.

Thank you for your continued support.

A handwritten signature in black ink, reading "Darren". The signature is fluid and cursive, with a large initial "D".

Darren Entwistle
Member of the TELUS Team
President and Chief Executive Officer
February 20, 2009

building on our communities

At TELUS, our community investment philosophy – we give where we live – is put into action time and again as we strive to make a significant and lasting difference in the communities where we live, work and serve.

Our efforts are clearly focused on supporting three areas – arts and culture, education and sport, and health and well-being in our environment – in ways that benefit youth and showcase technology. We are building on...

...our local commitment

The cornerstone of our national philanthropic commitment is our innovative community board approach, which brings together community leaders and TELUS team members to make grass-roots funding decisions for the betterment of life in the local area. Since 2005, these boards have donated \$16.9 million to charities and supported 1,205 community projects.

With the launch of the TELUS Atlantic Canada Community Board, we now have nine boards across Canada, including Vancouver, Victoria, Edmonton, Calgary, Toronto, Ottawa, Montreal and Rimouski.

...our support for kids with diabetes

The TELUS Walk to Cure Diabetes took place in the summer of 2008 in more than 60 communities across the country, raising money for the Juvenile Diabetes Research Foundation (JDRF). More than 3,000 team members, retirees, family and friends took part and raised in excess of \$525,000, which TELUS matched dollar for dollar. In total, 45,000 people participated in the walks, raising more than \$8 million.

This was the start of a three-year partnership between TELUS and JDRF, underscoring the commitment TELUS has made to funding research to help the more than 240,000 Canadians affected by Type 1 diabetes.

...our collective strength

On May 31, more than 8,600 team members, retirees, family and friends came together for TELUS Day of Service, collectively volunteering 26,000 hours. They took part in more than 200 volunteer activities, many with a focus on the environment, through 137 organizations across Canada, making a tremendous impact on the health and well-being of local communities.

On this one special day, team members were busy:

- Sorting and packing 67,309 kilograms of food
- Serving 1,413 meals to the homeless and those in need
- Planting 7,873 trees and shrubs in parks and gardens
- Collecting 432 bags of garbage from river valleys, parks, fields and roadways.

In October, more than 500 team members from TELUS International Philippines volunteered in Manila with Gawad Kalinga (GK), an organization similar to Habitat for Humanity, to build homes in a new village called the TELUS GK Village. This effort, which began in 2007, will provide 71 homes in the village to house 107 families. To date, 20 homes have been built and another 10 are underway.

...the strength of our team

Whether offering time, resources or money, the TELUS team has a history of helping those in need of support and building stronger communities. TELUS continues to be an Imagine Caring Company, a designation of Imagine Canada affirming that we donate more than one per cent of our pre-tax profits to charitable organizations each year.

Through the annual TELUS Employee Charitable Giving program, team members, retirees, board members and retail dealers make donations to Canadian charities they are passionate about, which TELUS then matches dollar for dollar. Based on the latest campaign, and despite the difficult economic times, TELUS and team members will donate \$7.1 million to more than 2,900 Canadian charities in 2009.

The annual TELUS Dollars for Doers program recognizes team members and retirees for their volunteer efforts, as either individuals or teams, with a donation to their charity of choice. In 2008, TELUS donated \$707,000 to Canadian charities in recognition of 2,540 team members and retirees who volunteered more than 50 hours of their personal time. Collectively, our team members and retirees volunteered 453,000 hours in 2008.

...the dedication of our ambassadors

The TELUS Community Ambassadors program expanded in Ontario and Quebec this year, with new clubs in Rimouski, Montreal and Toronto West. We now have 20 clubs that enable our retirees and team members to deliver numerous community programs and events across Canada.

In 2008, more than 63,000 care items were created and distributed to people in need including backpacks filled with school supplies, comfort kits containing personal hygiene items, and refurbished computers for schools.

...our social responsibility

At TELUS, we strive to be a leader in corporate social responsibility. Using a triple bottom line approach, we balance economic growth with a steadfast dedication to environmental and social goals.

