

forward-looking statements

This document and the management discussion and analysis contains statements about expected future events and financial and operating results that are forward-looking and subject to risks and uncertainties. TELUS' actual results, performance, or achievement could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations and may not reflect the potential impact of any future acquisitions, mergers or divestitures. Factors that could cause actual results to differ materially include but are not limited to the following: general business and economic conditions in TELUS' service territories across Canada; competition in wireline and wireless services, including voice, data and Internet services and within the Canadian telecommunications industry generally; levels of capital expenditures; corporate restructurings; successful integration of acquisitions; capital and operating expense savings; adverse regulatory action; collective labour agreement negotiations; technological advances; the effect of health and safety concerns and other risk factors described in Risks and Uncertainties on pages 50 to 54, and listed from time to time in the Company's reports, TELUS' comprehensive public disclosure documents, including the Annual Information Form, and in other filings with securities commissions in Canada and the U.S.

TELUS disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

financials

table of contents

financial review

- 32 forward-looking statements
- 33 segmented statistics – annual and quarterly
- 34 annual operating statistics (8 years)
- 35 annual consolidated financials (8 years)
- 36 quarterly consolidated financials
- 37 quarterly operating statistics

management discussion and analysis

- 38 corporate background
- 39 overview of 2001 results
relative to guidance
- 40 results of operations
- 46 liquidity and capital resources
- 48 outlook 2002
- 49 key priorities and targets for 2002
- 50 2002 financing plan
- 50 risks and uncertainties

consolidated financial statements

- 55 management's and auditors' reports
- 56 consolidated financial statements
- 59 notes to consolidated financial statements

segmented statistics – annual and quarterly

Annual	2001	2000	1999	1998	1997	1996	1995	1994
Communications¹								
Network access lines in service (000s)	4,967	4,944	4,551	4,495	4,367	4,198	4,042	3,498
Long distance market share, revenue based	79%	77%	—	—	—	—	—	—
Local market share	98%	98%	98%	99%	—	—	—	—
Net adds dial-up Internet subscribers (000s) ²	41.8	125.5	75.6	89.2	62.3	55.3	5.3	—
Dial-up Internet subscribers (000s) ²	455.1	413.2	287.7	212.1	122.9	60.6	5.3	—
Net adds high-speed Internet subscribers (000s) ³	131.2	57.9	21.0	4.3	—	—	—	—
High-speed Internet subscribers (000s) ³	214.8	83.6	25.7	4.3	—	—	—	—
Mobility⁴								
Net additions (000s)	418	474	396	140	188	173	199	—
Gross additions (000s)	985	924	668	279	287	269	219	122
Wireless subscribers (000s) ⁵	2,578	2,160	1,695	963	823	635	462	263
Penetration rate ⁶	10.5%	9.1%	7.4%	15.1%	13.1%	10.6%	8.0%	5.6%
Wireless market share	24.1%	24.5%	25.0%	62.0%	64.0%	64.0%	63.0%	59.0%
Average monthly revenue per subscriber (ARPU) ⁵	\$ 57	\$ 59	\$ 61	\$ 70	\$ 76	\$ 81	\$ 84	\$ 90
Average minutes per subscriber per month (MOU)	270	271	238	219	200	199	178	168
Cost of acquisition, per gross addition ⁵	\$ 502	\$ 537	\$ 502	\$ 412	\$ 338	\$ 319	\$ 320	—
Monthly deactivations (churn rate) ⁵	2.0%	2.0%	1.6%	1.3%	1.2%	1.6%	1.6%	1.4%
Digital population coverage (millions)	24.2	22.6	21.3	3.2	3.2	—	—	—
Total population coverage (millions)	24.6	23.7	22.8	6.4	6.3	6.0	5.8	4.7

