

TELUS CORP  
Form SUPPL  
March 26, 2013  
Table of Contents

*Filed pursuant to General Instruction II.L of Form F-10  
File No. 333-176788*

**This preliminary prospectus supplement is not yet final for the purposes of the sale of securities. Information contained in this preliminary prospectus supplement is not complete and may have to be amended.**

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

*This prospectus supplement, together with the short form base shelf prospectus dated October 3, 2011 to which it relates, as amended or supplemented and each document incorporated or deemed to be incorporated by reference in the short form base shelf prospectus, constitutes a public offering of securities offered pursuant hereto only in the jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.*

*Information has been incorporated by reference in this prospectus supplement and the accompanying short form base shelf prospectus dated October 3, 2011 from documents filed with securities commissions or similar authorities in Canada. Copies of the short form base shelf prospectus and documents incorporated by reference therein may be obtained on request without charge from the Senior Vice-President, Chief Legal Officer & Corporate Secretary of TELUS at Floor 5, 3777 Kingsway, Burnaby, British Columbia, V5H 3Z7 (telephone 604.697.8029). Copies of these documents are also available electronically on the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators ( SEDAR ), at [www.sedar.com](http://www.sedar.com).*

**PRELIMINARY PROSPECTUS SUPPLEMENT To a Short Form Base Shelf Prospectus dated October 3, 2011**

New Issue

March 26, 2013

## TELUS Corporation

**[\$ ] [ ]% Notes, Series CK due [ ]**

**[\$ ] [ ]% Notes, Series CL due [ ]**

(unsecured)

The [ ]% Notes, Series CK due [ ] (the Series CK Notes ) and [ ]% Notes, Series CL due [ ] (the Series CL Notes ) of TELUS Corporation ( TELUS or the Company ) are offered under this prospectus supplement (the Offering ). Any reference to the Notes contained in this prospectus supplement refers to both the Series CK Notes and the Series CL Notes unless the context indicates otherwise.

The Series CK Notes will bear interest from their issuance date at the rate of [ ]% per annum payable in equal semi-annual instalments on [ ] and [ ] of each year (each, a Series CK Interest Payment Date ). The first interest payment on the Series CK Notes in the amount of \$[ ] will be due on [ ]. See Details of the Offering . **The effective yield on the Series CK Notes if held to maturity will be [ ]%.**

The Series CL Notes will bear interest from their issuance date at the rate of [ ]% per annum payable in equal semi-annual instalments on [ ] and [ ] of each year (each, a Series CL Interest Payment Date , and together with the Series CK Interest Payment Date, the Interest Payment Dates and each, an Interest Payment Date ). The first interest payment on the Series CL Notes in the amount of \$[ ] will be due on [ ]. See Details of the

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Offering . **The effective yield on the Series CL Notes if held to maturity will be [ ]%.**

TELUS maintains its registered office at Floor 5, 3777 Kingsway, Burnaby, British Columbia, V5H 3Z7 and its executive office at Floor 8, 555 Robson Street, Vancouver, British Columbia, V6B 3K9.

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**Table of Contents**

This Offering is being made in all of the provinces of Canada and in the United States. See [Plan of Distribution](#) .

The Notes offered hereby will generally be qualified investments under the *Income Tax Act* (Canada). See [Eligibility for Investment](#) .

This Offering is made by a Canadian issuer that is permitted, under a multijurisdictional disclosure system adopted by the United States, to prepare this prospectus supplement, and the short form base shelf prospectus to which it relates, in accordance with the disclosure requirements of Canada. Prospective investors in the United States should be aware that such requirements are different from those of the United States. The financial statements incorporated herein have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and may be subject to Canadian auditing and auditor independence standards, and thus may not be comparable to financial statements of United States companies.

Prospective investors in the United States should be aware that the acquisition of the Notes of either series described herein may have tax consequences both in the United States and in Canada. Such consequences for investors who are resident in, or citizens of, the United States may not be fully described herein.

The enforcement by investors of civil liabilities under the United States federal securities laws may be affected adversely by the fact that the Company is incorporated or organized under the laws of the Province of British Columbia, that some or all of its officers and directors may be residents of Canada, that some or all of the agents or experts named herein may be residents of Canada, and that all or a substantial portion of the assets of the Company and such persons may be located outside the United States.

The securities offered pursuant to this prospectus supplement have not been approved or disapproved by the United States Securities and Exchange Commission (the "SEC") nor has the SEC passed upon the accuracy or adequacy of this prospectus supplement or the short form base shelf prospectus to which this prospectus supplement relates. Any representation to the contrary is a criminal offense.

The Series CK Notes may be redeemed, at the option of the Company, in whole at any time or in part from time to time prior to [ ], at the redemption price described herein. The Series CK Notes may be redeemed, at the option of the Company, at any time on or after [ ], in whole but not in part, at 100% of their principal amount. In addition, accrued and unpaid interest, if any, will be paid to the date fixed for redemption.

The Series CL Notes may be redeemed, at the option of the Company, in whole at any time or in part from time to time prior to [ ], at the redemption price described herein. The Series CL Notes may be redeemed, at the option of the Company, at any time on or after [ ], in whole but not in part, at 100% of their principal amount. In addition, accrued and unpaid interest, if any, will be paid to the date fixed for redemption.

In the event of certain changes affecting Canadian withholding taxes in respect of either or both series of Notes, the affected series of Notes will be redeemable at the option of the Company, in whole but not in part, at 100% of their respective outstanding principal amount plus accrued and unpaid interest, if any, and applicable Additional Amounts (as defined herein), if any, to the date fixed for redemption.

The Company will be required to make an offer to repurchase a particular series of Notes at a price equal to 101% of its outstanding principal amount plus accrued and unpaid interest to the date of repurchase upon the occurrence of a Change of Control Triggering Event (as defined herein). See [Details of the Offering](#) [Repurchase upon Change of Control Triggering Event](#) .

The Notes of each series will be unsecured and unsubordinated obligations of the Company, will rank *pari passu* in right of payment with all existing and future unsecured and unsubordinated obligations of the Company and

**Table of Contents**

will be senior in right of payment to all existing and future subordinated indebtedness of the Company, but will be effectively subordinated to all existing and future obligations of, or guaranteed by, the Company's subsidiaries.

**An investment in the Notes bears certain risks. See Risk Factors .**

	Price to		Net Proceeds to the Company <sup>(1)(2)(3)</sup>
	Public	Agents' Fees <sup>4)</sup>	
Series CK Notes, per \$1,000 principal amount	\$ [ ]	\$ [ ]	\$ [ ]
Series CL Notes, per \$1,000 principal amount	\$ [ ]	\$ [ ]	\$ [ ]
Total	\$ [ ]	\$ [ ]	\$ [ ]

- (1) TELUS has agreed to indemnify the Agents (as defined herein) against certain liabilities. See Plan of Distribution .
- (2) Consisting of the purchase price of [ ]% (or \$[ ]) less the Agents' fees in respect of the Series CK Notes, and [ ]% (or \$[ ]) less the Agents' fees in respect of the Series CL Notes.
- (3) Before deducting expenses of the issue estimated at \$1.83 million which, together with the Agents' fees, will be paid from the general funds of the Company.

**There is no market through which the Notes of either series may be sold and purchasers may not be able to resell the Notes of either series purchased under this prospectus supplement and the short form base shelf prospectus to which it relates. This may affect the pricing of the Notes of each series in the secondary market, the transparency and availability of trading prices, the liquidity of the Notes of each series, and the extent of issuer regulation. See Risk Factors .**

[ ] (collectively, the Agents ), as agents, conditionally offer the Notes of each series subject to prior sale, on a best efforts basis if, as and when issued and sold by TELUS in accordance with the conditions of the agency agreement described under Plan of Distribution and subject to the approval of certain legal matters on behalf of TELUS by Norton Rose Canada LLP, Toronto, Ontario, the Company's Canadian counsel, and Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York, the Company's U.S. counsel, and on behalf of the Agents by Osler, Hoskin & Harcourt LLP of Toronto, Ontario and New York, New York, the Agents' Canadian and U.S. counsel. Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the Notes of each series will be available for delivery in book-entry form only on closing of this Offering, which is expected to occur on or about April 1, 2013 or such other date as may be agreed upon by TELUS and the Agents.

In connection with this Offering, the Agents may, subject to applicable law, over-allot or effect transactions which stabilize or maintain the market price of the Notes of each series offered at levels other than those that might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See Plan of Distribution .

Each of the Agents, other than [ ] and [ ], is an affiliate of a financial institution which is a lender to the Company under a \$2 billion unsecured credit facility with a syndicate of 15 financial institutions (the 2011 Credit Facility ). Consequently, the Company may be considered to be a connected issuer of each Agent other than [ ] and [ ] for purposes of securities legislation of the provinces of Canada. See Plan of Distribution .

**Table of Contents****TABLE OF CONTENTS**

<u>Currency</u>	S-4
<u>Documents Incorporated By Reference</u>	S-4
<u>Where You Can Find More Information</u>	S-5
<u>Forward-Looking Statements</u>	S-5
<u>Summary</u>	S-8
<u>Recent Developments</u>	S-11
<u>Consolidated Capitalization</u>	S-11
<u>Price Range and Trading Volumes</u>	S-12
<u>Use of Proceeds</u>	S-13
<u>Earnings Coverage Ratio</u>	S-13
<u>Risk Factors</u>	S-14
<u>Details of the Offering</u>	S-16
<u>Eligibility for Investment</u>	S-25
<u>Certain Canadian and United States Income Tax Considerations</u>	S-26
<u>Plan of Distribution</u>	S-31
<u>Legal Matters</u>	S-32
<u>Auditors, Registrar and Transfer Agent</u>	S-32
<u>Consent of Independent Registered Chartered Accountants</u>	S-33

**CURRENCY**

Unless otherwise indicated, all references to \$ or dollar in this prospectus supplement refer to the Canadian dollar and all references to U.S.\$ or U.S. dollar in this prospectus supplement refer to the United States dollar. For information purposes, the noon exchange rate as reported by the Bank of Canada on March 25, 2013 was U.S.\$1.00 = \$1.0218.

**DOCUMENTS INCORPORATED BY REFERENCE**

This prospectus supplement is deemed to be incorporated by reference into the accompanying short form base shelf prospectus of TELUS dated October 3, 2011 (the short form base shelf prospectus) solely for the purposes of this Offering. Other documents are also incorporated or deemed to be incorporated by reference into the short form base shelf prospectus and reference should be made to the short form base shelf prospectus for full particulars thereof.

The following documents, which have been filed by the Company with securities commissions or similar authorities in Canada, are also specifically incorporated by reference into and form an integral part of the short form base shelf prospectus, as supplemented by this prospectus supplement:

- (a) the annual information form of the Company dated March 15, 2013 for the year ended December 31, 2012;
- (b) the audited consolidated financial statements of the Company for the years ended December 31, 2012 and December 31, 2011, together with the report of the independent registered chartered accountants thereon and the notes thereto (the Annual Financial Statements);
- (c) Management's Discussion and Analysis of financial results for the year ended December 31, 2012;

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- (d) the material change report of the Company dated February 7, 2013 announcing the completion of the Company's exchange of its non-voting shares (the Non-Voting Shares) into common shares of TELUS (the Common Shares) on a one-for-one basis;
- (e) the Information Circular dated March 22, 2012 prepared in connection with the Company's annual meeting held on May 9, 2012; and
- (f) the Information Circular dated August 30, 2012 prepared in connection with the Company's class meeting of the holders of Non-Voting Shares and a general meeting of the Company held on October 17, 2012.