Our long-term commitment continues to attract international recognition. In 2008, for the eighth consecutive year, TELUS was listed on the Dow Jones Sustainability World Index. This index recognizes companies that demonstrate excellence from an economic, environmental and social perspective.



Visit telus.com/csr for more information on our commitment to environmental and social responsibility.

Charitable organizations can apply for funding at telus.com/community.

building on our legacy of giving

The actions of the TELUS team are making a meaningful difference in our communities. Since 2000, TELUS, our team members and retirees have contributed more than \$135 million to charitable and not-for-profit organizations across Canada and volunteered more than 2.6 million hours of service.



building on understanding



What is TELUS' rationale and approach towards operational efficiency in the current business environment?



Due to the nature of our industry, operational efficiency must be a way of life for TELUS and has been since 2001. As a result of technological substitution (e.g. wireless devices replacing home phones) and competitive pressures, some parts of our business are in decline – the local and long distance business

and legacy data products are examples. This causes downward pressure on revenues and profit margins. To compensate, we must curtail costs and redeploy resources to growth areas within the company.

In addition, we must continue to maintain healthy profits and cash flow, to fund our core strategic growth initiatives that sustain our future performance. While many of these investments have negative cash flow in the short term, they are designed to create long-term value for shareholders. These include the wireline broadband build supporting the sale of high-speed Internet and TELUS TV services, and our next generation wireless network and technology evolution to fourth generation (4G).

Finally, in the current economic and capital market environment, the company is wise to ensure it is efficiently run so as to be able to absorb pressures from these challenging conditions. All this leads us to the simple fact that we must maintain profit margins and fund our strategic growth initiatives, in part, through the internal efficiencies that are available to us. Notably, this is one of our key corporate priorities.

In the second half of 2008 and into 2009, we have intensified our operational efficiency program through a series of initiatives. We are focusing on a number of key areas in 2009 including streamlining and integrating certain business units, centralizing our procurement and vendor management activities, and



containing compensation and benefits-based costs. We are also reducing discretionary expenses including contractor and consulting costs.

Reflecting the increased focus on efficiency improvements, we tripled our restructuring costs to \$59 million in 2008 and have a target of \$50 to \$75 million for 2009. In one to two years, these investments in restructuring are expected to contribute positively to earnings.

For 2009, the TELUS team is focused on achieving this corporate priority to help advance our national growth strategy in a responsible manner so as to ensure a strong future for all our stakeholders.

Robert McFarlane
Executive Vice-President and Chief Financial Officer

Q What are the benefits of your decision to build an HSPA wireless network?

A The question is best answered by discussing TELUS' planned evolution to 4G wireless technology. Current 4G technologies are based on orthogonal frequency division multiplexing (OFDM) as the underlying modulation scheme, which is particularly well suited to data transmission. As many of our investors know, TELUS takes great care in evaluating technologies, looking at not only the technology but also the resulting ecosystem that will emerge to support devices and services.

Thus, after an exhaustive strategic and financial analysis, TELUS chose long-term evolution (LTE) for our 4G network over WiMax and ultra mobile broadband (UMB). We believe LTE is the right decision as WiMax will likely be more of a niche network in nature and UMB, the CDMA2000 4G path, has since been cancelled.

Having made our 4G choice, TELUS considered the possible options on the path towards LTE and selected an interim step – to build a national next generation high-speed packet access (HSPA) wireless network with an expected launch of service by early 2010. This step is to facilitate an optimal transition to LTE technology as it becomes available in several years. Overall, we believe this decision strengthens TELUS' competitive position in the Canadian wireless market.

For our customers, the new network has many advantages. We expect it to augment our existing wireless services with:

- A larger selection of innovative new devices and applications unmatched by any competitor in Canada
- Faster next generation data speeds with robust network reliability
- Enhanced international roaming that will improve our customers' service experience while travelling.

For TELUS, the new network is expected to offer cost efficiencies through access to global economies of scale in network equipment and handsets, and new revenue opportunities as we address additional market segments and capture incremental revenues from international roaming.

