TELUS®

News Release

October 25, 2001

TELUS Reports Third Quarter Results and Updates 2001 Outlook

Q3 Revenue increased 20%, EBITDA increased 15%

Dividend reduced

Vancouver, B.C. – TELUS Corporation (TSE: T and T.A / NYSE: TU) reported in the third quarter revenue growth of 20% and EBITDA growth of 15%, led by wireless performance.

"We are pleased with our strong financial performance during the quarter," commented Darren Entwistle, president and CEO. "Strong revenue growth in wireless and competitive resiliency in wireline and overall expense control generated strong EBITDA improvement. The over achievement of our divestiture target - $1.2 billion of proceeds from non-core assets – further strengthened the balance sheet this quarter. We have again executed well against our clear strategies and despite an uncertain economy continue to put in place the building blocks for national growth in data, IP and wireless. In the last quarter, this has included the opening of two Internet data centers and the approval to buy all of PSINet's Canadian telecom assets."

Bob McFarlane, executive vice-president and CFO noted, "The financial results for the third quarter were excellent. TELUS delivered a combination of strong revenue growth and cost containment resulting in healthy margin expansion. Based on results to date, we continue to expect to achieve or exceed the aggressive 2001 annual financial targets established earlier this year. Strong year to date operational results have been complemented by a notable reduction in leverage, maintenance of considerable liquidity and the beginning of material cash tax synergies arising from the Clearnet acquisition. Moreover, we are making considerable progress towards reducing the future cost structure of TELUS while accelerating revenue growth. We will continue to focus on operating efficiency improvement and notably expect to benefit from our new wireless roaming/resale agreements which will profitably extend our CDMA coverage and addressable market by more than 7 million POPs while avoiding an estimated $800 million in capital otherwise required to build-out such areas ourselves."

FINANCIAL HIGHLIGHTS

Rounded to nearest C$Millions, except per share amounts (unaudited)	3 Months Ended Sep 30 **2001**	2000	% Change
Revenues	**$1,850**	$1,547	19.6
EBITDA [1]	**699**	610	14.6
Core earnings [2]	**87**	151	(42.1)
Core EPS [3]	**0.29**	0.64	(54.7)
EPS [4]	**1.96**	0.68	188.2
Capital additions	**587**	374	56.9
Cash flow [5]	**474**	436	8.8
Cash flow per share	**1.59**	1.84	(13.6)

(1) Earnings before interest, taxes, depreciation and amortization

(2) Core earnings: Common share income before discontinued operations, amortization of acquired intangible assets net of tax, restructuring & non-recurring refinancing costs net of tax, revaluation of future tax assets & liabilities, & goodwill amortization

(3) Core EPS: Core earnings on a per share basis

(4) Earnings per share – basic and diluted

(5) Operating cash flow adjusted for restructuring costs

OPERATING HIGHLIGHTS

TELUS Mobility

Revenue growth and expense control produced 142% pro forma improvement in EBITDA

- Continued to pursue a national strategy focused on strong revenue and EBITDA growth
- Network service revenues up $77 million or 21% on a pro forma basis
- Average revenue per unit (ARPU) was $60 per month, up $4 from second quarter and unchanged from a year ago
- Cost of acquisition per gross subscriber addition (COA) was $482, improved by $99 from a year ago
- EBITDA of $118 million, up 142% from same quarter a year ago on a pro forma basis
- Net subscriber additions of 78,300 bringing total subscribers to 2.42 million, a 21% annual increase. Postpaid subscribers represented 60% of net additions
- Churn (blended postpaid and prepaid) of 2.17% compared to 2.03% in third quarter a year ago

TELUS Communications

Revenue growth and expense control produced 10% EBITDA growth

- Continued to invest in national expansion from a strong full-service incumbent position in Western Canada and Eastern Québec
- Total revenue growth in third quarter up $94 million, or 8%: local revenue was up $28 million (5%), long distance was down $11 million (4%), data was up $33 million (13%) and other revenue was up $44 million (49%)
- EBITDA of $581 million, up $52 million or 10% from same quarter a year ago
- Out-of-region non-incumbent operations generated revenues of $93 million (up 794%) and negative EBITDA of $44 million (up 29%) which represents a decrease of $2 million as compared to the second quarter
- High-speed Velocity™ Internet subscribers total 157,200 with net additions of 30,200 (32% higher than additions in second quarter)
- Resilient market shares with local at 98% and long distance at 78%
- Growth in network access lines was 1% to total 4.97 million

CORPORATE DEVELOPMENTS

Divestiture Program Exceeds Target

At the end of September, TELUS exited the equipment leasing business. Cash proceeds of $147 million were received in early October. The securitization of the equipment leasing portfolio, which had been managed by Telecom Leasing Canada, a wholly-owned subsidiary of TELUS, enables us to pay down debt incurred for data and IP focused acquisitions.

With the closing of this transaction, TELUS has raised approximately $1.2 billion in pre-tax proceeds from its 2001 divestiture program, significantly exceeding targeted annual proceeds of $900 million to $1 billion. For all of 2001, the net inflow of cash from divestitures has exceeded by approximately $850 million, the cash outflow for six data and IP-related acquisitions, including PSINet (which closed in October), and the June purchase of the 30 per cent interest in TELUS Québec that TELUS did not already own. The net effect of our divestitures and data and IP acquisitions has been to de-lever our balance sheet. Net debt to total capitalization declined to 54.5% as of September 30, 2001 compared to 58% three months earlier.

Cost reduction initiatives underway

All Business Units within TELUS are actively pursuing various opportunities to increase their efficiency. Introduced in mid-June, TELUS initiated the Operational Efficiency Program (OEP) to enhance productivity and reduce operating expenses. The OEP is complemented by a comprehensive program of process and system improvement initiatives with the goal of achieving significant efficiency gains over the medium term.

The objective of the OEP is to improve our expense run rate, which will help mitigate the 2002 negative impact of the CRTC decision to adjust the national contribution regime, which is intended to support high-cost rural service and local competition. In the fourth quarter, we expect this to be complemented by a new program aimed at process and system improvements.

TELUS Mobility expands coverage and avoids capital expenditures in excess of $800 million

On October 17, TELUS Mobility announced agreements with digital CDMA (code division multiple access) wireless carriers Bell Mobility, including its affiliates, and Aliant Telecom Wireless to extend and enhance existing roaming/resale agreements. The new agreements reduce the wholesale pricing for wireless roaming/resale services and encourage the use of existing digital CDMA wireless networks.

The agreements significantly expand TELUS Mobility's digital CDMA coverage in smaller urban centres and rural areas across Canada, improving quality of service and significantly increasing its addressable market, while avoiding significant capital and operating expenditures.

TELUS Mobility's national digital CDMA wireless service coverage, currently at approximately 64%, is expected to be extended under the terms of these agreements, to approximately 87% of the Canadian population, or by more than 7 million POPs.

By avoiding the duplicated build-out of existing non-urban digital footprints, TELUS Mobility expects to avoid capital expenditures in excess of $800 million, in addition to related annual operating expenses, over the 10-year term of the agreements.

These extended and enhanced agreements provide TELUS Mobility tremendous flexibility to accelerate the introduction of high-speed Third Generation (3G) wireless technologies on a very cost-effective basis.

TELUS Mobility launched its two digital networks in Winnipeg

In August, TELUS Mobility continued its national digital network expansion with the launch of its two state-of-the-art digital wireless networks, TELUS Mobility PCS and the all-in-one Mike network for business, in Winnipeg – the sixth-largest city in Canada.

With an initial investment of over $20 million, TELUS Mobility launched both digital services to approximately 650,000 Winnipeg area residents. This represented TELUS Mobility's first major-city network launch as a combined national company and the first time the company launched both digital networks simultaneously in any market in Canada. Mike clients in Winnipeg can now use their Direct Connect feature to instantly contact associates as far away as Victoria, B.C.