**Any statement contained in the short form base shelf prospectus, in this prospectus supplement or in any document incorporated or deemed to be incorporated by reference in the short form base shelf prospectus for the purpose of this Offering shall be deemed to be modified or superseded, for purposes of this prospectus supplement, to the extent that a statement contained herein or in the short form base shelf**

S-4

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**Table of Contents**

prospectus or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein or in the short form base shelf prospectus modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this prospectus supplement, except as so modified or superseded.

**WHERE YOU CAN FIND MORE INFORMATION**

Information has been incorporated by reference in the accompanying short form base shelf prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of this prospectus supplement, together with the short form base shelf prospectus and documents incorporated by reference therein, may be obtained on request without charge from the Senior Vice-President, Chief Legal Officer and Corporate Secretary of TELUS at Floor 5, 3777 Kingsway, Burnaby, British Columbia, V5H 3Z7 (telephone 604.697.8029). Copies of these documents are also available electronically on SEDAR at [www.sedar.com](http://www.sedar.com) and on EDGAR at [www.sec.gov](http://www.sec.gov).

**FORWARD-LOOKING STATEMENTS**

*In addition to its continuous disclosure obligations under the securities laws of the provinces of Canada, TELUS is subject to the information requirements of the United States Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the SEC. Under a multijurisdictional disclosure system adopted by the United States, such reports and other information may be prepared in accordance with the disclosure requirements of Canada, which requirements are different from those of the United States. Such reports and other information, when filed by TELUS in accordance with such requirements, can be inspected and copied at prescribed rates at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. In addition, such materials are also available to the public on the SEC's website at [www.sec.gov](http://www.sec.gov). The Common Shares are listed on the New York Stock Exchange (the "NYSE"), and reports and other information concerning TELUS can be inspected at the offices of the NYSE at 20 Broad Street, New York, New York 10005.*

*This prospectus supplement and the short form base shelf prospectus to which it relates, together with the documents incorporated by reference herein and therein, contain forward-looking statements about expected future events and the financial and operating performance of TELUS. By their nature, forward-looking statements are subject to inherent risks and uncertainties, and require the Company to make assumptions. There is significant risk that assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause future performance, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed. Except as required by law, the Company disclaims any intention or obligation to update or revise any forward-looking statements, and reserves the right to change, at any time at its sole discretion, its current practice of updating annual targets and guidance. Annual targets for 2013 and related assumptions are described in Section 1.4: Performance scorecard (key performance measures), and Section 1.5: Financial and operating targets for 2013, each contained in the Company's Management's Discussion and Analysis of financial results for the year ended December 31, 2012. Factors that could cause actual performance to differ materially include, but are not limited to:*

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## Table of Contents

Competition including: continued intense competitive rivalry across all services among established telecommunications companies, advanced wireless services ( AWS ) entrants, cable-TV providers, other communications companies and emerging over-the-top ( OTT ) services; active price and brand competition; the Company's ability to offer an enhanced customer service experience; industry growth rates including wireless penetration gain; network access line losses; subscriber additions and subscriber retention experience for wireless, TELUS TV® and TELUS high-speed Internet services; costs of subscriber acquisition and retention; pressures on wireless average revenue per subscriber unit per month ( ARPU ) such as through flat-rate pricing trends for voice and data, inclusive long distance plans for voice, and increasing availability of Wi-Fi networks for data; levels of smartphone sales and associated subsidy levels; and ability to obtain and offer data content across multiple devices on wireless and TV platforms.

Technological substitution including: reduced utilization and increased commoditization of traditional wireline voice local and long distance services; increasing numbers of households that have only wireless telephone services; continuation of wireless voice ARPU declines such as through substitution to messaging and OTT applications like Skype; and OTT IP services that may cannibalize TV and entertainment services.

Technology including: subscriber demand for data that could challenge wireless network and spectrum capacity, and service levels; reliance on systems and information technology; broadband and wireless technology options, evolution paths and roll-out plans; reliance on wireless network access agreements; choice of suppliers and suppliers' ability to maintain and service their product lines; wireless handset supplier concentration and market power; the expected benefits and performance of long-term evolution ( LTE ) wireless technology; dependence of rural LTE roll-out strategy on ability to acquire spectrum in the 700 MHz band; successful deployment and operation of new wireless networks and successful introduction of new products, new services and supporting systems; network reliability and change management (including risk of migration to new, more efficient Internet data centres ( IDCs ) and realizing the expected benefits); timing of future decommissioning of iDEN and CDMA wireless networks to redeploy spectrum and reduce operating costs, and the associated subscriber migration and retention risks; and successful upgrades and evolution of TELUS TV® technology, which depends on third-party suppliers.

Economic growth and fluctuations including: the strength and persistence of economic growth in Canada that may be influenced by economic developments in the United States, Europe, Asia and elsewhere; future interest rates; and pension investment returns and funding.

Capital expenditure and spectrum licence expenditure levels in 2013 and beyond due to the Company's wireless deployment strategy for LTE and future technologies, wireline broadband initiatives, new IDC initiatives, and Industry Canada wireless spectrum auctions, including auction of spectrum in the 700 MHz band expected in the second half of 2013 and the 2,500 2,690 MHz bands expected in 2014.

Financing and debt requirements including the ability to carry out refinancing activities.

Ability to sustain growth objectives through 2013 including: dividend growth of circa 10% per annum and CEO goals of generating low double-digit percentage annualized growth in earnings per share ( EPS ) and greater growth in free cash flow, excluding spectrum costs. The growth objectives may be affected by factors such as regulatory and government developments and decisions, competitive environment, reasonable economic performance in Canada, and capital expenditure and spectrum auction requirements. The growth objectives are not necessarily indicative of earnings, dividends and free cash flow beyond 2013. There can be no assurance that the Company will initiate a normal course issuer bid in 2013 or that the Company will maintain a dividend growth model after 2013.

Regulatory approvals and developments including: future spectrum auctions and rules for the 700 MHz and 2,500 2,690 MHz bands (including the amount and cost of spectrum acquired) or other spectrum purchases; whether application and ongoing enforcement of new regulatory safeguards regarding vertical integration by competitors into broadcast content ownership prove to be effective; compliance with restrictions on non-Canadian ownership of Common Shares; developments and changes in foreign ownership levels of TELUS; increased foreign control of certain AWS wireless entrants; interpretation and application of tower sharing





## Table of Contents

and roaming rules; and amendments to consumer protection legislation by several provinces and a new Canadian Radio-television and Telecommunications Commission ( CRTC ) proceeding to establish a mandatory code and clarity for consumers in respect of terms and conditions of wireless services, where non-harmonized provincial rules create risk of significant compliance costs.

Human resource matters including employee retention and recruitment.

Ability to successfully implement cost reduction initiatives and realize expected savings net of restructuring costs, such as from business integrations, business process outsourcing, internal offshoring and reorganizations, procurement initiatives and administrative office consolidation, without losing customer service focus or negatively impacting client care.

Process risks including: reliance on legacy systems and ability to implement and support new products and services; implementation of large enterprise deals that may be adversely impacted by available resources and degree of co-operation from other service providers; and real estate joint venture development risks.

Tax matters including: a general tendency by tax collection authorities to adopt more aggressive auditing practices; possible higher than currently forecast corporate income tax rates in the future; the Canadian federal government's enacted policy change that eliminates the ability to defer income taxes through the use of different tax year-ends for operating partnerships and corporate partners, which is expected to increase income tax payments commencing in 2014; costs and complexity of complying with the Province of British Columbia's reversal of its harmonized sales tax back to a separate provincial sales tax and federal goods and services tax, as well as the Province of Quebec's sales tax harmonization; and international tax complexity and compliance.

Business continuity events including: human-caused threats such as electronic attacks and human errors; equipment failures; supply chain disruptions; natural disaster threats; and effectiveness of business continuity and disaster recovery plans and responses.

Acquisitions or divestitures including realizing expected strategic benefits.

Health, safety and environmental developments; Litigation and legal matters; and other risk factors discussed herein and listed from time to time in the Company's reports and public disclosure documents including the Company's annual report, annual information form, and other filings with securities commissions or similar regulatory authorities in Canada (on SEDAR at [www.sedar.com](http://www.sedar.com)) and in its filings with the SEC in the United States, including Form 40-F (on EDGAR at [www.sec.gov](http://www.sec.gov)).

*For further information, see Section 10: Risks and risk management in the Company's Management's Discussion and Analysis of financial results for the year ended December 31, 2012, which is incorporated by reference in this prospectus supplement.*





**Table of Contents**

price equal to the greater of (a) the Discounted Value (as defined in Details of the Offering Optional Redemption ) of the Notes, or (b) 100% of the principal amount thereof. The Series CK Notes may be redeemed, at the option of the Company, at any time on or after [ ], in whole but not in part, on not fewer than 30 nor more than 60 days prior notice, at 100% of their principal amount. In addition, accrued and unpaid interest, if any, will be paid to the date fixed for redemption.

The Series CL Notes may be redeemed at the option of the Company, in whole at any time, or in part from time to time, prior to [ ] on not fewer than 30 nor more than 60 days prior notice, at a redemption price equal to the greater of (a) the Discounted Value (as defined in Details of the Offering Optional Redemption ) of the Notes, or (b) 100% of the principal amount thereof. The Series CL Notes may be redeemed, at the option of the Company, at any time on or after [ ], in whole but not in part, on not fewer than 30 nor more than 60 days prior notice, at 100% of their principal amount. In addition, accrued and unpaid interest, if any, will be paid to the date fixed for redemption.

In the event of certain changes to the tax laws of Canada or any province thereof in respect of either series of Notes or both, TELUS may, under certain circumstances, redeem the Notes of each series affected, in whole but not in part, at 100% of their respective outstanding principal amount, together with accrued and unpaid interest, if any, and Additional Amounts, if any, to the date fixed for redemption. See Details of the Offering Tax Redemption .

**Change of Control**

The Company will be required to make an offer to repurchase a particular series of Notes at a price equal to 101% of its outstanding principal amount plus accrued and unpaid interest to the date of repurchase upon the occurrence of a Change of Control Triggering Event. See Details of the Offering Repurchase upon Change of Control Triggering Event .

**Certain Covenants**

The Indenture (as defined herein) pursuant to which the Notes of each series will be issued will contain certain covenants that, among other things, limit the ability of the Company and certain material subsidiaries to grant security in respect of Indebtedness (as defined herein) and to enter into Sale and Lease-Back Transactions (as defined herein) and limit the ability of such subsidiaries to incur new Indebtedness. See Details of the Offering Negative Pledge , Limitation on Restricted Subsidiary Indebtedness , and Limitation on Sale and Lease-Back Transactions .

**Use of Proceeds**

The total net proceeds to be received by the Company from this Offering are estimated to be approximately \$[ ] after payment of commissions to the Agents but before deduction of the expenses of this Offering. The net proceeds will be used to repay the Company s

**Table of Contents**

outstanding 5.00% Series CB Notes due June 2013 (the Series CB Notes ) at maturity, to fund the proposed redemption of all of the Company s outstanding Series CF Notes, to repay outstanding commercial paper and the remainder will be used for general working capital purposes. Pending any such use of the net proceeds, the Company will invest the net proceeds in bank deposits and short term marketable securities. The Series CB Notes and the Series CF Notes were each originally incurred to repay amounts outstanding under the Company s previous credit facilities. The outstanding commercial paper was originally incurred for general working capital purposes. See Use of Proceeds .