Importantly, TELUS is sharing the new network build by enhancing and extending an existing relationship with Bell Canada to lower the capital and operating costs, improve the economics, accelerate the deployment of the network and maximize the geographic coverage. We have also chosen two suppliers,

Nokia Siemens Networks and Huawei Technologies, and have assured ourselves of very competitive pricing.

While HSPA represents an exciting evolution in our multi-network strategy, we will continue to operate our CDMA and iDEN networks as we transition to LTE technology in the longer term. This approach is aimed at providing clients with the widest choice of wireless solutions that will best meet their needs, and enhances our ability to compete for new customers.

Over the years, we have evolved our current networks through several well-executed and capital-efficient technology upgrades, delivering enhanced customer services and driving innovation in the industry. With this newest initiative, we are on track to do so once again.

Eros Spadotto
Executive Vice-President, Technology Strategy

Q How is TELUS responding to increased competition in order to increase market share in high-speed Internet and TELUS TV?

A TELUS is laying the foundation for future success with continued expansion and enhancements to our broadband network across our largest markets of Edmonton, Calgary and Vancouver to provide even higher Internet speeds and the capability for more services.

We have made significant investments in developing a robust and scalable IP TV service in Alberta, B.C. and Eastern Quebec over the past several years. During this time, our focus has been on maximizing the quality of the client experience, supported by a TELUS team that is passionate about continuous improvement.

In 2008, TELUS delivered significant enhancements to TELUS TV including:

- Improvements to set-top box middleware and the client experience
- A notable expansion of high-definition (HD) availability to 75% of our TV-eligible households
- Continued HD channel line-up growth
- The launch of personal video recorder (PVR) service in December.

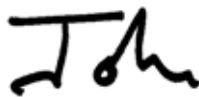
Based on these efforts, we gained momentum with higher customer additions in Edmonton and Calgary where our TELUS TV deployment and marketing efforts were largely focused during 2008. By the end of 2010, we look forward to significantly expanding the number of households eligible for our TV services.

While TELUS clearly benefits from competing in one of the most successfully penetrated high-speed Internet markets in North America, there is a heightened necessity to effectively use bundles to grow market share at this stage.

TELUS' bundling strategy centres on our Future Friendly Home suite of services. Combining local and long distance, high-speed Internet and entertainment services, we are increasingly offering bundled products and services to achieve competitive differentiation that provides our customers with more freedom, flexibility and choice. TELUS' Future Friendly Home strategy positions us to grow wallet share with consumers, while enhancing retention and loyalty through multiple service offerings.

To realize this opportunity, TELUS is continuing the expansion of fibre to the node (FTTN) technologies to support the sale of a full suite of Future Friendly Home services in Vancouver, and most cities within our traditional markets, by the end of 2010. This significant investment will enable both material geographic expansion and the deployment of VDSL2 technology to support enhanced connectivity speeds and higher bandwidth entertainment applications such as high-definition TELUS TV. In addition, there is considerable effort underway to continuously improve the quality of our clients' experience and reduce support costs. The implementation of our new order entry, billing and customer care system, completed in 2007 and 2008 in Alberta and B.C., is key to this effort.

With this foundation in place, the next two years will see a focus on delivering a number of client service enhancements leveraged across a much larger base of homes capable of accessing all our Future Friendly Home services. This will leverage the considerable marketing and operational expertise of the TELUS team, ensuring we deliver a superior competitive value proposition to clients in Alberta, B.C. and Eastern Quebec.



John Watson
Executive Vice-President and President,
TELUS Consumer Solutions



Given TELUS' recent successes in Central Canada, how do you plan to sustain the momentum?



The TELUS team in Ontario and Quebec continues to make good progress in Central Canada. Our investments in network connectivity, IP applications and managed services have been opening new opportunities in the Central Canadian business market for our integrated IP-based solutions. TELUS is seizing this opportunity by targeting customers in four key industry verticals (the public sector, healthcare, financial services and energy) as well as focusing on the underserved emerging and medium-sized business segments. While the strategy entails initial cash outflows and then building revenues and profit, these multi-year contracts are all geared to driving an attractive return on investment over time.