Quarterly	Q4 2001	Q3 2001	Q2 2001	Q1 2001	Q4 2000	Q3 2000	Q2 2000	Q1 2000
Communications¹								
Network access lines in service (000s)	4,967	4,973	4,957	4,951	4,944	4,924	4,893	4,589
Net adds dial-up Internet subscribers (000s) ²	6.4	8.2	4.9	22.2	11.8	14.4	83.9	15.4
Dial-up Internet subscribers (000s) ²	455.1	448.6	440.4	435.5	413.2	401.4	387.0	303.1
Net adds high-speed Internet subscribers (000s) ³	57.6	30.2	22.9	20.5	20.4	15.5	14.5	7.5
High-speed Internet subscribers (000s) ³	214.8	157.2	127.0	104.1	83.6	63.2	47.7	33.2
Mobility⁴								
Net additions (000s)	160	78	76	103	166	116	107	85
Gross additions (000s)	315	232	214	224	287	234	225	178
Wireless subscribers (000s) ⁵	2,578	2,417	2,339	2,263	2,160	2,003	1,887	1,780
Average monthly revenue per subscriber (ARPU) ⁵	\$ 56	\$ 60	\$ 56	\$ 57	\$ 58	\$ 60	\$ 60	\$ 59
Average minutes per subscriber per month (MOU)	276	272	265	265	279	276	268	253
Cost of acquisition, per gross addition ⁵	\$ 509	\$ 482	\$ 478	\$ 535	\$ 531	\$ 581	\$ 522	\$ 505
Monthly deactivations (churn rate) ⁵	2.1%	2.2%	2.0%	1.9%	2.0%	2.0%	2.1%	1.8%

Notes

1 – Data for 1994 to 1999 do not include QuébecTel wireline results and represent B.C. and Alberta only

2 – Includes approximately 34,000 dial-up subscribers from PSINet and CADVision and a reduction of approximately 12,100 dial-up subscribers to remove internal and inactive accounts in Q4 2001, and approximately 51,000 acquired QuébecTel subscribers in Q2 2000

3 – Includes approximately 2,600 high-speed internet subscribers from PSINet and CADVision in Q4 2001

4 – Data for 1999 and 2000 are pro forma. Data for 1994 to 1998 do not include Clearnet and QuébecTel Mobilité results and represent B.C. and Alberta only

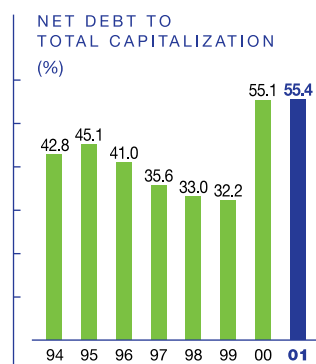
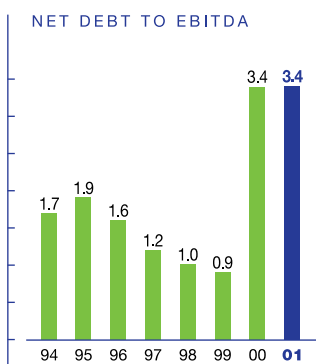
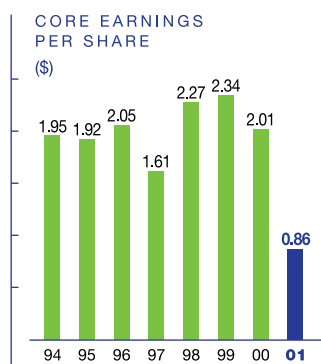
5 – Subscribers, churn, average monthly revenue per subscriber and marketing cost of acquisition per gross addition for 1999 and 2000 have been adjusted to reflect definitional alignment between TELUS Mobility (pre-acquisitions), Clearnet and QuébecTel Mobilité. This includes a decrease of approximately 13,100 to the December 31, 2000 postpaid subscriber total partly offset by an increase of 4,100 to reflect inclusion of Cellular Digital Packet Data (CDPD) subscribers not previously counted. Marketing cost of acquisition as adjusted includes rebranding, retention and migration costs