**Form and Denomination**

The Notes of each series will be issued in the form of one or more fully registered global securities to be held by, or on behalf of, CDS Clearing and Depository Services Inc. The Notes of each series will be issued only in fully registered form, without coupons, in denominations of \$1,000 of principal amount and any integral multiple thereof.

**Governing Law**

Ontario, Canada.

**RISK FACTORS**

Prospective investors in the Notes of either series should consider carefully the matters set forth in the section entitled Risk Factors in this prospectus supplement and the section entitled Risks and risk management in the Company s Management s Discussion and Analysis of financial results for the year ended December 31, 2012, which section is being incorporated by reference herein.

**Table of Contents****RECENT DEVELOPMENTS**

On March 26, 2013, TELUS announced its intention to redeem, in whole or in part, the Company's outstanding Series CF Notes. The Series CF Notes were issued in May 2009 in the principal amount of \$700 million. TELUS intends to issue the formal notice to redeem the Series CF Notes upon completion of this Offering. TELUS anticipates using a portion of the net proceeds of this Offering to fund the redemption. See Use of Proceeds. The redemption of the Series CF Notes is expected to be completed on or about May 15, 2013.

**CONSOLIDATED CAPITALIZATION**

The following table sets forth the cash and temporary investments, net, and the capitalization of TELUS as at December 31, 2012, on an actual basis and on an as adjusted basis to give effect to this Offering and the use of the proceeds of this Offering to repay the Company's outstanding Series CB Notes at maturity, to fund the redemption of all of the Series CF Notes and to repay outstanding commercial paper. This table should be read in conjunction with the Annual Financial Statements. All U.S. dollar amounts have been translated into Canadian dollars based on the monthly closing rate of exchange as reported by the Bank of Canada on December 31, 2012 (U.S.\$1.00 = \$0.9949).

	As at December 31, 2012	
	Actual	As Adjusted
	(millions)	
Cash and temporary investments, net	\$ 107	\$ [ ] <sup>(1)</sup>
Amounts arising from arm's-length securitization trust	402	402
<b>Total short-term debt</b>	<b>402</b>	<b>402</b>
Long-term debt:		
Series CK Notes offered hereby		[ ]
Series CL Notes offered hereby		[ ]
TELUS Corporation Notes		
Series CB: 5.0% due June 2013	300	(1)
Series CD: 4.95% due March 2017	693	693
Series CE: 5.95% due April 2015	499	499
Series CF: 4.95% due May 2014	699	(1)(2)
Series CG: 5.05% due December 2019	992	992
Series CH: 5.05% due July 2020	994	994
Series CI: 3.65% due May 2016	596	596
Series CJ: 3.35% due March 2023	496	496
TELUS Corporation Commercial Paper	245	(1)
TELUS Corporation Credit Facilities		
TELUS Communications Inc. Debentures		
Series 2: 11.90% due November 2015	125	125
Series 3: 10.65% due June 2021	174	174
Series 5: 9.65% due April 2022	245	245
Series B: 8.80% due September 2025	198	198
<b>Total long-term debt</b>	<b>6,256</b>	<b>[ ]</b>
<b>Total debt</b>	<b>6,658</b>	<b>[ ]</b>
Owners' equity:		
Common Shares and Non-Voting Shares	5,579	5,579
Contributed surplus	163	163
Retained earnings	1,904	[ ] <sup>(3)</sup>
Accumulated other comprehensive income	40	40

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Total owners' equity	7,686	[ ]
Total capitalization	\$ 14,237	\$ [ ]

Notes:

- (1) Assuming the repayment of the Series CB Notes at maturity, the redemption of the Series CF Notes and the repayment of outstanding commercial paper, cash and temporary investments, net, includes an aggregate of \$[ ] million arising from the issuance of the Notes contemplated by this Offering.
- (2) TELUS intends to issue the formal notice to redeem the Series CF Notes upon completion of this Offering.
- (3) The December 31, 2012 as adjusted amount reflects a current estimate of the loss, net of tax effects, in retained earnings assuming a redemption of all of the Series CF Notes.



**Table of Contents****PRICE RANGE AND TRADING VOLUMES**

The Common Shares are listed and posted for trading on the Toronto Stock Exchange (the "TSX") under the symbol "T" and the NYSE under the symbol "TU". The following table set forth the reported high and low closing sale prices and the aggregate volume of trading of the Common Shares on the TSX during the 12 months preceding the date of this prospectus.

**Common Shares<sup>(1)</sup>**

	Price Range		Volume
	High (\$)	Low (\$)	
<b>2012</b>			
March	59.44	56.58	39,418,831
April	59.40	57.40	14,742,225
May	60.29	57.90	15,097,381
June	61.14	58.44	23,134,482
July	63.24	61.36	9,191,031
August	65.04	62.07	17,477,715
September	63.25	60.73	20,153,635
October	64.84	61.90	18,428,891
November	65.60	63.06	35,910,652
December	65.93	64.19	10,368,023
<b>2013</b>			
January	67.39	64.05	11,292,020
February	70.89	66.00	15,774,711
March 1 - 25	71.47	68.41	12,364,591

Note:

- (1) The Non-Voting Shares were exchanged for Common Shares as part of a plan of arrangement and were delisted from the NYSE on February 4, 2013 and the TSX on February 8, 2013. On March 14, 2013, TELUS announced that its board of directors approved a two-for-one stock split of the Company's outstanding Common Shares. On April 16, 2013, TELUS shareholders will receive one additional Common Share for each Common Share owned on the record date of April 15, 2013, subject to completion and approval of regulatory filings with the TSX and NYSE.

**Table of Contents**

**USE OF PROCEEDS**

The total net proceeds to be received by the Company from this Offering are estimated to be approximately \$[ ] after payment of commissions to the Agents but before deduction of the expenses of this Offering. The net proceeds will be used to repay the Company's outstanding Series CB Notes at maturity, to fund the redemption of all of the Company's outstanding Series CF Notes, to repay outstanding commercial paper and the remainder will be used for general working capital purposes. Pending any such use of the net proceeds, the Company will invest the net proceeds in bank deposits and short term marketable securities. The Series CB Notes were originally incurred to repay the Company's outstanding indebtedness under a credit facility and/or to permit the early termination of certain cross-currency swap agreements with certain of the lenders under such credit facility. The Series CF Notes were originally incurred for general corporate purposes including to repay the Company's outstanding indebtedness under a credit facility and outstanding commercial paper. The outstanding commercial paper was originally incurred for general working capital purposes. As of the date of this prospectus supplement, there is approximately \$300 million aggregate principal amount of Series CB Notes and \$700 million aggregate principal amount of Series CF Notes outstanding.

**EARNINGS COVERAGE RATIO**

For the 12-month period ended December 31, 2012, the Company's consolidated net income attributable to Common Shares and Non-Voting Shares before income taxes and borrowing costs was \$2,130 million. Borrowing costs for this 12-month period, after giving effect to this Offering and to the use of the proceeds of this Offering (being the repayment of the outstanding Series CB Notes at maturity, the redemption of all of the outstanding Series CF Notes and the repayment of outstanding commercial paper) as though they had each occurred at the beginning of such period, would be \$[ ] million. The earnings coverage ratio refers to the ratio of (i) consolidated net income attributable to Common Shares and Non-Voting Shares before income taxes and borrowing costs, and (ii) borrowing costs. The following earnings coverage ratio, which gives effect to this Offering and to the use of the proceeds of this Offering (being the repayment of the outstanding Series CB Notes at maturity, the redemption of all of the outstanding Series CF Notes and the repayment of outstanding commercial paper) as though they had each occurred at the beginning of such period, was calculated on a consolidated basis for the 12-month period ended December 31, 2012:

	<b>December 31,</b>
	<b>2012</b>
Earnings coverage ratio.	[ ] times

The earnings coverage ratio set out above does not purport to be indicative of an earnings coverage ratio for any future periods.

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**Table of Contents**

**RISK FACTORS**

An investment in the Notes of either series offered hereby involves certain risks. In addition to the other information contained in this prospectus supplement and in the section entitled "Risks and risk management" in the Company's Management's Discussion and Analysis of financial results for the year ended December 31, 2012, which section is being incorporated herein by reference, prospective investors should carefully consider the following factors in evaluating TELUS and its business before making an investment in the Notes of either series.

**Structural Subordination of Notes**

The Notes of each series will be obligations exclusively of the Company. The Company's existing operations are currently conducted through its subsidiaries. The Company's ability to meet its debt service obligations, including payment of principal and interest on the Notes of each series, is dependent upon the cash flow of its subsidiaries and the payment of funds by its subsidiaries to the Company in the form of loans, dividends, fees or otherwise. The Company's subsidiaries are separate and distinct legal entities and will have no obligation, contingent or otherwise, to pay any amounts due pursuant to the Notes of either series or to make any funds available therefor, whether in the form of loans, dividends or otherwise. Because the Company's subsidiaries will not guarantee the payment of principal of or interest on the Notes of either series, any right of the Company to receive assets of the subsidiaries upon their bankruptcy, receivership, liquidation or reorganization (and the consequent right of the holders of the Notes of each series (collectively, the "Noteholders") to participate in the distribution of proceeds from those assets) will be effectively subordinated to the claims of such subsidiaries' creditors (including tax authorities, trade creditors and lenders).

**Bankruptcy and Related Laws**

The Company is incorporated under the laws of the Province of British Columbia and its principal operating assets are located in Canada.

The rights of the Trustee (as defined herein) to enforce remedies are likely to be significantly impaired by the restructuring, receivership, liquidation and other provisions of applicable Canadian bankruptcy, insolvency, restructuring and other similar legislation if the benefit of such legislation is sought with respect to the Company. For example, both the *Bankruptcy and Insolvency Act* (Canada) and the *Companies Creditors Arrangement Act* (Canada) contain provisions enabling an insolvent person to obtain a stay of proceedings as against its creditors and others and to prepare and file a proposal or plan to restructure and/or compromise obligations for consideration by all or some of its creditors to be voted on by the various classes of its creditors. Such a restructuring proposal or plan, if accepted by the requisite majorities of creditors and if approved by the court, would be binding on persons who might not otherwise be willing to accept it. Moreover, both statutes permit, in certain circumstances, the insolvent debtor to retain possession and administration of its property, even though it may be in default under the applicable debt instrument.

The powers of the court under applicable Canadian bankruptcy, insolvency, restructuring and other similar legislation (including the *Bankruptcy and Insolvency Act* (Canada) and particularly under the *Companies Creditors Arrangement Act* (Canada)) have generally been exercised broadly to protect a debtor entity from actions taken by creditors and other parties. Accordingly, it is impossible to predict if payments under the Notes of either series would be made following commencement of or during such a proceeding, whether or when the Trustee could exercise its rights under the Indenture or whether and to what extent Noteholders would be compensated for any delay, in payments of principal and interest.