Our sales success is not just about technology. It is also based on a consultative sales and service approach that focuses on building strong client relationships and providing thought leadership. We aim to create loyalty and trust by differentiating ourselves, by first thoroughly understanding our clients' business and their needs and only then delivering innovative solutions.

The addressable annual market for healthcare, including public and private spending and business process outsourcing, is approximately \$3.5 billion and is estimated to be growing at 7% annually. TELUS acquired Emergis in early 2008 to complement our existing healthcare technology solutions. Later in the year, we combined all of TELUS' healthcare solution assets under the newly launched TELUS Health Solutions brand. TELUS has committed \$100 million over three years to invest in healthcare solutions, ranging from electronic health records management and health insurance processing to pharmacy management and home care. TELUS' Integrated Bedside Terminal solution exemplifies the new world of IP-enabled healthcare solutions –

it delivers both entertainment for patients and access to medical information for healthcare workers. This solution accesses information across both a hospital's local network and TELUS' wide area networks. In fact, the Information Technology Association of Canada named TELUS the 2008 Health Company of the Year for demonstrating excellence in the Canadian health informatics industry.

Our momentum in healthcare is being driven by the escalating needs of Canadians and associated costs that governments are trying to address with more efficient use of healthcare information. Notably, the January 2009 federal government budget earmarked \$500 million for Canada Health Infoway, a program to assist healthcare agencies achieve the goal of having electronic health records for 50% of Canadians by 2010. TELUS is well positioned, with multiple health IT platforms, systems and solutions, to participate in this evolution of healthcare delivery in Canada.

TELUS is pursuing the financial services industry with a similar focus on business value, for example by helping financial services organizations use wired and wireless technology to deliver a better experience for their customers. One such solution is the TELUS Mobile Banking system, which provides bank customers with access to secure information and account management using their mobile devices, via text messaging or mobile web services.

In the public sector, TELUS has won large multi-year contracts by focusing on innovative IP-based networks that provide a foundation for an entire generation of new services. Examples of significant managed data contract wins in the public sector are the Government of Ontario, Department of National Defence and, most recently, the Government of Quebec.

Another important element to maintain momentum is to ensure we build on our implementation track record, which creates positive referrals and ongoing contract bid success. While most implementations go smoothly, we are always striving for continuous improvement. In 2008, we consolidated three business units into two to make deployments of technology more

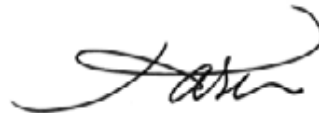
effective and we increased our focus on project implementation processes to identify learnings that can be applied across other such projects.

In the small and medium-sized business space, TELUS has countered growing competition by continuing to tailor our solutions and services to the unique needs of this critical segment, and by leveraging our market leading suite of smart-phones, mobile applications and converged wireless and wireline solutions.

In short, the TELUS team is focused on developing and successfully delivering differentiated customer solutions. Our future success and growth will build upon the strength of our Ontario and Quebec operations. We continue to look ahead to our future – making sizeable investments to evolve our technology and thought leadership – to build lasting relationships with our clients that will continue to support their success and TELUS' long-term profitable growth.



Joe Natale
Executive Vice-President and President,
TELUS Business Solutions



Karen Radford
Executive Vice-President and President,
TELUS Québec and Partner Solutions



building on trust

our board of directors

R.H. (Dick) Auchinleck

Residence: Calgary, Alberta
Principal occupation: Presiding Director, ConocoPhillips Inc.
Director since: 2003
Education: Bachelor of Applied Science (Chemical Engineering), University of British Columbia
Other Boards: Enbridge Commercial Trust and EPCOR Centre for the Performing Arts
TELUS Committees: Pension; and Chair, Corporate Governance
TELUS shareholdings: 35,722

