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TELUS CORP

Form 6-K

April 11, 2005

Form 6-K

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Report of Foreign Issuer

Pursuant to Rule 13a - 16 or 15d - 16 of  
the Securities Exchange Act of 1934

For the month of April 2005  
(Commission File No. 000-24876)

TELUS Corporation

(Translation of registrant's name into English)

21st Floor, 3777 Kingsway  
Burnaby, British Columbia V5H 3Z7  
Canada

(Address of principal registered offices)

Indicate by check mark whether the registrant files or will file annual reports  
under cover of Form 20-F or Form 40-F:

Form 20-F  Form 40-F

Indicate by check mark whether the registrant by furnishing the information  
contained in this Form is also thereby furnishing the information to the  
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of  
1934.

Yes  No

This Form 6-K consists of the following:

2005 annual and special meeting and class meetings

TELUS  
March 21, 2005

TELUS Corporation

2005 annual and special meeting

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All figures reported in this information circular are in Canadian currency.

Notice of annual and special meeting and class meeting of holders of common shares

Notice is hereby given that the annual and special meeting of TELUS Corporation (the "Company" or "TELUS") and a class meeting of the holders of common shares of the Company will be held on Wednesday, May 4, 2005 at 10:00 a.m. (MDT) at the Winspear Centre, 9720 - 102 Avenue NW, #4 Sir Winston Churchill Square, Edmonton, Alberta, T5J 4B2 for the following purposes:

1. receive the Company's 2004 audited consolidated financial statements together with the reports of the auditors on those statements;
2. consider, and if thought appropriate, pass a special resolution amending Article 12.1 of the Articles of the Company;
3. consider, and if thought appropriate, pass (i) a special resolution amending the Notice of Articles to remove the application of the Pre-Existing Company Provisions of the Company, (ii) a special resolution deleting the entire Articles and replacing them with new Articles and (iii) a special separate resolution to change the votes required to pass a special separate resolution of holders of common shares of the Company, from 3/4 to 2/3;
4. consider, and if thought appropriate, pass a special separate resolution amending the Articles of the Company to remove cumulative voting and to add a provision to the Articles respecting the election of directors;
5. consider, and if thought appropriate, pass a special separate resolution amending the special rights and restrictions in the Articles of the Company attaching to the common shares and the non-voting shares to incorporate provisions relating to compliance with foreign ownership requirements under the Radiocommunication Act and the Broadcasting Act;
6. elect directors of the Company for the ensuing year;
7. appoint Deloitte & Touche LLP as auditors for the ensuing year and to authorize the directors to fix their remuneration;
8. increase the reserve of non-voting shares authorized for issue under the TELUS Management Share Option Plan;
9. approve the amendment to the TELUS Management Share Option Plan to permit the Company to settle exercise of options by the issue of non-voting shares;

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10. together with the holders of non-voting shares of the Company, approve the amendment to, and reconfirm and approve the Company's shareholder rights plan, as amended and restated; and
11. transact other business as may properly come before the meetings or any adjournment thereof.

These meetings will be held at the same time and place as a class meeting of the holders of the non-voting shares of the Company (the "non-voting shares") for the purposes set out in the accompanying notice for the non-voting shares meeting.

Dated at Vancouver, British Columbia this 21st day of March, 2005. By order of the Board of Directors

/s/Audrey T. Ho  
Audrey T. Ho  
Vice-President, Legal Services and  
General Counsel and Corporate Secretary

Holders of common or non-voting shares of the Company who are unable to attend these meetings may vote by proxy. Simply sign and return a paper proxy or submit a telephone or Internet proxy by following the instructions in the information circular accompanying this notice or the instructions on the paper proxy.

To be valid, proxies must be received by TELUS' Corporate Secretary, c/o Computershare Trust Company of Canada at 9th floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, by 5:00 p.m. local time on May 2, 2005 or, if a meeting is adjourned, by 5:00 p.m. local time, on the second-last business day prior to the date on which the meeting is reconvened.

### Notice of class meeting of non-voting shares

Notice is hereby given that a class meeting (the "non-voting shares meeting") of the holders of the non-voting shares of TELUS Corporation (the "Company" or "TELUS") will be held on Wednesday, May 4, 2005 at 10:00 a.m. (MDT) at the Winspear Centre, 9720 - 102 Avenue NW, #4 Sir Winston Churchill Square, Edmonton, Alberta, T5J 4B2 for the following purposes:

1. consider, and if thought appropriate, pass a special separate resolution, to change the votes required to pass a special separate resolution of the holders of the non-voting shares of the Company from 3/4 to 2/3;
2. consider, and if thought appropriate, pass a special separate resolution, amending the special rights and restrictions in the Articles of the Company attaching to the common shares and the non-voting shares to incorporate provisions relating to compliance with foreign ownership requirements under the Radiocommunication Act and the Broadcasting Act;
3. transact other business as may properly come before the meeting or any adjournment thereof.

The non-voting shares meeting will be held at the same time and place as an annual and special general meeting and class meeting of the holders of the common shares of TELUS for the purposes set out in the accompanying notice of annual and special general meeting and class meeting of the holders of the common shares.

Dated at Vancouver, British Columbia this 21st day of March, 2005.

By order of the Board of Directors

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/s/Audrey T. Ho  
Audrey T. Ho  
Vice-President, Legal Services and  
General Counsel and Corporate Secretary

Holders of non-voting shares of the Company who are unable to attend the non-voting share meeting may vote by proxy. Simply sign and return a paper proxy or submit a telephone or Internet proxy by following the instructions in the information circular accompanying this notice or the instructions on the paper proxy.

To be valid, proxies must be received by TELUS' Corporate Secretary, c/o Computershare Trust Company of Canada at 9th floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, by 5:00 p.m. local time on May 2, 2005 or, if the non-voting shares meeting is adjourned, by 5:00 p.m. local time, on the second-last business day prior to the date on which the meeting is reconvened.

Invitation to shareholders

On behalf of the TELUS Board of Directors and the rest of the TELUS team, we invite you to join us at TELUS' shareholder meetings (the "meetings"). This year, the meetings will be held:

Date: Wednesday, May 4, 2005  
Time: 10:00 a.m. (MDT)  
Place: Winspear Centre  
9720 - 102 Avenue NW  
#4 Sir Winston Churchill Square  
Edmonton, Alberta, T5J 4B2

At the meetings, holders of common shares and holders of non-voting shares of TELUS (collectively the "shareholders") will be asked to approve the business items in the notices of the meetings and this information circular. We will also update you on the Company's current financial situation and on how TELUS is continuing to deliver on its strategy. At the end of the meetings, a question and answer session will take place. At the reception following the meetings, you will have an opportunity to personally meet your directors and executive leadership team.

As a shareholder, your vote is very important to us and we encourage you to participate either in person or by proxy. If you cannot attend the meetings in person, we invite you to view our live Web cast at [telus.com/agm](http://telus.com/agm) at 10 a.m. (MDT) on May 4.

We look forward to seeing you.  
Sincerely,

/S/Brian A. Canfield  
Brian A. Canfield  
Chair of the Board of Directors

/S/Darren Entwistle  
Darren Entwistle  
President & Chief Executive Officer

March 21, 2005

Information Circular

Frequently asked questions on voting

Q. Am I entitled to receive notice of the meetings and attend the meetings?

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A. Yes, if you are a holder of common shares or non-voting shares of the Company as of March 21, 2005, which is the record date for the meetings. All shareholders, as of the close of business on that date, are entitled to receive notice of, attend and be heard at the annual and special general meeting and to vote at the appropriate meetings as described in the applicable notices for the meetings.

Q. Am I entitled to vote and what am I voting on?

A. If you were a holder of common shares as of the close of business on March 21, 2005, you are entitled, subject to the cumulative voting provisions for directors, to vote one vote per common share on each of the resolutions listed in the notice of annual and special meeting and class meeting of the holders of common shares (the "common share meeting").

If you were a holder of non-voting shares, as of the close of business on March 21, 2005, you have the right to vote, together with the holders of the common shares, at the common share meeting, one vote per share on the resolution to approve the amendments to, and reconfirm and approve the shareholder rights plan, as amended and restated, and separately at the class meeting of the non-voting shares (the "non-voting share meeting"), one vote per non-voting share on each of the special separate resolutions listed in the notice of for that meeting.

The common share meeting and the non-voting share meeting are herein together the "meetings" and each one a "meeting".

Q. Am I a registered or non-registered shareholder?

A. You are a registered shareholder if you have a share certificate registered in your name.

You are a non-registered shareholder if:

- \* your shares are registered in the name of an intermediary (for example, a bank, a trustee or a investment dealer) or the name of a clearing agency of which the intermediary is a participant, or
- \* you hold common shares through the TELUS Employee Share Purchase Plan.

Q. How can I vote my shares?

A. You can vote your shares either by attending and voting your shares at the meetings or, if you cannot attend the meetings, by having your shares voted by proxy. How you exercise your vote depends on whether you are a registered or non-registered shareholder (for descriptions, see the previous question).

Voting by attending the meetings - registered and non-registered shareholders

If you are a registered shareholder, you are entitled to attend the applicable meeting and cast your vote in person.

If you are a non-registered shareholder, you are entitled to attend the applicable meeting and cast your vote in person, provided you have submitted a properly executed proxy, inserting your name in the blank space provided and returning it in the envelope provided. When you arrive at the meeting, advise the registration staff that you are a proxy appointee. If you have received a voting instruction form, please follow the instructions on the form.

Royal Trust Corporation of Canada (the "Trustee") is the trustee of all common shares (the "employee shares") held on behalf of members of the TELUS Employee

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Share Purchase Plan. Holders of employee shares are treated in the same manner as non-registered shareholders. If you hold employee shares, you are entitled to attend the meetings and cast your vote in person, provided you have submitted a properly executed proxy, inserting your name in the blank space provided and returning it according to the instructions on the form. When you arrive at the meeting, advise the registration staff that you are a proxy appointee.

### Voting by proxy - registered shareholders

If you are a registered shareholder, you may vote your proxy in one of three ways:

- \* by paper proxy to be returned by mail or delivery
- \* by telephone
- \* by Internet.

If you intend to vote by paper proxy, please use the proxy identified for use by holders of common shares to vote your common shares, and the proxy identified for use by holders of non-voting shares to vote your non-voting shares.

Whichever method you choose, your proxy must be received by TELUS' Corporate Secretary, c/o Computershare Trust Company of Canada (9th floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1), no later than 5:00 p.m. (local time) on May 2, 2005 or, if a meeting is adjourned, by 5:00 p.m. (local time) on the second-last business day prior to the date on which the meeting is reconvened.

#### \* Proxy and voting by mail or delivery:

To vote by mail or delivery, your paper proxy must be completed, signed and returned in accordance with the instructions on the paper proxy.

#### \* Proxy and voting by telephone:

To vote by telephone, call the toll-free number shown on the proxy form that was sent to you by mail or e-mail. Using a touch-tone telephone to select your voting preferences, follow the instructions of the "vote voice" and refer to your holder account number and proxy access number provided on your proxy.

Note that you cannot vote by telephone if you wish to appoint a person as a proxy other than someone named on the proxy form, or if you wish to distribute your cumulative votes in any manner other than equally regarding the election of directors. In either of these instances, your proxy should be voted by mail, delivery or Internet.

#### \* Proxy and voting by Internet:

To vote your proxy by Internet, visit the Web site address shown on the proxy form that was delivered to you by mail or e-mail. Follow the online voting instructions and refer to your holder account number and proxy access number provided on your proxy.

### Voting by proxy - non-registered shareholders

If you are a non-registered shareholder and you receive these materials through an investment dealer or other intermediary, complete and return the materials entitling you to vote, by following the instructions provided to you by the investment dealer or other intermediary.

If you hold employee shares, use one of the three voting procedures outlined above (mail, telephone or Internet), to direct the Trustee as to how your employee shares are to be voted. The Trustee will deliver the proxy forms for use at the meetings for all votes to be cast at the meetings as indicated on all paper, telephone or Internet proxies. Computershare Trust Company of Canada

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("Computershare") has agreed to act as the recipient of voting instructions by holders of employee shares received by proxy and will tabulate the results for the Trustee.

The voting rights attached to employee shares will be voted for or against or withheld from voting only in accordance with the specifications made by the employees. If a proxy is not received by Computershare on behalf of the Trustee according to the above procedures, the employee shares will not be voted by the Trustee.

For employee shares to be voted at the meetings by the Trustee or a duly appointed proxy, proxies must be received by TELUS' Corporate Secretary, c/o Computershare, (9th floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1) no later than 5:00 p.m. (local time) on May 2, 2005 or, if a meeting is adjourned, by 5:00 p.m., (local time), on the second-last business day prior to the date on which the meeting is reconvened.

If an employee holds common and non-voting shares (other than employee shares), another proxy must be completed to vote those shares, unless the employee attends the meetings and votes the common and non-voting shares in person.

Q. Who votes my shares?

A. Each person named in the proxy to represent shareholders at the meetings is a director and/or officer of the Company. You can appoint someone else to represent you at the meetings, however, you must appoint that person by either paper proxy or Internet proxy by inserting his or her name in the appropriate space on the proxy form, or completing another acceptable paper proxy. The person you appoint does not need to be a shareholder but must attend the meetings in order for your vote to be cast.

Q. How will my shares be voted if I return a proxy?

A. By completing and returning a proxy, you are authorizing the person named in the proxy to attend the meetings and vote your shares on each item of business you are entitled to vote on, according to your instructions. If there are no instructions with respect to your proxy, your common shares will be voted in favour of:

1. the special resolution amending Article 12.1 of the Articles of the Company;
2. the special resolution amending the Notice of Articles of the Company to remove the application of the Pre-Existing Company Provisions, replacing the Articles and the special separate resolution to change the votes required to pass a special separate resolution of the holders of the common shares from 3/4 to 2/3;
3. the special separate resolution amending the Articles of the Company to remove cumulative voting and add a provision to the Articles respecting the election of directors;
4. the special separate resolution amending the special rights and restrictions in the Articles of the Company attaching to the common shares and the non-voting shares to incorporate provisions relating to compliance with foreign ownership requirements under the Radiocommunication Act and the Broadcasting Act;
5. electing directors of the Company for the ensuing year;
6. appointing Deloitte & Touche LLP as auditors for the ensuing year and authorizing the directors to fix their remuneration;
7. increasing the reserve of non-voting shares authorized for issue under the TELUS Management Share Option Plan;
8. approving the amendment to the TELUS Management Share Option Plan to permit the Company to settle exercise of options by the issue of non-voting shares; and

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9. together with the holders of the non-voting shares, approving the amendment to, and reconfirming and approving the Company's shareholder rights plan, as amended and restated.

If there are no instructions with respect to your proxy, your non-voting shares will be voted in favour of:

1. the special separate resolution approving the change in the votes required to pass a special separate resolution of the non-voting shares, from 3/4 to 2/3;
2. amending the special rights and restrictions in the Articles attaching to the common shares and the non-voting shares to incorporate provisions relating to compliance with foreign ownership requirements under the Radiocommunication Act and the Broadcasting Act;
3. together with the holders of the common shares, approving the amendment to, and reconfirming and approving the shareholder rights plan, as amended and restated.

Q. Can I revoke a proxy?

A. Yes, if you are a registered shareholder and have voted by paper, telephone or Internet proxy, you may revoke it by delivering a duly executed proxy by paper, telephone or Internet with a later date or a form of revocation of proxy. Such paper proxies can be delivered to the registered office of the Company, to the attention of TELUS' Corporate Secretary, 21 - 3777 Kingsway, Burnaby, B.C. V5H 3Z7, any time up to and including May 2, 2005, or if a meeting is adjourned, on the business day preceding the date of the adjourned meeting.

Alternatively, you may revoke your proxy and vote in person, by delivering a form of revocation of proxy to the Chair of the meetings at the meetings or any adjournment thereof before the vote in respect of which the proxy is to be used is taken. You may also revoke your proxy in any other manner permitted by law.

If you are a non-registered shareholder, you may revoke your proxy or voting instructions by contacting the individual who serves your account.

As a holder of employee shares, if you have provided your proxy (by paper, telephone or Internet) you may revoke it by delivering another proxy (by paper, telephone or Internet) with a later date or a form of revocation of proxy, no later than 5:00 p.m. (local time) on May 2, 2005 or, if a meeting is adjourned, by 5:00 p.m. (local time) on the second-last business day prior to the date on which the meeting is reconvened.

Q. Who has discretionary authority to vote on amendments or variations to any of the business items and on any other matter that may properly come before the meetings?

A. Your voting instructions provided by paper, telephone or Internet proxy give discretionary authority to the person you appoint to vote as he or she sees fit on any amendment or variation to any of the matters identified in the applicable notice of the meetings and any other matters that may properly be brought before a meeting, to the extent permitted by law. As of March 1, 2005, neither the Board of Directors nor senior officers of the Company is aware of any variation, amendment or other matter to be presented for a vote at any meeting.

Q. Is my vote by proxy confidential?

A. Yes, your vote by proxy is confidential. Proxies are received, counted and tabulated by our transfer agent, Computershare, in a way that preserves the confidentiality of individual shareholders' votes, except:



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- \* as necessary to meet the applicable legal requirements
- \* in the event of a proxy contest
- \* in the event a shareholder has made a written comment on the proxy.

Q. Who is soliciting my proxy?

A. Your proxy is being solicited on behalf of TELUS management. The solicitation of proxies will be made either by mail to your latest address shown on the register of shareholders or by electronic mail to the e-mail address you provided. In addition to solicitation by mail, employees or agents may solicit proxies by telephone or other ways at a nominal cost to the Company. The Company may, if determined advisable, retain an agency to solicit proxies for the Company in Canada and in the United States. The cost of solicitation is paid for by the Company.

Q. What are the quorum requirements for the meetings and how many common shares and non-voting shares are outstanding?

A. A quorum at either the common share meeting or the non-voting share meeting will consist of at least two persons present and/or represented by proxy, being two Canadians that hold not less than 1/20 (5 per cent) of each of the issued and outstanding shares entitled to be voted at the applicable meeting. On March 15, 2005, the Company had 191,928,650 common shares issued and outstanding and 168,246,161 non-voting shares issued and outstanding.

Q. Does any shareholder beneficially own 10 per cent or more of the common shares that are outstanding?

A. No.

To the knowledge of the directors and senior officers of TELUS, on March 1, 2005, no persons beneficially own, directly or indirectly, or exercise control or direction over, common shares carrying more than 10 per cent of the voting rights attached to all common shares entitled to be voted at the common share meeting.

Q. What if I have a question?

A. If you have any questions regarding the meeting, please contact Computershare:

- \* by phone: 1-800-558-0046 (toll-free within North America)  
1-514-982-7270 (outside North America)
- \* by fax: (416) 263-9394
- \* by e-mail: [telus@computershare.com](mailto:telus@computershare.com)
- \* by mail: Computershare Trust Company of Canada  
9th floor, 100 University Avenue  
Toronto, Ontario, M5J 2Y1

Non-voting shares

Subject to the prior rights of the holders of first preferred shares and second preferred shares of the Company, holders of non-voting shares are entitled to participate equally with the holders of common shares with respect to the payment of dividends and the distribution of assets of the Company on the liquidation, dissolution or winding up of the Company. The non-voting shares cannot be subdivided, consolidated, reclassified or otherwise changed unless the common shares are changed in the same manner.

Generally, the holders of non-voting shares are entitled to receive notice of,

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attend and be heard at all general meetings of the Company and are entitled to receive all notices of meetings, information circulars and other written information from the Company that the holders of common shares are entitled to receive from the Company, but are not entitled to vote at such general meetings unless otherwise required by law. At these meetings, the holders of the non-voting shares are entitled to vote together with the holders of common shares on the resolution to approve amendments to, and to reconfirm and approve the shareholder rights plan, as amended and restated and separately as a class on the special separate resolutions to approve a change in the votes required to pass a special separate resolution of the holders of non-voting shares from 3/4 to 2/3, and amendments to the special rights and restrictions attaching to the non-voting shares to incorporate provisions relating to compliance with foreign ownership requirements under the Radiocommunication Act and the Broadcasting Act.

To ensure that the holders of non-voting shares can participate in any offer made to holders of common shares (but that is not made to the holders of non-voting shares on the same terms), the offer must, by reason of applicable securities legislation or the requirements of the stock exchanges on which the common shares are listed, be made to all or substantially all the holders of common shares who are in any province of Canada to which such requirements apply (an "exclusionary offer"). Each holder of non-voting shares will, for the purposes of the exclusionary offer only, be permitted to convert all or part of the non-voting shares held into an equivalent number of common shares during the applicable conversion period. In certain circumstances (namely, the delivery of certificates, at specified times, by holders of 50 per cent or more of the issued and outstanding common shares to the effect that they will not, among other things, tender to such exclusionary offer or make an exclusionary offer), these conversion rights will not come into effect.

If the Telecommunications Act (Canada) (the "Telecommunications Act") and the regulations thereunder relating to ownership and control are changed so that there is no restriction on non-Canadians holding common shares, holders of non-voting shares will have the right to convert all or part of their non-voting shares into common shares on a one-for-one basis. The Company will have the right to require holders of non-voting shares who do not make such an election to convert such non-voting shares into an equivalent number of common shares.

### Business of the meetings

#### 1. Report of management and consolidated financial report

The report of management and the audited consolidated financial statements for the year ended December 31, 2004, including management's discussion and analysis ("MD&A"), are contained in the 2004 annual report of the Company. Shareholders who have requested a copy of the 2004 annual report will receive one by mail. If you did not request a copy, you may view the annual report online at [telus.com/annualreport](http://telus.com/annualreport) or obtain one upon request to TELUS' Corporate Secretary at 21 - 3777 Kingsway, Burnaby, British Columbia, V5H 3Z7.

#### 2. Amendments to the Articles of the Company

Approval of the amendment to the articles regarding minimum number of directors

Section 12.1 of the Articles of the Company currently provides for a minimum of 12 and a maximum of 16 directors and that the number of directors may be fixed within such range by the Board of Directors.

The Board of Directors has concluded that the appropriate minimum number of directors be set at 10. Currently the number of directors is 11, and 11 persons

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are being nominated for election as directors at this meeting. While the Corporate Governance Committee and the Board wish to increase the number of directors, they require sufficient time to conduct the necessary searches and interviews in order to select the individuals they feel will be effective board members adding strengths to the Board in areas determined to be of benefit to the Company. This will enhance Board effectiveness and benefit shareholders. Accordingly, in the view of the Board of Directors, it is desirable to amend the Articles of the Company to provide for the number of directors to be set at a minimum of 10. All other provisions of Article 12.1 including the ability of the Board of Directors to fix the number of directors within the range and to appoint directors between meetings remain unchanged.

The proposed special resolution to be passed at the common share meeting is as follows:

BE IT RESOLVED THAT, as a special resolution:

1. Article 12.1 of the Articles of the Company be amended by deleting the number "12" and replacing it with the number "10"; and
2. the directors of the Company be and are authorized to revoke this special resolution before it is acted on without further approval of the holders of common shares.

To be effective, the special resolution must be approved by not less than 3/4 of the votes cast by the holders of the common shares of the Company who vote in person or by proxy at the common share meeting on the special resolution.