**No Public Market**

There is no established trading market for the Notes of either series. The Company does not intend to have the Notes of either series listed for trading on any securities exchange or quoted on any automated dealer quotation system. The Agents have advised the Company that they presently intend to make a market in the Notes of each

## **Table of Contents**

series, but the Agents are not obligated to do so and any such market-making activities may be discontinued at any time without notice at the sole discretion of the Agents. Accordingly, no assurance can be given as to the prices or liquidity of, or trading markets for, the Notes of each series. The liquidity of any market for the Notes of either series will depend upon the number of holders of such series of Notes, the interest of securities dealers in making a market in the Notes of either series and other factors. The absence of an active market for the Notes of either series could adversely affect their market price and liquidity.

## **Credit Ratings**

There can be no assurance that the credit ratings assigned to the Notes of either series will remain in effect for any given period of time or that the ratings will not be withdrawn or revised at any time. Real or anticipated changes in credit ratings on the Notes of either series may affect the market value of the applicable Notes. In addition, real or anticipated changes in credit ratings can affect the cost at which TELUS can access the capital markets.

## **Repurchase upon Change of Control Triggering Event**

In the event that the Company is required to offer to repurchase the Notes of either series upon the occurrence of a Change of Control Triggering Event, it may not have sufficient funds to repurchase the Notes of either series in cash at such time. In addition, the Company's ability to repurchase the Notes of either series for cash may be limited by applicable law.

## **Interest Rate Risks**

Prevailing interest rates will affect the market price or value of the Notes of either series. The market price or value of the Notes of either series will decline as prevailing interest rates for comparable debt instruments rise, and will increase as prevailing interest rates for comparable debt instruments decline.

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**Table of Contents**

**DETAILS OF THE OFFERING**

*The following description of the Notes of each series is a brief summary of their material attributes and characteristics, which does not purport to be complete and is qualified in its entirety by reference to the Indenture. The following summary uses words and terms which have been defined in the Indenture. For full particulars, reference is made to the short form base shelf prospectus and to the Indenture.*

**General**

Each series of Notes will be issued under its own supplemental indenture (each, a Supplemental Indenture ) which, for purposes of that series, will supplement the terms and conditions in the trust indenture dated May 22, 2001 (the Trust Indenture ) between the Company and Montreal Trust Company of Canada (now Computershare Trust Company of Canada), as trustee (the Trustee ). Each Supplemental Indenture will be entered into between the Company and the Trustee, will be dated the issuance date of the applicable series of Notes, and will provide for, among other things, the creation and issuance of the applicable series of Notes. The Trust Indenture is described in the short form base shelf prospectus. References herein to the Indenture refer to the Trust Indenture as supplemented by the applicable Supplemental Indenture. The Company may, from time to time, without the consent of the holders of a particular series of Notes, create and issue additional Notes of that same series under the applicable Supplemental Indenture, having the same terms and conditions as the Notes of that series in all respects, except for such variations to such terms and conditions as may be required, in the reasonable opinion of the Company, to reflect the different issue dates of such additional Notes of such series and the then existing Notes of such series and any intention that all such additional Notes of a series and the then existing Notes of such series be fungible for trading purposes. Additional Notes of a series issued in this manner will be consolidated with and form a single series with the then existing Notes of that series and, if the Company acting reasonably determines that it is advisable or advantageous to do so, the Company may accept such additional Notes of a series and the then existing Notes of the same series in exchange for consolidated and restated replacement Notes reflecting the terms and conditions of such additional Notes and the then existing Notes, in each case, of the same series.

**Principal, Maturity and Interest**

The Series CK Notes will be initially limited to \$[ ] aggregate principal amount (provided that the Company may in the future issue additional Series CK Notes up to any additional amount determined by the Company without the consent of existing holders of the Series CK Notes), and will mature on [ ]. The Series CK Notes will bear interest at the rate of [ ]% per annum from their issuance date, payable in equal semi-annual instalments on [ ] and [ ] of each year to holders of record on [ ] and [ ], respectively. The first interest payment on the Series CK Notes will be due on [ ] and will represent accrued interest from, and including, [ ], 2013 to, but excluding, [ ] and will be in the amount of \$[ ].

The Series CL Notes will be initially limited to \$[ ] aggregate principal amount (provided that the Company may in the future issue additional Series CL Notes up to any additional amount determined by the Company without the consent of existing holders of the Series CL Notes), and will mature on [ ]. The Series CL Notes will bear interest at the rate of [ ]% per annum from their issuance date, payable in equal semi-annual instalments on [ ] and [ ] of each year to holders of record on [ ] and [ ], respectively. The first interest payment on the Series CL Notes will be due on [ ] and will represent accrued interest from, and including, [ ], 2013 to, but excluding, [ ] and will be in the amount of \$[ ].

Principal and interest on the Notes will be payable in lawful money of Canada.

The issuance date for each series of Notes will be on or about April 1, 2013.

On maturity, the Company will repay the indebtedness represented by the Notes of a particular series by paying the Trustee in Canadian dollars an amount equal to the principal amount of the outstanding Notes of such series

## **Table of Contents**

plus any accrued and unpaid interest thereon. Interest will be computed on the basis of a 365-day year. The yearly rate of interest that is equivalent to the rate payable under the Notes of a particular series is the rate payable multiplied by the actual number of days in the year and divided by 365 and is disclosed herein solely for the purpose of providing the disclosure required by the *Interest Act* (Canada).

The Notes of each series will be issued only in fully registered form, without coupons, in denominations of \$1,000 of principal amount and any integral multiple thereof.

### **Optional Redemption**

The Series CK Notes may be redeemed at any time prior to [ ] at the option of the Company, in whole at any time or in part from time to time, on not fewer than 30 nor more than 60 days prior notice at a redemption price equal to the greater of (a) the Discounted Value of the Series CK Notes, or (b) 100% of the outstanding principal amount of Series CK Notes to be redeemed. The Series CK Notes may be redeemed at any time on or after [ ] at the option of the Company, in whole but not in part, on not fewer than 30 nor more than 60 days prior notice at a redemption price equal to 100% of the outstanding principal amount of the Series CK Notes. In addition, accrued and unpaid interest, if any, will be paid to the date fixed for redemption.

The Series CL Notes may be redeemed at any time prior to [ ] at the option of the Company, in whole at any time or in part from time to time, on not fewer than 30 nor more than 60 days prior notice at a redemption price equal to the greater of (a) the Discounted Value of the Series CL Notes, or (b) 100% of the outstanding principal amount of Series CL Notes to be redeemed. The Series CL Notes may be redeemed at any time on or after [ ] at the option of the Company, in whole but not in part, on not fewer than 30 nor more than 60 days prior notice at a redemption price equal to 100% of the outstanding principal amount of the Series CL Notes. In addition, accrued and unpaid interest, if any, will be paid to the date fixed for redemption.

In the case of a redemption for less than all of the Notes of the particular series, the Notes of such series to be redeemed will be selected by the Trustee in such manner as the Trustee deems appropriate.

Discounted Value shall mean an amount equal to the sum of the present values of all remaining scheduled payments of principal and interest (not including any portion of the payment of interest accrued as of the redemption date) from the redemption date of the Notes of a particular series to the respective due dates for such payments until maturity of that series of Notes computed on a semi-annual basis by discounting such payments (assuming a 365-day year) to the redemption date of that particular series of Notes at the Government of Canada Yield plus [ ] basis points (in the case of the Series CK Notes) and [ ] basis points (in the case of the Series CL Notes).

Government of Canada Yield shall mean, with respect to any redemption date, the mid market yield to maturity on the third business day (the Determination Date) preceding the redemption date of the particular series of Notes, compounded semi-annually, which a non-callable Government of Canada Bond would carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity which most closely approximates the remaining term to maturity of the particular series of Notes from such redemption date as quoted by a dealer selected from time to time by the Company and approved by the Trustee at noon (Toronto time) on such Determination Date.

### **Tax Redemption**

The Notes of each series may be redeemed, in whole, but not in part, at the option of TELUS at any time, on not fewer than 30 nor more than 60 days prior written notice, at 100% of the outstanding principal amount, together with accrued and unpaid interest thereon to the redemption date, in the event TELUS delivers to the Trustee an opinion of independent Canadian tax counsel experienced in such matters to the effect that TELUS has become or would become obligated to pay, on the next date on which any amount would be payable with respect to the

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**Table of Contents**

applicable series of outstanding Notes any Additional Amounts (as defined herein) as a result of a change in the laws (including any regulations promulgated thereunder) of Canada, or any province or territory thereof or therein or any agency thereof or therein having the power to tax, or any change in any official position regarding the application or interpretation of such laws or regulations, which change is announced or becomes effective on or after the date of the original issuance of the applicable series of Notes; provided that TELUS determines, in its business judgment, that the obligation to pay such Additional Amounts cannot be avoided by the use of reasonable measures available to TELUS (not including substitution of the obligor under the applicable series of Notes).

**Repurchase upon Change of Control Triggering Event**

If a Change of Control Triggering Event (as defined herein) occurs with respect to a series of Notes, unless the Company has exercised its optional right to redeem all of the Notes of that series as described under **Optional Redemption** or **Tax Redemption** above, the Company will be required to make an offer to repurchase all or, at the option of the holder of that series of Notes, any part (equal to \$1,000 or an integral multiple thereof) of each holder's Notes of that series pursuant to the offer described below (the **Change of Control Offer**) on the terms set forth in the applicable Supplemental Indenture. In the Change of Control Offer, the Company will be required to offer payment in cash equal to 101% of the aggregate outstanding principal amount of Notes of the series to be repurchased together with accrued and unpaid interest on such series of Notes to the date of repurchase.

Within 30 days following any Change of Control Triggering Event, the Company will be required to give written notice to holders of the applicable series of Notes describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase the Notes of the applicable series on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is given (the **Change of Control Payment Date**). The Company must comply with the requirements of applicable securities laws and regulations in connection with the repurchase of the Notes of the particular series as a result of a Change of Control Triggering Event. To the extent that the provisions of any such applicable securities laws and regulations conflict with the Change of Control (as defined herein) provisions, the Company will be required to comply with such laws and regulations and will not be deemed to have breached its obligations to repurchase such series of Notes by virtue of such conflict.

The Company will not be required to make a Change of Control Offer upon a Change of Control Triggering Event if a third party makes such an offer substantially in the manner, at the times and in compliance with the requirements for a Change of Control Offer (and for at least the same purchase price payable in cash) and such third party purchases all Notes of such series properly tendered and not withdrawn under its offer.

**Change of Control** shall mean the occurrence of any one of the following: (a) the direct or indirect sale, transfer, conveyance, lease or other disposition (other than by way of consolidation, amalgamation or merger), in one or a series of related transactions, of all or substantially all of the property and assets of the Company and its Subsidiaries (as defined in the short form base shelf prospectus), taken as a whole, to any person or group of persons acting jointly or in concert for purposes of such transaction (other than to the Company and its Subsidiaries); or (b) the consummation of any transaction including, without limitation, any consolidation, amalgamation, merger or issue of voting shares the result of which is that any person or group of persons acting jointly or in concert for purposes of such transaction (other than the Company and its Subsidiaries) becomes the beneficial owner, directly or indirectly, of more than 50% of the voting shares of the Company, measured by voting power rather than number of shares (but shall not include the creation of a holding company or similar transaction that does not involve a change in the beneficial ownership of the Company).

