

1. INTRODUCTION AND PHILOSOPHY

TELUS Corporation will compensate non-management directors through the payment of Board and Committee retainers and meeting fees based on attendance at Board and Committee meetings, in consideration of the services provided by such directors and in recognition of their responsibilities to the Company and certain subsidiary companies, and potential liabilities associated therewith.

Compensation should be set for three-year periods with a full review to be conducted by the Corporate Governance Committee every three years commencing in 2006 following the Company’s annual general meeting. Generally, overall compensation should be targeted at (be in touch with) the 75th percentile within a comparator group of companies of comparable size and responsibility to the Company, with the cash component of the compensation targeted at the 50th percentile. Compensation should be skewed towards equity more than cash.

Additionally, each non-management director will be eligible to participate in a services program (outlined in Schedule 1 to this Appendix) intended to facilitate his or her involvement in Board activities and their familiarity with the Company and its business.

2. DIRECTORS’ FEES

2.1 Basic compensation

Non-management directors including the Chair are entitled to receive annual Board and committee retainer payments as outlined in the table below. Such payments will be made quarterly and adjusted proportionately for appointments or resignations within any quarter. They are also entitled to receive an annual equity grant in the form of Deferred Share Units (“DSUs”) as outlined in the table below.

Management directors, however, are not entitled to receive any directors’ compensation or any of the other benefits for directors referred to in this Appendix.

Regular Board Service: Total Compensation	
Annual Retainer	\$40,000
Meeting Fee	\$1,500
Annual Equity Grant	DSU grant of \$110,000
Committee Service: Audit	
Chairman Retainer	\$15,000
Member Retainer	\$6,000
Meeting Fee	\$3,000

APPENDIX I – DIRECTOR COMPENSATION AND SHARE OWNERSHIP CRITERIA

Committee Service: All Other Committees	
Chairman Retainer	\$6,000
Member Retainer	\$3,000
Meeting Fee	\$1,500

Chairman of the Board	
Annual Retainer	\$225,000
Meeting Fee	-
Annual Equity Grant	DSU grant of \$150,000

These retainers and meeting payments are made to non-management directors for attendance at Board and committee meetings of the Company and certain subsidiary companies. Separate retainers and meeting fees will not be paid by subsidiary companies, except under special circumstances.

The DSUs granted to non-management directors will vest immediately. When a director retires from the Board, or ceases to be a director for whatever reason, including, without limitation, the death of the director, the removal of the director or the failure to elect the director to the Board, the DSUs will be valued on the date the director retires or ceases to be a director, whatever the case may be, and the payout to the directors will occur by December 1 of the year following the year in which such director resigned or ceased to be a director.

Directors of the Board will not receive options. Options granted prior to July 2003, unless determined by the Board to the contrary, vested immediately and, unless terminated sooner in accordance with the Plan, have a term of 10 years.

2.2 Additional Fees

- a) A director whose principal residence is located such that the director must travel in excess of six hours return from his or her principal residence will receive an extra per meeting payment in recognition of time lost due to travel. The extra meeting fee will not apply to directors traveling from holiday or business locations for regularly scheduled meetings.
- b) A director attending a meeting or function or performing Board work over and above that considered by the Chair as the normal responsibilities of a director, which is of a duration in excess of three hours, will be paid a fee of \$1,500 per day. Should the duration of said meetings or functions be less than three hours, such time may be accumulated with other meetings

of a like nature for the purpose of determining the appropriate fee in respect of such responsibilities.

2.3 Application of Meeting Payments

- a) If committee meetings or a Board meeting occur on the same day, separate meeting fees will be paid for all meetings on that date.
- b) Attendance at any meeting by way of telephone is considered equivalent to attendance in person and will be compensated at the full meeting rate.
- c) No meeting payments will be made for the execution of resolutions in writing which do not require meeting attendance or extensive preparation.

2.4 Method of Compensation

- a) Subject to section 3.5 below, under the Share Option and Compensation Plan, non-management directors may, at their option, receive their annual Board and Committee retainers and meeting fees in the form of cash, Non-Voting Shares or DSUs or any combination thereof.
- b) The director will provide to the Corporate Secretary a notice upon request, which indicates the appropriate percentage of such directors' fees to be paid in cash, Non-Voting Shares or DSUs. Payments in cash or Non-Voting Shares will be net of appropriate withholdings.

3. SHARE OWNERSHIP

- 3.1 Each director is required to attain a level of share ownership equal to a value that is twelve times the annual Board retainer paid to that director (\$300,000).
- 3.2 The Chair is required to attain a level of share ownership equal to a value that is two and a half times the annual Board retainer paid to the Chair (\$500,000).
- 3.3 The levels of share ownership outlined in this section are to be achieved as follows:
 - a) for directors who were first elected or appointed to the Board on or after July 23, 2003, within five years of initial election to the Board or, in the case of the Chair who was first appointed as Chair on or after July 23, 2003, within five years of initial election as Chair of the Board;
 - b) for directors who were members of the Board prior to July 23, 2003, or for the Chair who was the Chair on July 23, 2003, by July 31, 2005.