Management and the Board recommend that holders of common shares vote FOR the amendment to Article 12.1. The persons named in the enclosed form of proxy intend to vote FOR the special resolution approving the amendment to the Articles of the Company, unless the holder of common shares specifies otherwise.

It is intended that the foregoing special resolution will be voted on at the common share meeting and, if passed, the amendment to the Articles will be filed at the records office of the Company to be effective prior to proceeding with the election of directors.

Approval of amendments relating to the new Business Corporations Act (British Columbia)

Background change in legislation

The corporate legislation of the Province of British Columbia has applied to the Company since incorporation. That legislation has recently undergone significant modernization, with the replacement of the Company Act (the "Old Act") by the Business Corporations Act (the "New Act") effective March 29, 2004. The Board of Directors passed the appropriate resolutions on February 16, 2005 to effect the basic transition of the Company from the Old Act to the New Act, and the Company was transitioned on February 23, 2005. This simply means that the Company has replaced its existing incorporating documents (the Memorandum and Articles) with new incorporating documents (the Notice of Articles and Articles) that are substantially similar but that adopt the more simplified form and terminology prescribed by the New Act.

The New Act represents a significant modernization of corporate law in British Columbia and is more in line with the approach followed by corporate statutes of other jurisdictions in Canada and the United States. The Board has determined that it is desirable to update the Articles to better reflect and follow the New Act and to remove various provisions that have become outdated over time or which are now no longer required as a result of, or are inconsistent with, the provisions in the New Act. In addition, the New Act

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gives companies greater flexibility in dealing with their affairs and organization than the Old Act. The Board believes that it is desirable to change the Company's Articles to take advantage of these new provisions and maximize the Company's ability to act and respond more quickly and with greater flexibility where appropriate. These proposed changes are embodied in the special resolutions or special separate resolutions to be passed by the holders of common shares and the holders of non-voting shares and are described below under the heading "The New Act: Matters for Consideration at the meetings".

The New Act: Matters for consideration at the meetings

Removal of pre-existing Company provisions

The New Act prescribes and sets out in Table 3 in its Regulations certain provisions that reflect the requirements of the Old Act (the "Pre-existing Company Provisions"). Of these provisions, the following apply to the Company:

- (a) a special resolution requires a majority of 3/4 of the votes cast in order to pass;
- (b) a special separate resolution requires a majority of 3/4 of the votes cast in a class or series in order to pass; and
- (c) subject to several exceptions, before purchasing any of its shares, the Company must make an offer, to every shareholder holding shares of the class or series to be purchased, to purchase the shares pro rata (the "Pro Rata Requirement").

Generally, save for the three Pre-Existing Company Provisions described above, the other Pre-existing Company Provisions do not apply to the Company because of specific exemptions currently available to the Company. However, in order to remove the application of any of the Pre-existing Company Provisions, it is a requirement that the Company remove the application of all of the Pre-existing Company Provisions. For all new companies incorporated under the New Act, the majority required to pass special resolutions and special separate resolutions may be 2/3 or 3/4 of the votes cast, or any number in between. The threshold for passing such resolutions is 2/3 under the Canada Business Corporations Act and most other provincial corporate legislation in Canada. As well, such new companies are not subject to the pro rata purchase requirements.

Special resolutions and special separate resolutions

The New Act and the Company's Articles set out the types of corporate actions and transactions that must first be approved by shareholders, by way of a special resolution or a special separate resolution. For instance, special resolutions (or their equivalent in which all shareholders vote) are required to authorize a number of corporate actions such as certain amalgamations, arrangements and continuances out of British Columbia. Such transactions also may require approvals of each class and series of a company's shares by way of special resolutions passed by the affected class and series in a separate class meeting ("special separate resolutions") if they prejudice or interfere with the rights or special rights attached to such shares. Any proposed changes to the Articles of a company which prejudice or interfere with the rights or special rights attached to a class or series of shares must also be approved by a special separate resolution passed by the holders of the class or series affected.

The Articles of the Company currently provide that the votes required to pass a special resolution or special separate resolution is 3/4 of the votes cast at a meeting. The Board believes that this threshold should be reduced from 3/4 to 2/3. Given that the Company is widely held, the Board believes that 2/3 of the votes is an appropriate threshold required to reflect the wishes of shareholders. The threshold under most other corporate legislation in Canada is 2/3 and this change will also put the Company in line with most other Canadian

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public companies in this regard.

### Pro rata purchase of Company shares

The Board also believes that the Pro Rata Requirement is an unnecessary constraint on the Company and proposes that it be removed from the Company's Articles. Any proposed repurchase by the Company of its own shares is already governed by the securities laws of various provinces and elsewhere where the Company has shareholders. In general, these laws mandate pro rata purchases or their functional equivalent with certain exceptions. The Board believes that securities law and not the Company's constitution should govern pro rata purchases; this approach is also reflected in the New Act as it does not include the pro rata requirement of the Old Act. The end result is that such purchases, unless otherwise specified in a company's articles, are governed by securities legislation. Approving the removal of the Pro Rata Requirement would ensure that the Company is not more restricted than most other Canadian public companies in this regard.

In order to make the above-described changes, the New Act requires the following approvals from shareholders:

1. that the holders of common shares pass a special resolution approving the removal of all Pre-existing Company Provisions that are part of the Old Act;
2. that the holders of common shares and the holders of non-voting shares each pass a special separate resolution to change the votes required to pass a special separate resolution for the respective class of shares, from 3/4 to 2/3; and
3. that the holders of common shares pass a special resolution that authorizes the amendment to the threshold for special resolutions and special separate resolutions in the Company Articles.

For the reasons set forth above, the Board believes it is appropriate for the shareholders to authorize such changes and pass the requisite resolutions.

### Other amendments to the Articles

The Articles of a company, among other things, set out rules for the conduct of its business and affairs. For the reasons set out above, including the enactment of the New Act, it is desirable to update the Company's Articles. The proposed amendments principally reflect the provisions of the New Act that modernize British Columbia corporate legislation, including, for instance, those that facilitate electronic communications. The amendments also remove certain provisions in the existing Articles that are now covered by the New Act to avoid the possibility of conflict or the possibility of having to comply both with the statutory provision and a corresponding but different provision in the Articles. The Articles are also proposed to be changed to conform in some respects with the bylaws of Canada Business Corporations Act public companies while maintaining many features of Articles now permitted to be adopted by New Act public companies. With the proposed changes, the corporate actions available to the Company will align more closely with those of other Canadian public companies.

The amendment includes a proposed change in quorum. Previously, with one non-Canadian shareholder holding more than 25 per cent of the common shares, the Board believed that the quorum requirement should ensure that the votes reflect representation of at least five per cent of Canadians as defined under telecommunications legislation. With the sale by Verizon Communications Inc. ("Verizon") of its interest on a widely distributed basis, the Board believes that this requirement is no longer necessary and that it is in the interest of shareholders to increase the quorum to 20 per cent of the issued and outstanding shares entitled to vote. This significant increase in the quorum

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requirement ensures that the results at general meetings better reflect the wishes of shareholders.

Significant changes from the existing Articles effected by the proposed new Articles include the following:

- \* provisions permitting that participation in a meeting of the Board of Directors or a committee may be by telephone, electronic or other communication facility if the directors participating are able to communicate with each other, whether or not any director objects
- \* specifying the matters constituting a conflict of interest and the steps required to be taken by a director or senior officer who has a conflict of interest which are consistent with the New Act
- \* providing that the indemnification of directors and officers is now authorized in all circumstances, and to the fullest extent permitted by the New Act
- \* the new Articles do not require the President and Secretary of the Company to be different persons
- \* the new Articles do not require the President of the Company to be a director
- \* permitting the designation of such officers as the directors determine (such as a Chief Executive Officer, a Chief Operating Officer and a Chief Financial Officer), confirm that the officers must be qualified as required by the New Act, and establish that the responsibilities and terms of such appointments are as determined or permitted by the Board of Directors, without naming specific offices
- \* the new Articles do not contain (unlike the existing Articles) provisions regarding the creation by the Board of Directors of reserves and other internal accounts to restrict or permit the payment of dividends, as the rules on granting dividends have been amended by the New Act
- \* in addition to the Company's ability to borrow money, issue debt and mortgage, charge, or give other security on the undertaking, or on the whole or any part of the property and assets, of the Company (both present and future), provisions permitting the Company, without restriction, to guarantee repayment of money by any other person or the performance of any obligation of any other person. This change reflects the modernization of corporate legislation to effectively respond to increasingly complex financial transactions that companies may enter into in the conduct of their business
- \* the quorum for a shareholder meeting is set as 20 per cent of the holders of voting shares in the new Articles. The current Articles provide that a quorum is five per cent of the holders of shares who are Canadian
- \* the new Articles provide that the Company may give a notice or other document to a shareholder, director or officer in electronic form if the recipient has provided the necessary information to effect such delivery
- \* the new Articles provide that the general authority required to amend all provisions of the Company's Articles and the Notice of Articles (including amendments to the special rights and restrictions attached to the issued shares of the Company) is a special resolution, except the Company may by ordinary resolution, create new classes or series of shares, increase or reduce the maximum number of shares that may be issued, make certain changes to the par value of shares, change shares with a par value to shares without a par value, change the designation of shares or change the special rights and restrictions attaching to unissued shares, and by resolution of the directors, subdivide or consolidate the shares of the Company or change the name of the Company. In addition, if the amendment prejudices or interferes with the rights or special rights attached to any class of issued shares, by the provisions of the New Act, the consent of the holders of that class of shares by a special separate resolution is also required. Currently

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there are 1,000,000,000 of each of the common shares, non-voting shares, first preferred shares and second preferred shares authorized in the Company's Notice of Articles. The two classes of preferred shares may be issued in series as determined by the directors

- \* the ability of the directors to change the name of the Company. This permits flexibility and eliminates costs associated with special meetings seeking the amendment
- \* a special resolution and a special separate resolution (because of the definition in the new Articles of "special majority") will require only a majority of 2/3 rather than 3/4 of the votes cast in order to be passed. See "Removal of Pre-existing Company Provisions".

The new Articles also incorporate a number of non-substantive changes, including the use of the new terminology adopted under the New Act. For example, "members" are now "shareholders" and "register of members" is now "central securities register" under the New Act. In addition, the new Articles contain provisions relating to the conduct of meetings (directors and shareholders), the right to share certificates, dealings by the Company with joint and similar holders of securities, proxy rules and notice rules, that are not materially dissimilar from those contained in the existing Articles. Non-substantive changes and changes that reflect statutory requirements that the Company cannot alter or amend or are similar to those in the Company's existing Articles have not been specifically described above.

The foregoing sections contain summaries of the principal changes to the Articles, and are qualified in their entirety by reference to the text of the proposed Articles. A copy of this document may be obtained from the Corporate Secretary at 21 -3777 Kingsway, Burnaby, B.C. V5H 3Z7 or at telus.com.

### Form of special resolutions

The following is the form of the special resolutions for holders of common shares. The special resolutions must be passed by at least the favourable vote of 3/4 of the votes cast by holders of common shares at the common share meeting.

"BE IT RESOLVED THAT:

1. as a special resolution that the Notice of Articles of TELUS Corporation (the "Company") be altered to remove the application of the Pre-existing Company Provisions, being those provisions set out in Table 3 of the Regulation under the Business Corporations Act;
2. as a special resolution that the existing Articles of the Company be deleted in their entirety and the Articles described in the Company's Information Circular dated March 21, 2005 be adopted in substitution therefore, such alteration not to take effect until the date and time that this resolution is received for deposit at the Company's records office;
3. as a special separate resolution, that Article 27.10 of the Articles be amended to provide that the number of votes required to pass a special separate resolution of the holders of the common shares be set at 2/3 and that Article 27.10 be amended to delete "3/4" and replace the same with "2/3" as it relates to the common shares;
4. after paragraph 1 of this resolution has been complied with, any one director or officer, or any lawyer for the Company, is authorized to complete, execute and file a Notice of Alteration to effect the alterations described in paragraph 1 above;
5. this resolution and the new Articles described in paragraph 2 shall forthwith be deposited at the Company's records office; and
6. the directors of the Company be and are authorized to revoke any of the foregoing resolutions before it is acted on without further approval of the shareholders."

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Management and the Board recommend that holders of common shares vote FOR the special resolution removing the Pre-existing Company Provisions from the Articles of the Company and the special resolution and special separate resolution approving the amendment to the Articles as set forth above. The persons named in the enclosed proxy intend to vote FOR these motions unless the holder of common shares specifies otherwise.

The following is the form of the special separate resolution for holders of non-voting shares to be approved at the non-voting share meeting. The special separate resolution of the holders of non-voting shares must be passed by at least the favourable vote of 3/4 of the votes cast by holders of non-voting shares at the non-voting share meeting.

"BE IT RESOLVED THAT, as a special separate resolution:

1. Article 27.10 of the Articles be amended to provide that the number of votes required to pass a special separate resolution of the holders of the non-voting shares be set at 2/3 and that Article 27.10 be amended to delete "3/4" and replace the same with "2/3" as it relates to the non-voting shares;
2. the resolution shall forthwith be deposited in the Company's record office; and
3. the directors of the Company be and are authorized to revoke this special separate resolution before it is acted on without further approval of the shareholders."

Management and the Board recommend that holders of non-voting shares vote FOR the special separate resolution of the Company as set forth above. The persons named in the enclosed proxy intend to vote FOR this motion unless the holder of non-voting shares specifies otherwise.

The alterations to the Articles of the Company to remove the Pre-existing Company Provisions do not become effective until a Notice of Alteration has been filed with the Registrar under the New Act and the new Articles and any amendments to the new Articles do not become effective until the special resolutions and special separate resolutions have been filed at the Company's records office.

If the above special resolutions and special separate resolutions are passed by the holders of common shares and non-voting shares, the Company will file with the Registrar, a Notice of Alteration and will thereafter file with the records office of the Company, the special resolutions and special separate resolutions amending the Articles.

Special resolutions removing cumulative voting rights

The Articles of the Company currently provide that holders of common shares elect directors through cumulative voting. See "Election of Directors". The cumulative voting provisions were included in the Articles when the Company was first created from the merger of BC TELECOM Inc. and the predecessor Alberta based, TELUS Corporation.

Cumulative voting rights are often found in companies with a significant shareholder, and may afford minority shareholders a greater ability to elect directors to the board.

The Company no longer has a significant shareholder and the candidates for election to the Board are assessed and recommended by an all-independent Corporate Governance Committee and approved by an independent Board of Directors. The Board believes that cumulative voting rights are not necessary



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to protect the interests of shareholders. Rather, its continuation may serve to enable the election of persons who represent the interests of particular and small shareholder groups. The Board believes that the interests of shareholders are better served by having a well-balanced Board of Directors that represents the interests of all shareholders on an equal basis and not the special interests of any particular and small group of shareholders. The Board further believes that its process for selecting candidates for nomination results in a group of directors with the breadth and diversity of experience and skills to work effectively together and provide all shareholders with effective representation on an equal basis.

It is the responsibility of the Corporate Governance Committee of the Board, which is comprised entirely of independent directors, to recommend to the Board of Directors all candidates being proposed for nomination as directors. Accordingly, the selection of director candidates is completely outside the control of management. The Corporate Governance Committee annually reviews the composition of the Board to ensure it is comprised of persons having the skills and experience necessary to allow it to supervise the business and affairs of the Company, assesses the skills and performance of each director, and identifies any skill gaps that should be filled through new directors. These procedures ensure the optimal mix of skills and talents required for overall Board effectiveness.

For these reasons the Board of Directors is recommending that the holders of common shares approve a special resolution deleting Article 27.4.2, to remove cumulative voting and adding Article 14.10 to the Articles to permit holders of common shares to vote by a separate resolution for each director rather than by a slate. This will ensure that holders of common shares can vote or withhold their votes on any particular candidate for director.

The following is the form of the special resolution to be passed by holders of common shares. The special resolution must be passed by at least the favourable vote of 3/4 of the votes cast by holders of common shares at the meeting, to approve the special resolution.

"BE IT RESOLVED:

1. as a special separate resolution that the Articles be altered by removing Article 27.4.2 thereof; and as a special resolution that the following be added as Article 14.10 to the Articles:  
"14.10 Manner of Election of Directors  
At any shareholders meeting at which directors are to be elected, a separate vote of shareholders shall be taken with respect to each candidate nominated for director.";
2. the special separate resolution and the special resolution described in paragraph 1 shall forthwith be deposited at the Company's records office; and
3. the directors of the Company be and are authorized to revoke these resolutions before they are acted on without further approval of the shareholders."

Management and the Board recommend that holders of common shares vote FOR the special separate resolution and special resolution removing the cumulative voting rights and approving the amendment to the Articles as set forth. The persons named in the enclosed proxy intend to vote FOR this motion unless the holder of common shares specifies otherwise.

Amendments to the Articles with respect to the Broadcasting Act and Radiocommunication Act

The Canadian Telecommunications Common Carrier Ownership and Control Regulations (the "Telecommunications Regulations") and the Telecommunications

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Act contain restrictions relating to the holding of voting shares by non-Canadians. To maintain the eligibility of certain of its subsidiaries, which are Canadian common carriers under the Telecommunications Act, the level of non-Canadian ownership of the common shares cannot exceed 33 1/3 per cent and the Company must not be otherwise controlled by non-Canadians. To ensure that the Company's operating entities continue to be able to operate under the Telecommunications Act, certain provisions and constraints were incorporated into the special rights and restrictions attaching to the common shares and the non-voting shares.

An operating entity owned by the Company holds radio licences under the Radiocommunication Act (Canada) (the "Radiocommunication Act"), which are necessary to provide wireless telecommunication services.

In addition, a subsidiary of the Company has obtained a broadcast distribution licence under the Broadcasting Act (Canada) (the "Broadcasting Act") to offer digital television services to select communities across Alberta and British Columbia, as well as a licence to offer commercial video-on-demand services. These broadcasting licences could enable the Company to compete with cable television companies and satellite service providers for television entertainment services. The Company is testing and evaluating these services for possible launch in the future.

Both the Radiocommunication Act and the Broadcasting Act imposes limitations on foreign ownership similar to those found under the Telecommunications Act, by restricting the number of voting shares of the Company that may be held by non-Canadians.

It is in the interests of all shareholders that the Company's operating entities be able to continue to provide wireless telecommunication services which form a substantial portion of the Company's consolidated business, and also be able to offer new services made possible by its broadcasting licences and compete to the fullest extent possible in the provision of television entertainment services should the Company determine to proceed. For this reason, the Board has determined that the special rights and restrictions attaching to the common shares and the non-voting shares should be amended to ensure that those special rights and restrictions relating to foreign ownership compliance under the Telecommunications Act attaching to the common shares and the non-voting shares be extended to ensure similar compliance under both the Radiocommunication Act and the Broadcasting Act. Given the similarity between the foreign ownership restrictions under these pieces of legislation currently, the Company does not expect that the proposed amendments, if passed, would give rise to any immediate change. Generally speaking, the Company is proposing to simply extend the existing Telecommunications Act compliance safeguards in the Articles affecting the special rights and restrictions on common and non-voting shares to apply also to take into account the Radiocommunication Act and the Broadcasting Act. Specifically, the Company proposes to amend the Articles in the following manners:

- \* by adding to the definitions in the Articles the definitions necessary for the Radiocommunication Act and the Broadcasting Act;
- \* to provide that holders of non-voting shares will not have the right to convert all or part of their non-voting shares into common shares on a one for one basis and the Company will not have the right to require non-voting shares who do not make such an election to convert such shares into an equivalent number of common shares unless all of the Telecommunications Act, the Radiocommunication Act and the Broadcasting Act have been amended to remove their foreign ownership restrictions;
- \* the Company is currently required to give notice to each holder of common shares before a general meeting of members at which holders of non-voting

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shares will be entitled to vote as a class. In such event, holders of common shares will have the right to convert all or part of their common shares into non-voting shares on a one for one basis provided and to the extent that the Company and its subsidiaries remain in compliance with the foreign ownership provisions of the Telecommunications Act and the regulations thereunder, the Radiocommunication Act and the regulations thereunder and the Broadcasting Act and any direction thereunder;

- \* to extend the restrictions on transfer of the common shares to ensure the Company's ongoing compliance with the foreign ownership provisions of the Telecommunications Act and the regulations thereunder, the Radiocommunication Act and the regulations thereunder and the Broadcasting Act and the direction thereunder including the right to refuse to transfer common shares or require sale of common shares. As well, holders of common shares will have the right, if approved by the Board of Directors of the Company, to convert common shares into non-voting shares in order that the Company be in compliance with the foreign ownership provisions of the Telecommunications Act and the regulations thereunder, the Radiocommunication Act and the regulations thereunder and the Broadcasting Act and any direction thereunder.

The Board is of the view that these amendments are in the best interests of all shareholders. Currently the Company believes that it is in compliance with the foreign ownership requirements.

The following is the form of the special separate resolution for holders of common shares and holders of non-voting shares at their respective meetings. The special resolution must be passed by at least the favourable vote of 3/4 of the votes cast by each of the holders of common shares and the holders of non-voting shares, voting separately at the meetings, to approve the said resolutions.

"BE IT RESOLVED THAT, as a special separate resolution:

1. the Articles of TELUS Corporation (the "Company") be amended as follows:

- (a) by adding the following to "Article 1.1 - Definitions" and renumbering the definitions contained in Article 1.1 accordingly:

- "(2) "Broadcasting Act" means the Broadcasting Act (Canada), as amended or re-enacted from time to time;
    - (3) "Broadcasting Direction" means the Direction to the CRTC (Ineligibility of Non-Canadians) P.C. 1997 - 486 8 April 1997, as amended from time to time and any replacement direction or regulation under the Broadcasting Act or any other form of legislative instrument, with respect thereto;
    - (7) "Radiocommunication Act" means the Radiocommunication Act (Canada), as amended or re-enacted from time to time;
    - (8) "Radiocommunication Regulations" mean the Regulations respecting Radiocommunications, Radio Authorizations, Exemptions from Authorizations and the Operation of Radio Apparatus, Radio-Sensitive Equipment and Interface Causing Equipment, P.C. 1996 - 1679 5 November, 1996, as amended or replaced from time to time, whether by statute, regulation, direction or by any other form of legislative instrument, and includes any licences under the Radiocommunication Act held by entities controlled (as defined in the foregoing Regulations) by the Company;"

- (b) by deleting Article 27.6.2 and replacing it with the following:

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### "27.6.2 Regulation Conversion Right

If all of the Telecommunications Regulations, the Radiocommunication Regulations and the Broadcasting Direction are changed so that there is no restriction on any non-Canadians (as defined in the Telecommunications Regulations or the Broadcasting Direction, as applicable) holding Common Shares in the Company and no requirement that Canadians (as defined in the Radiocommunication Regulations) hold Common Shares in the Company, a holder of one or more Non-Voting Shares shall have the right, at his or her option, at any time after the date of the last to change of the Telecommunications Regulations, the Radiocommunication Regulations and the Broadcasting Direction, and prior to the close of business 90 days thereafter (the "Regulatory Conversion Period") to convert, subject to these provisions, any one or more of such Non-Voting Shares into Common Shares on a one for one basis."