TELUS Mobility expands Wireless Web service offering and introduces new phones

In July, TELUS Mobility became the first wireless carrier in Canada to introduce Pay Per Use wireless Web service. It is a value-based service, allowing clients to pay separately for certain premium services. Pocket Web and Pay & Talk clients can access premium pay per use games, directories and mapping services. Prices range between 5 and 25 cents per use. Pay Per Use provides new revenue sharing options with Wireless Web partners and enables TELUS Mobility to offer premium products for a premium price. Pay Per Use represents a foundation for future transactional-based m-commerce.

In July, TELUS Mobility also announced two new Wireless Web services specifically aimed at business users: Surf Business and Surf Enterprise. At $20 per month, Surf Business is a new Pocket Web Surf plan that offers a menu of sites tailored to needs of small to medium-size business clients. Surf Enterprise, priced at $25 per month, is a customized solution available to our Corporate Accounts clients, that uses the wireless Web to provide access to a company's internal networks, allowing staff to retrieve corporate e-mail, database and directory information using their TELUS Mobility phone.

TELUS Mobility also added several new exclusive phones to their PCS phone lineup during the third quarter including the tri-mode Audiovox 8100, the Sanyo 5000 with colour screen and the super-thin Sanyo 6000. TELUS Mobility launched several new Mike phones as well, including the Java-enabled Motorola i55sr and i85s, and the new i1000plus. A new fall advertising campaign was launched in early September promoting a theme of "cool phones." The campaign showcases six top-of-the-line phones exclusive to TELUS Mobility and maintains the clean and clear look and feel and nature imagery already established as the company's overall marketing brand.

TELUS partners with Microsoft for Voice over Internet Protocol (VoIP) service

TELUS Corporation and Microsoft Canada in October announced and launched a partnership to enable Canadians to make voice calls over the Internet from any personal computer to virtually any phone number in the world. TELUS believes it is the first telecommunications company in Canada to offer high-quality, simple-to-use VoIP services.

The VoIP service is available to Internet-connected, Microsoft Windows XP customers across Canada. Microsoft provides the enabling client system and TELUS the network. TELUS is responsible for billing and customer service. The new offering, called "TELUS Voice Over Internet Service", is also included as part of the Windows Messenger service and is available as a free download for anyone with most Windows operating systems.

TELUS Voice Over Internet Service is distinguished by enhanced ease-of-use, voice clarity, and reliability. The PC user simply enters a phone number and is connected to the other party anywhere in the world. The service will provide digital telephone-quality sound for those with a high-speed Internet connection and prices will be competitive with current cellular and landline rates for long-distance calling.

Dividend Reduced and Reinvestment Plan Discount Reduced

As disclosed separately, the Board of Directors has declared a quarterly dividend of fifteen cents ($0.15) per share on outstanding Common Voting and Non-Voting Shares payable on January 2, 2002 to shareholders of record on the close of business on December 11, 2001.

The decision is consistent with our focused growth strategy as it enables TELUS to invest a greater proportion of internally generated cash flow into our national data, IP and wireless growth initiatives while maintaining a strong balance sheet. In addition, the decision strikes a balance between the changing mix of growth, value and income oriented investors. It is important to note that the decision was taken from a position of solid financial performance this quarter, maintenance of our financial outlook for the year, and from a strong liquidity position following the success of our $9.2 billion of financings earlier this year.

The changes to the Dividend Reinvestment Plan (DRIP) implemented last quarter were successful with an immediate increase in participation, which exceeded initial expectations. The changes included a

5% discount from the average market price on purchases of non-voting shares and the opening of the Plan to U.S. residents. Aided by the participation of Verizon Communications (23.5% equity owner on September 10 record date) the total percentage of the October 1 dividend reinvested in TELUS was 44.1%. This represents $46 million of cash retained in the company and an increase to shareholders' equity.

TELUS is also reducing the dividend discount for the January 2, 2002 dividend to 3%. This recognizes that the incentive for participation in the DRIP continues to make long-term sense, but a reduced discount is appropriate given the participation rate exceeded our expectations and that we believe that TELUS shares are considerably undervalued at current levels.

For those shareholders who wish to enroll in the Plan, please visit our website (www.telus.com/about TELUS/investors/shareholder services) or call Computershare Trust Company at 1-800-558-0046 for an enrolment form.

MANAGEMENT DISCUSSION AND ANALYSIS

(Dollar amounts in Canadian dollars unless otherwise indicated)

The following is a discussion of the consolidated financial condition and results of operations of TELUS Corporation (TELUS or the Company) for the three-month and nine-month periods ended September 30, 2001 and 2000. This discussion contains forward-looking information that is qualified by reference to, and should be read in conjunction with, the Company's discussion regarding forward-looking statements. See "Forward-Looking Statements". The following should also be read in conjunction with the accompanying Unaudited Consolidated Financial Statements of TELUS and notes thereto. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP), which differ in certain respects from U.S. GAAP. See Note 15 to the Financial Statements for a summary of the principal differences between Canadian and U.S. GAAP as they relate to TELUS.

HIGHLIGHTS

On receiving regulatory approval from the CRTC, the sale of the Directory business was completed on July 31, 2001 and a $547.4 million net gain on disposition was recorded in Discontinued Operations. The Income Statement has been presented with the results of the Directory Advertising business in Discontinued Operations, consistent with the second quarter of 2001. As a result of exiting the equipment leasing business previously managed by Telecom Leasing Canada on September 30, 2001, the Income Statement has also been presented with the results of equipment leasing operations recorded in Discontinued Operations.

These transactions, combined with the sale of buildings and other non-core assets earlier this year, provided pre-tax cash proceeds of almost $1.2 billion, exceeding the Company's 2001 divestiture target of $900 million to $1 billion. During the year, TELUS also made several acquisitions including the purchase of Columbus Group, Williams, Arqana, and Daedalian, and the remaining 30% of TELUS Québec for total cash consideration of approximately $204 million and 6.5 million shares of TELUS non-voting stock. A further acquisition of PSINet's Canadian assets for approximately $130 million was pending on September 30, 2001. Including the pending acquisition, the net cash inflow from divestitures with the application of related tax shelters exceeded cash outflows for acquisitions by approximately $850 million.

Quarter ended September 30 *(Millions except per share amounts)*	**2001**	2000	Change	% Change
Operating revenues	**1,849.8**	1,546.5	303.3	19.6
EBITDA[1]	**699.3**	610.3	89.0	14.6
Common share income	**583.6**	160.1	423.5	264.5
Earnings Per Share (EPS)				
Core earnings, continuing ops. [2]	**0.29**	0.64	(0.35)	(54.7)
Basic (Common share income)	**1.96**	0.68	1.28	188.2
Cash flow [3]	**474.1**	435.6	38.5	8.8
Cash flow per share	**1.59**	1.84	(0.25)	(13.6)
Capital additions	**587.1**	374.1	213.0	56.9

Nine months ended September 30 (YTD) *(Millions except per share amounts)*	**2001**	2000	Change	% Change
Operating revenues	**5,298.2**	4,393.8	904.4	20.6
EBITDA	**1,931.3**	1,768.0	163.3	9.2
Common share income (loss)	**489.5**	485.7	3.8	0.8
Earnings (loss) Per Share (EPS)				
Core earnings, continuing ops.	**0.80**	1.90	(1.10)	(57.9)
Basic (Common share income)	**1.68**	2.05	(0.37)	(18.0)
Cash flow	**1,155.9**	1,383.8	(227.9)	(16.5)
Cash flow per share	**3.96**	5.84	(1.88)	(32.2)
Capital additions – Wireless spectrum	**355.9**	n.a.	n.a.	n.a.
Capital additions – other [4]	**1,733.8**	873.3	860.5	98.5

(1) Earnings Before Interest, Taxes, Depreciation and Amortization
(2) Common share income before discontinued operations, amortization of acquired intangible assets net of tax, restructuring and non-recurring refinancing costs net of tax, revaluation of future income tax assets and liabilities, and goodwill amortization on a per share basis
(3) Operating cash flow adjusted for restructuring costs
(4) Including a $76 million non-monetary purchase of fibre assets in 2001

RESULTS OF OPERATIONS

The discussion below is presented on a segmented basis for external revenues and total operations expenses. See the Segmented Disclosure in the Unaudited TELUS consolidated financial statements.