6 – Subscribers divided by population coverage

annual operating statistics

Consolidated ¹	2001	2000	1999	1998	1997	1996	1995	1994
Shares Outstanding ²								
Average shares outstanding (millions)	294.2	247.0	236.6	237.0	236.6	234.2	229.2	225.3
Year-end shares outstanding (millions)	302.2	287.1	236.7	236.6	237.2	233.9	231.3	226.3
Per Share ²								
Core EPS ³	\$ 0.86	\$ 2.01	\$ 2.34	\$ 2.27	\$ 1.61	\$ 2.05	\$ 1.92	\$ 1.95
Basic EPS	\$ 1.51	\$ 1.85	\$ 1.46	\$ 0.27	\$ 1.18	\$ 2.04	\$ 1.88	\$ 1.92
Dividends declared per share	\$ 1.20	\$ 1.40	\$ 1.40	\$ 1.29	\$ 1.27	\$ 1.25	\$ 1.23	\$ 1.21
Cash flow per share	\$ 4.76	\$ 6.76	\$ 7.34	\$ 6.89	\$ 6.88	\$ 6.35	\$ 5.70	\$ 5.05
Book value per share	\$ 22.39	\$ 21.60	\$ 17.91	\$ 18.03	\$ 19.36	\$ 17.86	\$ 16.95	\$ 16.11
Performance Indicators								
Return on common equity	6.9%	9.6%	14.2%	14.0%	9.9%	11.8%	11.5%	12.3%
EBITDA interest coverage	4.1	10.7	11.6	10.5	8.9	6.7	6.1	7.0
Operating cash flow adjusted for restructuring costs (millions)	\$ 1,401.6	\$ 1,670.8	\$ 1,735.5	\$ 1,634.1	\$ 1,626.4	\$ 1,486.8	\$ 1,307.1	\$ 1,138.8
Net debt to EBITDA	3.4	3.4	0.9	1.0	1.2	1.6	1.9	1.7
Net debt to total capitalization	55.4%	55.1%	32.2%	33.0%	35.6%	41.0%	45.1%	42.8%
Capital expenditures (millions) ⁴	\$ 2,605.3	\$ 1,441.3	\$ 1,199.2	\$ 1,093.2	\$ 1,130.7	\$ 1,076.0	\$ 1,060.7	\$ 1,048.1
Other								
Employees (regular), continuing ops	27,765	26,188	21,248	22,165	21,507	22,068	23,511	21,384
Total salary expense (millions), continuing ops	\$ 1,719.5	\$ 1,376.2	\$ 1,330.3	\$ 1,387.4	\$ 1,234.1	—	—	—

- Notes
- 1 – 1994 and 1995 have not been restated for directory discontinued operations
 - 2 – Common voting shares and non-voting shares
 - 3 – Common voting share and non-voting share income before discontinued operations, amortization of acquired intangible assets net of tax, restructuring and non-recurring refinancing costs net of tax, revaluation of future income tax assets and liabilities, goodwill amortization, and extraordinary losses on a per share basis
 - 4 – Excluding \$76 million non-monetary purchase of fibre assets in 2001