**Change of Control Triggering Event** shall mean the occurrence of both a Change of Control and a Rating Event.

## **Table of Contents**

**Investment Grade Rating** shall mean a rating equal to or higher than Baa3 (or the equivalent) by Moody's Investors Service Inc. (Moody's), BBB (or the equivalent) by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies Inc. (S&P), or BBB (low) (or the equivalent) by DBRS Limited (DBRS), or the equivalent investment grade credit rating from any other Specified Rating Agency.

**Rating Event** shall mean the rating of the particular series of Notes is lowered to below an Investment Grade Rating by at least two out of three of the Specified Rating Agencies if there are three Specified Rating Agencies or all of the Specified Rating Agencies if there are less than three Specified Rating Agencies (the Required Threshold) on any day within the 60-day period (which 60-day period will be extended so long as the rating of Notes of such series is under publicly announced consideration for a possible downgrade by such number of the Specified Rating Agencies which, together with Specified Rating Agencies which have already lowered their ratings on the Notes of such series as aforesaid, would aggregate in number the Required Threshold, but only to the extent that, and for so long as, a Change of Control Triggering Event would result if such downgrade were to occur) after the earlier of (a) the occurrence of a Change of Control, and (b) public notice of the occurrence of a Change of Control or of the Company's intention or agreement to effect a Change of Control.

**Specified Rating Agencies** shall mean each of Moody's, S&P and DBRS as long as, in each case, it has not ceased to rate the Notes of the particular series or failed to make a rating of Notes of the particular series publicly available for reasons outside of the Company's control; provided that if one or more of Moody's, S&P or DBRS ceases to rate the applicable series of Notes or fails to make a rating of the applicable series of Notes publicly available for reasons outside of the Company's control, the Company may select any other approved rating organization within the meaning of National Instrument 41-101 of the Canadian Securities Administrators as a replacement agency for such one or more of them, as the case may be.

## **Purchase of Notes**

The Company may, at any time and from time to time, purchase Notes of either series in the market (which may include purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by tender or private contract, at any price, subject to applicable law.

## **Defeasance**

The provisions described under **Description of Debt Securities - Defeasance** in the short form base shelf prospectus are applicable to the Notes of each series, including the condition that the Company will deliver to the Trustee an opinion of counsel to the effect that the applicable holders of such series of Notes will not recognize income, gain or loss for Canadian or United States federal income tax purposes as a result of such defeasance and will be subject to Canadian and United States federal income tax on the same basis as if such defeasance had not occurred.

## **Events of Default**

Events of Default are described in the short form base shelf prospectus under **Description of Debt Securities - Events of Default** and reference is made to that section for a list of the events which constitute an Event of Default with respect to the Notes of each series.

## **Negative Pledge**

The Indenture contains provisions to the effect that the Company will not, nor will it permit any Restricted Subsidiary (as defined herein) to, create or assume any Lien (as defined in the short form base shelf prospectus) upon any present or future Principal Property (as defined in the short form base shelf prospectus) or any Property (as defined in the short form base shelf prospectus) which, together with any other Property subject to Liens in the same transaction or a series of related transactions, would in the aggregate constitute a Principal Property, of



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**Table of Contents**

the Company or any Restricted Subsidiary, to secure Indebtedness (as defined in the short form base shelf prospectus) of the Company or a Restricted Subsidiary unless the Notes of each series (together with, if the Company shall so determine, any other Indebtedness of the Company or any Restricted Subsidiary ranking equally with the Notes of each series then existing or thereafter created), shall be concurrently secured equally and ratably with (or prior to) such other Indebtedness so long as such Lien is outstanding.

The restrictions set forth above shall not apply to certain permitted Liens (each, a Permitted Lien ), including:

- (i) Liens existing on the issuance date for the Notes (namely, on or about April 1, 2013);
- (ii) Liens on any Property of any Person (as defined in the short form base shelf prospectus) existing at the time such Person becomes a Restricted Subsidiary, or at the time such Person amalgamates or merges with the Company or a Restricted Subsidiary, which Liens are not created in contemplation of such Person becoming a Restricted Subsidiary or effecting such amalgamation or merger;
- (iii) Liens on any Property existing at the time such Property is acquired by the Company or a Restricted Subsidiary, or Liens to secure the payment of all or any part of the purchase price of such Property upon the acquisition of such Property by the Company or a Restricted Subsidiary or to secure any Indebtedness incurred prior to, at the time of, or within 270 days after, the later of the date of acquisition of such Property and the date such Property is placed in service, for the purpose of financing all or any part of the purchase price thereof, or Liens to secure any Indebtedness incurred for the purpose of financing the cost to the Company or a Restricted Subsidiary of improvements to such acquired Property or to secure any Indebtedness incurred for the purpose of financing all or any part of the purchase price or the cost of construction of the Property subject to such Liens;
- (iv) Liens securing any Indebtedness of a Restricted Subsidiary owing to the Company or to another Restricted Subsidiary;
- (v) Liens on Property of the Company or a Restricted Subsidiary securing Indebtedness or other obligations issued by Canada or the United States of America or any state or any department, agency or instrumentality or political subdivision of Canada or the United States of America or any state, or by any other country or any political subdivision of any other country, for the purpose of financing all or any part of the purchase price of, or, in the case of real property, the cost of construction on or improvement of, any property or assets subject to the Liens, including Liens incurred in connection with pollution control, industrial revenue or similar financings;
- (vi) Liens securing any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any Indebtedness secured by any Permitted Lien, including those referred to in the foregoing clauses (i), (ii), (iii), (iv) and (v); provided, however, that such new Lien is limited to the Property which was subject to the prior Lien immediately before such extension, renewal or replacement, and provided, further, that the principal amount of Indebtedness secured by the prior Lien immediately prior to such extension, renewal or replacement is not increased; and
- (vii) any other Liens not otherwise qualifying as a Permitted Lien provided that, at the applicable time, the sum of (without duplication) (x) the aggregate principal amount of the Indebtedness secured by all such other Liens, plus (y) the Attributable Debt (as defined in the short form base shelf prospectus) determined at such time of the then outstanding Unrestricted Sale and Lease-Back Transactions (as defined herein) to which the Company or a Restricted Subsidiary is a party, plus (z) the then outstanding principal amount of all other Indebtedness of Restricted Subsidiaries incurred in compliance with Limitation on Restricted Subsidiary Indebtedness below (other than any Indebtedness of Restricted Subsidiaries excluded from the calculations of such limitation on Restricted Subsidiary Indebtedness pursuant to the provisos contained therein), does not exceed 15% of the then applicable Consolidated Net Tangible Assets (as defined in the short form base shelf prospectus).

Restricted Subsidiary means (a) TELUS Communications Inc., (b) TELUS Communications Company, and (c) at any time any other Subsidiary (as defined in the short form base shelf prospectus) of the Company if, at the



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## **Table of Contents**

end of the most recent fiscal quarter for which the Company has issued its financial statements, the total assets of such Subsidiary exceeds 10% of the consolidated assets of the Company and its Subsidiaries, determined in accordance with Canadian generally accepted accounting principles consistently applied.

### **Limitation on Restricted Subsidiary Indebtedness**

The Indenture contains provisions to the effect that TELUS shall not permit any Restricted Subsidiary to, directly or indirectly, create, incur or assume any Indebtedness, unless after giving effect to the incurrence of such Indebtedness and the application of the proceeds therefrom, the sum of (without duplication) (x) the aggregate principal amount of Indebtedness of all Restricted Subsidiaries, plus (y) the then outstanding principal amount of Indebtedness of TELUS secured by Liens (other than any Lien constituting a Permitted Lien under any of clauses (a) to (cc) inclusive of the definition of Permitted Liens), plus (z) Attributable Debt relating to then outstanding Unrestricted Sale and Lease-Back Transactions of TELUS, would not exceed 15% of Consolidated Net Tangible Assets. This restriction does not affect the Permitted Indebtedness (as defined in the applicable Supplemental Indenture) of Restricted Subsidiaries, which is (1) Indebtedness secured by any Lien constituting a Permitted Lien under any of clauses (a) to (cc) inclusive of the definition of Permitted Liens, (2) Indebtedness (excluding Indebtedness outstanding under commercial paper programs) of any Person existing on the date of the Supplemental Indenture or at the time such Person becomes a Restricted Subsidiary, (3) Indebtedness owing to TELUS or to another Restricted Subsidiary, (4) commercial paper issued by the Restricted Subsidiaries not to exceed in the aggregate \$1 billion, and (5) any extension, renewal or replacement (including successive extensions, renewals or replacements), in whole or in part, of any Indebtedness of the Restricted Subsidiaries referred to in any of the preceding clauses (1), (2), (3) or (4) (provided that the principal amount of such Indebtedness immediately prior to such extension, renewal or replacement is not increased).

### **Limitation on Sale and Lease-Back Transactions**

Neither the Company nor any Restricted Subsidiary may enter into any Sale and Lease-Back Transaction, except for:

- (i) any Sale and Lease-Back Transaction constituting a specified Permitted Lien under the Indenture; or
- (ii) any Sale and Lease-Back Transaction that is not otherwise permitted under clauses (i) above or (iii) below and in respect of which the Company or such Restricted Subsidiary would, at the time it enters into such Sale and Lease-Back Transaction, be entitled to create a Lien on the Principal Property (or the properties, as the case may be) subject to such Sale and Lease-Back Transaction to secure Indebtedness at least equal in amount to the Attributable Debt in respect of such Sale and Lease-Back Transaction without being required to equally and rateably secure the particular series of Notes pursuant to the negative pledge described above (any Sale and Lease-Back Transaction entered into in compliance with this paragraph being an Unrestricted Sale and Lease-Back Transaction ); or
- (iii) any Sale and Lease-Back Transaction if the Company or such Restricted Subsidiary shall apply or cause to be applied, in the case of a sale or transfer for cash, an amount equal to the greater of the fair market value of the Principal Property (or the properties, as the case may be) sold or transferred and leased back pursuant to such Sale and Lease-Back Transaction or the net proceeds of such Sale and Lease-Back Transaction and, in the case of a sale or transfer otherwise than for cash, an amount equal to the fair market value of the Principal Property (or the properties, as the case may be) sold or transferred and leased back pursuant to such Sale and Lease-Back Transaction, to (x) the retirement (other than any mandatory retirement), within 180 days after the effective date of such Sale and Lease-Back Transaction, of Indebtedness of the Company (which may but need not include the Debt Securities (as defined in the short form base shelf prospectus) of any series) ranking on a parity with, or prior to, the particular series of Notes and owing to a Person other than the Company or any Affiliate (as defined in the short form base shelf prospectus) of the Company, or (y) the purchase, construction or improvement of real property or personal property used by the Company or the Restricted Subsidiaries in the ordinary course of business.

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## **Table of Contents**

### **Other Covenants**

In addition to the covenants of the Company described above under **Limitation on Restricted Subsidiary Indebtedness**, under **Negative Pledge**, which supersedes the provisions described under **Description of Debt Securities Negative Pledge** in the accompanying short form base shelf prospectus, and under **Limitation on Sale and Lease-Back Transactions**, which supersedes the provisions described under **Description of Debt Securities Limitation on Sale and Lease-Back Transactions** in the accompanying short form base shelf prospectus, there are certain additional covenants which are applicable to the Notes of each series that are described in the short form base shelf prospectus and reference is made to that document for descriptions of such covenants.