- (c) by deleting Article 27.6.5 of the Articles and replacing it with the following:

### "27.6.5 Conversion by the Company

If all of the Telecommunications Regulations, the Radiocommunication Regulations and the Broadcasting Direction are changed so that there is no restriction on any non-Canadians (as defined in the Telecommunications Regulations or the Broadcasting Direction, as applicable) holding Common Shares in the Company and no requirement that Canadians (as defined in the Radiocommunication Act) hold Common Shares in the Company and following the Regulatory Conversion Period there are Non-Voting Shares still outstanding, all holders of Non-Voting Shares shall be deemed to have exercised their right to convert the Non-Voting Shares held by them to Common Shares upon receipt by all of the holders of written notice from the Company stating that the Company is requiring all holders to convert their Non-Voting Shares to Common Shares on the date specified in such notice in the manner specified in this Article 27.6 and the date specified in the notice shall be the date of conversion. Upon such deemed conversion, pursuant to this Article 27.6.5, all holders of Non-Voting Shares shall, as of the date of conversion, be deemed to be holders of Common Shares to which they are entitled and the provisions of Article 27.6.3 and 27.6.4 hereof shall apply to the holders of Non-Voting Shares with respect to the issue and delivery of certificates for Common Shares in exchange for the Non-Voting Shares which are deemed to be converted."

- (d) by adding the following to Article 27.7.1:

" "Broadcasting Qualified Corporation" means any corporation that is a "qualified corporation" under the Broadcasting Direction;

"Qualified Parent Corporation" means any corporation that is qualified under the Broadcasting Direction to be the parent of a Broadcasting Qualified Corporation;

"Radiocommunications Holding Company" means any corporation that is a Canadian (as defined in the Radiocommunication Regulations) that controls (as defined in the Radiocommunications Regulations) a person or entity that holds licences under the Radiocommunication Act ;"

- (e) by deleting the definitions "Constrained Class" and "Maximum Aggregate Holdings" in Article 27.7.1 and replacing them with the following:

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"Constrained Class" means the class of persons each of whom is a non-Canadian as defined in the Telecommunications Regulations or the Broadcasting Direction, or is not a Canadian as defined in the Radiocommunication Regulation;

"Maximum Aggregate Holdings" means the maximum number of Common Shares that may be owned or controlled by persons in the Constrained Class in accordance with the Telecommunications Regulations, the Radiocommunication Regulations or the Broadcasting Direction, whichever is the lowest, so that, when added to all other voting shares (as defined in the Telecommunications Regulations, the Radiocommunication Regulations or the Broadcasting Direction, as the case may be) owned or controlled by the Constrained Class, the Company will be and will continue to be a Telecommunications Common Carrier Holding Company, a Radiocommunications Holding Company and a Qualified Parent Corporation;"

(f) by adding the following in Article 28.1:

"Broadcasting Qualified Corporation" means any corporation that is a "qualified corporation under the Broadcasting Direction;

"Radiocommunications Holding Company" means any corporation that is a Canadian (as defined in the Radiocommunication Regulations) that controls (as defined in the Radiocommunication Regulations) a person or entity that holds licences under the Radiocommunication Act;

"Qualified Parent Corporation" means any Corporation that is qualified under the Broadcasting Direction to be the parent of a Broadcasting Qualified Corporation;"

(g) by deleting the definitions "Canadian", "non-Canadian" and "Restricted Percentage" in Article 28.1 and replacing them with the following:

"Canadian" has the meaning set forth in the Telecommunications Regulations, the Radiocommunication Regulations or the Broadcasting Direction;

"non-Canadian" has the meaning set forth in the Telecommunications Regulations or the Broadcasting Direction, or is a person who is not a "Canadian" as defined in the Radiocommunication Regulations;

"Restricted Percentage" means 33 1/3% or such other percentage as may from time to time be prescribed by the Telecommunications Regulations, the Radiocommunication Regulations or the Broadcasting Direction, whichever is the lowest percentage, as the percentage of voting shares which may be beneficially owned and controlled, by non-Canadians, in order for a corporation to be a qualified corporation as defined in the Telecommunications Regulations, a Qualified Parent Corporation and a Radiocommunications Holding Company, provided that if no such percentage is prescribed, it shall be deemed to mean 100 per cent;"

(h) by deleting Article 28.2 and replacing it with the following:

"28.2 Incorporation of Provisions of Telecommunications Regulations

The provisions of Sections 3, 4, 15 and 27 of the Telecommunications Regulations, are deemed to be incorporated in this Article 28. Any provision of this Article 28 that may be read in a manner that is

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inconsistent with the Telecommunications Regulations shall be read so as to be consistent therewith. If the Telecommunications Regulations are repealed the foregoing provisions in the form immediately prior to the repeal shall continue to apply as if the Telecommunications Regulations had not been repealed for the purposes of this Article 28, including without limitation, the purposes of Articles 28.14.4 and 28.17."

- (i) by deleting Article 28.7 and replacing it with the following:

### 28.7 Suspension of Rights

The Company may, by director's determination, suspend all rights of a shareholder to vote that would otherwise be attached to any voting shares beneficially owned, or controlled, or considered by this Article 28 to be beneficially owned, or controlled, by non-Canadians, in the order as hereinafter provided, so that the proportion of the voting shares beneficially owned, or controlled, or considered by the Telecommunications Regulations, the Radiocommunication Regulations or the Broadcasting Direction to be beneficially owned, or controlled, by non-Canadians and with respect to which voting rights are not suspended, is reduced to not more than the Restricted Percentage of the total issued and outstanding voting shares of the Company. The voting rights referred to above shall be suspended in an order inverse to the date of registration in the manner as provided in Article 28.6."

- (j) by deleting Article 28.8(4) and replacing it with the following:

"(4) shall, in addition to any other information which may be required by the Telecommunications Regulations, the Radiocommunication Regulations or the Broadcasting Direction, specify in reasonable detail the nature of the contravention of the non-Canadian share constraint, the number of voting shares determined to be excess voting shares and the consequences of the contravention specified in this Article 28."

- (k) by deleting Article 28.19 and replacing with the following:

### "28.19 Termination of Application of Article 28

The provisions of this Article 28 shall cease to be binding on the Company and its shareholders upon the repeal all of the Telecommunications Regulations, the Radiocommunication Regulations and the Broadcasting Direction, and shall cease to be applicable and binding to the extent permitted by all of the Telecommunications Act, the Radiocommunication Act and the Broadcasting Act, from time to time."

2. This resolution shall forthwith be deposited at the Company's records office; and
3. The directors of the Company be and are authorized to revoke this special separate resolution before it is acted on without further approval of the shareholders."

Management and the Board recommend that the holders of common shares and the holders of non-voting shares vote FOR the special separate resolutions approving the amendments to the Articles as set forth relating to the Radiocommunication Act and the Broadcasting Act. The persons named in the enclosed proxy intend to vote FOR the resolutions to be passed by each of the

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holders of common shares and non-voting shares unless the holders specifies otherwise.

### 3. Election of directors

#### General

The directors were elected by the holders of common shares on May 5, 2004 except for Ruston E.T. Goepel, who was appointed by the Board of Directors on December 7, 2004 to fill a casual vacancy left on the Board. On November 30, 2004, Verizon and the Company entered into an agreement pursuant to which the Company's independent members on the Board of Directors agreed to accommodate Verizon's desire to divest all of its 20.5 per cent equity investment in the Company. Such divestiture was effected on December 14, 2004 by a public secondary offering of Verizon's entire equity interest in the Company. Concurrently with the divestiture, Verizon and the Company adjusted their business relationships to reflect changes in their business requirements since the alliance was first established. As part of that adjustment, the Long Term Relationship Agreement dated January 31, 1999 made among TELUS and certain Verizon companies was terminated and Daniel C. Petri and John J. Lack, Verizon executives, resigned from the Board of Directors of TELUS.

TELUS thanks all of the directors who have resigned or will not be standing for re-election for their hard work, dedication and contributions to the TELUS Board.

The Articles of the Company provide for cumulative voting in respect of the election of directors. The Board has determined that the number of directors should be set at 11. Accordingly, at the meeting, each holder of common shares can cast the number of votes for election of directors equal to the number of common shares held by him or her multiplied by 11, being the number of directors to be elected. Each holder of common shares may cast all such votes in favour of one candidate or distribute the votes among the candidates in any manner. If a holder of common shares votes for more than one candidate without specifying the distribution of the votes among the candidates, the votes will be distributed equally among the candidates voted for by that holder of common shares. If at the meeting, the number of candidates nominated for directors exceeds the number of directors to be elected, the candidate who receives the least number of votes will be eliminated until the number of candidates remaining equals the number of positions to be filled. Unless the holder of common shares specifies that the proxy be withheld from voting on the election of all or any of the directors, or specifies how he or she wishes to distribute the votes among the candidates, the persons named in the accompanying proxy (the "management proxyholders") intend to vote for the election of all nominees for directors whose names are set forth in the table on pages 20 to 22, and to distribute the votes equally among such nominees. If a holder of common shares wishes to distribute his or her votes in a specific manner among the candidates for whom the holder of common shares has directed the person designated in the accompanying proxy to vote, the holder of common shares must do so personally at the meeting or by another separate paper or Internet proxy, providing clear instructions on how votes are to be allocated.

Management believes that all nominees are able to serve as a director. If prior to the meeting any nominee is unable or unwilling to serve, the management proxyholders, unless directed to withhold the common shares from voting for the election of directors, reserve the right to vote for another nominee or nominees in their discretion if additional nominations are made at the meeting. Unless his or her office is vacated in accordance with applicable law or the Articles of the Company, each director elected at the meeting will hold office until the next annual meeting or until his or her successor is elected or appointed.

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The following table provides the name and background information of each nominee, including present principal occupation, principal occupations and directorships during the past five years and positions held with the Company.

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R.H. (Dick) Auchinleck  
Calgary, Alberta  
Age: 54  
Director Since(1): 2003  
Shareholdings(2): 3185 / 0  
DSUs(3): 0 / 10,733  
Options(4): 0 / 0 / 0

R.H. (Dick) Auchinleck was employed by Gulf Canada, an oil and gas company, for 25 years, retiring in 2001 as President and Chief Executive Officer of Gulf Canada Resources after the sale of the company to Conoco Inc. He continues an association with the company as a member of the Conoco-Phillips Board. From 1999 to 2001, he was the President and Chief Executive Officer of Gulf. He is currently a member of the Board of Directors of Enbridge Commercial Trust and has served in the past five years on the Boards of Sonic Mobility Inc., Hydro One Inc., Gulf Indonesia Resources Ltd. and Gulf Canada Resources Ltd. He received a Bachelor of Applied Science in Chemical Engineering from the University of British Columbia. Dick currently serves as a member of the TELUS Human Resources and Compensation Committee and the TELUS Corporate Governance Committee.

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A. Charles Baillie  
Toronto, Ontario  
Age: 65  
Director Since(1): 2003  
Shareholdings(2): 0 / 55,200  
DSUs(3): 0 / 9,483  
Options(4): 0 / 0 / 0

A. Charles Baillie served as Chairman and Chief Executive Officer of the Toronto-Dominion Bank from 1998 until his retirement in 2003. In addition to his affiliation with various educational and cultural organizations, Charles currently serves on the Board of Directors of Dana Corporation, Ballard Power Systems Inc., Canadian National Railway Company and George Weston Limited. In the past five years, he has served on the Board of Directors of Cadillac Fairview Corporation, Quebecor World Inc., Texaco Inc., the Toronto-Dominion Bank and TD Waterhouse Inc. Charles is President of The Art Gallery of Ontario, Chancellor of Queen's University and Chair of the Canadian Council of Chief Executives. He holds an Honours B.A. from Trinity College, University of Toronto, an M.B.A. from Harvard Business School and an Honorary Doctorate of Laws Degree from Queen's University. Charles currently serves as a member of the TELUS Audit Committee.

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Micheline Bouchard  
Montreal, Quebec  
Age: 57  
Director Since(1): 2004  
Shareholdings(2): 1,713 / 0  
DSUs(3): 0 / 7,093  
Options(4): 0 / 0 / 0

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Micheline Bouchard became President and Chief Executive Officer of ART Advanced Research Technologies, a biomedical company, in 2002. From 2001 to 2002, she was Corporate Vice-President and General Manager, Enterprise Services Organization of Motorola Inc. in Chicago and from 1998 to 2000, she served as Corporate Vice-President and then President and Chief Executive Officer of Motorola Canada Inc. Micheline currently serves as a member of the Conference Board of



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Canada and is a past president of the Canadian Academy of Engineering. She has also served on the Boards of Directors of Sears Canada Inc., Alliance Forest Products and Corby Distilleries. She holds a Bachelor's degree in Applied Sciences and a Master's Degree in Applied Sciences from Ecole Polytechnique, Montreal, Quebec. She also holds an Honorary Doctorate in Business from University de Montreal (HEC), an Honorary Doctorate in Engineering from each of the University of Waterloo, the University of Ottawa and Ryerson Polytechnic University and an Honorary Doctorate of Laws from McMaster University. Micheline was appointed to the Order of Canada in 1995. Micheline currently serves as a member of the TELUS Audit Committee.

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R. John Butler  
Edmonton, Alberta  
Age: 61  
Director Since(1): 1995  
Shareholdings(2): 984 / 4,263  
DSUs(3): 0 / 10,733  
Options(4): 0/ 3,050 / 2,700

R. John Butler, Q.C. is counsel to Bryan & Company, a law firm. John served on the Board of ED TEL (Edmonton Telephones) prior to its acquisition by TELUS Corporation and on the Board of TELUS Corporation prior to its 1999 merger with BC TELECOM Inc. He is a member of the Board of Directors of Trans Global Insurance Company, Trans Global Life Insurance Company, a trustee of the Liquor Stores Income Fund and also Chair of the Edmonton Eskimos Football Club and a member of the Board of Governors of the Canadian Football League. John holds a Bachelor of Arts and a Bachelor of Laws from the University of Alberta. He currently is Chair of the TELUS Pension Committee and a member of the TELUS Corporate Governance Committee.

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Brian A. Canfield  
Point Roberts, Washington  
Age: 66  
Director Since (1): 1993  
Shareholdings(2): 9,718 / 5,509  
DSUs(3): 4,506 / 18,400  
Options(4): 80,000 / 74,000/  
5,400

Brian A. Canfield is the Chair of TELUS Corporation. His career with TELUS spans nearly 49 years, including four years as Chair and Chief Executive Officer of BC TELECOM Inc., three years as President and Chief Executive Officer and one year as President and Chief Operating Officer. He also served as President and Chief Executive Officer of TELUS Corporation on an interim basis from September 1999 to July 2000, after which he resumed his role as Chair. He is a member of the Boards of Directors of Terasen Inc. and Suncor Energy Inc. and is a member of the Canadian Public Accountability Board. Brian has also served as a director of the Toronto Stock Exchange. In 1997, Brian was named an Honorary Doctor of Technology by the British Columbia Institute of Technology, and in 1998 was appointed to the Order of British Columbia. Brian currently serves as a member of the TELUS Pension Committee.

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Darren Entwistle  
Vancouver, British Columbia  
Age: 42

Darren Entwistle assumed the position of President and Chief Executive Officer of TELUS Corporation on July 10, 2000. He began

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Director Since(1): 2000  
Shareholdings(2):22,593 /  
106,316  
Options(4): 150,000 / 490,529  
RSUs(5) : 230,867

his career at Bell Canada in 1988 and joined Cable & Wireless plc (C&W) in 1993 in the UK, holding key positions in finance and operations and becoming President, Global Services, UK & Ireland prior to joining TELUS. Darren holds a Bachelor of Economics (Honours) from Concordia University in Montreal, an MBA from McGill University and a Diploma in Network Engineering from the University of Toronto. He is a member of the Board of Directors of TD Bank Financial Group, the Vancouver Symphony Orchestra and the Leading Edge Endowment Fund. He is also on the Board of Governors of the International Institute of Telecommunications and is the Chair of the Royal Conservatory of Music's Capital Campaign.

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Ruston E.T. Goepel  
Vancouver, British Columbia  
Age: 62  
Director Since(1): 2004  
Shareholdings(2): 0/12,500  
DSUs(3): 0/7,020  
Options(4):0 / 0 / 0

Ruston E.T. Goepel is the Senior Vice President of Raymond James Financial Ltd. He is chairman of both the Business Council of BC and Yellow Point Equity Partners, and he serves as director of several organizations including the Vancouver 2010 Olympic Organizing Committee, The Vancouver Airport Authority, Spur Ventures Inc., Amerigo Resources Ltd., and Premium Brands Ltd. He is a past director of Duke Seabridge Ltd., Smith Tractor Inc. and Coast Tractor Ltd. Rusty is also a member of both Simon Fraser University's and the Canadian Olympic Association's pension advisory committees, and is a recipient of the Queen's Jubilee Medal for Business Leadership and Community Services. Rusty currently serves on TELUS' Audit Committee.

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John S. Lacey  
Don Mills, Ontario  
Age: 61  
Director Since(1): 2000  
Shareholdings(2):12,108 / 651  
DSUs(3): 0 / 10,733  
Options(4):0 / 0 / 2,700

John S. Lacey is the Chairman of the Board of Directors of Alderwoods Group, Inc., an organization operating funeral homes and cemeteries within North America. From January 1999 to January 2002, John was the Chairman of the Board of Directors of Loewen Group. He is an Advisory Board Member of Tricap, a director of Cancer Care Ontario, Canadian Tire Corporation, Limited, Western Forest Products Ltd. and the Canadian Imperial Bank of Commerce and is currently the Chairman of Doncaster Racing Inc. and Doncaster Consolidated Ltd. In the past five years, he also served on the Board of Directors of the Liquor Control Board of Ontario and Clarica, Inc. John currently is the Chair of the TELUS Human Resources and Compensation Committee and a member of the TELUS Corporate Governance Committee.

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Brian F. MacNeill  
Calgary, Alberta  
Age: 65  
Director Since(1): 2001  
Shareholdings(2): 1,000 / 5,269

Brian F. MacNeill retired as Chief Executive Officer of Enbridge Inc. on January 1, 2001. Prior to that he was Executive Vice President and Chief Operating Officer of Enbridge Inc. and he has served on the Board of Enbridge

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DSUs(3): 0 / 22,835  
Options(4): 0 / 0 / 2,700

Inc. He is currently Chairman of Petro-Canada and Dofasco Inc. and a director of TD Bank Financial Group, West Fraser Timber Co. Ltd., Veritas DGC Inc., Legacy Hotels REIT and Sears Canada Inc. In the past five years, Brian has served on the Board of Directors of Western Oil Sands Inc. Brian is a chartered accountant and is a Fellow of the Chartered Accountants of Alberta. He also holds a Bachelor of Commerce from Montana State University. He currently is the Chair of the TELUS Audit Committee.

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Ronald P. Triffo  
Edmonton, Alberta  
Age: 65  
Director Since(1): 1995  
Shareholdings(2): 1,567 / 522  
DSUs(3): 6,454 / 23,858  
Options(4): 0 / 4,100 / 2,700

Ronald P. Triffo is the Chairman of Stantec Inc., an engineering and international professional services company where he served in various executive management positions for more than 20 years. He is a past President of the Consulting Engineers of Alberta and the Association of Consulting Engineers of Canada. He served as a director and board chairman of ED TEL prior to its acquisition by TELUS Corporation. He is currently Chairman and director of ATB Financial. Ron is the private-sector Co-Chair of the Alberta Economic Development Authority. He also serves on the Board of the Alberta Ingenuity Fund and the Board of Governors of Junior Achievement of Northern Alberta. Ron holds a Bachelor of Applied Science from the University of Manitoba and an MSc (Engineering) from the University of Illinois. Ron currently is the Chair of the TELUS Corporate Governance Committee and a member of the TELUS Pension Committee.

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Donald P. Woodley  
Mono Township, Ontario  
Age: 59  
Director Since(1): 1998  
Shareholdings(2): 5,168 / 437  
DSUs(3): 0 / 10,733  
Options(4): 0 / 3,050 / 2,700

Donald P. Woodley is the President of The Fifth Line Enterprise, a privately held company providing strategic advisory services and executive coaching to the Canadian IT industry. He currently serves on the Board of Directors of DataMirror Corporation, Onx Enterprise Solutions Inc. and Steam Whistle Brewing Inc. and is a past director of Delano Technology and Star Data Systems. Don is a member and past Chair of the Board of Governors of ITAC (Information Technology Association of Canada) and is immediate past Chair of the Board of Governors of The Stratford Festival of Canada, and a member of the Board of Directors of The Hospital for Sick Children Foundation. He holds a Bachelor of Commerce from University of Saskatchewan and an MBA from the Richard Ivey School of Business at the University of Western Ontario. Don currently serves as a member of the TELUS Human Resources and Compensation Committee and the TELUS Pension Committee.

- 
- (1) The Company or any of its predecessors.  
(2) Common shares/non-voting shares, as at March 1, 2005.

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- (3) Deferred share units for common shares/deferred share units for non-voting shares, as at March 1, 2005.
- (4) Options acquired pre-merger, for 75 per cent common shares and 25 per cent non-voting shares when exercised/options for common shares/options for non-voting shares, as at March 1, 2005.
- (5) Darren Entwistle also holds restricted stock units,, each equal to the value of one non-voting share as determined under the applicable plan.

Board and committee meetings held and attendance by directors for the year ended December 31, 2004

Number of Board and  
committee meetings held

Attendance of directors

Director

Board  
meeting  
attend

Board of Directors: [9]

(a) Audit Committee: [5]

(b) Corporate Governance  
Committee: [5]

(c) Human Resources and  
Compensation Committee:

(d) Pension Committee: [5]

Brian A. Canfield (Chair, d) (1)

9 of 9

R.H. (Dick) Auchinleck(b, c) (2)

8 of 9

A. Charles Baillie (a)

9 of 9

[5]Micheline Bouchard(a)

9 of 9

R. John Butler (b, d-Chair)

9 of 9

Peter D. Charbonneau(3)

3 of 3

Darren Entwistle (4)

9 of 9

Ruston E.T. Goepel(a) (5)

1 of 1

John S. Lacey (b, c-Chair)

8 of 9

John J. Lack (6)

7 of 9

Brian F. MacNeill (a-Chair)

9 of 9

Daniel C. Petri (6)

7 of 9

Ronald P. Triffo (b-Chair, d)

9 of 9

Donald P. Woodley (c, d)

9 of 9

Cease trade orders, bankruptcies, penalties or sanctions

Other than as disclosed, for the ten years ended December 31, 2004, TELUS is not aware that any current director or officer of TELUS had been a director or officer of another issuer which, while that person was acting in that capacity, became bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangements or compromises with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. B.A. Canfield was a director of Royal Trust Co. in 1994 when it entered into a plan of arrangement with creditors. In December 1998, J.S. Lacey was asked by a group of shareholders to lead the Loewen restructuring, as Chairman of the Board, a position he held at the time of Loewen's filing under Chapter 11 of the U.S. Bankruptcy Code and the Companies' Creditors Arrangement Act (Canada).