A. Charles Baillie

Residence: Toronto, Ontario
Principal occupation: Chair, Alberta Investment Management Corporation
Director since: 2003
Education: Bachelor of Arts, Honours (Political Science & Economics), Trinity College, University of Toronto; MBA, Harvard Business School; and Honorary Doctorate of Laws, Queen's University
Other Boards and affiliations: Canadian National Railway Company and George Weston Limited; President of Art Gallery of Ontario; and Officer of Order of Canada
TELUS Committees: Pension; and Chair, Human Resources and Compensation
TELUS shareholdings: 93,221

Micheline Bouchard

Residence: Montreal, Quebec
Principal occupation: Corporate Director
Director since: 2004
Education: Bachelor of Applied Science (Engineering Physics) and Master of Applied Science (Electrical Engineering), École Polytechnique; and Honorary Doctorates from Université de Montréal (HEC), University of Waterloo, University of Ottawa, Ryerson Polytechnic University, and McMaster University
Other Boards and affiliations: Citadel Group of Funds, Harry Winston Diamond Corporation, and Home Capital/Home Trust; Certified Member of the Institute of Corporate Directors; and Member of Order of Canada
TELUS Committee: Audit
TELUS shareholdings: 20,211

R. John Butler, Q.C.

Residence: Edmonton, Alberta
Principal occupation: Counsel, Bryan & Company
Director since: 1995
Education: Bachelor of Arts and Bachelor of Law, University of Alberta
Other Boards: Trans Global Insurance Company and Trans Global Life Insurance Company; and Trustee, Liquor Stores Income Fund
TELUS Committees: Corporate Governance, and Human Resources and Compensation
TELUS shareholdings: 25,402
TELUS options: 5,750

Brian A. Canfield

Residence: Point Roberts, Washington
Principal occupation: Chair, TELUS Corporation
Director since: 1989
Education: Honorary Doctorate in Technology, British Columbia Institute of Technology
Other Boards and affiliations: Suncor Energy Inc.; and Member of Order of Canada and Order of British Columbia
TELUS Committee: Pension
TELUS shareholdings: 56,083
TELUS options: 79,400

Pierre Ducros

Residence: Montreal, Quebec
Principal occupation: President, P. Ducros & Associés Inc.
Director since: 2005
Education: Bachelor of Arts, Université de Paris at Collège Stanislas, Montréal; Royal Military College of Canada; and Bachelor of Engineering (Communications), McGill University
Other Boards and affiliations: Canadian Institute for Advanced Research, Manulife Financial Corporation, and RONA Inc.; and Member of Order of Canada and Officer of Order of Belgium
TELUS Committee: Audit
TELUS shareholdings: 15,839





Visit telus.com/annualreport for more background information on our Board of Directors.

R.E.T. (Rusty) Goepel

Residence: Vancouver, British Columbia
Principal occupation: Senior Vice-President, Raymond James Financial Ltd.
Director since: 2004
Education: Bachelor of Commerce, University of British Columbia
Other Boards: Amerigo Resources Ltd., Auto Canada Income Fund, Baytex Energy Trust, Spur Ventures Inc., Vancouver 2010 Olympic Organizing Committee, and Vancouver Airport Authority; Pension Advisory Committee of the Canadian Olympic Association; and Chairman of Yellow Point Equity Partners
TELUS Committee: Audit
TELUS shareholdings: 32,529

John S. Lacey

Residence: Thornhill, Ontario
Principal occupation: Chairman, Advisory Board of Tricap
Director since: 2000
Education: Program for Management Development, Harvard Business School
Other Boards: Ainsworth Lumber Co. Ltd. and Loblaw Companies Limited; and Chairman of Doncaster Consolidated Ltd.
TELUS Committees: Corporate Governance, and Human Resources and Compensation
TELUS shareholdings: 34,544
TELUS options: 2,700

Brian F. MacNeill

Residence: Calgary, Alberta
Principal occupation: Chairman, Petro-Canada
Director since: 2001
Education: Bachelor of Commerce, Montana State University; Certified Public Accountant (California); and Chartered Accountant (Canada)
Other Boards and affiliations: TD Bank Financial Group and West Fraser Timber Co. Ltd.; and Member of Order of Canada
TELUS Committee: Chair, Audit
TELUS shareholdings: 46,217
TELUS options: 2,700