Operating revenues – TELUS Communications

($ millions)	**2001**	2000	Increase	% Increase
Quarter ended September 30	**1,341.9**	1,248.1	93.8	7.5
Nine Months ended September 30	**3,880.0**	3,577.0	303.0	8.5

The increase in revenues in the nine-month period ending September 30, 2001 reflects the inclusion of the cumulative subscriber base and related revenues from the acquisition of TELUS Québec in June 2000. The following revenue analysis is presented on a pro forma basis (YTD information has been normalized to include TELUS Québec Communications operations for the first 5 months of 2000).

Operating revenues (pro forma) – TELUS Communications

($ millions)	**2001**	2000	Change	% Change
Quarter ended September 30				
Voice local	**644.4**	616.1	28.3	4.6
Voice long distance	**284.4**	295.8	(11.4)	(3.9)
Data	**279.7**	246.9	32.8	13.3
Other	**133.4**	89.3	44.1	49.4
Total operating	**1,341.9**	1,248.1	93.8	7.5
Nine Months ended September 30				
Voice local	**1,909.7**	1,842.5	67.2	3.6
Voice long distance	**828.5**	887.0	(58.5)	(6.6)
Data	**806.5**	700.4	106.1	15.1
Other	**335.3**	283.4	51.9	18.3
Total operating	**3,880.0**	3,713.3	166.7	4.5

Voice local revenues increased by 4.6% in the quarter and 3.6% year-to-date (YTD) when compared with the same periods last year. Local enhanced services revenues increased by $9.8 million in the quarter and $38.2 million YTD due to higher penetration of calling features combined with increased rates. Net of market share loss, business network access lines grew 1.8% over the last 12 months, while residential lines grew 0.5% over 12 months. This growth in total access lines of 49,000 since September 30, 2000, combined with growth in Centrex features increased access revenues by $4.7 million in the quarter ($25.4 million YTD), while rate increases contributed $25.7 million for both the quarter and YTD. Portable subsidy revenues and other local services changed minimally in the quarter and contributed $10.0 million of additional revenue growth YTD. These gains were partly offset by a reclassification of Megalink revenues to data ($10.4 million for the quarter and $32.1 million YTD).

Voice long distance revenues decreased by 3.9% in the quarter and 6.6% YTD, when compared to the same periods last year due to lower international long distance prices, lower revenues from traffic delivered to TELUS from other carriers, and substitution to alternate technologies including Internet and wireless. Due in part to capping of monthly minutes in certain consumer long distance plans, the year-over-year decrease in revenues has slowed from 9.7% for the second quarter 2001.

Data revenues increased 13.3% in the quarter and 15.1% YTD when compared with the same periods last year. Enhanced data and Internet revenues increased by $17.7 million in the quarter and $56.3 million YTD due mainly to significant year-over-year growth in high-speed and dial-up Internet subscribers and an increase in managed business services such as internetworking, Internet connectivity and hosting services. Net additions in TELUS Velocity™ high-speed Internet subscribers were 30,200 in the current quarter, up 32% from 22,900 net additions in the preceding quarter. Mainstream and other data revenues increased $15.1 million in the quarter and $49.8 million YTD due to increased digital private line and data access services, increased packet switched service volumes YTD, and the reclassification of Megalink revenues from local voice, partly offset by lower data settlement revenues resulting from a decrease in the termination of other Carriers data traffic on TELUS' Network. The lower data settlement revenues were the main reason for a slowing data revenue growth rate, which was 18.9% in the preceding quarter.

Other revenues increased by 49.4% in the quarter and 18.3% YTD, when compared with the same periods last year, due mainly to increased voice customer premises equipment sales and rentals, particularly in Central Canada. The acquisition of Williams Communications effective May 31, 2001 was primarily responsible for this growth.

Of the total year-over-year revenue growth discussed above, approximately $82 million in the current quarter ($136 million YTD) was attributable to out-of-region non Incumbent Local Exchange Carrier (ILEC) revenue growth.

Key Operating Indicators - TELUS Communications

(000s)	2001	2000	Change	% Change
Quarter ended September 30				
Network access lines	**4,973**	4,924	49	1.0
Dial-up Internet net additions	**8.2**	14.4	(6.2)	(43.1)
Dial-up Internet subscribers	**448.6**	401.4	47.2	11.8
TELUS Velocity™ High-Speed Internet net additions	**30.2**	15.5	14.7	94.8
TELUS Velocity High-Speed Internet subscribers	**157.2**	63.2	94.0	148.7
Nine Months ended September 30				
Dial-up Internet net additions (pro forma)	**35.4**	47.0	(11.6)	(24.7)
TELUS Velocity High-Speed Internet net additions (pro forma)	**73.6**	36.7	36.9	100.5

Operating revenues – TELUS Mobility

($ millions)	2001	2000	Increase	% Increase
Quarter ended September 30	**507.9**	298.4	209.5	70.2
Nine Months ended September 30	**1,418.2**	816.8	601.4	73.6

The increase in revenues reflected the inclusion of the cumulative subscriber bases and related revenues from the acquisitions of Clearnet Communications Inc. (Clearnet) and TELUS Québec Mobilité. The following revenue analysis is presented on a pro forma basis (information has been normalized to include Clearnet operations for the first 9 months of 2000 and TELUS Québec Mobilité operations for the first 5 months of 2000).

Operating revenues (pro forma) – TELUS Mobility

Quarter ended September 30 ($ millions)	2001	2000	Change	% Change
Network Revenue	**439.3**	362.7	76.6	21.1
Equipment Revenue	**68.6**	83.2	(14.6)	(17.5)
Total Operating	**507.9**	445.9	62.0	13.9
Nine Months ended September 30 ($ millions)				
Network Revenue	**1,221.4**	1,021.4	200.0	19.6
Equipment Revenue	**196.8**	213.6	(16.8)	(7.9)
Total Operating	**1,418.2**	1,235.0	183.2	14.8

TELUS Mobility Network revenue is generated from monthly billings for access fees, incremental airtime charges, prepaid time consumed or expired and fees for value-added services. Network revenue for the three month period ended September 30, 2001 increased by $76.6 million or 21.1% to $439.3 million over the same period one year earlier and by $41.7 million or 10.5% over the second quarter of 2001. The YTD Network revenue increase of $200.0 million represented an increase of 19.6% over the corresponding period one year earlier. TELUS Mobility Network revenue grew with the expansion of its subscriber base by 20.7% to 2.4 million subscribers from a year ago. Net additions were 78,300 in the third quarter and 257,100 YTD, both decreased from the comparable periods last year. The decrease in net activations for the quarter and year to date reflected the impact of competitive handset pricing, more competitive service rate plans in the wireless market and the increase in churn of the cumulative subscriber base.

Blended postpaid and prepaid churn in the third quarter of 2001 was 2.17% per month, as compared to 2.03% for the same period one year earlier. The increase in churn was generated from the lower ARPU and prepaid part of the subscriber base.

ARPU of $60 in the third quarter of 2001 was unchanged with ARPU for the same period one-year earlier despite an increase in the overall percentage of prepaid subscribers in our base. ARPU increased approximately $4 as compared to the second quarter of 2001 primarily due to increased minutes of use and increased roaming revenue. In addition, the second quarter results included one-time charges (approximately $5.0 million in revenues or $0.75 in ARPU) in aligning billing practices as a result of the Mobility integration.

