

TELUS Communications

For TELUS Communications, 2004 was a year of steady progress, characterized by our competitive lead in IP business applications, a head start in providing compelling solutions for the home, and improved customer service. At TELUS, the future is friendly...

...with leading Internet services

Our drive to a leadership position in Internet service continued in 2004 and we now serve close to one million subscribers, 71 per cent of which are high-speed. Our \$800 million investment is a base for new IP applications and services.

To enhance our customers' online experience, we introduced Pureradio from TELUS in March, a new legal music service that lets high-speed Internet users listen to high-quality streaming music and quickly download songs.

In November, we introduced Anti-Spyware, the first Internet service provider (ISP) in Western Canada to do so. Now, business and residential customers can protect their computers with the TELUS Full Security Bundle, which includes Anti-Spyware along with Anti-Virus with Ad Block, Firewall, Parental Control and Spam Control.

TELUS Fast Dial-up service was introduced in 2004 to provide customers in B.C., Alberta and Quebec with up to five times faster Web browsing and downloading access, and improved e-mail capabilities.

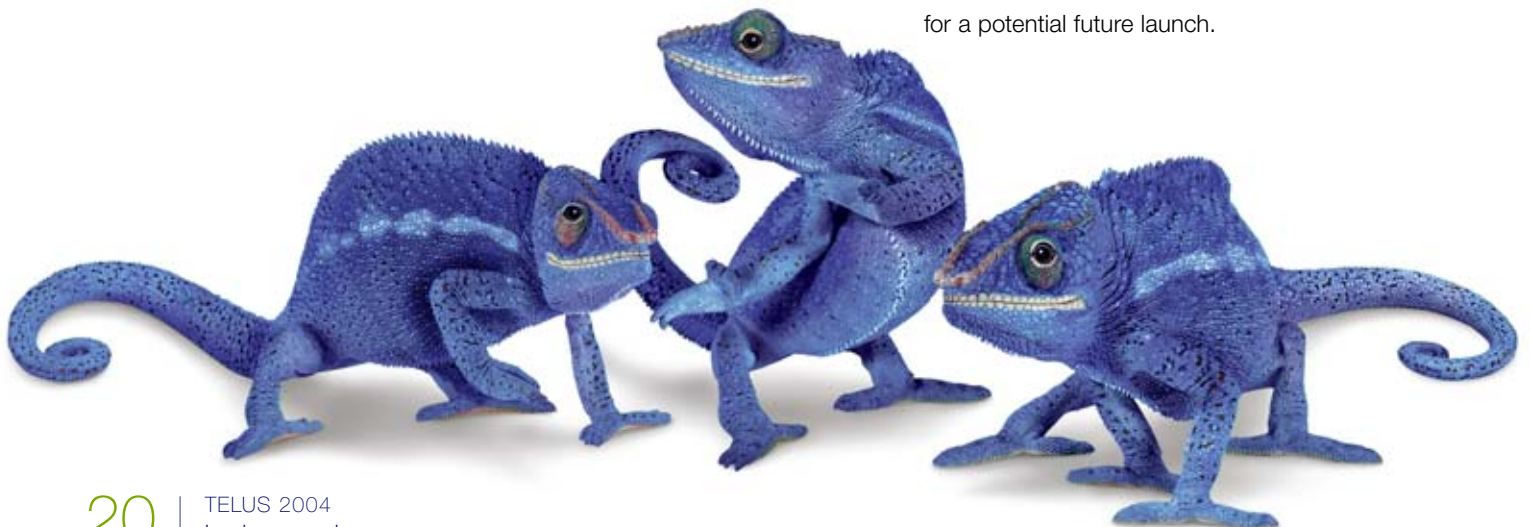
...with the TELUS Future Friendly Home

Last year, we saw the beginning of our digital home strategy, which entails offering a suite of integrated services that make it easier for families and friends to connect with the world. With high-speed Internet as the backbone, the new TELUS Future Friendly Home offers integrated and innovative products and services that are secure, simple to install and easy to use.