For the ten years ended December 31, 2004, TELUS is not aware that any current director or officer of TELUS had been a director or officer of another issuer which, while that person was acting in that capacity, was the subject of a cease trade or similar order or was subject to an event that resulted, after

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the director or executive officer ceased to be a director or executive officer, of the company being the subject of a cease trade or similar order that denied the company relevant access to any exemption under securities legislation for a period of more than 30 consecutive days.

#### 4. Appointment of auditors

Arthur Andersen LLP was appointed auditors of the Company on May 1, 2002 at the annual and special meeting of the Company. On June 3, 2002, Arthur Andersen LLP ceased practising public accounting in Canada, and the partners and staff of Arthur Andersen LLP in Canada joined Deloitte & Touche LLP. Upon the recommendation of the Audit Committee, the Board of Directors appointed Deloitte & Touche LLP to fill the vacancy. Deloitte & Touche LLP was re-appointed auditors of the Company on May 5, 2004 at the annual general meeting of the Company.

Upon the recommendation of the Audit Committee, holders of common shares will be asked at the meeting to approve the appointment of Deloitte & Touche LLP as auditors. This re-appointment will become effective only if approved by at least a majority of the votes cast by the holders of common shares present in person or by proxy, entitled to vote at the meeting.

The management proxyholders intend to vote for the appointment of Deloitte & Touche LLP, Chartered Accountants, as auditors of the Company, unless the holder of common shares specifies that his or her proxy be withheld from voting.

#### Summary of billings and services by the external auditors

The two tables below set out the services provided by the Company's external auditors. This extensive disclosure complies with the United States Securities and Exchange Commission ("SEC") rules on auditor independence, and the services have been separated into four categories as mandated by the SEC. This information is also contained in the Company's 2004 Annual Information Form.

The following table is a summary of billing by Deloitte & Touche, LLP, as auditors of TELUS, during the period from January 1, 2004 to December 31, 2004:

#### Summary of billings for TELUS for the period January 1 to December 31, 2004

Type of work	Deloitte & Touche	Deloitte Consulting	To f
Audit fees	2,102,260	--	2,102
Audit-related fees	313,325	--	313
Tax fees	231,278	--	231
All other fees	--	--	-
<b>Total</b>	<b>2,646,863</b>	<b>--</b>	<b>2,646</b>

The following table is a summary of billing by Deloitte & Touche, LLP, as auditors of TELUS, during the period from January 1, 2003 to December 31, 2003:

#### Summary of billings for TELUS for the period January 1 to December 31, 2003

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Type of work	Deloitte & Touche	Deloitte Consulting	To f
Audit fees	\$1,849,595	-	\$1,849
Audit-related fees	304,298	-	304
Tax fees	1,033,204	-	1,033
All other fees	13,930	2,019,960 (1)	2,033
<b>Total</b>	<b>\$3,201,027</b>	<b>\$2,019,960</b>	<b>\$5,220</b>

### 5. Amendment to TELUS Management Share Option Plan

#### Background

In 1999, following the merger of BC TELECOM Inc. ("BC TELECOM") and predecessor Alberta-based TELUS Corporation, the Company adopted the share option and compensation plan (the "Original Plan"). The Original Plan provided for the grant of options to purchase common shares of the Company and provided for the grant of options to designated employees and directors, and the payment of compensation to directors through the issue of deferred share units to directors. In 2001 the number of employees who were eligible to be granted options was expanded. The Original Plan was also amended to provide for the issuance of non-voting shares, and the issue of common shares was discontinued going forward. The Board determined in 2003 that no further options would be issued to directors under the Original Plan. On February 16, 2005 the Original Plan was amended by the Board of Directors by splitting the Original Plan into the Directors Share Option and Compensation Plan and the TELUS Management Share Option Plan. No further shares of the Company are being issued under the Directors Share Option and Compensation Plan except pursuant to options outstanding. See "Securities Authorized for Issuance under Equity Compensation Plans - Directors Share Option and Compensation Plan" for details of this plan. Accordingly, no amendments were made in the plans which would require shareholder approval in accordance with the rules and policies of the Toronto Stock Exchange ("TSX") and this division has received the approval of the TSX.

#### Description of TELUS Management Share Option Plan

The purpose of the TELUS Management Share Option Plan (the "Management Plan") is to strengthen retention of key management employees, to align their interests with those of shareholders and to provide incentive compensation based on the value of non-voting shares. As at March 1, 2005, there are options outstanding under the Management Plan to purchase 2,220,710 common shares and 10,095,232 non-voting shares representing 3.5 per cent of the issued and outstanding equity shares of the Company. Of these options outstanding, 936,645 common shares and 2,280,567 non-voting shares or 25.7 per cent of the total number of options outstanding under the plans are held by insiders (as that term is defined under applicable securities law).

Options are granted under the Management Plan to eligible employees as determined by the Human Resources and Compensation Committee (the "Compensation Committee"). Eligible employees are generally senior managers or key management employees and include approximately 2,800 employees of the Company and its subsidiaries. The Compensation Committee also determines the total number of options to be granted to participants. These decisions of the Compensation Committee are subject to approval by the Board of Directors of the Company. The Management Plan provides that the number of non-voting shares

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to be optioned to any participant under the Management Plan, together with any other equity compensation plan for employees, cannot exceed five per cent of the outstanding equity shares. In addition, a majority of the options granted under the Management Plan cannot be granted to insiders and insiders are not permitted to hold options under the Management Plan together with options under any other equity compensation plans of the Company, exceeds 10 per cent of the Company's issued and outstanding shares.

Under the Management Plan, options may be issued with vesting provisions as determined at the time of grant and if not determined, the plan provides that options vest on the third anniversary of the date of grant. The strike price under these options, is the weighted average trading price of the non-voting shares (or common shares for options granted prior to 2001) on the last business day preceding the date of grant. The expiry date for options granted under the Management Plan can be any time up to 10 years from the date of grant. Currently options are being granted with an expiry date of seven years from the date of grant. Options cannot be transferred or assigned by a participant.

Options expire under the Management Plan on the earliest of (i) the day of voluntary termination of employment by a participant (other than termination upon normal retirement or by reason of disability), unless otherwise extended by the Compensation Committee, (ii) 90 days after termination by the Company or a subsidiary of employment other than for just cause, unless otherwise determined by the Compensation Committee, (iii) termination of employment of the participant for just cause; (iv) 12 months following the death of a participant for options vested and that vest within that period, or (v) the expiry date of the option.

For certain options outstanding on January 1, 2001, the Management Plan permits the participant to elect to receive in cash the difference between the market price of the common shares exercised less the exercise price. The Company may override the election and require that the common shares be purchased.

The Board of Directors of the Company, subject to any regulatory or required shareholder approval, has the power under the Management Plan to amend or terminate the Management Plan at any time, provided, however, that any such amendment or termination shall not decrease the entitlements of a participant which have accrued prior to the date of such amendment or termination. This power of amendment includes the right to amend any vesting requirements of any option and the right to extend the time at which an option expires by reason of the happening of an event, provided the extension is not beyond the original expiry date. Shareholder approval is required for any amendment to the Management Plan which is considered material including increasing the reservation of shares, provided for cashless exercise or stock settlement if the shares underlying the options are added back to the reservation, any change in the exercise price of outstanding options, permitting the Company to provide financial assistance or increasing participation by insiders.

Increase in shares reserved for issue under the Management Plan

Management believes that the granting of options to employees is an important part of its compensation program, as a long-term incentive, to retain the services of existing key and high potential employees, and to attract outstanding personnel in a competitive employment market. Options align the interests of employees with shareholders' interests and allow employees to increase their financial interest in the Company. All option grants under the Management Plan since 2003 are cliff-vesting three years after the grant date.

On February 16, 2005 the Board of Directors approved the reservation of 6,000,000 additional non-voting shares for issue pursuant to options to be

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granted to eligible employees of the Company or its subsidiaries under the Management Plan. As at March 1, 2005, there are 14,100,319 non-voting shares reserved for issuance under the Management Plan and there are 10,095,232 options outstanding.

The purpose of the additional reservation is to ensure that there remains a sufficient number of non-voting shares reserved for issuance under the Management Plan to enable the Company to continue its current practice of granting options to executive and key management employees as a long-term incentive and retention feature that reinforces the interest of such key personnel with those of shareholders.

The total shares reserved for issue pursuant to options granted under the Company's continuing equity-based compensation programs will not exceed 10 per cent of TELUS total issued and outstanding equity shares as at March 1, 2005 and would not exceed 10 per cent of TELUS total issued and outstanding equity shares assuming completion of TELUS' normal course issuer bid for up to a total of 25.5 million common and non-voting shares. As at March 1, 2005, the number of equity shares currently the subject of options was 12,315,942 and equity shares reserved for further options was 4,005,087.

This additional reservation has been approved by the TSX, subject to shareholder approval and must be approved by a majority of votes cast by holders of common shares at the meeting. Accordingly, shareholders will be asked at the meeting to consider and, if thought advisable, to approve the following resolution approving the amendment to the Management Plan. Approval of the resolution by holders of non-voting shares is not required.

"BE IT RESOLVED THAT, as an ordinary resolution, with or without amendment:

1. the TELUS Management Share Option Plan of the Company be amended to increase the maximum number of non-voting shares reserved for issuance pursuant to options granted under the plan by 6,000,000 non-voting shares; and
2. any director or officer of the Company be and is authorized to perform such further acts and execute such further documentation as may be necessary or desirable to give effect to the foregoing."

Management and the Board recommend that holders of common shares vote FOR increasing the number of non-voting shares reserved for issue under the Management Plan. The persons named in the enclosed proxy intend to vote FOR this motion unless the holder of common shares specifies otherwise.

Amendment to Management Plan to permit stock settlement

On February 16, 2005, the Board of Directors approved an amendment to the Management Plan to permit a stock settlement option, subject to approval of holders of common shares.

As amended, the Management Plan provides that at the time that options for shares are exercised, the Company may elect to have the options exchanged for a right of the optionholder to receive a number of non-voting shares or common shares, as the case may be, in settlement for the options so exchanged. The number of non-voting shares or common shares to be issued to the optionholder will be the number obtained by (i) multiplying the number of options exercised by (ii) the number obtained when the difference between the current market price of applicable shares under the options at the time of exercise and the strike price for the options exercised is divided by the current market price of the applicable shares. The options so exchanged are cancelled, and the



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number of non-voting shares or common shares determined by the difference between the number of options exchanged and the number of non-voting shares issued in that exchange shall be added back to the reservation of non-voting shares or common shares, as the case may be, under the Management Plan. The stock settlement feature being proposed may apply to all options, including those granted prior to the date of the amendment. If the stock settlement feature is not approved, the Company anticipates that the reservation of an additional 6,000,000 non-voting shares for option grants is expected to permit the Company to continue its present option grant program to at least 2009. If the stock settlement amendment is approved, the Company anticipates that the reservation resulting therefrom should permit it to continue its present option grant program for a further period of time.

The amendments to the Management Plan are available upon request from TELUS' Corporate Secretary at 21 - 3777 Kingsway, Burnaby, British Columbia V5H 3Z7.

The Company recognizes the need to strike the proper balance between having a long-term incentive program for employees to align their interests with those of shareholders, and addressing shareholder concerns about excessive dilution caused by the continual granting and exercising of options under a stock option program. To better advance both goals the Company is proposing the stock settlement option. The stock settlement option reduces the number of shares issued on exercise of options. The Company makes the election as to whether or not the stock settlement procedures will be used, thereby managing the dilution. The difference between the non voting shares that underlie options surrendered for the stock settlement and the number of non voting shares issued under the option exercise become available for future option grants. This will reduce the need for further increases in the number of non-voting shares reserved for option grants.

The TSX has approved this amendment, subject to the Company obtaining shareholder approval. Accordingly, shareholders will be asked at the meeting to consider and, if thought advisable, to approve a resolution, as set forth below, approving the amendment to the Management Plan. The resolution must be approved by a majority of the votes cast by holders of common shares who vote in respect of the resolution. Approval of the resolution by holders of non-voting shares is not required. The following is the resolution to be proposed at the meeting:

"BE IT RESOLVED THAT, as an ordinary resolution, with or without amendment:

1. the amendment to the TELUS Management Option Plan to include a stock settlement feature in the plan in the manner described in the information circular of the Company dated March 21, 2005 is hereby approved; and
2. any director or officer of the Company be and is authorized to perform such acts and execute such further documentation as may be necessary or advisable to give effect to the foregoing."

Management and the Board recommend that holders of common shares vote FOR the amendment to the Management Plan to provide for a stock settlement option. The persons named in the enclosed Proxy intend to vote FOR this motion unless otherwise instructed.

6. Amendment to and reconfirmation and approval of shareholder rights plan

Holders of common shares and non-voting shares are being asked at the meeting to approve proposed amendments to, and to reconfirm and approve, the Company's shareholder rights plan, as amended and restated.

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### Background

The Company first adopted a shareholder rights plan in March 2000. In May 2000, holders of the common and non-voting shares ratified and approved the Company's shareholder rights plan. Holders of the common and non-voting shares subsequently reconfirmed an amended and restated version of the shareholder rights plan in April, 2003 (the "Current Rights Plan"). The purpose of the Current Rights Plan, which takes the form of an agreement between the Company and the rights agent, Computershare Trust Company of Canada, is to provide holders of the shares sufficient time to assess a takeover bid for the Company, if such bid were to be made, and to provide the Board of Directors of the Company with the opportunity to explore and develop alternatives to any bid that are in the best interests of the Company and its shareholders.

The Current Rights Plan is only triggered if a party becomes the beneficial owner of more than 34.2 per cent of the outstanding Voting shares. The threshold was set at 34.2 per cent in order to respect the terms of the Long Term Relationship Agreement that was entered into between GTE Corporation ("GTE"), Anglo-Canadian Telephone Company ("Anglo-Canadian") and the Company at the time of the merger between BC TELECOM and predecessor Alberta-based TELUS Corporation. In particular, that agreement provided that Anglo-Canadian was entitled to increase its approximate 26.7 per cent interest in the Company by no more than 7.5 per cent without prior approval of a majority of the Company's independent directors (i.e. directors who were neither GTE designees nor members of Company management).

As a result of the sale by Verizon (the successor to GTE) of its entire equity interest in TELUS in December 2004 and the concurrent termination of the Long-Term Relationship Agreement, there is no longer a justification for maintaining this 34.2 per cent threshold. The Board has therefore concluded that it is appropriate to amend the Current Rights Plan to bring the threshold at which the plan is triggered in line with that found in virtually every other rights plan in place in Canada. The Board has also concluded that it is appropriate at this time to make other minor amendments in order to reflect developments in shareholder rights plans since the Current Rights Plan was ratified by the holders of shares in April, 2003.

Many public companies in Canada continue to have shareholder rights plans in effect. While securities legislation in Canada now typically requires a takeover bid to be open for at least 35 days, the Board of Directors continues to be of the view that this is not sufficient time to assess a takeover bid, were such a bid to be made, and if the Board deems appropriate, to explore and develop alternatives that are in the best interests of the Company and its shareholders.

The Current Rights Plan is not intended to prevent a takeover bid or to deter offers for the shares. It is designed to encourage any bidder to provide shareholders with equal treatment in a takeover and full value for their investment.

### Board review

The Board of Directors, as part of its most recent review and analysis of the continuation of the Current Rights Plan, considered matters including: (i) developments in shareholder rights plans since the Current Rights Plan was ratified by the holders of common and non-voting shares in April 2003, (ii) the terms and conditions of rights plans recently adopted by other Canadian companies, (iii) recent experience involving rights plans in the context of takeover bids, and (iv) the commentary of the investment community on these plans. Based upon this review, the Board of Directors is proposing the approval of minor amendments to the Current Rights Plan in order to ensure both that the Current Rights Plan remains consistent with the latest generation of Canadian

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rights plans and that it addresses the concerns of investment industry commentators on a basis which is consistent with the objectives of these agreements. The proposed amended and restated version of the Current Rights Plan (the "Amended and Restated Rights Plan") is not being proposed in response to, or in anticipation of, an acquisition or takeover bid.

It is not the intention of the Board, in proposing that the Amended and Restated Rights Plan be reconfirmed to secure the continuance in office of the existing members of the Board or to avoid an acquisition of control of the Company in a transaction that is fair and in the best interests of the shareholders. The rights of shareholders under existing law to seek a change in management of the Company or to influence or promote action of management in a particular manner will not be affected by the Amended and Restated Rights Plan. The reconfirmation of the Amended and Restated Rights Plan does not affect the duty of the Board of Directors to act honestly and in good faith with a view to the best interests of the Company and its shareholders.

### Amendments to Current Rights Plan

The proposed amendments to the Current Rights Plan are limited in number and effect. The main amendment is to the definition of "Acquiring Person". The definition currently provides that any person who is the beneficial owner of more than 34.2 per cent of the outstanding Voting Shares is deemed to be an Acquiring Person. The amended definition of "Acquiring Person" will reduce that threshold to 20 per cent, which is the level that securities laws in Canada deem to constitute a takeover bid and that most rights plans in Canada treat as the appropriate threshold for purposes of determining whether someone is an Acquiring Person.

The only other material amendment being proposed is a change to the definition of Beneficial Ownership to add a provision that is designed to make clear that a manager of a mutual fund will not trigger the plan by virtue of holding Voting Shares (as defined in the Current Rights Plan) in excess of 20 per cent of the outstanding Voting Shares. As with other exemptions that are found in the Current Rights Plan and that exempt other institutional investors who hold Voting Shares as passive investors, the exemption for the manager of a mutual fund is subject to the condition that that manager and the relevant mutual fund have not made a takeover bid for TELUS.

Because reconfirmation of the amended and restated plan is being sought at this annual meeting rather than in 2006 (as is currently provided for in the plan), the plan is also being amended in order to ensure that holders of common and non-voting shares are given an opportunity to reconfirm the plan in three years. It is now customary in Canada for shareholders to be given an opportunity to reconfirm a rights plan three years after it was last considered by shareholders.

### Summary of the rights plan

The following is a summary of the principal terms of the Amended and Restated Rights Plan, which is qualified in its entirety by reference to the text of the Amended and Restated Rights Plan. Copies of the Amended and Restated Rights Plan are available from TELUS' Corporate Secretary, 21 - 3777 Kingsway, Burnaby, B.C. V5H 3Z7.

### Effective date

The effective date of the rights plan is March 20, 2000 (the "Effective Date").

### Term

Ten years, subject to reconfirmation at the meeting and eighth annual meeting

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following the adoption of the Current Rights Plan.

### Issue of rights

On the Effective Date, one Series A right (a "Series A Right") was issued and attached to each common share outstanding at one minute after the Effective Date (the "Record Time") and will attach to each common share issued after the Record Time and prior to the earlier of the Separation Time (as hereinafter defined) and the expiration of the Agreement (the "Expiration Time"). Additionally, on the Effective Date, one Series B right (a "Series B Right") was issued and attached to each Non-Voting Share outstanding at the Record Time and will attach to each non-voting share issued after the Record Time and prior to the earlier of the Separation Time (hereinafter defined) and the Expiration Time.

### Rights exercise privilege

The Series A Rights and the Series B Rights will separate from the common shares and non-voting shares and will be exercisable eight trading days (the "Separation Time") after a person has acquired, or commences a takeover bid permitted by the rights plan (a "Permitted Bid"). The acquisition by any person (an "Acquiring Person") of more than 20 per cent of the Voting Shares, other than by way of a Permitted Bid, is referred to as "Flip-in Event." Any Rights held by an Acquiring Person will become void upon the occurrence of a Flip-in Event. Eight trading days after the occurrence of the Flip-in Event, each Series A Right (other than those held by the Acquiring Person), will permit the purchase of \$320 worth of common shares for \$160 (i.e. at a 50 per cent discount) and each Series B Right (other than those held by Acquiring Person) will permit the purchase of \$320 worth of non-voting shares for \$160 (i.e. at a 50 per cent discount).

The issue of the Rights is not initially dilutive. However, upon a Flip-in Event occurring and the Rights separating from the Shares (as defined in the Current Rights Plan), reported earnings per share on a fully diluted or non-diluted basis may be affected. Holders of Rights not exercising their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

### Certificates and transferability

Prior to the Separation Time, the Rights will be evidenced by a legend imprinted on certificates for common shares and non-voting shares issued from and after the Effective Date and will not be transferable separately from such Shares. From and after the Separation Time, the Rights will be evidenced by Rights certificates which will be transferable and traded separately from the Shares.

### Permitted bid requirements

The requirements for a Permitted Bid include the following:

- (i) the takeover bid must be made by way of a takeover bid circular;
- (ii) the takeover bid must be made to all holders of Voting Shares;
- (iii) the takeover bid must be outstanding for a minimum period of 60 days and Voting Shares tendered pursuant to the takeover bid may not be taken up prior to the expiry of the 60 day period and only at such time if more than 50 per cent of the Voting Shares held by shareholders other than the bidder, its affiliates and persons acting jointly or in concert (the "Independent Shareholders") have been tendered to the takeover bid and not withdrawn;

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- (iv) the Voting Shares deposited pursuant to the takeover bid may be withdrawn until taken up and paid for; and
- (v) if more than 50 per cent of the Voting Shares held by Independent Shareholders are tendered to the takeover bid within the 60 day period, the bidder must make a public announcement of that fact and the takeover bid must remain open for deposits of Voting Shares for an additional 10 business days from the date of such public announcement.

The Shareholder Rights Plan allows for a competing Permitted Bid (a "Competing Permitted Bid") to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all the requirements of a Permitted Bid except that it may expire on the same date as the Permitted Bid, subject to the statutory requirement that it be outstanding for a minimum period of 35 days.

### Waiver and redemption

The Board may, prior to a Flip-in Event, waive the dilutive effects of the rights plan in respect of a particular Flip-in Event resulting from a takeover bid made by way of a takeover bid circular to all holders of Voting Shares, in which event such waiver would be deemed also to be a waiver in respect of any other Flip-in Event occurring under a takeover bid made by way of takeover bid circular to all holders of Voting Shares. The Board of Directors may also waive the rights plan in respect of a particular Flip-in Event that has occurred through inadvertence, provided that the Acquiring Person that inadvertently triggered such Flip-in Event reduces its beneficial holdings to 20 per cent or less of the outstanding Voting Shares within 14 days or such other period as may be specified by the Board. With the majority consent of holders of Shares or Rights holders at any time prior to the occurrence of a Flip-in Event, the Board of Directors may redeem all, but not less than all, of the outstanding Rights at a price of \$0.0001 each.

### Exemptions for investment advisors

Investment advisors (for client accounts), managers of mutual funds, trust companies (acting in their capacities as trustees and administrators), statutory bodies managing investment funds (for employee benefit plans, pension plans, insurance plans or various public bodies), administrators or trustees of registered pension funds, plans or related trusts and Crown agents or agencies acquiring greater than 20 per cent of the Voting Shares are exempted from triggering a Flip-in Event, provided that they are not making, or are not part of a group making, a takeover bid.

In order to be effective, the resolution to be voted on will require the approval of a majority of votes cast by holders of common shares and non-voting shares, voting together, who vote in respect of the resolution at the meeting.

The text of the proposed resolution is as follows:

"BE IT RESOLVED THAT the continued existence of the rights plan as amended and restated (the "Amended and Restated Rights Agreement"), and the Rights therein, be and are hereby, approved and the Amended and Restated Rights Agreement is hereby ratified, reconfirmed and approved by the holders of the Shares of the Company."