Equipment sales, rental and service revenues decreased by 17.5% to $68.6 million in the third quarter of 2001 from $83.2 million for the same period one year earlier, principally due to sales of lower priced prepaid handsets and digital handsets generally.

Key Operating Indicators - TELUS Mobility (pro forma)

(000s for subscribers and additions)	**2001**	2000	Change	% Change
Quarter ended September 30				
Net Subscriber Additions (1)	**78.3**	116.3	(38.0)	(32.7)
Subscribers end of period (1)	**2,417.3**	2,003.1	414.2	20.7
Churn (%)	**2.17**	2.03	0.14	6.9
Cost of Acquisition (COA)	**482**	581	(99)	(17.0)
ARPU	**60**	60	-	-
Digital pops covered (millions)	**23.9**	21.7	2.2	10.1
Nine Months ended September 30				
Net Subscriber Additions	**257.1**	307.9	(50.8)	(16.5)
Churn (%)	**2.02**	1.99	0.03	1.5
COA	**499**	539	(40)	(7.4)
ARPU	**58**	60	(2)	(3.3)

(1) Q3 2001 and YTD net subscriber additions include 1,100 and 3,900 of Cellular Digital Packet Data (CDPD) subscribers added in the respective periods. Cumulative subscribers include 7,900 CDPD subscribers which were not previously recorded in the subscriber base.

Operations expense – TELUS Communications

($ millions)	**2001**	2000	Increase	% Increase
Quarter ended September 30	**786.3**	736.9	49.4	6.7
Nine Months ended September 30	**2,313.0**	2,125.0	188.0	8.8

The increase in YTD expenses included the impact of the acquisition of TELUS Québec. The following expense analysis is presented on a pro forma basis (YTD information has been normalized to include TELUS Québec operations for the first 5 months of 2000).

Operations expense (pro forma) – TELUS Communications

($ millions)	**2001**	2000	Increase	% Increase
Quarter ended September 30	**786.3**	736.9	49.4	6.7
Nine Months ended September 30	**2,313.0**	2,225.7	87.3	3.9

Operations expenses increased by 6.7% in the quarter and 3.9% YTD when compared with the same periods last year. This increase included approximately $92 million in the current quarter (approximately $181 million YTD) due to expansion in out-of-region non-ILEC operations. Lease expenses, net of amortization of deferred gains, increased due to the sale of buildings under leaseback arrangements $11.4 million in the quarter and $25.4 million YTD. Fuel and utility costs increased by $3.0 million in the quarter ($9.0 million YTD) due to commodity prices, while bad debts expense increased by $5.4 million in the quarter ($7.8 million YTD).

Offsetting these increases in part were lower contribution payments of $29.6 million in the quarter ($91.6 million YTD) resulting from the CRTC decision to change from a per minute mechanism in 2000 to a revenue tax beginning in 2001, and an $8.0 million YTD recovery of municipal tax payments by TELUS Québec. Other general expense reductions were $37.8 million in the quarter ($41.3 million YTD) including approximately $12 million in non-recurring general and administrative cost savings, as well as operational efficiency improvements.

Operations expense – TELUS Mobility

($ millions)	**2001**	2000	Increase	% Increase
Quarter ended September 30	**394.2**	221.7	172.5	77.8
Nine Months ended September 30	**1,130.5**	562.4	568.1	101.0

The significant increase in expenses reflected the acquisitions of Clearnet Communications Inc. (Clearnet) and TELUS Québec Mobilité. The following expense analysis is presented on a pro forma basis (information has been normalized to include Clearnet operations for the first 9 months of 2000 and TELUS Québec Mobilité operations for the first 5 months of 2000).

Operations expense (pro forma) – TELUS Mobility

($ millions)	**2001**	2000	Change	% Change
Quarter ended September 30	**394.2**	401.1	(6.9)	(1.7)
Nine Months ended September 30	**1,130.5**	1,089.2	41.3	3.8

Operations expense decreased $6.9 million or 1.7% in the third quarter, as compared to the same period one-year earlier. This favourable variance is a result of TELUS Mobility obtaining synergies from the integration of the former Clearnet and TELUS Québec Mobilité by maintaining operating expense levels and reduced Marketing Cost of Acquisition “COA” expense. YTD operations expenses have increased $41.3 million or 3.8% YTD as compared to the same period one year earlier also representing improved efficiency, as the subscriber base and revenues have increased by 20.7% and 19.6% respectively.

Expenses with respect to equipment sales have decreased from $118.0 million to $93.1 million in the third quarter of 2001 and from $307.6 million to $270.0 million for the nine months ended September 2001 as compared to the same periods one-year earlier. Lower digital handset costs was the principal contributing factor to these favourable trends. These costs included any subsidy portion and were included in the marketing cost of acquisition.

Marketing expenses decreased from $92.9 million to $80.4 million in the third quarter of 2001 compared to the same period last year primarily due to synergies and timing of advertising and promotion expenses. Marketing expenses for the first nine months increased $8.4 million due to increased dealer compensation offset partially by reduced advertising spending.

Marketing COA per gross subscriber addition (including retention and rebranding costs) in the third quarter was $482 as compared to $581 for the same period one-year earlier. For the nine months ended September, COA per gross subscriber of $499 includes both rebranding costs of $11.4 million reflected in the restructuring charge and retention costs of $10.4 million. COA for 2001 YTD was $482 excluding the rebranding and $466 excluding rebranding and retention costs, as compared to $539 for the same period last year. The improvement was attributable to reduced handset subsidies as well as reduced advertising and promotion spending.

Network Service expenses of $105.6 million in the third quarter of 2001 increased $28.5 million from $77.1 million from the same period one year earlier. Network service expenses increased $66.9 million YTD. Network Service expenses consist of site-related expenses, transmission costs, spectrum license fees, contribution charges, and other direct costs related to Network operations. These expenses have increased due to an increase in the number of cell sites in service and expanded geographic coverage of TELUS Mobility's digital networks. Total digital population coverage as of September 2001 was approximately 23.9 million as compared to 21.7 million one year earlier. Also contributing to the increased expenses were the newly implemented (2001) contribution revenue taxes of $21.6 million and $42.9 million for the third quarter and nine months ended September respectively.

General and administrative (G&A) expenses were $115.0 million and $339.0 million for the third quarter and YTD 2001, respectively. This compared with G&A expenses of $112.9 million and $335.4 million in the same periods in 2000. G&A expenses were related to employees, facilities, bad debt and various other general and operating expenses. These expenses remained flat generally as a result of improved efficiencies of the new integrated Mobility operations.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) by segment

($ millions)	**2001**	2000 pro forma	2000 Actual	pro forma Change	pro forma % Change
TELUS Communications					
Quarter ended September 30	**581.3**	529.6	529.6	51.7	9.8
Nine Months ended Sept. 30	**1,630.6**	1,539.8	1,502.2	90.8	5.9
TELUS Mobility					
Quarter ended September 30	**118.0**	48.8	80.7	69.2	141.8
Nine Months ended Sept. 30	**300.7**	157.5	265.8	143.2	90.9
TELUS Consolidated					
Quarter ended September 30	**699.3**	578.4	610.3	120.9	20.9
Nine Months ended Sept. 30	**1,931.3**	1,697.3	1,768.0	234.0	13.8

TELUS Communications EBITDA for the third quarter improved when compared to the same period last year due to increased voice local, data and other revenues, partly offset by lower voice long distance revenue and a 6.7% increase in expenses primarily driven by expansion in out-of-region non-ILEC operations. On a pro forma basis for nine months, EBITDA grew by 5.9% due to increased voice local, data and other revenues, partly offset by lower voice long distance revenue and a 3.3% net increase in expenses.