### **Book-Entry System**

The Notes of each series will be issued in the form of one or more fully registered global securities (each, a **Global Note**) to be held by, or on behalf of, CDS Clearing and Depository Services Inc. (**CDS**), as depository and registered in the name of CDS's nominee. Direct and indirect participants in CDS, including The Depository Trust Company (**DTC**), Euroclear Bank S.A./N.V., as operator of the Euroclear System (**Euroclear**) and Clearstream Banking, societe anonyme (**Clearstream, Luxembourg**), on behalf of their respective accountholders, will record beneficial ownership of the applicable Notes on behalf of their respective accountholders.

### **DTC, Euroclear and Clearstream, Luxembourg**

Noteholders may hold their Notes of either series through the accounts maintained by DTC, Euroclear or Clearstream, Luxembourg in CDS only if they are participants of those systems, or indirectly through organizations which are participants of those systems.

DTC, Euroclear and Clearstream, Luxembourg will hold omnibus book-entry positions on behalf of their participants through customers securities accounts in their respective depositories, which in turn will hold such positions in customers securities accounts in the names of the nominees of the depositories on the books of CDS. All securities in DTC, Euroclear or Clearstream, Luxembourg are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Transfers of a particular series of Notes by persons holding through Euroclear or Clearstream, Luxembourg participants will be effected through CDS, in accordance with CDS rules, on behalf of the relevant European international clearing system by its depositories; however, such transactions will require delivery of transfer instructions to the relevant European international clearing system by the participant in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transfer meets its requirements, deliver instructions to its depositories to take action to effect transfer of the particular series of Notes on its behalf by delivering such series of Notes through CDS and receiving payment in accordance with its normal procedures for next-day funds settlement. Payments with respect to a particular series of Notes held through Euroclear or Clearstream, Luxembourg will be credited to the cash accounts of Euroclear participants or Clearstream, Luxembourg participants, as the case may be, in accordance with the relevant system's rules and procedures, to the extent received by its depositories.

Although the Company will make all payments of principal and interest on the Notes in Canadian dollars, holders of Notes held through DTC will receive such payments in U.S. dollars, except as set forth below. Canadian dollar payments received by CDS will be exchanged into U.S. dollars and paid directly to DTC in accordance with procedures established from time to time by CDS and DTC. All costs of conversion will be borne by holders of Notes held through DTC who receive payments in U.S. dollars. Holders of Notes held through DTC may elect, through procedures established from time to time by DTC and its participants, to receive Canadian dollar payments, in which case such Canadian dollar amounts will be transferred directly to Canadian dollar accounts designated by such holders to DTC.

## **Table of Contents**

All information in this prospectus supplement on DTC, Euroclear or Clearstream, Luxembourg reflects the Company's understanding of the policies of such organizations which may change at any time without notice.

### **Payments**

Payments of interest and principal on a Global Note will be made to CDS or its nominee, as the case may be, as registered holder of the particular Global Note. As long as CDS or its nominee is the registered owner of a Global Note, CDS or its nominee, as the case may be, will be considered the sole legal owner of such Global Note for the purposes of receiving payments of interest and principal on the particular series of Notes and for all other purposes under the Indenture and the particular series of Notes. Interest payments on Global Notes will be made by electronic funds transfer on the day interest is payable and delivered to CDS or its nominee, as the case may be.

The Company understands that CDS or its nominee, upon receipt of any payment of interest or principal in respect of a Global Note, will credit participants' accounts, on the date interest or principal is payable, with payments in amounts proportionate to their respective beneficial interest in the principal amount of such Global Note as shown on the records of CDS or its nominee. The Company also understands that payments of interest and principal by participants to the owners of beneficial interests in such Global Note held through such participants will be governed by standing instructions and customary practices and will be the responsibility of such participants. The responsibility and liability of the Company in respect of payments on Notes of either series represented by Global Notes is limited solely and exclusively, while the particular series of Notes are registered in Global Note form, to making payment of any interest and principal due on such Global Note to CDS or its nominee.

If definitive Notes of either series are issued instead of or in place of Global Notes, payments of interest on each definitive Note of each series will be made by electronic funds transfer, if agreed to by the Noteholder of the particular series, or by cheque dated the relevant Interest Payment Date and mailed to the address of such Noteholder appearing in the register maintained by the registrar for the particular series of Notes, at the close of business on the last day of the month immediately preceding the month in which the relevant Interest Payment Date occurs.

The Trustee will act, pursuant to the Indenture, as the registrar and paying agent. Payment of principal at maturity will be made at the principal office of the Trustee in the City of Calgary, Alberta (or in such other city or cities as may from time to time be designated by the Company) against surrender of the Notes of the particular series. If the due date for payment of any amount of principal or interest on any Note is not, at the place of payment, a business day (being a day other than a Saturday, Sunday or a day on which financial institutions at the place of payment are authorized or obligated by law or regulation to close) such payment will be made on the next business day and the applicable Noteholder shall not be entitled to any further interest or other payment in respect of such delay.

### **Additional Amounts**

All payments made by TELUS under or with respect to the Notes of each series will be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment or other governmental charge imposed or levied by or on behalf of the Government of Canada or of any province or territory thereof or therein or by any authority or agency thereof or therein having power to tax (collectively, "Taxes") unless TELUS is required to withhold or deduct Taxes by law or by the interpretation or administration thereof by the relevant government authority or agency. For each series of Notes, if TELUS is so required to withhold or deduct any amount for or on account of Taxes from any payment made under or with respect to such series of Notes, TELUS will pay such additional amounts ("Additional Amounts") as may be necessary so that the net amount received by each applicable Noteholder or beneficial owner (including Additional Amounts) after such withholding or deduction will not be less than the amount the applicable

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**Table of Contents**

Noteholder or beneficial owner would have received if such Taxes had not been withheld or deducted; provided that no Additional Amounts will be payable with respect to:

any payment to a Noteholder or beneficial owner who is liable for such Taxes in respect of such Note (1) by reason of such Noteholder or beneficial owner being a person with whom TELUS is not dealing at arm's length for the purposes of the *Income Tax Act* (Canada) or (2) by reason of the existence of any present or former connection between such Noteholder or beneficial owner (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over, such Noteholder or beneficial owner, if such Noteholder or beneficial owner is an estate, trust, partnership, limited liability company or corporation) and Canada or any province or territory thereof or therein or agency thereof or therein other than the mere holding, use or ownership or deemed holding, use or ownership, or receiving payments or enforcing any rights in respect of such Note as a non-resident or deemed non-resident of Canada or any province or territory thereof or therein or agency thereof or therein; or

any payment to a Noteholder or beneficial owner who is a specified shareholder of TELUS or who does not deal at arm's length with a specified shareholder of TELUS as defined in subsection 18(5) of the *Income Tax Act* (Canada); or

any Note presented for payment more than 30 days after the later of (1) the date on which such payment first becomes due or (2) if the full amount of the monies payable has not been paid to the Noteholders on or prior to such date, the date on which the full amount of such monies has been paid to the Noteholders, except to the extent that the Noteholder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the last day of such period of 30 days; or

any estate, inheritance, gift, sales, transfer, excise or personal property tax or any similar tax; or

any Taxes imposed as a result of the failure of a Noteholder or beneficial owner to comply with certification, identification, declaration or similar reporting requirements concerning the nationality, residence, identity or connection with Canada or any province or territory thereof or therein or agency thereof or therein of the Noteholder or beneficial owner of such Note, if such compliance is required by statute or by regulation, as a precondition to reduction of, or exemption, from such Taxes; or

any Taxes that are imposed or withheld solely by reason of a change in law, regulation, or administrative or judicial interpretation that becomes effective more than 15 days after payment becomes due or is duly provided for, whichever occurs later; or

any Taxes which are payable otherwise than by withholding or deduction from any payment made under or with respect to the Notes; or

any combination of the above items,  
nor will such Additional Amounts be paid with respect to any payment on any Note to a Noteholder or beneficial owner who is a fiduciary or partnership or other than the sole beneficial owner of such Note to the extent that a beneficiary or settlor with respect to such fiduciary, or a member of such partnership or a beneficial owner thereof would not have been entitled to receive a payment of such Additional Amounts had such beneficiary, settlor, member or beneficial owner received directly its beneficial or distributive share of such payment.

Whenever in the Indenture or in any Note in either series there is mention, in any context, of the payment of principal of, or premium, interest or any other amount on any Note in either series, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The obligation to pay Additional Amounts will survive any termination or discharge of the Indenture or the redemption, repayment or purchase of the Notes of either series.

**Governing Law**

Each of the Indenture and the Notes of each series are governed by, and construed in accordance with, the laws of the Province of Ontario.

S-24

**Table of Contents**

**ELIGIBILITY FOR INVESTMENT**

In the opinion of Norton Rose Canada LLP and Osler, Hoskin & Harcourt LLP, the Notes, if issued on the date hereof, would be qualified investments under the *Income Tax Act* (Canada) (the Tax Act) and the regulations thereunder for trusts governed by registered retirement savings plans (RRSPs), registered retirement income funds (RRIFs), registered disability savings plans, registered education savings plans, deferred profit sharing plans (other than trusts governed by deferred profit sharing plans for which any of the employers is the Company or is an employer with whom the Company does not deal at arm's length, within the meaning of the Tax Act) and tax-free savings accounts (TFSA). The Notes will not be a prohibited investment for an RRSP, an RRIF or a TFSA on such date provided that, for purposes of the Tax Act, the annuitant of the RRSP or RRIF or the holder of the TFSA (as the case may be) (a) deals at arm's length with the Company and (b) does not have a significant interest (i) in the Company or (ii) in a corporation, partnership or trust with which the Company does not deal at arm's length. The Department of Finance (Canada) released proposed amendments to the Tax Act on December 21, 2012 under which (b)(ii) would be eliminated. There can be no assurances that the proposed amendment relating to the prohibited investment rules will be enacted in its current proposed form or at all.

**Prospective investors should consult their own tax advisors with respect to the prohibited investment rules, having regard to their particular circumstances (including having regard to the proposed amendments to the Tax Act released by the Department of Finance (Canada) on December 21, 2012).**



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**Table of Contents**

**CERTAIN CANADIAN AND UNITED STATES INCOME TAX CONSIDERATIONS**

**Certain Canadian Federal Income Tax Considerations**

In the opinion of Norton Rose Canada LLP and Osler, Hoskin & Harcourt LLP, the following is a general summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to a beneficial owner of Notes acquired hereunder who, at all relevant times, for the purposes of the Tax Act, holds such Notes as capital property, deals at arm's length with the Company and is not affiliated with the Company (a Holder). Notes held by financial institutions (as defined in section 142.2 of the Tax Act) will generally not be capital property to such holders and will generally be subject to special rules contained in the Tax Act. This summary does not take into account these special rules and holders to whom these rules may be relevant should consult their own tax advisors.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the Regulations) and counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the CRA) publicly available prior to the date hereof. This summary also takes into account all specific proposals to amend the Tax Act and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (collectively, the Proposed Tax Amendments). No assurances can be given that the Proposed Tax Amendments will be enacted or will be enacted as proposed. Other than the Proposed Tax Amendments, this summary does not take into account or anticipate any changes in law or the administrative policies or assessing practices of the CRA, whether by judicial, legislative, governmental or administrative decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ significantly from those discussed herein.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder and no representations with respect to the income tax consequences to any particular holder are made. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, prospective investors in Notes should consult their own tax advisors with respect to their own particular circumstances.**

***Residents of Canada***

The following portion of the summary is generally applicable to a Holder who, at all relevant times, for the purposes of the Tax Act, is or is deemed to be resident in Canada (a Resident Holder). Generally, the Notes will be capital property to a Resident Holder provided the Resident Holder does not acquire or hold the Notes in the course of carrying on a business or as part of an adventure or concern in the nature of trade. Certain Resident Holders whose Notes might not otherwise qualify as capital property may be entitled to obtain such qualification in certain circumstances by making the irrevocable election permitted by subsection 39(4) of the Tax Act to deem the Notes and every other Canadian security, as defined in the Tax Act, owned by such Resident Holder in the taxation year in which the election is made, and in all subsequent taxation years, to be capital property. This summary is not applicable to a holder an interest in which is a tax shelter investment as defined in the Tax Act or a holder that has elected to report its Canadian tax results in a currency other than Canadian currency under the functional currency rules under the Tax Act. Such holders should consult their own tax advisors.