annual consolidated financials

Income Statement (millions) ¹	TELUS Consolidated				TELUS and BC TELECOM Combined			
	2001	2000	1999	1998	1997	1996	1995	1994
Operating revenues	\$ 7,202.6	\$ 6,106.4	\$ 5,588.9	\$ 5,560.1	\$ 5,224.0	\$ 4,300.7	\$ 4,085.1	\$ 3,671.7
Operations expense	4,673.0	3,792.1	3,390.0	3,367.8	3,108.4	2,443.3	2,332.0	2,064.4
EBITDA	2,529.6	2,314.3	2,198.9	2,192.3	2,115.6	1,857.4	1,753.1	1,607.3
Depreciation and amortization	1,383.3	1,157.4	1,049.6	1,010.1	1,099.7	908.3	834.4	733.0
Amortization of acquired intangible assets	110.9	24.6	—	—	—	—	—	—
Restructuring costs	198.4	—	466.3	—	—	—	—	—
Operating income	837.0	1,132.3	683.0	1,182.2	1,015.9	949.1	918.7	874.3
Other income (expense)	17.0	(8.7)	32.7	57.0	(1.2)	13.2	34.4	11.8
Financing costs	624.5	273.3	177.3	226.6	236.2	278.0	289.1	231.1
Refinancing charges from debt restructure	96.5	—	—	—	—	—	—	—
Income before income taxes, non-controlling interest, extraordinary loss and goodwill amortization	133.0	850.3	538.4	1,012.6	778.5	684.3	664.0	655.0
Income taxes	93.4	431.9	242.1	466.4	390.8	197.5	217.7	209.8
Income before non-controlling interest, extraordinary loss and goodwill amortization	39.6	418.4	296.3	546.2	387.7	486.8	446.3	445.2
Non-controlling interest	3.6	8.7	3.9	4.6	4.0	3.4	3.2	2.4
Extraordinary loss ²	—	—	—	530.6	285.2	—	—	—
Goodwill amortization	174.8	23.4	7.5	6.9	6.9	24.5	20.5	—
Income (loss) from continuing operations	(138.8)	386.3	284.9	4.1	91.6	458.9	422.6	442.8
Income (loss) from discontinued operations	592.3	74.7	64.9	62.9	192.0	21.7	12.1	(6.7)
Net income	453.5	461.0	349.8	67.0	283.6	480.6	434.7	436.1
Preference and preferred share dividends and interest on convertible debentures	10.5	5.0	3.5	3.5	3.5	3.5	3.5	3.5
Common voting share and non-voting share income	\$ 443.0	\$ 456.0	\$ 346.3	\$ 63.5	\$ 280.1	\$ 477.1	\$ 431.2	\$ 432.6
Core earnings, continuing ops ³	\$ 254.0	\$ 495.6	\$ 553.8	\$ 538.0	\$ 380.1	\$ 479.8	\$ 439.5	\$ 439.4
Balance Sheet (millions)	2001	2000	1999	1998	1997	1996	1995	1994
Property, plant and equipment, at cost	\$23,888.4	\$21,782.5	\$14,415.5	\$13,778.1	\$13,316.0	\$12,945.8	\$12,269.9	\$10,887.7
Accumulated depreciation	11,128.6	10,251.5	8,537.2	7,950.5	6,702.0	5,642.5	5,077.1	4,281.7
Total assets	19,265.6	18,046.5	7,797.1	7,860.5	8,761.9	9,167.7	9,160.0	7,939.5
Net debt ⁴	8,682.6	7,980.4	2,055.6	2,139.1	2,572.8	2,954.4	3,257.0	2,764.9
Total capitalization ⁵	15,669.5	14,473.1	6,375.7	6,491.7	7,224.0	7,212.0	7,217.1	6,465.9
Long-term debt	8,651.4	3,047.3	1,555.5	1,608.7	2,280.6	2,953.1	3,175.4	2,441.4
Total shareholders' equity	6,986.9	6,418.4	4,307.7	4,343.0	4,650.7	4,251.5	3,954.3	3,698.4

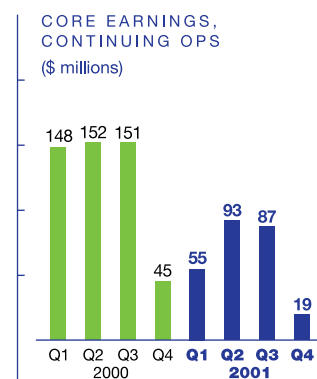
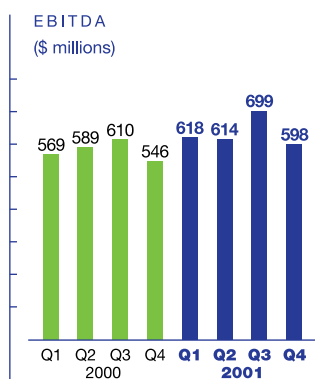
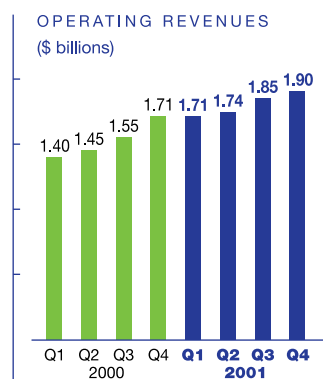
- Notes
- 1 – 1994 and 1995 have not been restated for directory discontinued operations
 - 2 – Prior to the BC TELECOM and TELUS merger in 1999, non-cash extraordinary losses were individually recorded by each company (TELUS in 1997 and BC TELECOM in 1998). These extraordinary losses were the result of change from Regulatory Accounting Principles (RAP) to Generally Accepted Accounting Principles (GAAP).
 - 3 – Common voting share and non-voting share income before discontinued operations, amortization of acquired intangible assets net of tax, restructuring and non-recurring refinancing costs net of tax, revaluation of future income tax assets and liabilities, goodwill amortization, and extraordinary losses
 - 4 – Current obligations plus Long-term debt net of Cash and temporary investments and the cross currency foreign exchange hedge related to U.S. dollar-denominated Notes
 - 5 – Net debt, non-controlling interest and total shareholders' equity