On a pro forma basis, TELUS Mobility EBITDA for the third quarter improved by $69.2 million as compared to the same period one year earlier, resulting from improved operating efficiencies as the subscriber base continued to grow and generate significantly increased Network Revenues. YTD EBITDA also showed sustained growth increasing $143.2 million over the same period one year earlier, principally due to the same factors. In addition to revenue growth and minimal increases in non-marketing expenses, a decrease in marketing COA expense for the quarter and nine months YTD also contributed to the improvement.

EBITDA Margin * by segment (%)

Quarter ended September 30	**2001**	2000 pro forma	2000 Actual
TELUS Communications	**42.5**	41.8	41.8
TELUS Mobility	**23.0**	10.8	26.7
TELUS Consolidated	**37.8**	34.1	39.5

Nine Months ended September 30	**2001**	2000 pro forma	2000 Actual
TELUS Communications	**41.3**	40.9	41.4
TELUS Mobility	**21.0**	12.6	32.1
TELUS Consolidated	**36.5**	34.3	40.2

* EBITDA divided by total revenue

Depreciation and amortization

($ millions)	**2001**	2000	Increase	% Increase
Quarter ended September 30				
Depreciation and amortization	**347.4**	281.8	65.6	23.2
Amortization of acquired intangible assets	**28.1**	n.a.	n.a.	n.a.
Nine Months ended September 30				
Depreciation and amortization	**1,017.0**	827.0	190.0	22.9
Amortization of acquired intangible assets	**82.8**	n.a.	n.a.	n.a.

The majority of the increase in depreciation and amortization was due to inclusion of additional depreciation from the former Clearnet and from TELUS Québec ($76.2 million for the quarter and $223.9 million for nine months), partially offset by lower depreciation and amortization in other operations ($10.6 million for the quarter and $33.9 million for nine months). Included in the $10.6 million decrease for the quarter was a $21.9 million lower depreciation expense due to adjustment of service lives based on recent engineering studies for network assets and the sale of administrative buildings, offset in part by a $11.3 million higher depreciation expense due to net asset growth, primarily in data network capital assets including expansion of the national network. For nine months, the $33.9 million decrease was comprised of $64.7 million lower depreciation expense to service life adjustments and sale of buildings offset by $30.8 million higher depreciation expense from net growth in capital assets.

The amortization expense recorded in 2001 for acquired subscriber and wireless spectrum intangible assets was based on a year-end 2000 purchase price allocation to identifiable assets of TELUS Québec and Clearnet. Spectrum licenses and wireline subscriber bases are amortized over 40 years and wireless subscriber bases are amortized over 7 to 10 years.

Other income (expenses)

($ millions)	**2001**	2000	Change	% Change
Quarter ended September 30	**0.6**	(1.1)	1.7	n.m.
Nine Months ended September 30	**19.6**	(4.1)	23.7	n.m.

Other income increased YTD due mainly to a pre-tax gain of $26.5 million recorded in 2001 for the sale of a fibre asset (see Note 8) compared with a $6.5 million gain for the sale of two buildings last year.

Financing costs

($ millions)	**2001**	2000	Change	% Change
Quarter ended September 30	**168.8**	59.2	109.6	185.1
Nine Months ended September 30	**448.5**	144.8	303.7	209.7

Financing costs, net of interest income and capitalized interest, increased due to the acquisitions of Clearnet and TELUS Québec. Increased financing costs in TELUS Québec combined with financing costs in Clearnet prior to a refinancing gain were approximately $60 million in quarter and $200 million YTD. Other net increases in financing costs of about $57 million in the quarter and $170 million YTD were primarily due to acquisition financing.

Offsetting these increases for the quarter was a $7.0 million gain related to unwinding the remaining foreign exchange hedges in Clearnet. For nine months, a $65.9 million gain resulting from the redemption of Clearnet senior discount notes was recognized. This gain was comprised of two parts: a $41.2 million foreign exchange gain related to unwinding hedges on the Clearnet US$-denominated notes; and a $24.7 million gain recognized on all Clearnet notes redeemed due to the actual redemption price paid being less than the book value of such debt.

Non-recurring refinancing charge and Restructuring costs

($millions)	**2001**	2000	Increase	% Increase
Quarter ended September 30				
Non-recurring refinancing charge	**0.0**	0.0	n.a.	n.a.
Restructuring charge	**0.0**	0.0	n.a.	n.a.
Nine Months ended September 30				
Non-recurring refinancing charge	**96.5**	0.0	96.5	n.a.
Restructuring charge	**198.4**	0.0	198.4	n.a.

Due to the negotiation of new senior unsecured credit facilities in March 2001, a non-cash refinancing charge of $96.5 million was recorded to write-off fees related to interim bridge financing for the acquisition of Clearnet, which were paid and deferred in 2000. A restructuring charge of $198.4 million was recorded in the first quarter for the expected costs in 2001 and 2002 to complete merger-related restructuring activities in TELUS Mobility and reorganization costs for TELUS Communications.

Income taxes

($ millions)	**2001**	2000	Change	% Change
Quarter ended September 30	**80.3**	116.3	(36.0)	(31.0)
Nine Months ended September 30	**73.0**	341.4	(268.4)	(78.6)

Lower income before income taxes resulted in lower income tax expense of approximately $47 million for the quarter and $292 million YTD. Lower corporate income tax rates further reduced the income tax expense by $3 million for the quarter and $14 million YTD. These reductions were partially offset by adjustments to future income tax assets and liabilities due to enacted prospective changes in income tax rates.

Non-controlling interest

($ millions)	**2001**	2000	Change	% Change
Quarter ended September 30	**0.0**	3.0	(3.0)	(100.0)
Nine Months ended September 30	**3.6**	5.9	(2.3)	(39.0)

The YTD non-controlling interest in 2001 represented Verizon's 30% interest in TELUS Québec earnings until June 30. For the same period in 2000, the non-controlling interest represented a former co-owner's 25% interest in ISM-BC's earnings until August 2000, and Verizon's interest in TELUS

Québec from June to September 2000. TELUS purchased the remaining 30% interest in TELUS Québec from Verizon at the end of June 2001.

Goodwill Amortization

($ millions)	**2001**	2000	Increase	% Increase
Quarter ended September 30	**46.2**	6.0	40.2	n.m.
Nine Months ended September 30	**129.7**	9.0	120.7	n.m.

Goodwill amortization increased due mainly to the acquisition of Clearnet ($37.2 million in the quarter and $111.5 million YTD). The remaining increase was due mainly to the acquisition of TELUS Québec (70% in June 2000; 30% in June 2001), purchases of the Columbus Group, Williams Communications Canada and Daedalian eSolutions in the second quarter 2001, and the purchase of the remaining 25% interest in ISM-BC in August 2000.

Discontinued operations

($ millions)	**2001**	2000	Change	% Change
Quarter ended September 30	**556.7**	18.1	538.6	n.m.
Nine Months ended September 30	**595.4**	52.6	542.8	n.m.

On July 31, 2001, TELUS closed the sale of TELUS Advertising Services directory business and TELUS Québec directory business to Verizon's Dominion Information Services for total pre-tax proceeds of $810 million. TELUS was able to apply non-capital losses to offset cash taxes on the gain. TELUS also exited the equipment leasing business effective September 30, 2001, and entered into a long-term agreement with GE Capital Vendor Financial Services to become the preferred provider of future equipment financing for TELUS customers. TELUS received pre-tax proceeds of $147 million in connection with this transaction in October. Discontinued operations in the current quarter reflected a $551.8 million combined gain, net of income taxes, for the two discontinued businesses, as well as the operations of the directory business for the month of July and the operations of the equipment leasing business for three months (see Note 6). At this time, TELUS continues to pursue the sale of its U.S. directory operations, which were not part of the sale to Verizon.

Interest on convertible debentures

($ millions)	**2001**	2000	Change	% Change
Quarter ended September 30	**1.4**	n.a.	n.a	n.a.
Nine Months ended September 30	**4.7**	n.a.	n.a	n.a.

