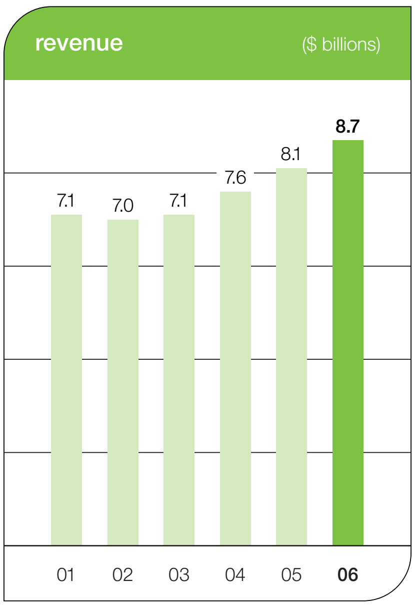
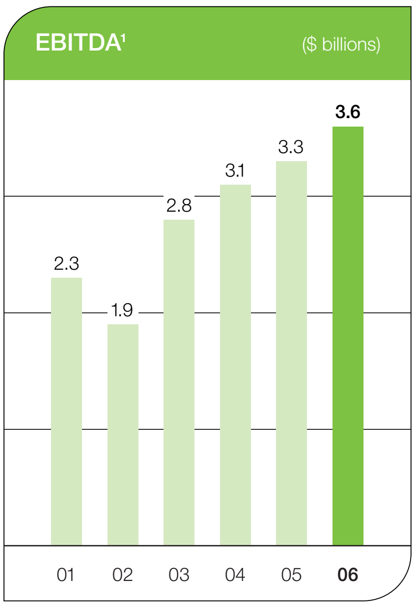
2006 highlights

- Achieved four of five consolidated targets, largely driven by our national wireless business and earnings from our non-incumbent operations in Central Canada
- Generated record operating revenues from growth in wireless and wireline data
- Increased operating income mainly due to growth in wireless subscribers and average revenue per customer
- Improved free cash flow by 9%
- Grew subscriber connections by 504,000 or 5% – wireless subscribers were up 12%, Internet subscribers were up 11% and network access lines decreased 3%
- Increased quarterly dividend by 36% to 37.5 cents per share ($1.50 annualized), effective January 1, 2007

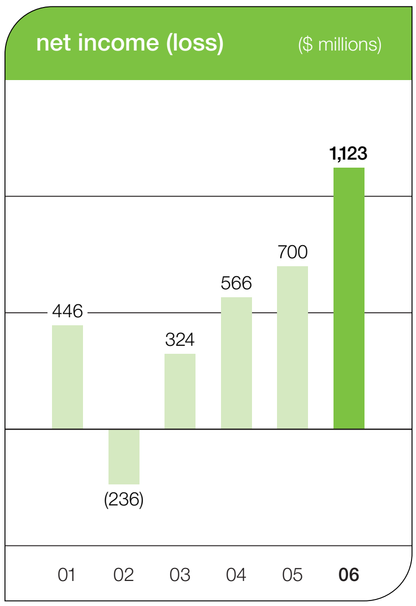
open for TELUS at a glance →



Revenue increased 7% due to strong growth in wireless and wireline data revenues



EBITDA increased 9% (5% excluding 2005 labour disruption impacts) mainly due to strong wireless performance

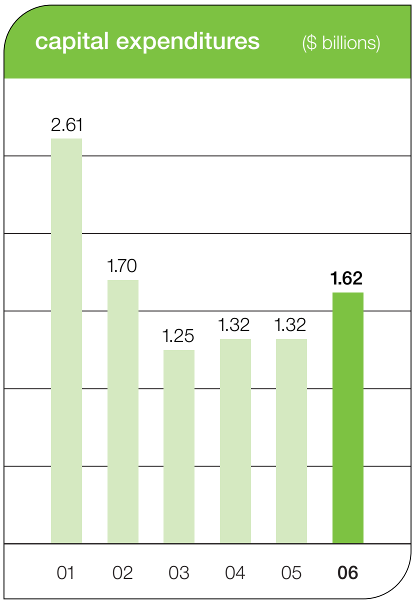


Net income grew by 60% mainly driven by EBITDA growth, reduced financing costs and positive tax-related impacts