Ronald P. Triffo

Residence: Edmonton, Alberta
Principal occupation: Chairman, Stantec Inc.
Director since: 1995
Education: Bachelor of Science (Civil Engineering), University of Manitoba; and Master of Science (Engineering), University of Illinois
Other Boards: Alberta's Promise, Board of Governors of Junior Achievement of Northern Alberta, and Advisory Council of the Faculty of Medicine and Dentistry at University of Alberta; Chairman of Alberta Ingenuity Fund; and Past Chair of ATB Financial
TELUS Committee: Audit
TELUS shareholdings: 43,974
TELUS options: 6,800

Donald Woodley

Residence: Mono Township, Ontario
Principal occupation: Corporate Director
Director since: 1998
Education: Bachelor of Commerce, University of Saskatchewan; and MBA, Richard Ivey School of Business, University of Western Ontario
Other Boards: Canada Post Corporation, Genum Corporation, Steam Whistle Brewing Inc., and SickKids Hospital Foundation
TELUS Committees: Corporate Governance; and Chair, Pension
TELUS shareholdings: 26,697
TELUS options: 5,750

Darren Entwistle

Residence: Vancouver, British Columbia
Principal occupation: President and Chief Executive Officer, TELUS Corporation
Director since: 2000
Education: Bachelor of Economics (Honours), Concordia University; MBA (Finance), McGill University; and Diploma (Network Engineering), University of Toronto
Other Boards: Canadian Council of Chief Executives and McGill University
TELUS shareholdings: 368,771
TELUS options: 262,550

TELUS shareholdings represent the total common and non-voting shares and deferred stock units (restricted stock units for Darren Entwistle) held as at December 31, 2008 for all directors.

TELUS options represent the total options for common or non-voting shares held as at December 31, 2008.



building on leadership

our executive team

how we are organized

customer-facing business units

- Consumer Solutions
- Business Solutions
- TELUS Québec
- Partner Solutions

enabling business units

- Business Transformation and Technology Operations
- Technology Strategy

supporting business units

- Finance and Corporate Strategy
- Human Resources

Darren Entwistle
President and
Chief Executive Officer

Biography can be found
on page 25.

Josh Blair
Executive Vice-President,
Human Resources
Location: Vancouver,
British Columbia
Joined TELUS: 1995
Executive: 2007
Education: Bachelor of
Engineering (Electrical –
Distinction), University of
Victoria; and Executive Program,
Queen's School of Business
Boards and committees:
Co-Vice-Chair of TELUS
Vancouver Community Board
and Chair of its Education
Sub-committee
TELUS shareholdings: 20,931
TELUS options: 47,215

Robert McFarlane
Executive Vice-President
and Chief Financial Officer
Location: Vancouver,
British Columbia
Joined TELUS: 2000
(Clearnet: 1994)
Executive: 2000
Education: Bachelor of
Commerce (Honours), Queen's
University; and MBA, University
of Western Ontario
Boards and committees:
Royal and SunAlliance Insurance
Company of Canada and Chair
of its Audit Committee; Vice-
Chair of Business Council of
British Columbia and member of
its Economic Policy Committee;
Vancouver College Board;
and Vancouver Advisory Board
of The Salvation Army –
B.C. Division
TELUS shareholdings: 142,147
TELUS options: 277,099

Joe Natale
Executive Vice-President and
President, Business Solutions
Location: Toronto, Ontario
Joined TELUS: 2003
Executive: 2003
Education: Bachelor of Applied
Science (Electrical Engineering),
University of Waterloo
Boards and committees:
Royal Conservatory of Music,
Livingston International Inc.
and Soulpepper Theatre
TELUS shareholdings: 49,340
TELUS options: 184,520



TELUS shareholdings represent the total common and non-voting shares and restricted stock units held as at December 31, 2008.

TELUS options represent the total options for common or non-voting shares held as at December 31, 2008.



Visit telus.com/annualreport for more background information on our executive team.