The interest on the TELUS convertible debentures is recorded net of related taxes. These debentures are convertible into common non-voting shares and are classified as equity on the balance sheet, and therefore, related interest is recorded as a charge to retained earnings.

Common share income, Earnings per share and Cash flow per share

Common share income increased by $423.5 million in the third quarter, when compared with the same period last year, due to recognition of the $551.8 million gain on sale of the two businesses and increased EBITDA, partly offset by the increase in financing costs associated with the TELUS Québec and Clearnet purchases, and related amortizations of goodwill and intangible assets. Common share income per share for the third quarter increased by $1.28 due to the same net positive impacts noted above, partly offset by the impact of diluting earnings over a larger average number of outstanding shares.

Core earnings per share were 29 cents in the third quarter 2001 (64 cents in the third quarter of 2000). The decrease was due to increased financing costs associated with the TELUS Québec and Clearnet purchases, and the impact of diluting earnings over a larger average number of shares outstanding, partly offset by increased EBITDA.

Cash flow increased by 8.8% in the quarter when compared with the same period last year due to $89.0 million improved EBITDA, and lower current income taxes, partly offset by higher cash financing costs. Cash flow per share decreased by 13.6% as these net favourable impacts were more than offset by the effect of diluting cash flow over a larger average number of outstanding shares.

Cash provided by operating activities

($ millions)	**2001**	2000	Increase	% Increase
Quarter ended September 30	**552.3**	420.2	132.1	31.4
Nine Months ended September 30	**1,190.4**	1,181.5	8.9	0.8

Cash provided by operating activities increased in the quarter when compared with the same period last year due mainly to the $233.9 million current period change in non-cash working capital from continuing operations (see Note 13), as well as an improvement of $89.0 million in EBITDA and lower current income tax payable resulting from tax synergies through accessing Clearnet's non-capital losses. This was partly offset by higher cash financing costs. The current period working capital changes were mainly from an increase in accrued interest payable, and a reduction in prepaid expenses (including license fees, maintenance contracts, handset subsidies, and property taxes). Partially offsetting these increases was cash used by operations and the change in non-cash working capital from discontinued operations of $155.7 million in the current period (see Note 13).

Cash provided (used) by investing activities

($ millions)	**2001**	2000	Change	% Change
Quarter ended September 30	**120.6**	(393.2)	513.8	n.m.
Nine Months ended September 30	**(1,228.0)**	(1,497.3)	269.3	18.0

The change in net cash provided by investing activities in the quarter compared with the same period last year was due mainly to $810 million of proceeds from divestiture of the directory business (see Note 6), partly offset by increased capital expenditures, and investments in TELUS Québec and Arqana (see Note 3).

The YTD net decrease in funds used for investing activities was due to the proceeds from the divestiture of the directory business and $228.4 million from the sale and leaseback of office buildings. These proceeds more than offset the $769.1 million increase in funds used for investments in capital expenditures (discussed below), acquisitions of Williams, Columbus, Daedalian, and Arqana, and the remaining 30% of TELUS Québec, and an $18.0 million investment in EPOST (a web-based mail and bill delivery service).

Capital additions by segment ($ millions)

Quarter ended September 30	**2001**	2000	Increase	% Increase
TELUS Communications	**403.3**	311.4	91.9	29.5
TELUS Mobility	**183.8**	62.7	121.1	193.1
Total Capital Expenditures	**587.1**	374.1	213.0	56.9

Nine Months ended September 30	**2001**	2000	Increase	% Increase
TELUS Communications	**1,219.0**	762.9	456.1	59.8
TELUS Mobility	**794.7**	110.4	684.3	n.m.
Capital Expenditures	**2,013.7**	873.3	1,140.4	130.6
Non-monetary capital addition (1)	**76.0**	0.0	76.0	n.m.
Total Capital Additions	**2,089.7**	873.3	1,216.4	139.3

(1) Communications segment

Quarterly capital expenditures for TELUS Communications increased due to spending on data services including high-speed Internet capacity and support systems ($45.3 million for the quarter and $188.3 million YTD), expansion outside of the traditional ILEC territory ($40.1 million for the quarter and $75.8 million YTD), and the purchase of software licenses from Verizon ($66.8 million in the quarter and $149.8 million YTD). Partly offsetting these increases in the quarter were lower expenditures due to completion of the national fibre backbone network and other initiatives ($60.3 million). The YTD increase in capital expenditures for the national fibre backbone network and other initiatives was $41.8 million.

In addition, a fibre asset was purchased from a third party for non-cash consideration of $76.0 million. As this was a non-cash purchase, it is not reflected in Capital expenditures on the Consolidated Cash Flow Statement.

Mobility pro forma Capital expenditures

($ millions)	**2001**	2000	Increase	% Increase
Quarter ended September 30	**183.8**	170.4	13.4	7.9
Nine Months ended September 30	**794.7**	392.9	401.8	102.3

On a pro forma basis, before the purchase of spectrum ($355.9 million), Mobility capital expenditures increased by $13.4 million for the quarter and $45.9 million YTD primarily for the expansion of digital cellular coverage, digitization of the analogue network and implementation of the 1XRTT data network.

Cash (used in) provided by financing activities

($ millions)	**2001**	2000	Change	% Change
Quarter ended September 30	**(761.2)**	92.0	(853.2)	n.m.
Nine Months ended September 30	**19.6**	568.5	(548.9)	(96.6)

In the third quarter, TELUS retired the remaining hedges on Clearnet U.S. $ discounted notes. Short-term obligations were reduced by $949.6 million primarily through the use of proceeds from the divestitures.

A number of significant debt refinancing activities were completed in the second quarter of 2001. On May 30, TELUS closed offerings for Canadian and U.S. dollar unsecured notes for proceeds of $6.6 billion, and bank credit facilities with total availability of $2.5 billion. Gross proceeds of the Canadian dollar 7.5% Notes due June 1, 2006 were $1.6 billion. Gross proceeds of the U.S. dollar 7.5% Notes due June 1, 2007 and U.S. dollar 8.0% notes due June 1, 2011 were U.S. $1.3 billion and U.S. $2.0 billion respectively. The U.S. liabilities have been fully hedged into Canadian dollars. As a result of the size of the Notes offering, the new bank credit facility committed by the Toronto-Dominion Bank and syndicated to a group of financial institutions in the amount of $2.5 billion was $2.0 billion less than originally announced in March 2001.

On June 12, TELUS and its wholly owned subsidiary Clearnet completed an offer to repay all of outstanding Senior Discount Notes of Clearnet. Total consideration was approximately $1.74 billion for the 99.92% of the Notes that were tendered. Notes that were not tendered will remain outstanding, but will be subject to the modified terms of Supplemental Indentures applicable to each series. These Notes had coupon rates ranging from 10.125% to 11.75%.

Early in 2001, TELUS completed the compulsory acquisition of remaining Clearnet Class A Non-Voting shares outstanding. TELUS also successfully completed exchange offers for the outstanding Clearnet 6.75% Convertible Debentures, and the outstanding Clearnet Warrants. These were exchanged for TELUS Corporation 6.75% Convertible Debentures and TELUS Warrants respectively.

As a result of these financing activities YTD, $6.7 billion of long-term debt was issued, $1.8 billion of long-term debt was redeemed, and short-term debt obligations were reduced by $4.7 billion.

Common share capital increased in the third quarter due to the issue of shares from Treasury under employee share purchase plans, and exercised options and warrants, and additional shares purchased by Verizon. Dividends paid per common share were unchanged for the quarter and YTD at 35 cents and $1.05 respectively. Total cash dividend payments to shareholders decreased by $19.9 million in the quarter due mainly to the significant number of shareholders participating in the dividend reinvestment plan (about 44% of TELUS' outstanding shares at the end of September). YTD cash dividend payments increased by $9.0 million due primarily to the increase in number of shares outstanding for the purchase of Clearnet and the additional 30% of TELUS Québec, as well as exercised options.