Management and the Board recommend that holders of common shares and non-voting shares vote FOR the ordinary resolution of the Company as set forth. The persons named in the enclosed proxy intend to vote FOR this motion unless the holder of common or non-voting shares specifies otherwise.

A similar shareholder reconfirmation process must occur at the Company's annual

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meeting of shareholders in 2008 in order for the Amended and Restated Rights Plan to remain in effect until March 2010.

Failing such reconfirmation, the current rights agreement and all outstanding Rights thereunder will terminate.

### Mandate and report of the Corporate Governance Committee

The mandate of the Corporate Governance Committee is to assist the Board in fulfilling and assessing its oversight responsibilities to ensure that the Company has an effective corporate governance regime. The Corporate Governance Committee is responsible for monitoring corporate governance developments, best practices for corporate governance and the effectiveness of the Company's corporate governance practices. The Corporate Governance Committee is also responsible for identifying, recruiting, appointing and providing ongoing development for directors and overseeing Board and director evaluations. The Corporate Governance Committee also assesses and makes recommendations to the Board for its determination of the "independence" and "financial literacy", "financial expertise", "accounting or related financial management expertise" of directors as defined under new corporate governance rules and guidelines.

### Membership

The current members of the Corporate Governance Committee, consisting of Ron P. Triffo (Chair), R. H. Auchinleck, R. John Butler and John S. Lacey, were appointed on February 11, 2004 and reappointed on February 16, 2005. All members of the Corporate Governance Committee are independent.

### Meetings

The Corporate Governance Committee meets at least once each quarter and reports on its activities to the Board. At each regularly scheduled quarterly meeting, the Corporate Governance Committee holds an in-camera session without management present. The Corporate Governance Committee met five times during 2004.

### Highlights

Enhanced and renewed commitment to best practices for corporate governance:

- \* received and considered regular updates on corporate governance initiatives taken by securities regulators and other stakeholders and emerging best practices and implications of the proposals of Canadian and U.S. regulators with respect to TELUS;
- \* reviewed and reconfirmed the Board Policy Manual, including the terms of reference for each committee of the Board and, together with the Pension Committee, recommended to the Board for approval changes to the Pension Committee's terms of reference;
- \* reviewed and updated a Board Delegations Policy to align with the revised Board Policy Manual;
- \* reviewed and recommended changes to the Company's Articles for which shareholder approval is being sought at the annual and special meeting;
- \* reviewed and recommended changes to the size of the Board;
- \* reviewed and recommended amendments to the Shareholder Rights Plan, for which shareholder approval is being sought at the annual and special meeting;
- \* developed and approved a succession plan for the chair of the Board.

Initiatives relating to directors:

- \* reviewed and recommended to the Board for approval nominees to stand

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- for election as directors or to be appointed to the Board;
- \* reviewed and recommended to the Board for approval the composition of committees of the Board;
- \* initiated review of the compensation payable to the directors for Board service;
- \* continued the orientation program for new directors and the ongoing education program for all directors;
- \* conducted an evaluation of each director of the Company and of the Board as a whole, expanding the evaluation process to include a specific assessment on the performance of the Chair of the Board and the Chairs of each committee.

For more information on director compensation see the following table.  
Signed, members of the Corporate Governance Committee

/s/Ron P. Triffo

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Ron P. Triffo (Chair)

/s/R.H. (Dick) Auchinleck

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R.H. (Dick) Auchinleck

/s/R. John Butler

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R. John Butler

/s/John S. Lacey

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John S. Lacey

### Director compensation

Each director of the Company who is not an employee of the Company receives an annual fee for acting as a director on the Board and each committee served, plus a further fee for each Board and committee meeting attended. The fees are outlined in the table below. In February 2005, the Committee initiated a review of the form and magnitude of director compensation.

#### Regular Board service

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Annual directors' retainer	\$25
Meeting fee	\$1
Annual equity grant	3
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Committee service: Audit	
Chair's retainer	\$10
Member retainer	\$6
Meeting fee	\$3
-----	
Committee service: All other committees	
Chair's retainer	\$6
Member retainer	\$3
Meeting fee	\$1
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Chair of the Board	
Annual retainer	\$200
Meeting fee	

Annual equity grant

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Directors who are requested by the Chair to perform additional tasks or assignments on behalf of the Board may in certain circumstances receive an additional \$1,500 per diem fee for such services. No such fees were paid in 2004.

#### Mandate and report of the Pension Committee

The mandate of the Pension Committee is to oversee the administration, financial reporting and investment activities of the Pension Plan for management and professional employees of TELUS Corporation, the TELUS Defined Contribution Pension Plan, the TELUS Edmonton Pension Plan, the TELUS Corporation Pension Plan, the TELUS Corporation Pension Plan for Employees of TELUS Communications (Quebec) Inc., any successor plans and related supplemental retirement arrangements as mandated by the Board, and the related trust funds (the "Pension Plans"). The powers delegated to the Pension Committee in its mandate are subject to those instances where powers and duties are specifically assigned to third parties in the Pension Plan documents themselves. The Pension Committee is responsible for reporting to the Board with respect to the actuarial soundness of the Pension Plans, the administrative aspects of the Pension Plans, investment policy, performance of the investment portfolios and compliance with government legislation. The Pension Committee may, from time to time, recommend to the Board changes to the Pension Plans and their administration.

#### Membership

The current members of the Pension Committee, consisting of R. John Butler (Chair), Brian A. Canfield, Ron P. Triffo and Donald P. Woodley, were appointed on February 11, 2004 and reappointed on February 16, 2005. All members of the Pension Committee are independent.

#### Meetings

The Pension Committee meets at least once each quarter and reports on its activities to the Board. At each regularly scheduled quarterly meeting, the Committee meets in camera, without management present. The Pension Committee also meets with Pension Plan auditors without management present. The Pension Committee met five times in 2004.

#### Highlights

##### Governance review

The Pension Committee completed a comprehensive review of the defined benefit and defined contribution pension plans' governance structure. The review was conducted by management with the assistance of external consultants. One of the major recommendations involved streamlining the number of decision-making bodies through the creation of a management pension committee, under the direction of the Chief Financial Officer, which will be responsible for overseeing operations, implementing policy and reporting to the Pension Committee of the Board. This focuses senior management's attention on pension issues while leaving the most important policy related decisions to the Board and Pension Committee. The Board has approved new terms of reference for the Pension Committee to reflect the new governance structure that more clearly delineates the responsibility and accountability of each of the governing, managing and operating fiduciaries. Over the coming year the Committee expects to oversee its implementation.



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### Administrator change to TELUS Quebec Pension Plans

The Board has changed the administrator of TELUS Corporation Pension Plan for Employees of TELUS Communications (Quebec) Inc. from TELUS Communications (Quebec) Inc. to TELUS Corporation and brought this plan under the mandate of the Pension Committee. This change is consistent with implementation of a standardized governance structure and improves plan supervision by making the operation of the plan subject to the same policies and administrative practices as the other Pension Plans.

### Asset liability study

The Pension Committee directed a comprehensive asset and liability study during 2004, which was completed by management with the assistance of external consultants. The asset liability study was designed to evaluate the risks associated with the investment policy of the Pension Plans in conjunction with the fund liabilities and the impact on TELUS financial statements. It evaluated the basic policy asset mix (equities/fixed income) in light of changing financial markets and the liability structure of the TELUS defined benefit plans. As well it examined the feasibility of additional diversification of the investment portfolios through the expansion of alternative investment mandates and recommended risk reduction through extending the term of fixed income assets. The study indicated that the investment policies developed by the Committee to guide investment management were appropriate (see Note 18 of TELUS 2004 Consolidated Financial Statements).

### Plan management and governance

In accordance with its mandate, the Committee approved the appointments of auditors, actuaries, custodians, legal counsel and investment managers, as needed. As well, the Pension Committee received and reviewed, and approved where mandated, the following:

- \* an annual report, including annual financial statements and audit reports prepared by the external auditors for all Pension Plans that fall within the Pension Committee's mandate;
- \* receive and review audit scope report;
- \* regular briefings regarding legal matters that affect the Pension Plans;
- \* reports from each Pension Plan's actuaries, including the assumptions and the results;
- \* plan budgets, including Pension Plan expenses and peer plan results;
- \* quarterly and annual investment results;
- \* plan insurance coverage;
- \* management self-assessment of internal controls;
- \* reports confirming compliance with pension plan ethical standards, investment policies and procedures, derivative policies and legislation;
- \* surveys and reports concerning pension governance best practices;
- \* investment manager performance assessments;
- \* the strategic investment plan; and
- \* management presentations on the subjects of actuarial practices, derivatives, pension risks, operations overview and performance measurement.

Signed, the members of the Pension Committee

/s/R. John Butler

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R. John Butler (Chair)

/s/Donald P. Woodley

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Donald P. Woodley

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/s/Ron P. Triffo

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Ron P. Triffo

/s/Brian A. Canfield

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Brian A. Canfield

### Mandate and Report of the Audit Committee

The Audit Committee supports the Board in fulfilling its oversight responsibilities regarding the integrity of the Company's accounting and financial reporting, the Company's internal controls and disclosure controls, the Company's legal and regulatory compliance, the Company's ethics policy and timeliness of filings with regulatory authorities, the independence and performance of the Company's external and internal auditors, the management of the Company's risks, credit worthiness, treasury plans and financial policy and the Company's whistleblower and complaint procedures. For more information on TELUS' Audit Committee, including the text of the Audit Committee's terms of reference, refer to the heading "Audit Committee" in TELUS' Annual Information Form.

### Membership

Three of the Committee's current members, consisting of Brian F. MacNeill (Chair), A. Charles Baillie and Micheline Bouchard were appointed on February 11, 2004. A fourth member, Ruston E.T. Goepel, was appointed on December 7, 2004. They were all reappointed on February 16, 2005.

The Board has determined that each member of the Audit Committee is "financially literate", has "accounting or related financial management expertise" and that the Audit Committee Chair is an "audit committee financial expert" as defined by applicable securities laws. Information regarding the education and experience of the members of the Audit Committee is contained in TELUS' 2004 Annual Information Form. The Committee is comprised entirely of independent directors.

### Meetings

The Audit Committee meets at least once each quarter and reports on its activities to the Board. At each regularly scheduled quarterly meeting, the Committee meets separately, in camera, with both the internal auditor and external auditors. The Committee also meets separately with management and without management present, at each regularly scheduled meeting. The Audit Committee met five times during 2004.

### Highlights

#### Financial reporting:

- \* reviewed and discussed with the Company's President and CEO and CFO their readiness to certify the annual financial statements and related disclosure material, as required under the U.S. Sarbanes-Oxley Act (SOX), and the interim financial statements and related disclosure materials, as required under Canadian securities legislation;
- \* reviewed and recommended to the Board for approval, the public release and filing of the annual audited Consolidated Financial

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Statements and quarterly unaudited Consolidated Financial Statements of the Company and subsidiaries whose financial statements are publicly filed, including related news releases and MDA

- \* reviewed and recommended to the Board for approval key securities filings that contain financial information, including the Annual Information Form;
- \* reviewed, throughout the year, any changes or adoption of significant accounting policies and significant estimates impacting the current and future financial statements of the Company.

### External auditor:

- \* oversaw the work of the external auditors;
- \* reviewed and approved the annual audit plan;
- \* monitored the progress of the external audit;
- \* received reports on the external auditor's internal quality control procedures, independence and confidentiality procedures;
- \* met quarterly with the external auditors without management present;
- \* reviewed and set the compensation of the external auditor;
- \* reviewed and pre-approved all audit, audit-related and non-audit services provided by the external auditor or its affiliates.

### Accounting and financial management:

- \* reviewed the Company's major accounting policies, including alternatives and potential key management estimates and judgments and the Company's financial policies and compliance with such policies;
- \* reviewed with management the adoption of new accounting standards and emerging best practices in response to changes in securities legislation;
- \* reviewed with management the Company's financial policies and compliance with these policies;
- \* reviewed quarterly derivatives, and guarantees and indemnities reports;
- \* recommended adoption of amended annual and long term policy targets concerning matters such as leverage, liquidity, capital structure and credit ratings;
- \* reviewed quarterly treasury update and approved key treasury matters, including financing plans;
- \* reviewed and recommended to the Board changes to the Company's target dividend payout ratio guideline;
- \* received quarterly reports regarding taxation matters and structural/legal reorganizations;
- \* reviewed and discussed with management at each regularly scheduled meeting the results of significant capital expenditures including specific reviews of major capital projects.

### Internal controls and disclosure controls:

- \* reviewed and approved the internal audit program to provide assurance regarding risk exposures and internal controls;
- \* reviewed quarterly reports on internal audit activities and internal audit's evaluation of the Company's internal control systems and risk mitigation progress;
- \* met regularly with the Chief Internal Auditor without management present;
- \* monitored the adequacy of resourcing and the independence and objectivity of the internal audit function;
- \* received briefings from management regarding key audit report follow-ups;

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- \* reviewed, quarterly, the results of the cascading certifications by key stakeholders in the financial reporting and disclosure controls processes to provide reasonable assurance and confidence to the President and CEO and CFO;
- \* considered reports from the Chief Compliance Officer and General Counsel on matters relating to compliance with laws and regulations;
- \* received and considered quarterly reports regarding the receipt, investigation and treatment of whistleblower, ethics and internal controls complaints;
- \* reviewed, quarterly, the expenses of the executive leadership team and annually reviewed the adequacy of, and compliance to, Company policies covering executive officers' expense accounts and perquisites and their use of corporate assets.

### Enterprise risk management:

- \* reviewed the results of management's annual risk assessment, the identification of key risks and the engagement of executives to mitigate risk exposures;
- \* considered reports on the Company's business continuity, including potential situations of work stoppage, and disaster recovery plans;
- \* reviewed reports on management's approach for safeguarding corporate assets and information systems;
- \* monitored the Company's environmental risk management activities and results, and reviewed the Company's corporate social responsibility (CSR) report;
- \* reviewed the adequacy of the Company's insurance coverages and monitored the Company's property risk management program;
- \* reviewed reports on employee health and safety programs and results.

### Audit Committee related governance:

- \* received and reviewed with management frequent updates throughout the year regarding changing governance-related laws, rules and emerging best practices and implications of the proposals of Canadian and U.S. regulators with respect to the Audit Committee;
- \* received from management quarterly updates on the handling of employee and anonymous complaints and inquiries regarding accounting, auditing, ethics, and internal control issues;
- \* monitored management's annual conflict of interest disclosure and review process;
- \* received and reviewed management's planning efforts to enable SOX 404 compliance for financial year 2005.

Signed, the members of the Audit Committee

/s/Brian F. MacNeill

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Brian F. MacNeill (Chair)

/s/A. Charles Baillie

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A. Charles Baillie

/s/Micheline Bouchard

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Micheline Bouchard

/s/Ruston E.T. Goepel

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Ruston E.T. Goepel

### Mandate and Report of the Human Resources and Compensation Committee

The Human Resources and Compensation Committee (the "Compensation Committee") of the Board of Directors is responsible for developing the compensation philosophy and guidelines on executive compensation, overseeing succession planning for the executive leadership team, determining President and CEO goals and objectives relative to compensation and evaluating President and CEO performance, reviewing and recommending President and CEO compensation based on evaluation, and determining compensation for executive management other than the President and CEO. The Compensation Committee annually reviews and reports to the Board on senior management organizational structure, management's succession plans for the executive leadership team including specific development plans and career planning for potential successors for both normal career progression and emergency replacement situations. It manages the Board-approved equity-based incentive plans, employee benefit plans and supplemental retirement arrangements for the executive leadership team (other than registered pension plans).

### Membership

The current members of the Compensation Committee, consisting of John S. Lacey (Chair), R.H. (Dick) Auchinleck and Donald P. Woodley, were appointed on February 11, 2004. They were all reappointed on February 16, 2005.

All members of the Compensation Committee are independent. There are no interlocking relationships between the members of the Compensation Committee and the executive leadership team.

### Meetings

The Compensation Committee meets at least once each quarter and reports on its activities to the Board. At each regularly scheduled quarterly meeting, the Committee holds an in camera session without management present. The Compensation Committee met five times during 2004.

### Highlights

#### President and CEO

- \* reviewed and approved the corporate goals and objectives relevant to President and CEO compensation;
- \* assessed the President and CEO's performance with input from the Board of Directors;
- \* reviewed the form and adequacy of President and CEO compensation;
- \* reviewed the succession plan for the President and CEO;
- \* reviewed and recommended to the Board for approval the President and CEO's compensation based on the Compensation Committee's evaluation of the performance of the President and CEO and its review of the form and adequacy of the compensation of the President and CEO.

#### Executive Management

- \* reviewed and recommended for approval to the Board the proposed appointment of individuals to executive management and as corporate officers of the Company;
- \* received and considered the President and CEO's evaluations of the performance of individual members of executive management;

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- \* reviewed and approved the form and adequacy of executive compensation for executive management other than the President and CEO;
- \* reviewed and approved the compensation (including annual variable pay and other incentive awards) of individual members of executive management, other than the President and CEO, after considering the evaluation and recommendations of the President and CEO;
- \* reviewed and approved the retirement and severance arrangements of departing members of the executive management;
- \* reviewed and approved the levels and types of benefits, including perquisites and vehicles that may be granted to executive management;
- \* reviewed the succession plans for each member of executive management;.

### Equity Plans

- \* received regular updates from management and expert external consultants on alternative long-term incentives other than options, including the implications for the Company and its shareholders;
- \* received regular updates on regulatory changes and corporate governance trends in Canada and the United States regarding equity compensation arrangements, including accounting treatment of options, requirements for shareholder approvals of equity grants, and implications for the Company;
- \* reviewed and recommended to the Board for approval the division of the TELUS Share Option and Compensation Plan into the TELUS Management Share Option Plan and the Directors Share Option and Compensation Plan and the amendments to the TELUS Management Share Option Plan;
- \* reviewed and recommended to the Board for approval amendments to the Employee Share Purchase plan and the Channel Stock Incentive Plan to eliminate the issuance of shares from treasury;
- \* reviewed and recommended to the Board for approval a fixed maximum reserve with an increase in share reserve, and adoption of a stock settlement feature in the TELUS Management Share Option Plan.

### Public Disclosure

- \* prepared and approved for publication the report on executive compensation below.

### Report on executive compensation

One of the Compensation Committee's roles is to design a compensation arrangement for the Company's executive leadership team that supports its business strategy to enhance the growth and profitability of the Company and allow the Company to attract and retain the key talent necessary to achieve the business objectives of the Company, as approved by the Board.

### Compensation objectives and principles

The goal is to create a clear linkage between compensation and the achievement of business goals in the short-term, medium-term and long-term by providing appropriate components of fixed compensation, compensation at risk, and future income.

The Compensation Committee has approved a performance management philosophy that provides a direct linkage between short-, medium- and

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long-term compensation at risk and the execution strategies required to achieve the goals of continuous growth, quality of service and operational excellence, while providing a workplace of choice.

In establishing the appropriate compensation levels, the Compensation Committee receives expert advice from outside consultants who conduct surveys and provide competitive data, and recommendations from management.

The Compensation Committee relates total compensation levels for the executives to the compensation paid to executives of general Canadian industry with revenue similar to that of the Company and Canadian telecommunications companies, as approved by the Committee. The Compensation Committee selects and engages external consultants and approves their fees.

### Performance management

For 2004, the Compensation Committee has continued with a rigorous, comprehensive and holistic approach towards the assessment of the performance of the executive leadership team. Each executive leadership team member is evaluated using the following assessment tools:

- \* personal value-add assessment model ("PVAAM")
- \* individual, business unit and corporate balanced scorecards
- \* strategic staffing model.

PVAAM is used to assess and rate an executive leadership team member's achievement of results, leadership skills, retention risk and value to achieving strategy. These ratings, in conjunction with competitive market compensation data and the balanced scorecard results, are used to determine an executive leadership team member's base pay, annual variable pay, restricted stock unit allocations and share option grants.

The strategic staffing model is a comprehensive assessment tool used to assess each executive leadership team member's development and is relied on to design and regularly update succession plans for executive positions.

### Compensation mix

The key elements of the Company's executive compensation program are base salary and at-risk compensation, which comprises annual variable pay, medium-term incentives and long-term incentives. These key elements are addressed separately below. The Compensation Committee has adopted a market-based approach to ensure that the Company provides competitive compensation. Total compensation is generally targeted to be at the 75th percentile of the comparator group described above, if performance warrants. The Compensation Committee also considers other elements of an executive's total compensation including health and welfare benefits, retirement programs and perquisites.

The Compensation Committee is a proponent of linking compensation directly to the achievement of business objectives. This philosophy results in a high focus on performance driving pay with base salary comprising only 25 per cent of total compensation for the executive team overall for 2004.

### Base salary

In accordance with its market-based approach, the Compensation Committee has targeted base salaries of the executive leadership team to be at approximately the 50th percentile of the comparator group. In 2004, the overall average of base salaries was below the overall average market 50th

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percentile. Individual base salaries are adjusted by the Compensation Committee to recognize varying levels of responsibility, prior experience, breadth of knowledge, overall individual performance and internal equity, as well as the pay practices of companies in the comparator group. For 2004, there were no base salary increases for the named executives.

### At-risk incentive pay

As a result of its philosophy, the target at-risk incentive pay for executives is 75 per cent of total compensation for the executive leadership team overall. The Company adopts three strategies for at-risk incentive pay:

#### 1. Annual variable pay plan

This annual plan implements the Company's pay-for-performance philosophy by providing executives with direct financial incentive in the form of an annual cash award based on the achievement of corporate, strategic business unit and individual performance goals. The actual achievement of annual business plans as reflected through performance measurement and quantifiable goals will ultimately determine the annual variable compensation received.

The awards payable to the executive leadership team are determined based on meeting the corporate targets and their respective strategic business unit targets as set out in the corporate balanced scorecard and strategic business unit balanced scorecards, respectively, and achieving the results set out in their personal performance objectives. Results at less than target would result in a reduced or zero award.

All corporate and strategic business unit scorecard objectives were tied to the six strategic imperatives of TELUS, which are as follows:

- \* building national capabilities across data, Internet protocol (IP), voice and wireless
- \* focusing relentlessly on the growth markets of data, IP and wireless
- \* providing integrated solutions that differentiate TELUS from our competitors
- \* partnering, acquiring and divesting to accelerate the implementation of our strategy and focus our resources on core business
- \* going to market as one team, under a common brand, executing a single strategy
- \* investing in internal capabilities to build a high-performance culture and efficient operation.

Specific targets were established using a balanced scorecard approach with 2004 corporate targets tied to profitable growth, customer metrics, business efficiency, and employee engagement. The profitable growth metrics (30 per cent) were made up of TELUS Communications external revenue, TELUS Mobility network revenue, free cash flow, net debt/EBITDA (earnings before interest, taxes, depreciation and amortization) and earnings per share (from continuing operations). Customer metrics (40 per cent) included TELUS Mobility churn rate, high speed subscriber churn (TELUS Communications), a customer loyalty index, and other indices that measure quality of performance and customer loyalty. Business efficiency metrics (20 per cent) consisted of EBITDA margin percentage for TELUS Communications and EBITDA before cost of acquisition for TELUS Mobility. Lastly, employee engagement (10 per cent) was measured based on a survey of all employees.