Karen Radford

Executive Vice-President and President, TELUS Québec and TELUS Partner Solutions

Location: Montreal, Quebec

Joined TELUS: 1998

Executive: 2004

Education: Bachelor of Science, Mount Allison University; and MBA, Dalhousie University

Boards and committees:

Alberta Children's Hospital Foundation Board of Trustees, Loblaw Companies Limited, Fondation du maire de Montréal pour la jeunesse and TELUS Montreal Community Board; National Advisor to Youth in Motion and Women in Motion; and President and co-founder of the Women's Leadership Foundation

TELUS shareholdings: 37,671

TELUS options: 110,240

Kevin Salvadori

Executive Vice-President, Business Transformation and Technology Operations

Location: Vancouver, British Columbia

Joined TELUS: 2000

(Clearnet: 1995)

Executive: 2003

Education: Bachelor of Applied Science (Systems Design Engineering), University of Waterloo

Boards and committees:

BC Technology Industries Association and Teradici Corporation

TELUS shareholdings: 78,126

TELUS options: 255,072

Eros Spadotto

Executive Vice-President, Technology Strategy

Location: Toronto, Ontario

Joined TELUS: 2000

(Clearnet: 1995)

Executive: 2005

Education: Bachelor of Applied Science (Electrical Engineering), University of Windsor; and MBA, Richard Ivey School of Business

TELUS shareholdings: 45,934

TELUS options: 216,658

John Watson

Executive Vice-President and President, Consumer Solutions

Location: Toronto, Ontario

Joined TELUS: 2000

(Clearnet: 1996)

Executive: 2005

Education: Bachelor of Business Administration, York University; and MBA, York University

Boards and committees:

EnStream LP and Canadian Wireless Telecommunications Association

TELUS shareholdings: 41,718

TELUS options: 164,104

Janet Yale

Executive Vice-President and National Chair, TELUS Community Boards

Location: Ottawa, Ontario

Joined TELUS: 2003

Executive: 2003

Education: Bachelor of Arts, McGill University; Master of Economics, University of Toronto; and Bachelor of Law, University of Toronto

Boards and committees:

Business for the Arts, Canadian Film Centre, Great Canadian Theatre Company, International Institute of Communications, Canadian Chamber of Commerce, Institute of Corporate Directors and Ottawa Regional Cancer Foundation; and Chair of the TELUS Ottawa Community Board, the Leadership Table on Homelessness with the United Way and the National Arts Centre Gala

TELUS shareholdings: 20,935

TELUS options: 84,700



investor information

Stock exchanges and TELUS trading symbols

Toronto Stock Exchange (TSX)

common shares T
non-voting shares T.A

New York Stock Exchange (NYSE)

non-voting shares TU

Transfer agent and registrar

Computershare Trust Company of Canada

phone 1-800-558-0046 (toll-free within North America)
or +1 (514) 982-7129 (outside North America)
e-mail telus@computershare.com
website computershare.com

TELUS Investor Relations

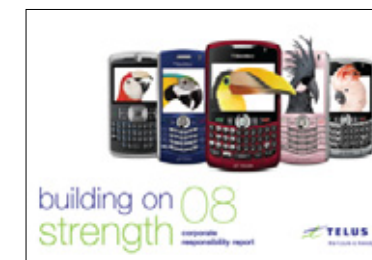
John Wheeler
Vice-President, Investor Relations
phone 1-800-667-4871 (toll-free within North America)
or +1 (604) 643-4113 (outside North America)
e-mail ir@telus.com
website telus.com/investors

TELUS general information

British Columbia (604) 432-2151
Alberta (403) 530-4200
Ontario (416) 507-7400
Quebec (514) 788-8050

Annual meeting of shareholders

Thursday, May 7, 2009
11 a.m. (Eastern Time)
National Gallery of Canada
380 Sussex Drive
Ottawa, Ontario



Building on strength ... available online

For the complete TELUS story, including our full annual report (corporate and financial review) and our corporate social responsibility report, visit us online at telus.com/annualreport and telus.com/csr.

e-delivery invitation

We invite you to sign up for the electronic delivery of TELUS information by visiting telus.com/electronicdelivery.