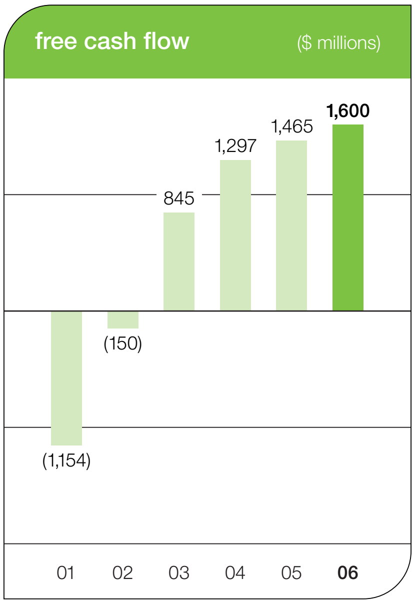
financial and operating highlights

($ in millions except per share amounts)	2006	2005	% change
Operations			
Operating revenues	$ 8,681	$ 8,143	6.6
EBITDA[1]	$ 3,590	$ 3,295	9.0
Operating income	$ 2,015	$ 1,672	20.5
Net income	$ 1,123	$ 700	60.3
Basic earnings per share	$ 3.27	$ 1.96	66.8
Dividends declared per share	$ 1.20	$ 0.875	37.1
Dividend payout ratio (%)[2]	46	56	–
Return on common equity (%)	16.3	9.9	–
Cash from operations[3]	$ 2,804	$ 2,915	(3.8)
Capital expenditures	$ 1,618	$ 1,319	22.7
Financial position			
Total assets	$ 16,508	$ 16,222	1.8
Net debt[4]	$ 6,278	$ 6,294	(0.3)
Net debt to EBITDA ratio[5]	1.7	1.9	–
Free cash flow[6]	$ 1,600	$ 1,465	9.2
Shareholders' equity	$ 6,928	$ 6,870	0.8
Market capitalization of equity[7]	$ 17,848	$ 16,557	7.8
Other information			
Wireless subscribers (000s)	5,056	4,521	11.8
Network access lines (000s)	4,548	4,691	(3.0)
Total Internet subscribers (000s)	1,111	999	11.2
Total subscriber connections (000s)	10,715	10,211	4.9

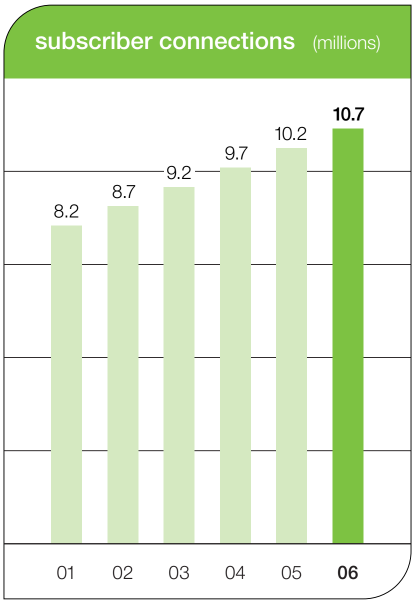
1 Earnings before interest, taxes, depreciation and amortization, calculated as Operating revenues less Operations expense less Restructuring and workforce reduction costs.
2 Last quarterly dividend declared per share in the respective reporting period, annualized, divided by the sum of Basic earnings per share reported in the most recent four quarters.
3 Cash provided by operating activities.
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 at the end of the period divided by 12-month trailing EBITDA (excluding Restructuring and workforce reduction costs).
6 EBITDA, adding Restructuring and workforce reduction costs, cash interest received and excess of share compensation expense over share compensation payments, subtracting cash interest paid, cash taxes, capital expenditures, and cash restructuring payments.
7 Market value based on year-end closing share prices and shares outstanding.



Capital expenditures increased due to deferrals from the 2005 labour disruption and increased wireline infrastructure investments



Free cash flow grew by $135 million due to higher EBITDA and lower interest expense, partly offset by higher capital expenditures



Subscriber connections increased 4.9% due to strong growth in wireless and high-speed Internet subscribers