quarterly consolidated financials

Income Statement (millions)	Q4 2001	Q3 2001	Q2 2001	Q1 2001	Q4 2000	Q3 2000	Q2 2000	Q1 2000
Operating revenues	\$ 1,904.4	\$ 1,849.8	\$ 1,741.4	\$ 1,707.0	\$ 1,712.6	\$ 1,546.5	\$ 1,450.2	\$ 1,397.1
Operations expense	1,306.1	1,150.5	1,127.1	1,089.3	1,166.3	936.2	861.5	828.1
EBITDA	598.3	699.3	614.3	617.7	546.3	610.3	588.7	569.0
Depreciation and amortization	366.3	347.4	330.7	338.9	330.4	281.8	275.1	270.1
Amortization of acquired intangible assets	28.1	28.1	27.4	27.3	24.6	—	—	—
Restructuring costs	—	—	—	198.4	—	—	—	—
Operating income	203.9	323.8	256.2	53.1	191.3	328.5	313.6	298.9
Other income	(2.6)	0.6	21.6	(2.6)	(4.6)	(1.1)	(0.7)	(2.3)
Financing costs	176.0	168.8	125.0	154.7	128.5	59.2	48.0	37.6
Refinancing charges from debt restructure	—	—	—	96.5	—	—	—	—
Income before income taxes, non-controlling interest, extraordinary loss and goodwill amortization	25.3	155.6	152.8	(200.7)	58.2	268.2	264.9	259.0
Income taxes	20.4	80.3	75.5	(82.8)	90.5	116.3	112.6	112.5
Income before non-controlling interest, extraordinary loss and goodwill amortization	4.9	75.3	77.3	(117.9)	(32.3)	151.9	152.3	146.5
Non-controlling interest	—	—	1.6	2.0	2.8	3.0	2.4	0.5
Extraordinary loss	—	—	—	—	—	—	—	—
Goodwill amortization	45.1	46.2	43.0	40.5	14.4	6.0	2.5	0.5
Income (loss) from continuing operations	(40.2)	29.1	32.7	(160.4)	(49.5)	142.9	147.4	145.5
Income (loss) from discontinued operations	(3.1)	556.7	18.7	20.0	22.1	18.1	17.6	16.9
Net income (loss)	(43.3)	585.8	51.4	(140.4)	(27.4)	161.0	165.0	162.4
Preference and preferred share dividends and interest on convertible debentures	3.2	2.2	2.6	2.5	2.3	0.9	0.9	0.9
Common voting share and non-voting share income (loss)	\$ (46.5)	\$ 583.6	\$ 48.8	\$ (142.9)	\$ (29.7)	\$ 160.1	\$ 164.1	\$ 161.5
Core earnings, continuing ops ¹	\$ 19.2	\$ 87.3	\$ 92.5	\$ 55.0	\$ 45.0	\$ 150.9	\$ 151.8	\$ 147.9

Notes

1 – Common voting share and non-voting share income before discontinued operations, amortization of acquired intangible assets net of tax, restructuring and non-recurring refinancing costs net of tax, revaluation of future income tax assets and liabilities, and goodwill amortization