***Taxation of Interest on the Notes***

A Resident Holder that is a corporation, partnership, unit trust or trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year any interest on a Note that accrues or is deemed to accrue to the Resident Holder to the end of that taxation year, or becomes receivable or is received by the Resident Holder before the end of that taxation year, to the extent that such amount was not otherwise included in the Resident Holder's income for a preceding taxation year.

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**Table of Contents**

Any other Resident Holder, including an individual, will be required to include in computing its income for a taxation year any interest on a Note that is received or receivable by such Resident Holder in that year (depending upon the method regularly followed by the Resident Holder in computing income), to the extent that such amount was not otherwise included in the Resident Holder's income for a preceding taxation year.

A Resident Holder that is a Canadian-controlled private corporation (as defined in the Tax Act) may be liable for a refundable tax on investment income. For this purpose, investment income will generally include interest income.

On a disposition or deemed disposition of a Note, including a redemption, a payment on maturity, or a purchase for cancellation, a Resident Holder will generally be required to include in computing its income for the taxation year in which the disposition occurs the amount of interest accrued on the Note from the date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in the Resident Holder's income for the taxation year or a preceding taxation year.

In addition, any premium paid by the Company to a Resident Holder as a result of the Company's exercise of its optional redemption right will generally be deemed to be interest received by a Resident Holder at the time of the redemption and will be required to be included in computing the Resident Holder's income as described above to the extent that the premium can reasonably be considered to relate to, and does not exceed the value at the time of the redemption of, the interest that would have been paid or payable by the Company on the Note for a taxation year ending after the redemption.

*Disposition of Notes*

In general, on a disposition or deemed disposition, including a redemption, payment on maturity or purchase for cancellation, a Resident Holder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any accrued interest and any amounts included in the Resident Holder's income on such disposition or deemed disposition as interest, exceed (or are less than) the adjusted cost base of the Note to the Resident Holder immediately before the disposition or deemed disposition and any reasonable costs of disposition.

Generally, one half of the amount of any capital gain (a taxable capital gain) realized by a Resident Holder in a taxation year must be included in the Resident Holder's income in that year and, subject to and in accordance with the provisions of the Tax Act, one half of the amount of any capital loss (an allowable capital loss) realized by a Resident Holder in a taxation year must be deducted from taxable capital gains realized by the Resident Holder in that year. Allowable capital losses in excess of taxable capital gains in any particular year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years to the extent and under the circumstances described in the Tax Act. A capital gain realized by an individual or a trust (other than specified trusts) may give rise to a liability for alternative minimum tax.

As discussed above, a Resident Holder that is a Canadian-controlled private corporation (as defined in the Tax Act) may be liable for an additional refundable tax on investment income. For this purpose, investment income will generally include taxable capital gains.

*Non-Residents of Canada*

The following portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act, is not, and is not deemed to be, a resident of Canada, has not and will not use or hold the Notes in or in the course of carrying on business in Canada, deals at arm's length with any person resident in Canada to whom the Holder disposes of a Note and is not a specified shareholder (as defined in subsection 18(5) of the Tax Act) of the Company or a person who does not deal at arm's length with such specified shareholder (a Non-Resident Holder). Special rules, which are not discussed below, may apply to a non-resident of Canada that is an

## **Table of Contents**

insurer which carries on business in Canada and elsewhere. This summary assumes that no interest paid on the Notes will be in respect of a debt or other obligation to pay an amount to a person with whom the Company does not deal at arm's length within the meaning of the Tax Act.

Amounts which are, or are deemed to be, interest for purposes of the Tax Act paid or credited by the Company on the Notes to a Non-Resident Holder that deals at arm's length with the Company at the time such interest is paid or credited will not be subject to non-resident withholding tax and no non-resident withholding tax will apply to the proceeds received by a Non-Resident Holder on a disposition of a Note, including a redemption, payment on maturity or purchase for cancellation. For the purposes of the Tax Act, related persons (as defined in the Tax Act) are deemed not to deal at arm's length and it is a question of fact whether persons not related to each other deal at arm's length.

No other tax on income or gains under the Tax Act will be payable by a Non-Resident Holder on interest, principal, or premium or on the proceeds received by a Non-Resident Holder on the disposition of a Note, including a redemption, payment on maturity or purchase for cancellation.

## **Certain United States Federal Income Tax Considerations**

The following is a summary of certain U.S. federal income tax considerations relating to the purchase, ownership, and disposition of a Note by a U.S. holder (as defined below) who purchases such Note pursuant to, and at the price set forth on the cover of, this prospectus supplement and holds the Note as a capital asset (generally, property held for investment) within the meaning of Section 1221 of the *Internal Revenue Code of 1986*, as amended (the Code). This summary is based upon the Code, administrative pronouncements, judicial decisions and regulations of the Treasury Department thereof, all as currently in effect and all of which are subject to change or different interpretations, possibly with retroactive effect. This summary does not describe all of the U.S. federal income tax considerations that may be relevant to U.S. holders (as defined below) in light of their particular circumstances or to holders subject to special treatment under U.S. federal income tax law, such as financial institutions; insurance companies; traders or dealers in securities or currencies; partnerships and their partners; regulated investment companies; real estate investment trusts; tax-exempt organizations; persons holding a Note as part of a straddle, hedge, conversion, constructive sale, or other integrated security transaction for U.S. federal income tax purposes; or persons having a functional currency other than the U.S. dollar.

For purposes of this summary, a U.S. holder is a beneficial owner of a Note that, for U.S. federal income tax purposes, is (i) an individual who is a citizen or resident of the U.S., (ii) a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, that is created in or organized under the law of the U.S., any State thereof, or the District of Columbia, (iii) an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source, or (iv) a trust (A) the administration of which is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust, or (B) that elected to be subject to tax as a United States person under the Code.

If a partnership, or other entity or arrangement treated as a partnership for U.S. federal income tax purposes, owns a Note, the tax treatment of the partner in the partnership will depend upon the status of the partner and the activities of the partnership. Partners in a partnership that own a Note should consult their own tax advisors as to the particular U.S. federal income tax consequences applicable to them.

**Prospective investors should consult their own tax advisors with regard to the application of the tax considerations discussed below to their particular situations as well as the application of any state, local, foreign or other tax laws, including gift and estate tax laws.**

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**Table of Contents**

***Payment of Interest***

In general, interest (including any Additional Amounts) paid or payable on a Note to a U.S. holder will be included in the gross income of a U.S. holder as ordinary interest income at the time it is accrued or received, in accordance with such holder's method of accounting for U.S. federal income tax purposes.

A U.S. holder that uses the cash method of tax accounting will be required to include in income the U.S. dollar value of each Canadian dollar interest payment based on the spot rate of exchange on the date such interest payment is received, regardless of whether the payment is converted into U.S. dollars. If the interest payment is converted upon the date of receipt, a U.S. holder generally should not be required to recognize foreign currency gain or loss in respect of the interest income.

A U.S. holder that uses the accrual method of tax accounting will generally be required to include interest income on the Note in Canadian dollars and translate such accrued interest income into U.S. dollars at the average exchange rate for the accrual period (or, with respect to an accrual period that spans two taxable years, at the average exchange rate for the partial period within the relevant taxable year). Such a holder will recognize exchange gain or loss with respect to any accrued interest income on the date that payment in respect of such interest income is received in an amount equal to the difference between (i) the U.S. dollar value of such payment, based on the spot rate of exchange on the date such payment is received, and (ii) the U.S. dollar value of the amount of interest income accrued in respect of such payment. Any such foreign currency gain or loss will generally be treated as U.S. source ordinary income or loss. Notwithstanding the rule regarding the translation of accrued interest income described above, an accrual method U.S. holder may elect to translate accrued interest income using the spot rate in effect on the last day of the accrual period (or, with respect to an accrual period that spans two taxable years, using the spot rate in effect on the last day of the relevant taxable year). If such election is made and the last day of an accrual period is within five business days of the date of receipt of the accrued interest, a U.S. holder may translate such interest using the spot rate in effect on the date of such receipt. This election must be applied consistently to all debt instruments from year to year and cannot be changed without consent of the U.S. Internal Revenue Service.

***Sale, Exchange, Redemption or Other Taxable Disposition of a Note***

Upon the sale, exchange, redemption or other taxable disposition of a Note, a U.S. holder will generally recognize capital gain or loss equal to the difference between (i) the amount of cash received plus the fair market value of any property received on such disposition (other than (a) amounts attributable to accrued interest not previously included in income, which will be subject to tax as foreign source interest income, as discussed above, and (b) exchange gain or loss with respect to the principal amount of the Note, as discussed below) and (ii) such holder's adjusted tax basis in the Note. A U.S. holder's adjusted tax basis in a Note will generally be the U.S. dollar value of the Canadian dollar purchase price on the date of purchase calculated at the spot rate of exchange on that date. The conversion of U.S. dollars into Canadian dollars and the immediate use of those Canadian dollars to purchase a Note will generally not result in a taxable gain or loss to the U.S. holder. Upon the sale, exchange, redemption, or other taxable disposition of a Note, the amount realized by a U.S. holder will be the U.S. dollar value of the Canadian dollar received calculated at the spot rate of exchange on the date of disposition.

Except as discussed below in connection with foreign currency gain or loss on a sale, exchange, redemption, or other taxable disposition of a Note, such gain or loss attributable to the sale, exchange, redemption, or other taxable disposition of a Note will be long-term gain or loss if the U.S. holder's holding period for the Note exceeds one year. Gain or loss, if any, recognized by a U.S. holder will generally be treated as U.S. source gain or loss, as the case may be, for U.S. foreign tax credit limitation purposes. The deductibility of capital losses is subject to limitations under the Code.

U.S. holders are required to recognize any gain or loss attributable to changes in currency exchange rates upon the sale, exchange, redemption, or other taxable disposition of a Note. Such gain or loss will be subject to tax as

**Table of Contents**

U.S. source ordinary income or loss. Exchange gain or loss with respect to the principal amount of a Note will generally equal the difference between: (i) the U.S. dollar value of the Canadian dollar purchase price of the Note determined using the spot exchange rate on the date of the sale, exchange, redemption, or other taxable disposition, and (ii) the U.S. dollar value of the Canadian dollar purchase price of the Note, determined using the spot exchange rate on the date the U.S. holder purchased the Note. Such gain or loss will be recognized only to the extent of the total gain or loss realized by the U.S. holder on a sale, exchange, redemption, or other taxable disposition of the Note.