Liquidity and capital resource ratios

	2001 Q3	2001 Q2	2001 Q1	2000 Q4
Net debt to total capitalization (%)	54.5	58.3	57.7	55.1
Net debt to EBITDA	3.0	3.5	3.3	3.4
EBITDA interest coverage (1) (2)	4.0	4.0	5.3	8.4

(1) EBITDA divided by Net Financing Cost before accreted interest and gain on redemption of debt
(2) Adjusted for discontinued operations in 2001 Q1 and 2000 Q4

The Net debt to total capitalization ratio decreased in the third quarter due to a $564.7 million reduction in net debt (debt less cash and temporary investments) since June 30. This decrease is consistent with evolving to the long-term capital structure target of 50% net debt to total capitalization. The Net Debt to EBITDA ratio also decreased in the current quarter due to debt reduction and improved EBITDA.

The EBITDA interest coverage ratio decreased from the fourth quarter of last year due to increased debt, partly offset by higher EBITDA in third quarter 2001 compared with EBITDA in the fourth quarter 2000. The EBITDA interest coverage ratio for the fourth quarter of 2000 reflected only 2.4 months of financing impacts of the purchase of Clearnet.

Credit Facilities

TELUS credit facilities at the end of September 2001, consisted of a $1.5 billion (or the U.S. dollar equivalent) three-year revolving credit facility ($110 million drawn as at September 30, 2001), a $1.0 billion (or the U.S. dollar equivalent) 364-day extendible revolving credit facility converting to a one-year non-revolving credit facility and approximately $215 million in outstanding letters of credit and other bank facilities.

In May 2001, TELUS successfully raised $9.2 billion through three notes offerings and two syndicated credit facilities. The proceeds of these financing activities were used to refinance existing debt, to support commercial paper programs, and for general corporate purposes. The pricing, terms and conditions of these new credit facilities were generally more favourable than those of the previous secured credit facilities.

Credit Ratings

In May 2001, Dominion Bond Rating Service (DBRS), Standard & Poor's (S&P), and Moody's assigned ratings of BBB(high), BBB+, and Baa2, respectively, to TELUS Corporation's senior unsecured Note offerings. S&P and Moody's also rated TELUS Corporation's new bank credit facility at BBB+ and Baa2, respectively.

On June 4, 2001, DBRS placed all TELUS Communications Inc. ("TCI" - a wholly owned subsidiary of TELUS Corporation) ratings "Under Review with Negative Implications". This review was completed July 9, 2001 with DBRS downgrading the Senior Debenture and Medium-Term Note ratings of TCI to BBB(high) from A(low), the Commercial Paper rating to R-2(high) from R-1(low), and the preferred share rating from Pfd-2(low) to Pfd-3(high) Stable. On July 12th, 2001 DBRS also downgraded TELUS

Communications (Québec) Inc. First Mortgage Bonds, Unsecured Debentures and Medium-Term Notes from A(low) to BBB(high) Stable, and its Commercial Paper from R-1(low) to R-2(high) Stable, to harmonize these ratings with those of TELUS Corporation and TCI on the announcement that TELUS had acquired the remaining 30% interest in TELUS Québec from Verizon. S&P has confirmed its BBB+ credit rating for TCI's long-term debt and an A1 low rating for its Commercial Paper.

On August 9, 2001, DBRS confirmed its R-2(high) rating for TELUS Corporation Commercial Paper and its BBB(high) rating for TELUS Medium-Term Notes and Notes. On September 25, S&P announced that TELUS' divestiture of the equipment leasing business had no effect on S&P's ratings of the Company.

UPDATE OF 2001 FINANCIAL OUTLOOK

The following table provides an updated 2001 financial and operating outlook. The current outlook increases Core EPS, which has already been exceeded. The current Core EPS outlook reflects expectations for the seasonal fourth quarter including COA from higher wireless subscriber additions as well as increases in depreciation and financing expenses, partly offset by decreased income taxes. The wireless net additions target for the year has been lowered given the more uncertain economic climate in Canada, our continued focus on revenue and EBITDA growth and more aggressive competitive offerings than anticipated.

	Previous Outlook Provided on July 26, 2001 [(1)]	Current Outlook
Revenues	$7.1 to $7.3 billion	Unchanged
EBITDA	Approx. $2.5 billion	Unchanged
Core EPS	Approx. $0.75	Approx. $0.85
Capital Expenditures	Approx. $2.2 billion [(2)]	Unchanged
Wireless net additions	475,000 to 500,000	400,000 to 440,000
ADSL High-speed Internet net additions	120,000 to 140,000	Unchanged

(1) Previously adjusted for divestitures of TELUS Advertising Services and Telecom Leasing Canada

(2) Consistent with original target, does not include $356 million for wireless licenses won in the February 1, 2001 Industry Canada spectrum auction

FORWARD-LOOKING STATEMENTS

This news release and management discussion and analysis contains statements about expected future events and financial and operating results of that are forward-looking and subject to risks and uncertainties. TELUS' actual results, performance, or achievement could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations and may not reflect the potential impact of any future acquisitions, mergers or divestitures. Factors that could cause actual results to differ materially include but are not limited to: general business and economic conditions in Canada and in TELUS' service territories; competition in wireline and wireless services, including voice, data and Internet services and within the Canadian telecommunications industry generally; levels of capital expenditures; corporate restructurings and successful integration of acquisitions; capital and operating expense savings; adverse regulatory action; collective agreement negotiations; technological advances; the effect of health and safety concerns and other risk factors described in TELUS' comprehensive public disclosure documents, including the Annual Information Form for 2000, and in other filings with securities commissions in Canada and the U.S.

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

TELUS Corporation (TSE: T, T.A; NYSE: TU) is one of Canada's leading telecommunications companies, providing a full range of telecommunications products and services that connect Canadians to the world. The company is the leading service provider in Western Canada and provides data, Internet Protocol, voice and wireless services to Central and Eastern Canada. For more information about TELUS, visit www.telus.com.

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Note: Media and investors are invited to listen to a live webcast of the investor conference call on the third quarter results at 11:00 am (EST) on Thursday, October 25 by visiting the TELUS website www.telus.com/investorcall.

A complete set of financial statements and accompanying notes are available on www.telus.com or www.sedar.com.

TELUS CORPORATION
CONSOLIDATED STATEMENT OF INCOME

(Unaudited) (millions)	Three months ended September 30		Nine months ended September 30	
	2001	2000	**2001**	2000
Operating Revenues	$ 1,849.8	$ 1,546.5	$ 5,298.2	$ 4,393.8
Operating Expenses				
Operations	1,150.5	936.2	3,366.9	2,625.8
Depreciation and amortization	347.4	281.8	1,017.0	827.0
Amortization of acquired intangible assets	28.1	—	82.8	—
	1,526.0	1,218.0	4,466.7	3,452.8
Operating Income From Continuing Operations	323.8	328.5	831.5	941.0
Other income (expense), net	0.6	(1.1)	19.6	(4.1)
Financing costs	168.8	59.2	448.5	144.8
Non-recurring refinancing charge	—	—	96.5	—
Restructuring costs	—	—	198.4	—
Income From Continuing Operations Before Income Taxes, Non-Controlling Interest and Goodwill Amortization	155.6	268.2	107.7	792.1
Income taxes	80.3	116.3	73.0	341.4
Income From Continuing Operations Before Non-Controlling Interest and Goodwill Amortization	75.3	151.9	34.7	450.7
Non-controlling interest	—	3.0	3.6	5.9
Income from Continuing Operations Before Goodwill Amortization	75.3	148.9	31.1	444.8
Goodwill amortization	46.2	6.0	129.7	9.0
Income (Loss) from Continuing Operations	29.1	142.9	(98.6)	435.8
Discontinued operations	556.7	18.1	595.4	52.6
Net Income	585.8	161.0	496.8	488.4
Preference and preferred share dividends	0.8	0.9	2.6	2.7
Interest on convertible debentures	1.4	—	4.7	—
Common Voting Share and Non-Voting Share Income	$ 583.6	$ 160.1	$ 489.5	$ 485.7