We introduced the first two components in 2004. In May, we launched TELUS Home Networking, an integrated solution that gives customers a simple way to connect multiple computers, wired and wirelessly, to high-speed Internet. Family members can use their computers anywhere in the home to access the Internet and share printers, scanners and files.

In November, TELUS became the first Canadian and first major North American telecommunications provider to introduce a home monitoring solution with TELUS HomeSitter. Using high-speed Internet and wireless connections, TELUS HomeSitter is a multi-camera video monitoring service that alerts customers of activities in their home through a wireless phone, pager or e-mail.

In 2005, we will continue to create new TELUS Future Friendly Home services. For example, we are currently evaluating TELUS TV, a customized digital entertainment service, for a potential future launch.



...with network innovation and strength

Two years ago, TELUS became the first major telecommunications company in North America to transform its network to IP-based technology. This leading-edge IP-based network is designed to carry high-quality voice, data and video applications, giving us a distinct head start and advantage in the business marketplace.

In 2004, we successfully completed a migration of 84 per cent of our long distance traffic from the old national Stentor Alliance platform. This migration, which is estimated to save us millions of dollars, is planned to be completed in the first quarter of 2005. We also continue to migrate traffic from our traditional circuit-switched network onto our leading-edge IP-based network. Over time, as we move to a single IP-based network, we will continue to reduce network costs through the efficiencies of planning and operating one network.

During 2005, we plan to continue building out our IP infrastructure to bring additional innovative TELUS Future Friendly Home services to a growing number of consumer markets in B.C., Alberta and Quebec, and to roll out additional IP solutions to our business customers across Canada.

Through key wholesale arrangements with other large carrier partners, in 2004 we enabled seamless multi-protocol label switching (MPLS) connectivity across North America. With this connectivity in place, TELUS customers now enjoy access to a reliable network across the continent at the high bandwidth and service levels required for today's converged applications.

...with revolutionary IP solutions

We advanced our IP telephony leadership position in 2004 by enhancing the capabilities of IP-One Innovation, Canada's first carrier-grade hosted and managed voice over IP (VoIP) service. Now, business customers have more customized choices with

an expanded suite of telephony features and capabilities such as visual voicemail and Find me/Follow me services, all of which are presented in an easy-to-use Web portal.

We plan to introduce IP-One Evolution in the first half of 2005. By choosing IP-One Evolution, regional and national business customers can, at their own pace, seamlessly migrate from Centrex to IP telephony. Both IP-One Innovation and IP-One Evolution solutions converge voice, data and Internet communications onto a single, more efficient IP network, delivering lower costs and increased productivity for customers.

...with improved performance in Central Canada

Our biggest wireline revenue growth opportunity is in non-incumbent operations in Central Canada. We are focused on winning high-quality, recurring, IP-based revenues in Ontario and Quebec that leverage the technology leadership, head start and service differentiation our IP network provides.

Our efforts have resulted in a number of multi-year contracts with large organizations. We smoothly implemented our landmark \$160 million contract with IBM for the TD Bank Financial Group, with the successful migration of more than 1,000 branches onto TELUS' network. In 2005, we will continue to convert up to 400 automated banking machines over to TELUS.

We have gone on to win several other large deals in 2004. For example, in May, we announced a six-year, \$66 million contract with The Co-operators, which will include wide area network (WAN) and local area network (LAN) data services to more than 600 locations, as well as an extensive portfolio of voice services. We also announced a seven-year, \$10 million contract with the Laurentian Bank. TELUS will manage the bank's entire telephony infrastructure for 153 branches across Quebec and in Ottawa.

greater peace of mind

TELUS HomeSitter is ideal for customers wanting to keep a watchful eye on kids

at home alone, elderly family members, pets or property. Using a wireless router that captures signals from wireless cameras, customers can remotely monitor their home or business – anytime and anywhere they have access to high-speed Internet.



the Future Friendly[®] Home