2009 expected dividend¹ and earnings dates

	Ex-dividend dates ²	Dividend record dates	Dividend payment dates	Earnings release dates
Quarter 1	March 9	March 11	April 1	May 7
Quarter 2	June 8	June 10	July 2	August 7
Quarter 3	September 8	September 10	October 1	November 6
Quarter 4	December 9	December 11	January 4, 2010	February 12, 2010

¹ Dividends are subject to Board of Directors' approval.

² Shares purchased on this date forward will not be entitled to the dividend payable on the corresponding dividend payment date.

building on our strength



where we work

TELUS' fibre-optic and wireless networks offer a complete portfolio of communications solutions to Canadians from coast to coast. Our national fibre-optic backbone delivers traditional telephony, data services and IP-based solutions. Our two wireless networks provide digital coverage to 98% of Canadians. We have more than 4,000 retail stores and dealer locations across Canada.

- Wireless coverage with digital PCS including 3G high-speed service and roaming, and digital Mike (iDEN Push To Talk)
- Backbone optical and IP wireline network
- Interconnection with Canadian, U.S. and global carriers
- Wireline switching centres, and fibre and Internet backbone points of presence
- Intelligent Internet data centres, switching centres, and fibre and Internet backbone points of presence
- Cities and towns

Coverage areas are approximate as of December 2008. Actual coverage and network services may vary and are subject to change.

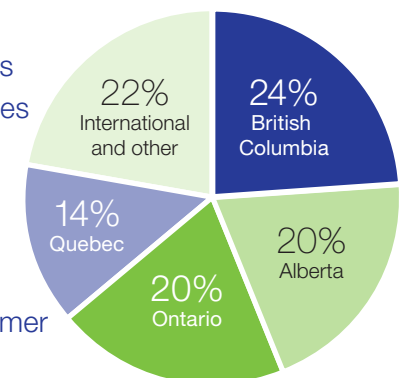
where we serve

Committed to giving where we live, we have established nine TELUS Community Boards across Canada to lead our local philanthropic initiatives. Led by Janet Yale, National Chair, TELUS Community Boards, the local chairs of each Board are:

- Mel Cooper – Victoria
- Nini Baird – Vancouver
- Dr. Bob Westbury – Edmonton
- Harold and Marilyn Milavsky – Calgary
- Rita Burak – Toronto
- Janet Yale – Ottawa
- Bernard Lamarre – Montreal
- Hugues St-Pierre – Rimouski
- General Rick Hillier – Atlantic Canada

where we live

Now 36,600 members strong, TELUS provides communications services across Canada and, through TELUS International, provides business process outsourcing and customer contact solutions to global markets.



building on our environmental commitment

TELUS is committed to working in an environmentally responsible manner and to doing our part to help create sustainable communities.

The paper used in this report is certified by the Forest Stewardship Council (FSC), which means it comes from well-managed forests and known sources, ensuring local communities benefit and sensitive areas are protected.

TELUS has saved the following resources by using New Leaf Reincarnation Matte paper, which is designated as Ancient Forest Friendly and is manufactured with electricity that is offset with Green-e certified renewable energy certificates. This paper has 100 per cent recycled fibre content, includes 50 per cent post-consumer waste and is processed as chlorine-free.

By using this paper, we are reducing our ecological footprint by*:

- Preserving 136 trees
- Saving 111,739 litres of wastewater
- Eliminating 2,930 kilograms of solid waste
- Preventing 4,951 kilograms of greenhouse gases
- Saving 61 million BTUs of energy.

We ask that you please recycle this annual report and the biodegradable polybag in which it was mailed. We promote the electronic delivery of TELUS information and invite you to sign up by visiting telus.com/electronicdelivery. Currently, 38,000 of our shareholders receive information by e-delivery.

This report can also be viewed at telus.com/annualreport. For other examples of our commitment to the environment, please visit telus.com/csr.



*Calculations are based on research by Environmental Defense Fund and other members of the Paper Task Force.

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