Share ownership includes all classes of shares and DSUs.

- 3.4 The market value of each director's equity position will be determined annually as of December 31 in any year.
- 3.5 If a director has not yet achieved the required level of share ownership, he or she will direct the Company, at his or her election, to:
 - a) use one half of his or her annual Board retainer, less required withholdings, to acquire shares of the Company on behalf of the director in the market or from treasury; or

- b) take one half of his or her annual Board retainer, without deduction for withholdings, in the form of DSUs.

4. DIRECTORS' EXPENSES

- 4.1 A director is eligible for expense reimbursement as applicable under the Company's expense reimbursement policy for its Executive Management.
- 4.2 Expenses incurred by a guest of any director, where the Chair requests the presence of that guest at a function, will be paid under the same reimbursement policy.
- 4.3 A director's expenses include return airfare from the director's place of principal residence for regularly scheduled board meetings. The Chair will advise the Corporate Secretary in advance whether travel expenses from another location will be reimbursed in the event of a special board meeting, or from a retirement residence in the case of regularly scheduled meetings or whether such directors should attend by conference call or at their own expense.
- 4.4 The Corporation will provide travel accident insurance of up to \$500,000 for each director.
- 4.5 The Corporate Secretary will ensure all expenses are processed and paid expeditiously after being tendered by directors with the required forms and receipts.

5. SERVICES POLICY

While serving on the Board and for two years upon retirement, non-management directors are entitled to the benefit of a service program, as described in Schedule 1 to this Appendix.

6. DIRECTORS' INDEMNIFICATION

Subject to applicable laws and the charter documents of the Company, the Company will indemnify all directors for claims, legal costs or losses sustained as a result of actions against the directors in respect of their activities as directors of the Company or its subsidiaries. The indemnification will extend to former directors for actions carried out during a former director's term of office. In support of the indemnification, the Company will acquire sufficient liability insurance as determined by the Company. As well, the Company will enter into indemnity agreements with each director, which set out in further detail the extent of such indemnification.

1. INTRODUCTION

This schedule outlines the telecommunication services to be provided to non-management directors at Company expense while serving on the Board of TELUS Corporation and for two years upon retirement.

2. WIRELINE

2.1 Local Service

- a) A director will receive full reimbursement for basic local charges associated with one line and a single designated phone number, plus any enhanced services selected by the director from the services available to consumers in that area.
- b) On request by a director, calling cards with respect to such designated phone number will be issued to the director for his or her use in the conduct of Board related business or calls of a personal nature not related to the operation of non-Company business. These calling cards may also be used for accessing electronic board or committee materials.

2.2. Long Distance

A director will receive full reimbursement for long distance charges billed to the designated phone number specified in section 2.1 of this Schedule (including long distance charges associated with the calling card specified above) of up to \$300 per month for total wireline and cellular long distance charges (excluding any charges associated with Company business and without any carry forward of any unused amount.)

3. CELLULAR

A director will receive full reimbursement for a basic consumer cellular package providing up to 500 minutes per month total airtime. The director's cellular long distance charges will be included in the \$300 per month long distance cap provided in section 2.2 of this Schedule.

4. INTERNET

A director will receive full reimbursement for a basic consumer Internet service package including a dedicated high-speed access line, with unlimited usage.

5. BLACKBERRY SERVICE

A director will receive full reimbursement for a basic rate plan covering the use of a Blackberry on a TELUS Mobility network including any monthly system licencing charges, but not including any voice or text messaging services. A director may also receive a reimbursement of up to \$25 per month for any roaming fees incurred in connection with the use of a Blackberry. A director's Blackberry voice or text messaging services may be included in the \$300 per month long distance cap provided in section 2.2 of this Schedule.

6. IPTV

A director will receive full reimbursement for basic TELUS IPTV services (excluding pay-per-view, video-on-demand services or similar services) provided such director resides in the Company's service area for IPTV.

7. EQUIPMENT

7.1 Each director will receive:

- a) a credit of \$500 towards the acquisition of either a handset or car set cellular phone once every two years;
- b) a credit of \$500 towards the acquisition of consumer premises equipment once every two years; and
- c) upon request, a Blackberry once every three years

7.2 Each director is entitled to keep all equipment provided to the director by the Company or any predecessor corporation under this section 7.

8. POLICY ADMINISTRATION

8.1 Reimbursement will be made quarterly in arrears by direct deposit into a bank account designated by the director based on copies of relevant bills and an expense report submitted to the Corporate Secretary.

8.2 Directors within TELUS' operating territories must acquire any services to be covered by the Services Policy from the Company or its subsidiaries (if offered) to be eligible for reimbursement.

8.3 The Corporate Secretary will administer the Services Policy. However, decisions with respect to the interpretation and application of the policy to Company products and services shall be made by the Chair of the Corporate Governance Committee, in conjunction with the Chair and the CEO.

8.4 Directors will promptly inform the Corporate Secretary if their calling card, internet access information or any equipment supplied is lost or stolen.