TELUS CORPORATION
CONSOLIDATED STATEMENT OF INCOME (Continued)

(Unaudited)	Three months ended September 30		Nine months ended September 30	
	2001	2000	**2001**	2000
Income (Loss) per Common Share ($) – Basic and Diluted				
Common share income (loss)				
Continuing operations	0.09	0.60	(0.36)	1.83
Discontinued operations	1.87	0.08	2.04	0.22
Net income	1.96	0.68	1.68	2.05
Dividends Declared Per Common Voting Share and Non-Voting Share ($)	0.35	0.35	1.05	1.05
Weighted Average Common Shares Including Non-Voting Shares Outstanding (millions)				
– **Basic**	297.4	237.0	291.7	237.0
– Diluted	298.0	237.0	291.7	237.0

TELUS CORPORATION
CONSOLIDATED BALANCE SHEET

(Unaudited) (millions)	**As at September 30, 2001**	As at December 31, 2000
Assets		
Current Assets		
Cash and temporary investments	$ 82.2	$ 100.2
Accounts receivable	1,191.0	1,008.5
Income taxes receivable	0.1	3.0
Inventories	98.3	151.7
Current portion of future income taxes	217.6	251.2
Prepaid expenses and other	112.4	234.2
	1,701.6	1,748.8
Capital assets, net	12,406.4	11,531.0
Other Assets		
Deferred charges	470.5	216.7
Future income taxes	1,032.8	1,024.4
Investments	30.0	17.9
Leases receivable	1.2	80.5
Goodwill	3,329.5	3,257.2
Other	19.4	1.2
	4,883.4	4,597.9
	$ 18,991.4	$ 17,877.7
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	$ 1,370.7	$ 1,326.0
Income taxes payable	52.8	—
Dividends payable	103.7	100.9
Advance billings and customer deposits	244.7	209.3
Short-term obligations	250.8	5,033.3
	2,022.7	6,669.5
Long-term debt	8,222.7	3,047.3
Future income taxes	1,428.8	1,462.7
Other long-term liabilities	311.1	205.5
Non-controlling interest	—	74.3
Shareholders' equity		
Common equity	6,786.8	6,199.1
Convertible debentures	149.6	149.6
Preference and preferred shares	69.7	69.7
	7,006.1	6,418.4
	$ 18,991.4	$ 17,877.7

TELUS CORPORATION
CONSOLIDATED CASH FLOW STATEMENT

(Unaudited) (millions)	Three months ended September 30		Nine months ended September 30	
	2001	2000	**2001**	2000
OPERATING ACTIVITIES				
Income (Loss) from continuing operations	$ 29.1	$ 142.9	$ (98.6)	$ 435.8
Items not affecting cash:				
Depreciation and amortization	375.5	281.8	1,099.8	827.0
Goodwill amortization	46.2	6.0	129.7	9.0
Future income taxes	48.7	18.9	(165.0)	153.7
Gain on redemption of long-term debt	(7.0)	—	(65.9)	—
Asset write-off related to restructuring	—	—	30.5	—
Non-recurring refinancing charge	—	—	96.5	—
Other, net	(18.4)	(14.0)	(20.8)	(41.7)
Operating cash flow	474.1	435.6	1,006.2	1,383.8
Provision for future cash restructuring costs	—	—	149.7	—
Operating cash flow adjusted for restructuring costs	474.1	435.6	1,155.9	1,383.8
Net change in non-cash working capital from continuing operations	233.9	(33.5)	151.5	(254.9)
Operations and net change in non-cash working capital from discontinued operations	(155.7)	18.1	(117.0)	52.6
Cash provided by operating activities	552.3	420.2	1,190.4	1,181.5
INVESTING ACTIVITIES				
Capital expenditures	(587.1)	(374.1)	(2,013.7)	(873.3)
Acquisition of subsidiaries, net of cash acquired	(65.3)	(12.9)	(200.9)	(606.6)
Proceeds from the sales of property	—	—	228.4	—
Net proceeds from divestitures	810.0	—	810.0	—
Other	(37.0)	(6.2)	(51.8)	(17.4)
Cash provided (used) by investing activities	120.6	(393.2)	(1,228.0)	(1,497.3)
FINANCING ACTIVITIES				
Common voting shares and non-voting shares issued	31.4	4.0	66.9	13.7
Dividends to shareholders	(64.1)	(84.0)	(260.6)	(251.6)
Long-term debt issued	110.0	11.1	6,692.8	222.3
Redemptions of long-term debt	(20.0)	(13.6)	(1,823.8)	(292.7)
Sinking fund withdrawals	—	—	—	109.5
Change in short-term obligations	(949.6)	176.4	(4,735.2)	772.0
Other	131.1	(1.9)	79.5	(4.7)
Cash provided (used) by financing activities	(761.2)	92.0	19.6	568.5
CASH POSITION				
Increase (decrease) in cash and cash equivalents	(88.3)	119.0	(18.0)	252.7
Cash and temporary investments (bank indebtedness), beginning of period	170.5	101.4	100.2	(32.3)
Cash and temporary investments, end of period	$ 82.2	$ 220.4	$ 82.2	$ 220.4
SUPPLEMENTAL DISCLOSURE				
Interest paid	$ 142.5	$ 45.1	$ 496.1	$ 152.8
Income taxes paid	$ 50.3	$ 59.5	$ 216.6	$ 209.8

TELUS CORPORATION
SEGMENTED DISCLOSURE

(Unaudited) (millions)

Three months ended
September 30

	Communications		Mobility		Eliminations		Consolidated	
	2001	2000	**2001**	2000	**2001**	2000	**2001**	2000
External revenue	$ 1,341.9	$ 1,248.1	$ 507.9	$ 298.4	$ —	$ —	$ 1,849.8	$ 1,546.5
Inter-segment revenue	25.7	18.4	4.3	4.0	(30.0)	(22.4)	—	—
Total operating revenue	1,367.6	1,266.5	512.2	302.4	(30.0)	(22.4)	1,849.8	1,546.5
Operations expenses	786.3	736.9	394.2	221.7	(30.0)	(22.4)	1,150.5	936.2
EBITDA	$ 581.3	$ 529.6	$ 118.0	$ 80.7	$ —	$ —	$ 699.3	$ 610.3
Capital additions	$ 403.3	$ 311.4	$ 183.8	$ 62.7	$ —	$ —	$ 587.1	$ 374.1

(Unaudited) (millions)

Nine months ended
September 30

	Communications		Mobility		Eliminations		Consolidated	
	2001	2000	**2001**	2000	**2001**	2000	**2001**	2000
External revenue	$ 3,880.0	$ 3,577.0	$ 1,418.2	$ 816.8	$ —	$ —	$ 5,298.2	$ 4,393.8
Inter-segment revenue	63.6	50.2	13.0	11.4	(76.6)	(61.6)	—	—
Total operating revenue	3,943.6	3,627.2	1,431.2	828.2	(76.6)	(61.6)	5,298.2	4,393.8
Operations expenses	2,313.0	2,125.0	1,130.5	562.4	(76.6)	(61.6)	3,366.9	2,625.8
EBITDA	$ 1,630.6	$ 1,502.2	$ 300.7	$ 265.8	$ —	$ —	$ 1,931.3	$ 1,768.0
Capital additions	$ 1,295.0	$ 762.9	$ 794.7	$ 110.4	$ (76.0)	$ —	$ 2,013.7	$ 873.3