These measures are not only of broad relevance to the strategic goals of the Company but are also readily quantifiable, easily measured by the Company's information systems, auditable, and balance year over year consistency with the Company's annual strategic direction. Balanced scorecard targets were



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also set for each strategic business unit.

The weighting given to corporate results, strategic business unit ("SBU") results and personal results for each executive leadership team member is set out in the following table:

Position	Component weighting			
	Corporate results	SBU results	Average SBU results	Average customer facing SBU results
President & CEO	30%	--	20%	30%
EVP - Customer facing SBU	50%	30%	--	--
EVP - Business enabling SBU	30%	20%	--	30%

The award for the executive vice-president of a business enabling strategic business unit such as Finance or Human Resources, is based in part on the success of the Company's customer facing strategic business units to ensure direct line of sight to the achievement of customer facing business unit objectives. The award for the President and CEO is based in part on the average results of all the strategic business units.

The personal performance of each member of the executive leadership team (other than the President and CEO) is assessed by the President and CEO, and the performance of the President and CEO is assessed by the Compensation Committee. The personal performance scorecard component is then determined based on the ratings set out in the following table:

Rating	Personal Performance rating
Not Meeting	2 - 3
Partially Meeting	4 5
Fully Meeting	6
Exceeding	7 8
Significantly Exceeding	9 10

This approach ensures that payouts reflect performance levels and require truly outstanding results to deliver multipliers greater than 1.0.

For 2004, the overall annual variable pay plan results for the executive

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leadership team members averaged 94 per cent of target. The corporate balanced scorecard component of their variable plan was 87 per cent of target. Comparing the 2004 actual results against comparable 2003 Corporate Scorecard measures would have resulted in a variable pay plan payout of 136 per cent for that component. This is reflective of increased performance expectations that are the foundation to the pay for performance philosophy, resulting in stretch targets being established for the 2004 Corporate Scorecard.

Following is a description of some of the results achieved in respect of the various metrics comprising the Corporate Balanced Scorecard:

Overall, TELUS achieved strong results within the Profitable Growth quadrant of the scorecard.

TELUS exceeded its targets with respect to:

- \* Mobility Network Revenue, deriving from strong TELUS Mobility performance
- \* Earnings per share reflecting strong TELUS Mobility results as well as favourable tax settlements
- \* Net Debt: EBITDA
- \* Free Cash Flow resulting from reduced debt and strong TELUS Mobility revenues

One of the metrics was below target:

- \* TELUS Communications external revenue results, resulting in a zero payout under this metric

In the Customer scorecard quadrant:

- \* TELUS Mobility maintained its low customer churn rate and met its target
- \* Results for customer service levels were very close to target, reflecting significant improvements to the short-term customer service challenges the TELUS team faced throughout 2003
- \* Results for the loyalty index and the quality of performance measurement were also below target

Within the Business Efficiency quadrant:

- \* EBIT Margin % (TELUS Communications - after restructuring costs) was below target resulting primarily from weakness in that segment's revenue growth
- \* EBITDA before Cost of Acquisition (TELUS Mobility) results well exceeded target due to strong Mobility revenue performance and operational execution

Within the Employee Engagement quadrant:

- \* Results from TELUS' employee survey show that the Company has a solid foundation in quality of leadership, sense of teamwork and is a respectful and supportive employer, but overall results were below the threshold target, reflecting in part the collective bargaining challenges experienced in 2004.

### 2. Medium-Term Incentives

In 2004, the Compensation Committee continued with the Executive Stock Unit Plan (formerly called the Restricted Stock Unit Plan II), a medium-term incentive plan that was implemented in 2002 for executive leadership team members and expanded in 2004 to include designated senior management employees. The purpose of this plan is to link a portion of the at-risk

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compensation to both the achievement of performance targets and total shareholder return, and to promote the retention of executives. Under the ESU Plan, participants are allocated restricted stock units ("ESUs"). The amount and terms of any allocation are approved by the Compensation Committee annually.

Generally, the number of ESUs allocated to an executive is based both on the achievement by the executive of performance targets and the share price performance of non-voting shares during the plan year. Each ESU is equal in value to the price of one non-voting share calculated in the manner provided in the plan. When dividends on non-voting shares are paid during the life of an ESU, a participant receives an equivalent credit that is converted to additional ESUs in the participant's account. These dividend equivalents do not vest unless the ESUs vest.

Unless otherwise determined with respect to any particular allocation, the number of ESUs allocated to a participant is determined by applying the actual performance results against a target that is based on a percentage of the participant's salary, then dividing by the value of the non-voting shares at the beginning or end of the year preceding the year of allocation, whichever is higher. The value of ESUs allocated in 2005 under the ESU Plan for 2004 performance was \$34.73 per ESU and was calculated based on the trading price of the non-voting shares for the 15 trading days up to December 31, 2004 which was higher than the price for the 15 trading days preceding January 1, 2004. This link, under the ESU Plan, to the share price of non-voting shares further aligns the interests of the recipients with the interests of shareholders. In this manner, any decline in the price of non-voting shares of the Company directly reduces the value of the participant's incentive compensation, despite the fact that performance goals for the granting have been met.

The Company had previously implemented a separate RSU Plan for 2001 performance for certain executives. RSU Plan I provided that RSUs were allocated at a value equal to the weighted average trading price per non-voting share on the Toronto Stock Exchange on the day preceding the date of allocation.

Retention is promoted through the vesting of RSUs/ESUs. RSUs allocated under the RSU Plan I vested on October 18, 2004 and were paid out prior to the 2004 year-end. ESUs allocated under the ESU Plan vest and become payable in equal annual installments over approximately a three-year period, with all ESUs being paid out before the end of the second year after the year of allocation. The value of the ESUs at pay-out is based on the value of non-voting shares at that time, calculated as required by the applicable plan. In this manner, the price of non-voting shares of the Company directly impacts the value of the participant's incentive compensation at payout. Payments under the RSU Plan I were paid in cash. Payments under the ESU Plan may be in cash or non-voting shares purchased in the market or, subject to all necessary corporate and regulatory approvals, in non-voting shares issued from Treasury.

### 3. Long-term incentives

Long-term incentives are provided under the TELUS Management Share Option Plan (formerly TELUS Share Option and Compensation Plan), and the Restricted Stock Unit Plan (formerly Restricted Stock Unit Plan III) which was introduced in 2003. The purpose of these plans is to align the interests of executives with those of shareholders and to provide incentive compensation based on the value of non-voting shares. This strategy provides an opportunity for executives to acquire, through share options and RSUs, an increased proprietary interest in the Company.

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The amount and terms of any long-term incentive compensation determined by the Compensation Committee will be consistent with the overall compensation philosophy and objectives as set out above. Overall, long term incentives represented 50 per cent of total compensation for the executive team in 2004. As noted previously, long-term incentive compensation is based on two main factors: competitive market compensation considerations and each executive leadership team member's PVAAM ratings. The PVAAM assessments are based on four elements: Achieving Results and Leadership Skills (the two performance components) and Value to Achieving Strategy and Retention Risk (the two potential components). The resulting assessment has a direct bearing on the long-term incentive awards.

Share options are granted at an exercise price not less than the market value of the non-voting shares on the last business day before the grant date as determined pursuant to the plan. In order to strengthen retention, the vesting period for options granted in February 2005 remained as 100 per cent ("cliff-vesting") at the end of three years. Prior option grants are not taken into account in determining whether and, if so, how many new options would be granted.

In order to provide a more appropriate mix of long-term incentives, the February 2005 long-term incentive compensation grant was split between share options and RSUs under the RSU Plan. This split represents an approximate allocation of one-third options and two-thirds RSUs to the executive leadership team on a collective basis, based on an estimated after tax equivalency between the value of the RSUs and the value of the options to be granted, using a Black-Scholes valuation. To strengthen retention, both the options and the RSUs granted in February 2005 will in most instances cliff-vest at or near the end of a three-year period. The Compensation Committee has the right to determine the vesting of each RSU grant under the RSU Plan. George Cope was not allocated stock options in February, 2005 but received 87,183 RSUs under the RSU Plan. He will not receive any future grants of options or RSUs under the annual program for 2005, 2006 and 2007.

Similar to the ESUs allocated under the ESU Plan, all RSUs allocated under the RSU Plan must be paid out before the end of the second year after the year of allocation. Each RSU is equal in value to the price of one non-voting share calculated as provided in the RSU Plan. When dividends on non-voting shares are paid during the life of an RSU, a participant receives an equivalent credit which is converted to additional RSUs in the participant's account. These dividend equivalents do not vest unless the RSUs vest. The value of the RSUs at pay-out is based on the value of non-voting shares at that time, calculated in the manner required by the RSU Plan. In this manner, the price of non-voting shares of the Company directly impacts the value of the participant's incentive compensation at payout. Payments under the RSU Plan may be in cash or in non-voting shares purchased in the market, or, subject to all necessary corporate and regulatory approvals, in non-voting shares issued from treasury.

### Compensation of President and CEO

The principles used for determining the compensation of the President and CEO, Darren Entwistle, were identical to those established for the other executives, other than as noted previously. The President and CEO's base salary, which was increased mid-year 2003, was not increased in 2004 and remained below median.

### Share ownership guidelines

Share ownership guidelines were introduced for the executive leadership team members in 2002 to provide a further link between the interest of executives and shareholders, thereby demonstrating the ongoing alignment of executives'

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interests with the interests of shareholders. The share ownership targets established in 2002 were a value of at least three times annual base salary for the President and CEO and one times annual base salary for executive vice-presidents.

In 2003, the ownership target was increased to two times annual base salary for executive vice-presidents and remain the same currently. The share ownership targets can be met through a mix of common and non-voting shares and ESUs/RSUs acquired over a five-year period. Most executive leadership team members already have significant shareholdings and meet or exceed these target levels.

### Executive shareholdings summary table

The following table provides information concerning total TELUS shareholdings held by each named executive (as set out in the Executive compensation summary table on page \*), dollar value of shareholdings and share ownership level (based on dollar value) to base salary ratio, as at December 31, 2004 (see share ownership guidelines on page \*).

Name	TELUS shareholdings (common shares/non-voting shares/ESUs for non-voting shares/RSUs for non-voting shares) (1)	Dollar value of shareholdings (\$ ) (2)
Darren Entwistle	21,032/173,236/106,560/73,147	13,023,018
George Cope	--/165,048/--/--	5,733,767
Robert McFarlane	--/113,729/18,102/17,850	5,199,917
Joe Natale	3,362/--/17,057/20,991	1,443,559
Wade Oosterman	--/235,250/3,456/8,860	8,600,442

### Conclusion

The Compensation Committee believes that the various components of compensation are appropriately balanced to provide direction and motivation for the executive leadership team to make a positive contribution to the Company's overall success, thereby enhancing the value of the Company for its shareholders.

Signed, members of the Human Resources and Compensation Committee

/s/John S. Lacey

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John S. Lacey (Chair)

/s/Donald P. Woodley

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Donald P. Woodley

/s/R.H. (Dick) Auchinleck

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R.H. (Dick) Auchinleck

Executive compensation summary table

In accordance with executive compensation reporting requirements of applicable securities regulations, the following table provides information concerning the total compensation paid during the last three fiscal years ending December 31, 2004 to the President and CEO and the Executive Vice President and CFO of the Company, and the three other executive officers employed by the Company as at December 31, 2004 who had the highest individual aggregate annual salary and bonuses for 2004 (collectively with the President and CEO and CFO, the "named executives"). The figures shown for each of the three years represent those amounts paid by the Company to the named executives.

Name and principal position	Year ended Dec. 31	Annual compensation			Longer-ter
		Salary (\$)	Bonus (1) (\$)	Other annual compensation (2) (\$)	Number of securities under options granted (3)
Darren Entwistle President & Chief Executive Officer	2004	900,000	508,500	92,584 (4)	--
	2003	857,500	529,506	95,915 (4)	40,000
	2002	785,000	371,305	97,247 (4)	163,255
George Cope Executive Vice-President President & CEO, TELUS Mobility	2004	665,860	786,665	--	--
	2003	600,000	963,000	--	90,000
	2002	600,000	636,000	--	95,000
Robert McFarlane Executive Vice-President & Chief Financial Officer	2004	400,000	215,600	--	15,200
	2003	400,000	238,200	--	--
	2002	400,000	183,600	--	50,000
Joe Natale Executive Vice-President & President, Business Solutions9	2004	480,000	210,480	--	16,800
	2003	251,040	129,720	--	115,800
Wade Oosterman Executive Vice-President & Chief Marketing Officer9	2004	398,225	206,455	--	15,000
	2003	284,596	420,763	--	12,500
	2002	269,538	312,518	--	--

	Number of RSUs (ESU Plan / RSU Plan)	Value at date of grant	Value at December 31, 200
Darren Entwistle	57,021 / 73,147	\$4,555,573	\$4,522,036
George Cope	-- / --	--	--

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Robert McFarlane	10,733 / 17,850	\$855,633	\$992,973
Joe Natale	17,057 / 20,991	\$901,675	\$1,321,788
Wade Oosterman	1,728 / 8,860	\$317,765	\$367,827

Options granted for the most recently completed financial year

As noted previously, in order to provide a more appropriate mix of long-term and medium-term incentives, the February 2005 grant was split between share options and RSUs. This split represents an approximate allocation of one-third options and two-thirds RSUs among the executive leadership team on a collective basis using a Black-Scholes valuation. In addition, in order to strengthen retention the options and RSUs granted in February 2005 will in most instances cliff-vest at or near the end of a three-year period.

In order to provide comprehensive and up-to-date information, the Company has set forth in the table below option grants made in the current year. Accordingly, the following option grants to the named executives were made in February 2005 based on 2004 performance:

Name	Securities under options granted(1) (#)	% of total options granted to employees in financial year(1)	Exercise or base price (\$/security) (2)	Market va securities u options on t grant (\$/sec
Darren Entwistle	--	0.00%	--	
George Cope	--	0.00%	--	
Robert McFarlane	15,200	1.4%	\$35.56	\$36
Joe Natale	16,800	1.5%	\$35.56	\$36
Wade Oosterman	15,000	1.4%	\$35.56	\$36

The following option grants to the named executives were made in February 2004 based on 2003 performance:

Name	Securities under options granted(1) (#)	% of total options granted to employees in financial year(1)	Exercise or base price (\$/security) (2)	Market va securities u options on t grant (\$/sec
Darren Entwistle	40,000	0.99%	\$24.79	\$24.
George Cope	90,000	2.22%	\$24.79	\$24.
Robert McFarlane	--	0.00%	--	
Joe Natale	15,800	0.39%	\$24.79	\$24.
Wade Oosterman	12,500	0.31%	\$24.79	\$24.

Aggregated options exercised during the most recently completed financial year and financial year-end option values for the named executives

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Name	Securities acquired on exercise (#)	Aggregate value realized (\$)	Unexercised options at FY-end (1) (#) exercisable/unexercisable	Value (\$)
			common shares/ non-voting shares	common shares/ non-voting shares
Darren Entwistle	117,418	1,347,465	150,000 / 333,683	0 / 347,179
George Cope	208,335	2,241,685	261,852 / 275,972	0 / 0
Robert McFarlane	123,600	2,620,744	128,958 / 134,109	0 / 65,200
Joe Natale	-	-	0 / 33,333	0 / 99,267
Wade Oosterman	-	-	52,368 / 124,537	0 / 35,833

TELUS Pension Plan

The TELUS Supplementary Retirement Arrangement ("SRA") establishes an overall retirement income benefit which provides supplemental pension benefits to be paid to a retired executive in addition to the pension income under the existing registered company pension plans.

Named executives, other than George Cope and Wade Oosterman, participate in the Company's contributory registered pension plans. The SRA for the named executives, other than George Cope and Wade Oosterman, supplements these plans by providing a total benefit at retirement determined as two per cent of a person's highest consecutive three years' average pensionable remuneration times the total number of years of credited service to a maximum of 35. Pensionable remuneration is base salary increased by a fixed 50 per cent for annual variable compensation to the named executives other than the President and CEO, and by 60 per cent for the President and CEO. The following table shows the total of the annual retirement benefits, payable from both the SRA and registered pension plans, assuming retirement at age 60 or over:

Pension plan table  
2004

Remuneration (\$)	Years of service			
	15	20	25	30
175,000	52,500	70,000	87,500	105,000
200,000	60,000	80,000	100,000	120,000
225,000	67,500	90,000	112,500	135,000
250,000	75,000	100,000	125,000	150,000
300,000	90,000	120,000	150,000	180,000
350,000	105,000	140,000	175,000	210,000
400,000	120,000	160,000	200,000	240,000
450,000	135,000	180,000	225,000	270,000
500,000	150,000	200,000	250,000	300,000
550,000	165,000	220,000	275,000	330,000
600,000	180,000	240,000	300,000	360,000
650,000	195,000	260,000	325,000	390,000
700,000	210,000	280,000	350,000	420,000
750,000	225,000	300,000	375,000	450,000
800,000	240,000	320,000	400,000	480,000
850,000	255,000	340,000	425,000	510,000



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900,000	270,000	360,000	450,000	540,000
950,000	285,000	380,000	475,000	570,000
1,000,000	300,000	400,000	500,000	600,000
1,050,000	315,000	420,000	525,000	630,000
1,100,000	330,000	440,000	550,000	660,000
1,150,000	345,000	460,000	575,000	690,000
1,200,000	360,000	480,000	600,000	720,000
1,250,000	375,000	500,000	625,000	750,000
1,300,000	390,000	520,000	650,000	780,000
1,350,000	405,000	540,000	675,000	810,000
1,400,000	420,000	560,000	700,000	840,000
1,450,000	435,000	580,000	725,000	870,000
1,500,000	450,000	600,000	750,000	900,000
1,550,000	465,000	620,000	775,000	930,000
1,600,000	480,000	640,000	800,000	960,000
1,650,000	495,000	660,000	825,000	990,000
1,700,000	510,000	680,000	850,000	1,020,000
1,750,000	525,000	700,000	875,000	1,050,000

The years of credited service as of December 31, 2004 for pension plan purposes for the named executives other than George Cope and Wade Oosterman are as follows: Darren Entwistle, four years and six months; Robert McFarlane, four years and two months, and Joe Natale, one year and six months. Mr. McFarlane is accruing two years of pensionable service for each year from January 1, 2005 to January 1, 2010.

The following estimated pension service costs, accrued pension obligations and annual pension benefits under the Company's pension plans are being disclosed by the Company on a voluntary basis.

Executive retirement income value disclosure (1)

Name	2004 service costs (\$) (2)	Accrued obligations at December 31, 2004 (\$) (3)
Darren Entwistle	223,000	1,003,000
Robert McFarlane	109,000	454,000
Joe Natale	114,000	171,000

Employment agreements

TELUS has entered into executive employment agreements for an indefinite term with Darren Entwistle and Robert McFarlane. Both agreements provide that if the employment of the executive were terminated at any time other than for just cause or by reason of death, disability or retirement ("without cause"), the executive will be paid a severance payment equal to two times his annual compensation and will be provided with continued benefit coverage and continued accrual of pensionable service for two years following the date of termination. Both agreements contain a prohibition on the improper disclosure or use of confidential information and a one-year non-competition restriction after termination.

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Under his agreement, Darren Entwistle received a \$250,000 interest-free forgivable loan net of tax obligations at the commencement of his agreement, of which \$50,000 was forgiven in each of 2001, 2002, 2003 and 2004. The agreement with Mr. McFarlane provides that he will be accruing two years of pensionable service for each year from January 1, 2005 to January 1, 2010.

TELUS has entered into an executive employment agreement with Joseph Natale for an indefinite term which provides that upon termination without cause the executive will be paid a severance payment equal to one and one half times his annual compensation and will be provided with continued benefit coverage and continued accrual of pensionable service for one and one half years following the date of termination. The agreement contains a prohibition on the improper disclosure or use of confidential information and a one-year non-competition restriction after termination.

The employment agreement between TELUS and Wade Oosterman is for an indefinite term which provides that upon termination without cause the executive will be paid a severance payment equal to his annual compensation. The executive does not participate in the pension plans of TELUS. The agreement contains a prohibition on the improper disclosure or use of confidential information and a one-year non-competition restriction after termination.

TELUS has entered into an executive employment agreement with George Cope for a fixed term expiring on December 31, 2007. The executive does not participate in the pension plans of TELUS. The agreement provides that if the employment of the executive were terminated at any time prior to expiry of the term without cause, he will be entitled to his salary and annual variable pay for the balance of the term of his agreement. If his employment were terminated, with the result that the one-year competition restriction becomes effective, the executive will be entitled to one year of annual compensation.

### Indebtedness of directors and officers

No director or officer of the Company or proposed nominee for election as a director of the Company, or any associate thereof, is or has been indebted to the Company or its subsidiaries since January 1, 2004 except with respect to loans as noted below. The Company provided assistance by way of loans to certain officers to minimize financial exposure associated with their acceptance of a position with the Company or to assist with housing costs. The aggregate amount of all indebtedness to the Company or to any of its subsidiaries from directors or officers as at February, 2005 was \$50,000. The following table, presented in accordance with applicable securities laws, shows the details of certain indebtedness owed by directors and officers of the Company. All such indebtedness was incurred prior to the July 30, 2002 enactment date of the Sarbanes-Oxley Act. In compliance with that legislation, no new personal loans to directors and executive officers were made or arranged, and no pre-existing personal loans were renewed or modified, since July 30, 2002.

Name and principal position	Involvement of issuer or subsidiary	Largest amount outstanding during 2004 (\$)
Darren Entwistle President & CEO	Loan from Company (1)	100,000

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The Company from time to time has notional indebtedness outstanding for brief periods from non-executive employees with respect to the cashless exercise of their options.

### Performance graph

The following graph compares the yearly change over the past five years in the cumulative total shareholder return on the common shares and non-voting shares of TELUS with the cumulative total return on the S&P/TSX Composite Index, assuming a \$100 investment on December 31, 1999 and reinvestment of dividends.

[Performance graph]

	Dec 31, 1999	Dec 31, 2000	Dec 31, 2001	Dec 31, 2002
TELUS common shares	100	122	75	56
TELUS non-voting shares	100	117	72	53
S&P/TSX Composite Index	100	106	91	79

### Securities authorized for issuance under Equity Compensation Plans

The following table provides information as at December 31, 2004 with respect to equity shares of the Company authorized for issuance under equity compensation plans that provide for the issuance of equity shares. The only continuing equity compensation plan of the Company under which equity shares may be issued pursuant to options being granted to employees is the TELUS Management Share Option Plan.

While options remain outstanding under the Directors Share Option and Compensation Plan, as reported below, in 2003, the Board determined that no further options would be granted to directors under this plan and, in February 2005, determined not to issue any non-voting shares from treasury to satisfy any payment of deferred share units under this plan.

Options remain outstanding under the Team TELUS Plan. This plan was established to grant options to most employees of the Company and its subsidiaries. In 2004 the grant of options under this plan was discontinued.