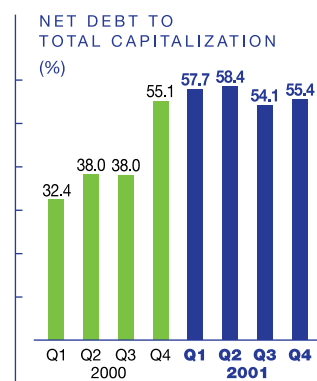
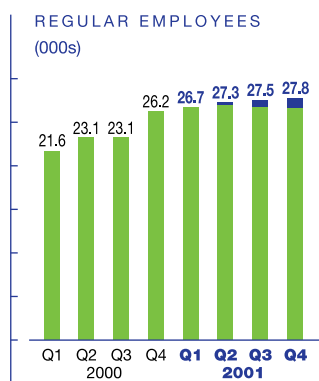
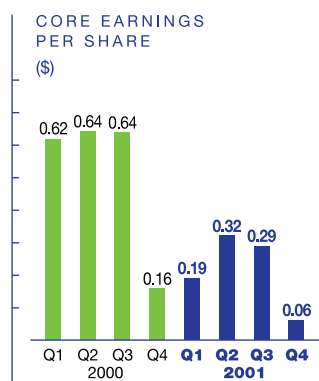


quarterly operating statistics

Consolidated	Q4 2001	Q3 2001	Q2 2001	Q1 2001	Q4 2000	Q3 2000	Q2 2000	Q1 2000
Shares Outstanding ¹								
Average shares outstanding (millions)	301.8	297.4	289.2	288.0	276.9	237.0	236.9	236.8
Period-end shares outstanding (millions)	302.2	298.4	290.0	288.5	287.1	237.3	237.1	236.9
Per Share ¹								
Core EPS ²	\$ 0.06	\$ 0.29	\$ 0.32	\$ 0.19	\$ 0.16	\$ 0.64	\$ 0.64	\$ 0.62
Basic EPS	\$ (0.15)	\$ 1.96	\$ 0.17	\$ (0.50)	\$ (0.11)	\$ 0.68	\$ 0.69	\$ 0.68
Dividends declared per share	\$ 0.15	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35	\$ 0.35
Cash flow per share	\$ 0.75	\$ 1.59	\$ 1.03	\$ 1.40	\$ 0.94	\$ 1.84	\$ 2.04	\$ 2.04
Book value per share	\$ 22.39	\$ 22.74	\$ 21.33	\$ 21.05	\$ 21.59	\$ 18.91	\$ 18.59	\$ 18.25
Performance Indicators								
Return on common equity, operations	6.9%	11.0%	(3.4%)	(11.2%)	9.6%	14.8%	15.1%	15.2%
EBITDA interest coverage ³	4.1	4.8	6.0	8.0	10.7	—	—	—
Operating cash flow adjusted for restructuring costs (millions)	\$ 225.2	\$ 474.1	\$ 298.3	\$ 404.0	\$ 269.5	\$ 435.6	\$ 483.2	\$ 482.5
Net debt to EBITDA ⁴	3.4	3.3	3.8	3.7	3.4	—	—	—
Net debt to total capitalization	55.4%	54.1%	58.4%	57.7%	55.1%	38.0%	38.0%	32.4%
Capital expenditures (millions) ⁵	\$ 591.6	\$ 587.1	\$ 607.7	\$ 818.9	\$ 568.0	\$ 374.1	\$ 315.2	\$ 184.0
Other								
Employees (regular), continuing ops	27,765	27,547	27,308	26,653	26,188	23,084	23,131	21,602
Total salary expense (millions)	\$ 464.7	\$ 421.8	\$ 437.9	\$ 395.1	\$ 388.7	\$ 330.4	\$ 328.6	\$ 328.5

Notes

- 1 – Common voting shares and non-voting shares
- 2 – Common voting share and non-voting share income before discontinued operations, amortization of acquired intangible assets net of tax, restructuring and non-recurring refinancing costs net of tax, revaluation of future income tax assets and liabilities, and goodwill amortization
- 3 – EBITDA interest coverage is calculated on a 12-month rolling basis
- 4 – Net debt to EBITDA is calculated using a 12-month rolling EBITDA
- 5 – Excluding \$76 million non-monetary purchase of fibre assets in 2001



■ Regular Employees ■ 2001 Acquisitions