The Company also issued non-voting shares to dealers of TELUS Mobility under the TELUS Channel Stock Incentive Plan. However, this plan has been amended by the Board in February 2005 to provide that the non-voting shares to be provided thereunder will be purchased in the open market.

In addition to the foregoing, there are options outstanding entitling holders to acquire equity shares of the Company under the TELUS Corporation Stock Option Plan and the BC TELECOM Stock Option Plan (the plans that were in place prior to the merger of predecessor Alberta-based TELUS Corporation and BC TELECOM in February 1999) and the TELUS Share Option Plan for Former Clearnet Optionholders (the plan that was put in place for employees of Clearnet Communications Inc. ("Clearnet") upon the acquisition of Clearnet by the Company in 2000). No further options are being issued under these plans.

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Plan category	Number of securities to be issued upon exercise of outstanding options (#) A	Weighted-average exercise price of outstanding options (\$) B
Equity compensation plans approved by securityholders	3,202,595	\$35.28
Equity compensation plans not approved by securityholders	18,712,165	\$24.49
Total	21,914,760	\$26.07

### Stock option plans

#### TELUS Management Share Option Plan

The TELUS Management Share Option Plan ("Management Plan") has been amended and restated as part of the division of the original TELUS Share Option and Compensation Plan into the Directors Share Option and Compensation Plan and the Management Plan. Holders of common shares are being requested to approve an amendment to the Management Plan to increase the number of non-voting shares reserved for issuance under this plan, and to approve the amendment to the plan to permit stock settled options. See "Amendment to TELUS Management Share Option Plan".

#### Directors Share Option and Compensation Plan

As at February 28, 2005, options to purchase a total of 14,200 common shares and 18,900 non-voting shares or 0.02 per cent of the issued and outstanding equity shares of the Company, were outstanding under the Directors Share Option and Compensation Plan. Such options have an expiry date that is 10 years after the date of grant and a strike price equal to the weighted average price of the Company's non-voting shares on the trading day immediately preceding the date of grant. As noted above, no more options are being granted under this plan and there is no reserve for additional options under this plan. Options cannot be transferred or assigned by a participant other than by will or the laws of succession on devolution.

Under the terms of the Directors Share Option and Compensation Plan, options expire on the earlier of (i) 12 months after the participant ceases to be a director due to death, and (ii) the expiry of the option, whether or not the participant has previously ceased to be a director; provided that if the participant becomes a director, officer or employee of a competitor after he ceases to be a TELUS director the options will immediately terminate. For options outstanding at January 1, 2002, the plan permits the participant to elect to receive in cash the difference between the market price of the common shares exercised and the exercise price. The Company may override the election and require that the common shares be purchased. The common shares are not added back to the reservation.

The Directors Share Option and Compensation Plan also provides that a participant may elect to receive the annual retainer and meeting fees paid to that participant in deferred share units, equity shares or cash. The annual board retainer of a participant cannot be paid to the participant entirely in cash unless the participant holds deferred share units and/or non-voting shares having a market value at least equal to a defined ownership target as determined by the Board of Directors. Deferred share units are credited to an account for a participant based on the weighted average trading price of

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non-voting shares or common shares (for deferred share units held prior to January 2001) on the day the fees are paid. Deferred share units held for a participant are credited with dividends paid on the Company's equity shares and when paid out to a participant are paid at the then market price of the applicable shares, as determined under the plan. If a participant elects to acquire non-voting shares, the non-voting shares are acquired by the plan administrator in the open market for the participant.

In February 2005 when the terms of the Directors Share Option and Compensation Plan were separated from the TELUS Share Option and Compensation Plan, and the plan was amended and restated, the right of the Company to issue non-voting shares from treasury was cancelled.

The Board of Directors of the Company, subject to any regulatory or required shareholder approval, has the power under the plan to amend or terminate the plan at any time, provided, however, that any such amendment shall not alter or impair any option previously granted, unless such amendment is not prejudicial to a participant. This power of amendment includes the right to amend any vesting requirements of any option and the right to extend the date at which an option expires by reason of the happening of an event, provided the extension is not beyond the original expiry date. Shareholder approval is required for any amendment to the plan which is considered material including increasing the reservation of shares, provided for cashless exercise or stock settlement if the shares underlying the option are added back to the reservation, any changes in the exercise price of outstanding options or permitting the Company to provide financial assistance.

### Team TELUS Plan

In 2001, the Company established the TELUS Corporation Employee Stock Option Plan ("Team TELUS Plan"), which provided for 100 options to be granted, from time to time, under the plan to all regular, part time, casual and temporary employees of the Company and its subsidiaries, other than those who are eligible to receive grants under the TELUS Management Share Option Plan. A maximum of 11,040,000 non-voting shares representing 3.1 per cent of the Company's equity shares issued and outstanding was reserved for issuance under the plan. As at February 28, 2005, there were 5,813,449 non-voting shares, representing 1.6 per cent of the Company issued and outstanding equity shares, to be issued upon the exercise of outstanding options under this plan. The Company has discontinued granting options under this plan.

Under the terms of the plan, all eligible employees received the same number of options. Options were granted under this plan in 2001, 2002, 2003 and 2004. Options granted under the plan have a maximum expiry date of ten years and have a strike price equal to the weighted average trading price of the Company's non-voting shares on the trading day immediately preceding the date of grant. The options vested on the second anniversary after the grant date. Options granted, terminate on the earliest of (i) the day of any voluntary termination of employment by a participant, or the day a participant is terminated for just cause, (ii) three years after the date of normal retirement of a participant, (iii) 12 months after the date of death or disability of a participant, (iv) 90 days after termination of a participant's employment by the Company or a subsidiary, or after a subsidiary is sold by the Company, or (v) the expiry date of the options. Options cannot be transferred or assigned by a participant under the plan. A participant may not assign any option other than by will or the laws of succession and devolution.

The Board of Directors of the Company, subject to any regulatory or required shareholder approval, has the power under the Plan to amend or terminate the Plan at any time, provided, however, that any such amendment shall not alter or impair any option previously granted, unless such amendment is not prejudicial to such participant. The plan was amended in 2004 to increase the

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number of shares reserved for issuance.

### TELUS Channel Plan

As at February 28, 2005, there were 172,425 non-voting shares or 0.05 per cent of the issued and outstanding equity shares of the Company reserved for issuance under the TELUS Channel Stock Incentive Plan (the "Channel Plan").

Under this plan, dealers of TELE-MOBILE Company ("TELUS Mobility") are entitled to receive one non-voting share of the Company for reaching each target number (as established) of active and good standing subscriber units sold by the participant which are active for at least six months. The non-voting shares earned under the Channel Plan are compensation for services rendered to TELUS Mobility and TELUS Mobility pays the Company for the non-voting shares issued, an amount for each share equal to the weighted average trading price for the non-voting shares for the five consecutive trading days prior to the date of issue.

A participant's rights under the Channel Plan cease (i) when the participant dies, withdraws from the plan or ceases to be employed by a TELUS Mobility dealer, or (ii) at TELUS Mobility's option if the participant fails to meet the established criteria. In such event the participant is entitled to receive non-voting shares for agreed subscriber units sold to that time. If the participant is a defaulting participant, participation is terminated and the participant loses all rights to any non-voting shares. A participant may not assign any option other than by will or the laws of succession and devolution.

The Company has the right to terminate the plan or to amend or suspend the plan with 30 days prior notice to the participants. No amendments to the plan were made during 2004. The Company has amended this plan in 2005 to provide that the non-voting shares will be purchased in the market.

### Other Existing Share Equity Plans

TELUS Share Option Plan for Former Clearnet Optionholders (the "TELUS/Clearnet Plan")

When TELUS completed the acquisition of Clearnet on October 20, 2000 (the "Effective Date"), holders of options under the Clearnet Communications Inc. Option Plan (the "Clearnet Plan") were given the right to elect to exchange their options for options under the TELUS/Clearnet Plan.

As at February 28, 2005 options to purchase 570,080 non-voting shares or 0.2 per cent of the issued and outstanding equity shares of the Company were outstanding under this plan. The exercise price for the options was determined by subtracting from (a) the market price of the non-voting shares of the Company on the Effective Date, (b) the amount obtained by dividing the difference between the market price of Clearnet common shares on the Effective Date and the exercise price of the options under the Clearnet Plan, by 1.636. This exercise price reflected the exchange ratio at which TELUS acquired the common shares of Clearnet. No further options are granted under the TELUS/Clearnet Plan. The options under this plan are not assignable except by the laws of succession and devolution.

The options under the TELUS/Clearnet Plan expire on the earliest of (i) six months after the date of voluntary termination of employment by a participant or the date of termination of the participant by the Company or a subsidiary without just cause, (ii) three years following the date of normal retirement of a participant, or disability of a participant, provided it is not beyond the original expiry date, (iii) the date of termination of employment of a participant for just cause (iv) 12 months after the death of a participant, or (v) the original expiry date of the option as granted by Clearnet (which was

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10 years from the date of grant).

The Board of Directors of the Company, subject to any regulatory or required shareholder approval, has the power under the Plan to amend or terminate the Plan at any time, provided, however, that any such amendment shall not alter or impair any option previously granted, such amendment is not prejudicial to such participant.

### BC TELECOM Share Option Plan and TELUS Corporation Share Option Plan

At the time of the merger by way of a plan of arrangement of BC TELECOM and predecessor Alberta-based TELUS Corporation in February 1999 (the "Merger"), the options then existing under the BC TELECOM Share Option Plan ("BC TELECOM Plan") and the TELUS Corporation Share Option Plan ("TSOP") were converted into options to purchase common shares and non-voting shares of the Company based on the exchange ratio for BC TELECOM shares and TELUS shares pursuant to the plan of arrangement. The TSOP and the BC TELECOM Plan are together called the Pre-Merger Plans. The exercise prices under the Pre-Merger Plans were determined based on the exchange ratio and the exercise prices of the granted options under the respective plans on the effective date of the merger. No further options are issued under these plans.

As at February 28, 2005, there were options outstanding under the TSOP to purchase 787 non-voting shares and 2,361 common shares or 0.001 per cent of the issued and outstanding equity shares of the Company. The last expiry date for these options is June 2005.

As at February 28, 2005, there were options outstanding under the BC TELECOM Plan to purchase 109,958 non-voting shares and 329,874 common shares or 0.1 per cent of the issued and outstanding equity shares of the Company. These options expire at varying dates up to 2008. Under the BC TELECOM Plan, the participants hold share appreciation rights which entitle them to receive an amount in cash equal to the difference in the exercise price and the closing price of the applicable shares of the Company on the day prior to the date of exercise. To the extent participants elect to receive a share appreciation right, the corresponding option is cancelled. Options and rights under the BC TELECOM Plan are exercisable on the earliest of (i) 12 months after (A) a participant retiring or (B) a participant ceasing to be an officer or director of the Company, or (C) a participant's death, (ii) in all other cases other than as set out in (i), on the day a participant ceases to be an employee, unless otherwise determined by the Compensation Committee, and (iii) the expiry date of the options. All options are non-transferable.

The Board of Directors of the Company is permitted to amend the plan at any time provided that the amendment does not alter or impair any options previously granted and subject to any required regulatory approval.

### Interest of certain persons in matters to be acted upon

None of the directors or executive officers of the Company, no proposed nominee for election as a director of the Company, none of the persons who have been Directors or executive officers of the Company since the commencement of the Company's last completed financial year, none of the other insiders of the Company and no associate or affiliate of any of the foregoing persons has any substantial interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the meetings other than the election of the directors and with respect to the executive officers, the proposed amendments to the Management Plan.

### Interest of certain persons in material transactions

None of the insiders of the Company, no nominee for election as a director of

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the Company and no associate or affiliate of such persons or companies has any material interest, direct or indirect, in any transaction since the commencement of the company's last completed financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company or any of its subsidiaries.

### Directors' and officers' insurance and indemnification

To the extent permitted by law, TELUS has entered into indemnification agreements with its directors for liabilities incurred while performing their duties. The Company also maintains insurance which protects directors and officers and the Company against claims made, provided they acted in good faith on behalf of TELUS, subject to policy restrictions. Such insurance currently provides for an annual aggregate limit of \$115 million coverage with a \$1 million deductible; where the Company is not able to indemnify the insured persons the deductible is nil. The approximate premium associated with the insurance protection of individual directors and officers was \$1,010,000 for 2004.

### Additional matters and information

Additional financial information is contained in the Company's annual information form and the audited financial statements of the Company for the year ended December 31, 2004 and management's discussion and analysis thereon. Copies of these documents are available upon request to TELUS' Corporate Secretary at 21st Floor, 3777 Kingsway, Burnaby, British Columbia, V5H 3Z7. All of the Company's public documents are filed with SEDAR and EDGAR and may be found on the following websites, [sedar.com](http://sedar.com) and [sec.gov](http://sec.gov).

### Board approval

The Board of Directors has approved in substance the contents of this information circular and the sending of this information circular to the holders of common shares and non-voting shares.

DATED March 21 2005.

/s/Audrey T. Ho  
Audrey T. Ho  
Vice President, Legal Services and General Counsel  
and Corporate Secretary

### Appendix A: Statement of TELUS' corporate governance practices

TELUS is committed to adopting effective and best practices in corporate governance. TELUS consistently assesses and adopts emerging best practices. In a year of continued focus on corporate governance, the following are the most noteworthy corporate governance measures taken by regulators that will impact TELUS:

- \* the finalization in April 2004 of continuous disclosure obligations issued by the Canadian Securities Administrators ("CSA");
- \* the finalization on March 31, 2004 of the Investor Confidence Rules issued by the CSA ("CSA Investor Confidence rules");
- \* the coming into force of a new Business Corporations Act (British Columbia) in March 2004;
- \* the release on October 29, 2004 and November 29, 2004 respectively of proposed revisions to the CSA Investor Confidence Rules regarding the test for director independence and the requirements relating to CEO and CFO certification of internal controls issued by the CSA;
- \* the release in August and November 2004 of revisions to the New York Stock Exchange Corporate Governance Rules ("NYSE Rules");



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- \* the release on October 29, 2004 by the CSA of amendments to the previously proposed Policy 58-201 Corporate Governance Guidelines ("NP 58-201") and National Instrument 58-101 Disclosure of Corporate Governance Practices ("NI 58-101", together with NI 58-201 the "proposed CSA Governance Guidelines");
- \* the announcement on October 29, 2004 by the Toronto Stock Exchange that it would require its issuers to disclose their corporate governance practices against the proposed CSA Governance Guidelines;
- \* the finalization on January 1, 2005 by the Toronto Stock Exchange of amendments to requirements regarding, among other things, shareholder approval of security-based compensation arrangements;
- \* the release on February 4, 2005 by the CSA of Multilateral Instrument 52-111 Reporting on Internal Control over Financial Reporting.

TELUS is committed to an ongoing process of clear disclosure of its corporate governance practices in comparison with the TSX guidelines. TELUS has disclosed its corporate governance practices in relation to the TSX guidelines since the TSX adopted them in 1995. As a continued listing requirement of the TSX, TELUS discloses in the next section its approach to corporate governance with reference to the current TSX guidelines, and also provides voluntary disclosure with reference to the proposed CSA Governance Guidelines. TELUS is in full compliance with the current TSX guidelines, the proposed CSA Governance Guidelines and the CSA Investor Confidence rules. TELUS is also in full compliance with the NYSE Rules

Disclosure of TELUS' practices with reference to the current TSX guidelines and the proposed CSA Governance Guidelines.

TSX guidelines  
TELUS alignment

TELUS' practices

Guideline 1: The Board explicitly assumes responsibility for stewardship of the Company

Yes

\* The Board of Directors has assumed responsibility for the stewardship of the Company by supervising the management of the business and affairs of the Company and supervising management, which is responsible for the day-to-day conduct of the business.

NP 58-101F1, section 2

\* The TELUS Board Policy Manual was developed to assist members of the Board in fulfilling their obligations, both individually and collectively. The manual, revised in 2004, is a guideline for the Board and sets out expectations for the Board, committees, individual directors, the Chair and the President and CEO, along with expectations for each of the committees through their respective terms of references. It serves as a road map for the Board to help it meet its responsibilities in the most effective manner possible on an

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ongoing basis. The terms of reference for the Board of Directors is attached as Appendix "B" to this information circular. A copy of the entire TELUS Board Policy Manual is available at [telus.com/governance](http://telus.com/governance).

\* To help the Board fulfill its obligations, duties and responsibilities, the Board delegates certain duties and responsibilities to committees to ensure full review of certain matters. The terms of references of the committees outline the approval process for various activities performed by the committees. The committees then report back to the Board on their activities, on a regular basis, and recommend certain matters to the Board for its approval.

\* To further delineate the responsibilities of the Board, a Delegations Policy under which the Board delegates certain decisions to management, was first adopted in 1999. The Board updated and revised the Delegations Policy in 2004 to align with the revised TELUS Board Policy Manual. This policy provides guidance to the Board and management on matters requiring Board approval including major acquisitions, investments or divestitures.

Guideline 1(a): The Board assumes responsibility for the adoption of the strategic planning process

Yes

\* The Board has assumed responsibility for adoption of the strategic planning process. It ensures there are long-term goals and strategies in place. Goals and strategies are prepared and reviewed together by management and the Board on an annual basis and are a component of the Board's annual agenda. The Board as a whole participates in discussions on corporate strategy, taking into account the opportunities and risks of the business, and, if appropriate, approves the strategies and implementation plans recommended by management.

\* At least one extensive Board

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strategic planning session is held annually. A comprehensive and interactive strategic planning session with senior management took place in September 2004 at which the directors reviewed current issues faced by TELUS and the telecommunications sector as a whole.

\* The Board provides periodic guidance throughout the year on the development of corporate strategies based on the strategic plan and annual business plan. It also reviews any changes to corporate strategies or the strategic plan that may be necessary in light of any new developments that impact TELUS.

\* The Board monitors the performance of management in relation to both the strategic objectives and operational objectives.

Guideline 1(b): The Board assumes responsibility for the identification of the principal risks of the Company

Yes

\* The Board has assumed responsibility for identifying the principal risks of the Company's business and for ensuring the integrity of the Company's internal controls and management information systems, as set out in the TELUS Board Policy Manual. The Board determines the principal risks associated with Company business, based on the Board's knowledge of the telecommunications industry, the regulatory and competitive environment, general economic conditions and information provided by management. For a detailed summary of the risks and uncertainties of the Company, see the Risks and uncertainties section in the Management's discussion and analysis (MD&A) in the 2004 annual report.

\* The Audit Committee is responsible for reviewing and monitoring the enterprise risk management systems in place to mitigate the Company's exposure. In August 2004, it reviewed the 2004/2005 risk and control

assessment process including the Company's risk management goals, and proposed improvements (which were adopted) to the Company's annual risk and controls assessment approach and timeline. In October 2004 the Audit Committee reviewed the results of the annual TELUS risk and control assessment process which is designed to identify key risks, key management risk owners tasked with mitigating the risks, perceptions of the internal control environment based upon the COSO (Committee of Sponsoring Organizations of the Treadway Commission) model of internal control and the 2005 internal audit program to provide assurance to the Audit Committee regarding management's progress towards mitigating risks.

- \* The Audit Committee receives quarterly reports on internal audit program results (including management's follow-up on previously identified issues) and evaluation of internal control systems and risk assessment updates, including legal and regulatory claims; environmental, health and safety issues; business continuity and disaster recovery plan; current accounting policies, financial derivatives and other exposures.
- \* The Audit Committee receives a compliance report on material legal and regulatory obligations based on a quarterly compliance survey cascaded to executives and senior management, an annual report on the relationship with regulators and the accuracy and timeliness of regulatory filings and quarterly updates regarding the work of the Compliance office.
- \* The Audit Committee has overseen the process for significantly improving the management of the control, governance and operational processes across the Company. From a governance reporting perspective, the Company requires the Vice-President,

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Risk Management and Chief Internal Auditor to report administratively to the CFO and functionally to the Audit Committee. This reporting structure enables closer insight and proactive monitoring of the accounting and financial management processes, organizations and practices, the safeguarding of the Company's assets and the efficiency and effectiveness of operations.

\* The Chief Compliance Officer, appointed in 2003, works to ensure that the Company has in place appropriate policies, standards and practices to comply with legal and regulatory requirements. The Chief Compliance Officer is required to report administratively to the Executive Vice-President, Corporate Affairs and functionally to the Audit Committee. In October 2004, the Chief Compliance Officer reviewed with the Audit Committee the 2004 progress in the adoption of proposed compliance with key laws and regulations and identified 2005 compliance focus areas.

Guideline 1(c): The Board assumes the responsibility for the succession planning, including appointing, training and monitoring senior management

yes

\* The Board assumes the responsibility for succession planning and delegates to the Compensation Committee the responsibility to oversee and approve the Company's plans for senior management succession, development and retention.

NI 58-101F1, section 7

\* The Compensation Committee periodically reviews the Company's overall organizational structure for executive management, and approves and recommends to the Board for approval the appointment of executive leadership team members.

\* The Compensation Committee reviews, approves and reports to the Board on an annual basis, or more frequently as required, succession plans for executive management including specific personal development plans and career planning for potential

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successors.

\* For more information on the Compensation Committee's responsibilities, including the process by which it determines compensation of TELUS' executive leadership team, see the Mandate and Report of the Human Resources and Compensation Committee on page 39.

\* The performance of executive management is annually measured against specific objectives. See the Report on Executive Compensation on page 40.

Guideline 1(d): The Board assumes responsibility for a communications policy

yes

\* The Board has implemented appropriate structures to promote complete, timely and effective communications between TELUS, its members, the public and regulatory agencies. Through the Audit Committee all material public financial information is reviewed and recommended to the Board for approval for release prior to public disclosure.

In 2003, the Board approved a Policy on Corporate Disclosure and Confidentiality of Information, a copy of which is available at [telus.com/governance](http://telus.com/governance). The Policy sets out the Company's policies and practices on corporate disclosure and maintaining confidentiality of information. The Policy's objectives include:

- i) disclosing information in a timely, consistent and appropriate manner; and
- ii) disseminating material information pursuant to all applicable legal requirements.

The Policy applies to TELUS directors, officers and employees.

Any material changes to TELUS' practices and this Policy, as approved by the Disclosure Committee of the Company, will be reported back to the Audit Committee and must be approved by the Board.

Guideline 1(e): The Board assumes

yes

\* The Board is responsible for ensuring the integrity of internal

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responsibility for the integrity of internal control and management information systems

control and management information systems and executes its responsibility through its delegation to the Audit Committee. The Audit Committee receives quarterly reports on the internal audit activities conducted during each quarter and updates on the internal control systems. It also receives results from the Web-enabled risk and control assessment survey designed to identify strengths and weaknesses with the system of internal controls within TELUS. This survey aligns with the COSO model of internal controls and covers the following components of internal controls: the control environment ("Tone at the Top"), risk assessment, control activities (policies and procedures), information and communications systems and monitoring.

\* The Audit Committee receives annual reporting of a Web-enabled conflict of interest report by senior managers and others with key roles within the internal control system of the Company.

\* The Audit Committee reviews and approves methods of controlling corporate assets and information systems. It also reviews on a quarterly basis, major accounting policies including: the impact of alternative accounting policies and key management estimates or judgments that could materially affect financial results. As well, the Audit Committee receives reports on the certification process implemented by the Company regarding annual and quarterly financial reporting and disclosure processes. See the Mandate and Report of the Audit Committee on page 36.

Guideline 2: The Board is constituted with a majority of "unrelated" directors      yes

\* Following the recommendations of the Corporate Governance Committee, the Board has determined which directors are considered "unrelated" pursuant to the definitions set out in the current TSX guidelines.

\* Following the recommendations of the Corporate Governance Committee, the Board has further determined which directors are considered

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"independent" pursuant to the definitions set out in the proposed CSA Governance Guidelines (NP 58-201, Guideline 3.1), the CSA Investor Confidence rules, the U.S. Sarbanes-Oxley Act (SOX), the U.S. Securities and Exchange Commission rules and the NYSE Rules.

\* On rigorous application of these definitions, 10 of the 11 proposed directors of the Company are considered "unrelated" to the Company and "independent". See Guideline 3 below.

Guideline 3: Disclose whether each director is "unrelated" or "related" to the circumstances of each director and the analysis of the application of supporting this conclusion

yes  
\* Mr. Entwistle is the only director who is a member of management of the Company. Consequently, by virtue of being a member of management, Mr. Entwistle (President and CEO) is a "related" director pursuant to the current TSX Guidelines. If elected at the meeting, Mr. Entwistle will be the only director who is a "related" director.

NI 58-101F1, section 1

\* For similar reasons, the Board has determined that Mr. Entwistle is not an "independent" director pursuant to the proposed CSA Governance Guidelines and the NYSE Rules, and that a material business relationship exists between TELUS and Mr. Entwistle. If elected at the meeting, Mr. Entwistle will be the only director who is not an "independent" director.

\* The chair of the Board, B.A. Canfield, is not considered a "related" director under the current TSX guidelines by virtue of his office.

The Board considers Mr. Canfield to be "independent" under NP 58-201, Guideline 2.1 and 3.2 and under the NYSE Rules. He was CEO of BC TELECOM Inc., predecessor to TELUS from October 1990 to July 1997. He also served as President and CEO of the Company from September 1999 to July 10, 2000 and, therefore, has passed the "cooling off period" required by the NYSE Rules for establishing his "independence" from management.

\* The Board is satisfied that, except for Mr. Entwistle, there is no material relationship existing



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between any of the proposed directors and the Company, either directly or as a partner, shareholder or officer of an organization that has a material relationship with the Company. Each director owns TELUS securities; these holdings are disclosed under the Election of Directors on page 19, along with the names of other corporations and organizations on whose boards the TELUS directors serve. The Board has made such determinations based on a comprehensive questionnaire completed by each director.

\* Additional disclosure on Board members, including their business experience and backgrounds, can be found in the Election of Directors in this information circular, the annual information form, the 2004 annual report, and at [telus.com/bios](http://telus.com/bios).

Guideline 4: The Board has a committee responsible for appointment/assessment of directors, composed of exclusively non-management/unrelated directors

yes

\* The Corporate Governance Committee, which is comprised entirely of "unrelated" and "independent" directors, is responsible for assessing and making recommendations regarding Board effectiveness and establishing a process for identifying, recruiting, appointing, and providing ongoing education and development for directors.

NI 58-101F1, section 6

\* In 2004, the Corporate Governance Committee undertook a director search, which resulted in the appointment on December 7, 2004 of Ruston E.T. Goepel to the Board of Directors. In conducting its search, the Corporate Governance Committee considered the competencies, skills and personal qualities it should seek in a new Board member to add value to the Company. It then retained an external consultant for the director search. Prospective director candidates then met with the Chair and the President and CEO. See Mandate and Report of the Corporate Governance Committee on page 32 and Guideline 7 below.

Guideline 5: The Board has implemented a process for assessing the effectiveness of the board, its committees and contribution of

yes

\* The Corporate Governance Committee, in conjunction with the Chair, carries out an annual assessment process that rates the effectiveness of the Board, reviews Board and committee processes, and reviews the

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individual directors

NI 58-101F1, section 9

Board's relationship with management. In 2004, the annual assessment was revised to include a specific assessment of each committee and each committee chair.

\* An annual director peer evaluation program first implemented in 2002 provides each director with feedback from director peers on his or her performance. It provides directors with suggestions for improving his or her effectiveness as directors and contributions to the Board.

\* In 2004, the Corporate Governance Committee established a succession planning process for the position of the Chair of the Board.

\* The TELUS Board Policy Manual sets out the duties and responsibilities of individual directors, including preparation for and expected attendance at Board and committee meetings. The Board also monitors and discloses attendance at Board and committee meetings by the directors, as set out in the Election of Directors on page 19.

Guideline 6: The Company, as an integral part of the process for appointing new directors, has an orientation and education program for new directors

yes

NP 58-101F1, section 4

\* The TELUS Board Policy Manual was established to assist new and existing Board members in understanding the role of the Board, the role of Board committees and the contribution individual Board members are expected to make, including the commitment of time and energy expected by the Company. The manual is subject to periodic review and approval by the Corporate Governance Committee and the Board. In October 2004, the Corporate Governance Committee recommended, and the Board approved, revisions to the Pension Committee's Terms of Reference.

\* The Corporate Governance Committee reviews, approves and reports to the Board on the directors' orientation processes and plans for the ongoing development of existing Board members.

\* The Company's newest director, Mr. Goepel, participated in an orientation process that included: 1) receiving TELUS' most recent public disclosure documents, including the annual information form and the annual report, and the TELUS Board Policy Manual; and 2)

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attending an orientation session whereby key management provided an overview on the TELUS organization structure, strategy and financial plan.

- \* As part of the strategic planning session in September 2004, the President and CEO, in conjunction with the Chair, selected special educational topics for presentation and discussion at the strategic planning session. Topics dealt with included the business and regulatory environment, new technology and the telecommunications sector in general.

Guideline 7: The Board has examined the size of the Board, and has undertaken a program to reduce the number of directors with a view to improve effectiveness

- yes
- \* An appropriate number of Board members presenting a diversity of views and business experience have been nominated for election to the Board in order for the Board to function effectively.
- \* The Corporate Governance Committee is conducting a director search for a 12th director, given the resignation of the two Verizon executives in December 2004 following Verizon's sale of its equity interest in the Company. The Committee believes that it is in the Company's best interest to take the necessary time to conduct a careful search for optimal candidates who will enhance and complement current Board membership. Accordingly, the Committee has proposed 11 directors for election at the Annual and Special Meeting. The Committee further proposes that the Company's Articles be amended such that the minimum size of the Board be decreased from 12 to 10 members.
- \* The Board annually reviews the size and composition of the Board and the committees, in accordance with the TELUS Board Policy Manual.

Guideline 8: The Board has reviewed the adequacy and form of compensation of directors in light of the risks and responsibilities of being a director

- yes
- \* The Corporate Governance Committee reviews and recommends to the Board the compensation and benefits of Board members. In this regard, the Committee considers factors such as market data, time commitments, fees paid by similar organizations and responsibilities of the directors. In February 2005, the Corporate Governance Committee initiated a review of directors' compensation and engaged external consultants to analyze market data and fees payable

NP 58-101F1, section 7 (directors' compensation only)

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by similar organizations. If the Corporate Governance Committee determines that a change in compensation is appropriate, the revised compensation adopted will be disclosed at [telus.com/governance](http://telus.com/governance). For details on current levels of director compensation, see Director Compensation on page 33.

\* The Company has aligned the Board's interests with the interests of shareholders, by increasing the equity ownership thresholds to be attained by directors, and by choosing payment of deferred share units to directors in lieu of options. Currently, the Chair's equity ownership threshold is a value that is two times the annual retainer paid to the Chair, to be acquired within five years of joining the Board. For all other directors, the minimum equity ownership is eight times the annual Board retainer paid to a director, to be acquired within five years of joining the Board. In addition, the Company requires that a minimum level of the annual board retainer be directed to the purchase of TELUS shares, or paid in the form of deferred share units, until the target equity ownership threshold is reached. As of March 1, 2005, 10 of the 10 proposed non-management directors have reached the minimum equity ownership level. Mr. Entwistle's holdings exceed the higher ownership threshold required of the President and CEO.

Guideline 9:  
Committees should generally be composed of non-management directors and the majority of committee members should be unrelated

yes

- \* As a minimum requirement, each TELUS committee must be comprised of a majority of "unrelated" directors, all of whom are non-management directors, and a majority of "independent" directors under the proposed CSA Governance Guidelines and the NYSE Rules. Directors who are also members of the Company's management may not be members of any committee.
- \* Each of the Corporate Governance Committee, the Human Resources and Compensation Committee, and the Pension Committee are comprised solely of "unrelated", "non-management" and "independent" directors.
- \* The Audit Committee is comprised

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solely of "unrelated", "non-management" and "independent" directors, in compliance with the CSA Investor Confidence Rules, the amendments thereto and the requirements of SOX and the United States Securities and Exchange Commission.

- \* All directors may attend all committee meetings. The President and CEO may not be a member of any committee. The Chair of the Board may not be Chair of any committee.
- \* At the end of regularly scheduled committee meetings, the committee members regularly meet "in camera" without management present. Generally, the Chair of the committee presides over these sessions.
- \* The Board encourages attendance by executive management at Board and committee meetings to provide additional insight into the items being discussed and exposure to executive management.

Guideline 10: Appoint a committee responsible for determining the Company's approach to corporate governance issues and the Company's response to these governance guidelines

yes

- \* The Corporate Governance Committee is responsible for governance issues, including:
  - \* monitoring and assessing corporate governance developments, best practices for corporate governance and the effectiveness of the Company's corporate governance practices
  - \* recommending to the Board for approval, the Company's disclosure in response to these guidelines
  - \* annually reviewing the TELUS Board Policy Manual, including all terms of reference
  - \* periodically reviewing Board and committee composition and the scope, duties and responsibilities of those committees.

Guideline 11: The Board, together with the CEO, has developed position description for the Board and CEO, including defining limits to management's responsibilities. The Board had approved the corporate objectives the CEO is responsible for meeting

yes

- \* The Board has a broad responsibility for supervising the management of the business and affairs of the Company. This responsibility is outlined in the TELUS Board Policy Manual. In August 2004, the Board updated and approved revisions to its Delegations Policy. The policy further defines the authority of management with regard to decisions involving the operations of the Company and its subsidiaries.

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NP 58-101F1, section  
3(b)

\* The TELUS Board Policy Manual also includes terms of reference for the President and CEO. The Board annually approves the Company's goals and objectives for which the President and CEO is responsible for meeting. As well, his annual performance objectives relevant to compensation, which are reviewed and approved by the Compensation Committee, supplement his mandate. The Compensation Committee evaluates the performance of the President and CEO against his annual objectives and reports back to the Board. For further details, see Mandate and Report of the Human Resources and Compensation Committee on page 39.

Guideline 12: The Board has implemented structures and procedures to enable the Board to function independently of management, including separate roles of the Board Chair and CEO

yes

\* The Board recognizes that its independence from management is primary to fulfilling its duties. The Board is committed to the principles of independence and accountability. Management is accountable to the Board. The Board has statutory obligations to act in the best interests of the Company and it has fiduciary responsibility to the shareholders. Refer to disclosure on Guideline 1 for further information on Board structure and processes to ensure the effective operation of the Board.

NP 58-101F1, section  
3(a)

\* The Corporate Governance Committee is responsible for establishing structures and processes to enable the Board to function independently, and to ensure that prospective candidates fully understand the role of the Board and contributions they are expected to make.

NP 58-101F1, section  
1(e)

\* The TELUS Board Policy Manual contains a written description of the duties of the Chair of the Board and stipulates that the positions of the Chair and the President and CEO must be separate, further enabling the independence of the Board. It also requires that the Chair of the Board must be independent. The manual also contains terms of reference for the committees of the Board, including a brief description of the duties of the chairs of committees.

\* As a regular feature of each regularly scheduled Board meeting, the Board meets without management other than the President and CEO,

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followed by an "in-camera" session without the President and CEO. The Chair generally presides over these "in-camera" sessions of the Board. In February 2005, the Board also conducted its annual "in-camera" session without non-independent directors present, as required by the TELUS Board Policy Manual.

		<p>* Each committee has specific authority to retain external advisors.</p>
Guideline 13: The Audit Committee has a specifically defined mandate, with all members being outside directors, including direct communication channels with the internal and external auditors and oversight for management reporting on internal control	yes	<p>* The Audit Committee is comprised entirely of outside and "independent" directors as defined under the CSA Investor Confidence Rules and SOX.</p> <p>* The Board has determined that all current Audit Committee members are "financially literate," the Chair of the Audit Committee is an "audit committee financial expert" as defined under the CSA Investor Confidence Rules, SOX and the SEC rules, and all current Audit Committee members have "accounting or related financial management expertise" as defined under the NYSE Rules.</p> <p>* The Audit Committee has direct communication channels with the internal and external auditors to discuss and review specific issues as appropriate. The Audit Committee has sole authority to recommend for approval by shareholders the external auditors, and the external auditors report directly to the Audit Committee.</p> <p>* The Vice-President, Risk Management and Chief Internal Auditor has a dual reporting function and reports directly to both the CFO and the Chair of the Audit Committee. The Audit Committee meets separately "in camera" at every regular Committee meeting, with both the external auditors and internal auditor, without management present. The Audit Committee also meets separately with management and by itself, without management present, at each regularly scheduled meeting.</p> <p>* The Audit Committee is responsible for reviewing the Company's audit functions and financial statements, and reviewing and recommending for approval to the Board for release</p>

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material public disclosure information such as financial statements, quarterly reports, financial news releases, annual information forms, management's discussion and analyses, and prospectuses.

- \* The Audit Committee is responsible for overseeing the Company's internal control function and ensuring that management has effective internal control systems in place. It reviews the scope of responsibilities and effectiveness of the internal audit group, including internal audit reporting lines and their working relationship with the external auditors.
- \* The Audit Committee is also responsible for overseeing the process with the external auditors including:
  - \* reviewing and approving the annual audit plan, including the scope of the audit to be performed, the audit plan and any changes therein and the fees involved;
  - \* pre-approving all audit and non-audit services and fees related thereto;
  - \* reviewing and confirming the independence of the external auditors;
  - \* reviewing any problems found in performing the audit, such as significant disagreements with management regarding financial reporting and limitations or restrictions imposed by management;
  - \* the Company's major accounting policies, including the impact of alternative accounting policies and key management estimates and judgments that could materially affect the financial results; and
  - \* emerging accounting issues and their potential impact on the Company's financial reporting.
- \* The Audit Committee terms of reference explicitly set out the role and oversight responsibility of the Audit Committee. For further details, see the Mandate and Report of the Audit Committee on page 36. These practices are in compliance with the CSA Investor Confidence Rules.

Guideline 14: The                    yes

\* In addition to the authority of the



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Board had implemented a system to enable individual directors to engage outside advisers, at the Corporation's expense

Board and committees to retain external advisors at the Company's expense in connection with their responsibilities, individual directors may engage outside advisors at the Company's expense at any time to provide advice with respect to a corporate decision or action.

Disclosure regarding Ethics Policy(not required under TSX guidelines)

NI 58-101F1, section 5

TELUS has adopted an Ethics Policy, which applies to all directors, officers and employees of TELUS. Copies of the Ethics Policy are available at [telus.com/governance](http://telus.com/governance). As part of the policy, TELUS created the TELUS EthicsLine (1-866-515-6333) which provides the public and TELUS team members with a channel for anonymous and confidential questions or complaints on accounting, internal controls or ethical issues that are reported on a quarterly basis to the Audit Committee. In addition, TELUS has established an Ethics Office, which conducts investigations, provides advice on ethical dilemmas and establishes appropriate policies, guidelines and training on TELUS' expected standards of business conduct.

### Appendix B - Terms of reference for the Board of Directors

The entire TELUS Board Policy Manual, including the appendices referenced below, can be found at [telus.com/governance](http://telus.com/governance)

#### 1. INTRODUCTION

The Board is responsible for the stewardship of the Company and overseeing the management of the Company's business and affairs. The Board may discharge its responsibilities by delegating certain duties to committees of the Board and to management. The specific duties delegated to each committee of the Board are outlined in the terms of reference for those committees.

#### 2. NO DELEGATION

2.1 The Board may not delegate the following matters to any committee:

- a) any submission to the shareholders of a question or matter requiring the approval of the shareholders;
- b) the filling of a vacancy on the Board or any Board committee;
- c) the allotment and issuance of securities;
- d) the declaration and payment of dividends;
- e) the purchase, redemption or any other form of acquisition of shares issued by the Company;
- f) the payment of a commission to any person in consideration of the purchase or agreement to purchase shares of the Company from the Company or from any other person, or procuring or agreeing to procure purchasers for any such shares;

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- g) the approval of management proxy circulars;
- h) the approval of any takeover bid circular or directors' circular;
- i) the approval of the financial statements and management's discussion and analysis of the Company;
- j) the appointment or removal of the CEO;
- k) the power of the directors set forth in the Company's charter documents with respect to ownership and voting restrictions;
- l) the establishment of any Board committee and its mandate;
- m) the adoption, amendment or repeal of the charter documents of the Company; and
- n) any other matter which is required under applicable corporate or securities laws to be decided by the Board as a whole.

### 3. BOARD OF DIRECTORS

#### 3.1 COMPOSITION

- a) The number of directors to be elected at a meeting of the shareholders will be a minimum of 12 and a maximum of 16 directors, including the Chair, a majority of whom are Independent Directors.
- b) Subject to election by the shareholders and the requirements of the applicable laws, the Company's charter documents and the rules of any stock exchanges on which the shares of the Company are listed, the CEO will be a member of the Board. Upon ceasing to be CEO, he or she will be expected to volunteer to resign from the Board and, in any event, will not be eligible for re-election to the Board upon ceasing to be CEO.
- c) The CEO will be the only management director on the Board, provided, however, that the directors may fill a casual vacancy on the Board with another member of management, to hold such position until the next annual and special meeting of the Company.
- d) The Chair of the Board must be an Independent Director.

#### 3.2 MEETINGS

- a) The Board will meet at least once each quarter and, including such quarterly meetings, a minimum of six times a year. Some of the Board's meetings should be held in locations other than Vancouver.
- b) The Chair and CEO, with the assistance of the Corporate Secretary, will be responsible for the agenda for each Board meeting.
- c) The Board encourages management to attend Board meetings, where appropriate, to provide additional insight to matters being considered by the Board.
- d) The Board should have an in-camera session without management present, including any management directors, as a regular feature of each regularly scheduled Board meeting.
- e) Once a year at a regularly scheduled Board meeting, the Board should hold an in-camera session without non-Independent directors in attendance.
- f) Resolutions may not be approved by the Board during any in-camera session of a Board meeting in the absence of directors who have been excluded from such in-camera session but who have attended the Board meeting, unless such excluded directors have consented to such resolution being approved in their absence during the in-camera session.
- g) The quorum necessary for the transaction of business of the directors will be a majority of the directors.
- h) To the extent possible, Board materials will be made available in

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electronic format.

### 3.3 ELECTION OR APPOINTMENT OF DIRECTORS

The Board, following recommendation by the Corporate Governance Committee, will:

- a) approve the management slate of nominees proposed for election at annual and special meetings of the Company;
- b) approve candidates to fill any casual vacancy occurring on the Board; and
- c) fix the number of directors as permitted by the Company's charter documents.

### 3.4 COMPENSATION AND SHARE OWNERSHIP REQUIREMENT

Appendix I - Director Compensation and Share Ownership Criteria lists the current levels of directors' compensation and the shareholdings required of directors of the Company.

### 3.5 COMMITTEES OF THE BOARD

The Board will have the following committees and, after considering the recommendation of the Corporate Governance Committee, approve and/or modify their terms of reference:

- a) Audit Committee - Appendix E
- b) Corporate Governance Committee - Appendix F
- c) Human Resources and Compensation Committee - Appendix G
- d) Pension Committee - Appendix H

The Board may establish a new standing or ad hoc committee, after considering the recommendation of the Corporate Governance Committee. Not less than a majority of the members of any new standing or ad hoc committee will be Independent Directors.

Each committee will report to the Board on its meetings and each member of the Board will have access to minutes of committee meetings, regardless of whether the director is a member of such committee. See Appendix D - Terms of Reference for Committees of the Board of Directors.

## 4. SELECTION OF MANAGEMENT

4.1. In accordance with the Company's charter documents, the Board will appoint and replace the CEO of the Company and, after considering the recommendation of the Human Resources and Compensation Committee, approve the CEO's compensation.

4.2. Upon considering the advice of the CEO and the recommendation of the Human Resources and Compensation Committee, the Board will approve the appointment of all members of the Executive Leadership Team.

4.3. The Board is responsible for satisfying itself as to the integrity of the CEO and other senior management of the Company.

4.4. The Board is responsible for overseeing succession planning.

## 5. STRATEGY DETERMINATION

The Board will:

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- 5.1. annually consider and approve the Company's objectives and goals, its strategic plan to achieve those objectives and goals and approve any material changes thereto;
- 5.2. monitor and assess the resources required to implement the Company's strategic plan;
- 5.3. monitor and assess developments which may affect the Company's strategic plan;
- 5.4. evaluate and, as required, enhance the effectiveness of the strategic planning process; and
- 5.5. monitor and, as required, enhance the execution of the strategic plan by management and monitor corporate performance against the Company's objectives and goals.

### 6. MATERIAL TRANSACTIONS

- 6.1 Subject to delegation by the Board to management and to committees of the Board, the Board will review and approve all material transactions and investments.

### 7. PUBLIC REPORTING

The Board is responsible for:

- 7.1 ensuring that the financial performance of the Company is adequately reported to shareholders, other security holders and regulators on a timely and regular basis;
- 7.2 ensuring that the financial results are reported fairly and in accordance with generally accepted accounting standards and related legal disclosure requirements;
- 7.3 ensuring that appropriate policies and procedures are in place to ensure the timely disclosure of any other developments that have a significant and material impact on the Company;
- 7.4 reporting annually to shareholders on its stewardship for the preceding year; and
- 7.5 providing for measures that accommodate feedback from shareholders.

### 8. MONITORING RISKS AND INTERNAL CONTROLS

The Board is responsible for:

- 8.1 identifying the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage these risks; and
- 8.2 ensuring the integrity of the Company's internal control and management information systems.

### 9. PROCEDURES AND POLICIES

The Board will monitor compliance with all significant policies and procedures by which the Company is operated.

### 10. LEGAL REQUIREMENTS

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- 10.1 The Board will monitor and ensure compliance with all applicable laws and regulations.
- 10.2 The Board will strive to ensure that all corporate documents and records have been properly prepared, approved and maintained.

### 11. EVALUATION

The Board will evaluate annually the effectiveness of the Board as a whole, individual directors, committees and the Chair. See Appendix L - Board and Director Evaluation Process.

### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TELUS  
3777 Kingsway  
Burnaby, British Columbia  
V5H 3Z7

telus.com  
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Dated: April 5, 2005

### SIGNATURES

TELUS Corporation

/s/ Audrey Ho

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Name: Audrey Ho  
Title: Vice President, Legal Services and  
General Counsel and Corporate Secretary