***Receipt and Disposition of Canadian Dollars***

Canadian dollars received as interest on, or on a disposition of, a Note will have a tax basis equal to their U.S. dollar equivalent determined at the spot rate on the date such interest is received or at the time such proceeds are received. The amount of gain or loss recognized on a sale or other disposition of such Canadian dollars will be equal to the difference between (i) the amount of U.S. dollars, or the fair market value in U.S. dollars of the other property received in such sale or other disposition, and (ii) the U.S. holder's tax basis in such Canadian dollars.

A U.S. holder that purchases a Note with previously owned Canadian dollars will generally recognize gain or loss in an amount equal to the difference, if any, between such holder's tax basis in such Canadian dollars and the U.S. fair market value of such Note on the date of purchase. Any such gain or loss will generally be ordinary income or loss and will not be treated as interest income or expense. The conversion of U.S. dollars to Canadian dollars and the immediate use of such currency to purchase a Note generally will not result in any foreign currency gain or loss for a U.S. holder.

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**Table of Contents**

**PLAN OF DISTRIBUTION**

Under an agreement (the Agency Agreement ) dated March [ ], 2013 between the Agents and the Company, the Agents have agreed to act as agents of the Company to offer the Notes of each series for sale to the public on a best efforts basis, if, as and when issued by the Company, subject to compliance with all necessary legal requirements and in accordance with the terms and conditions of the Agency Agreement. The offering price of the Notes of each series was established by negotiation between the Company and the Agents. The Agents will receive a fee equal to \$[ ] for each \$1,000 principal amount of Series CK Notes sold, and a fee equal to \$[ ] for each \$1,000 principal amount of Series CL Notes sold.

The obligations of the Agents under the Agency Agreement may be terminated in their discretion on the basis of their assessment of the state of the financial markets and also upon the occurrence of certain stated events. While the Agents have agreed to use their best efforts to sell the Notes of each series offered under this prospectus supplement, the Agents will not be obligated to purchase any Notes of either series which are not sold.

This Offering is being made in all the provinces of Canada and in the United States pursuant to a multijurisdictional disclosure system implemented by securities regulatory authorities in Canada and the United States. Subject to applicable law, the Agents may offer the Notes of either series outside Canada and the United States. No sales will be effected in any province of Canada by any Agent not duly registered as a securities dealer under the laws of such province, other than sales effected pursuant to the exemptions from the registration requirements under the laws of such province.

The Notes of each series are offered subject to certain conditions, including the right of the Company to reject orders in whole or in part.

In connection with this Offering, the Agents may, subject to applicable laws, effect transactions that are intended to stabilize or maintain the market price of the Notes of each series at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Company and the Agents have agreed to indemnify each other against certain liabilities, including liabilities under Canadian provincial securities legislation and the U.S. Securities Act of 1933, as amended. There is no public market for the Notes of either series and the Company does not intend to list the Notes of either series on any exchange.

Each of the Agents, other than [ ] and [ ], is an affiliate of a financial institution which is a lender to the Company under a \$2 billion unsecured credit facility with a syndicate of 15 financial institutions (the 2011 Credit Facility ). Consequently, the Company may be considered to be a connected issuer of each Agent other than [ ] and [ ] for purposes of securities legislation of the provinces of Canada.

The 2011 Credit Facility consists of a \$2 billion unsecured revolving credit facility maturing November 3, 2016 (as of December 31, 2012, approximately \$245 million has been utilized by backstopping outstanding commercial paper and approximately \$1.755 billion remains available).

TELUS is and has been in compliance with the terms of the 2011 Credit Facility. None of the lenders under the 2011 Credit Facility or the Agents were involved in the Company's decision to distribute the Notes offered hereby. The Agents negotiated the terms and conditions of this Offering and will not benefit in any manner from this Offering other than the payment of their fees as described above. The net proceeds of the sale of the Notes offered hereby will be used to repay the Company's outstanding Series CB Notes at maturity, to fund the redemption of all of the outstanding Series CF Notes, to repay outstanding commercial paper and the remainder will be used for general working capital purposes. The proceeds of this Offering will not be applied for the benefit of the Agents or their affiliates, other than as described above.

**Table of Contents**

Certain of the Agents and their respective affiliates may have in the past performed, and may in the future perform, various financial advisory, investment banking and commercial lending services for TELUS and its affiliates in the ordinary course of business, for which they have received and will receive customary fees and commissions.

**LEGAL MATTERS**

Certain legal matters in connection with this Offering will be passed upon on behalf of the Company by Norton Rose Canada LLP, Toronto, Ontario, the Company's Canadian counsel, and Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York, the Company's U.S. counsel, and on behalf of the Agents by Osler, Hoskin & Harcourt LLP, Toronto, Ontario and New York, New York, the Agents' Canadian and U.S. counsel. The partners and associates of each of such law firms as a group each beneficially own, directly or indirectly, less than 1% of the outstanding securities of the Company.

**AUDITORS, REGISTRAR AND TRANSFER AGENT**

The auditor for the Company is Deloitte LLP, Independent Registered Chartered Accountants, 1055 Dunsmuir Street, Suite 2800, Vancouver, British Columbia V7X 1P4. Deloitte LLP are independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

Registers for the registration and transfer of the Notes issued in registered form will be kept at the principal offices of the Trustee in the City of Calgary, Alberta.

**Table of Contents**

**CONSENT OF INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS**

We have read the prospectus supplement of TELUS Corporation (the Company) dated March 26, 2013 to the short form base shelf prospectus dated October 3, 2011, relating to the offering of the Series CK Notes and Series CL Notes of the Company (collectively, the Prospectus). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Prospectus of (i) our report to the Board of Directors and Shareholders of the Company on the consolidated statements of financial position of the Company and subsidiaries as at December 31, 2012 and December 31, 2011, and the consolidated statements of income and other comprehensive income, changes in owners' equity and cash flows for the years ended December 31, 2012 and December 31, 2011, and (ii) our report to the Board of Directors and Shareholders of the Company on the effectiveness of the Company and subsidiaries' internal control over financial reporting as of December 31, 2012. Our reports are dated February 27, 2013.

[ ]

Independent Registered Chartered Accountants

Vancouver, Canada

March 26, 2013

S-33



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**Table of Contents**

*No securities regulatory authority has expressed an opinion about the securities and it is an offence to claim otherwise.*

*This short form base shelf prospectus has been filed under legislation in each of the provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.*

*Information has been incorporated by reference in this short form base shelf prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of documents incorporated by reference herein may be obtained on request without charge from the Assistant Corporate Secretary of TELUS at 3777 Kingsway, Burnaby, British Columbia, V5H 3Z7 (telephone 604.697.8029) and are also available electronically on the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators ( SEDAR ) at [www.sedar.com](http://www.sedar.com).*

**SHORT FORM BASE SHELF PROSPECTUS**

New Issue

October 3, 2011

**TELUS Corporation**

**\$2,500,000,000**

**Debt Securities**

**Preferred Shares**

**Non-Voting Shares**

**Common Shares**

**Warrants to Purchase Equity Securities**

**Warrants to Purchase Debt Securities**

**Share Purchase Contracts**

**Share Purchase or Equity Units**

TELUS Corporation ( TELUS or the Company ) may offer and issue from time to time any bonds, debentures, notes or other evidences of indebtedness of any kind, nature or description ( Debt Securities ), preferred shares, non-voting shares and common shares (the Equity Securities ), warrants to purchase Equity Securities and warrants to purchase Debt Securities (the Warrants ), share purchase contracts and share purchase or equity units (all of the foregoing, collectively, the Securities ) of up to \$2,500,000,000 aggregate initial offering price of Securities (or the equivalent thereof in one or more foreign currencies or composite currencies, including United States dollars) during the 25 month period that this short form base shelf prospectus (the Prospectus ), including any amendments thereto, is valid. Securities may be offered separately or together, in amounts, at prices and on terms to be determined based on market conditions at the time of sale and set forth in an accompanying shelf prospectus supplement (a Prospectus Supplement ).

The specific terms of the Securities with respect to a particular offering will be set out in the applicable Prospectus Supplement and may include, where applicable (i) in the case of Debt Securities, the specific designation, aggregate principal amount, the currency or the currency unit for which the Debt Securities may be purchased, the maturity, interest provisions, authorized denominations, offering price, covenants, events of default, any terms for redemption or retraction, any exchange or conversion terms, whether the debt is senior or subordinated and any other

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terms specific to the Debt Securities being offered; (ii) in the case of Equity Securities, the designation of the particular class and series, the number of shares offered, the issue price, dividend rate, if any, and any other terms specific to the Equity Securities being offered; (iii) in the case of Warrants, the designation, number and terms of the Equity Securities or Debt Securities purchasable upon exercise of the Warrants, any procedures that will result in the adjustment of these numbers, the exercise price, dates and periods of exercise, the currency in which the Warrants are issued and any other specific terms; (iv) in the case of share purchase contracts, the designation, number and terms of the Equity Securities to be purchased under the share purchase contract, any procedures that will result in the adjustment of these numbers, the purchase price and purchase date or dates of the Equity Securities, any requirements of the purchaser to secure its obligations under the share purchase contract and any other specific terms; and (v) in the case of share purchase or equity units, the terms of the component share purchase contract and Debt Securities or third party obligations, any requirements of the purchaser to secure its obligations under the share purchase contract by the Debt Securities or third party obligations and any other specific terms. Where required by statute, regulation or policy, and where Securities are offered in currencies other than Canadian dollars, appropriate disclosure of foreign exchange rates applicable to such Securities will be included in the Prospectus Supplement describing such Securities.

*(Continued on next page)*

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**Table of Contents**

*(Continued from previous page)*

All information permitted under applicable securities laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be deemed to be incorporated by reference into this Prospectus as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains.

TELUS has filed an undertaking with the British Columbia Securities Commission that it will not distribute Securities that, at the time of distribution, are novel specified derivatives or asset-backed securities without pre-clearing with the applicable regulator the disclosure to be contained in the Prospectus Supplement pertaining to the distribution of such Securities.

For the purpose of calculating the Canadian dollar equivalent of the aggregate principal amount of Securities issued under this Prospectus from time to time, Securities denominated in or issued in, as applicable, a currency (the Securities Currency) other than Canadian dollars will be translated into Canadian dollars at the date of issue of such Securities using the Bank of Canada noon rate of exchange of Canadian dollars with the Securities Currency in effect as of noon (Toronto time) on the date of issue of such Securities.

TELUS is incorporated under the laws of the Province of British Columbia. It maintains its registered office at Floor 21, 3777 Kingsway, Burnaby, British Columbia, V5H 3Z7 and its executive office at Floor 8, 555 Robson Street, Vancouver, British Columbia, V6B 3K9.

**This offering is made by a Canadian issuer that is permitted, under a multijurisdictional disclosure system adopted by the United States, to prepare this Prospectus in accordance with the disclosure requirements of Canada. Prospective investors in the United States should be aware that such requirements are different from those of the United States. The financial statements included or incorporated herein relating to periods ending on or before December 31, 2010 have been prepared in accordance with Canadian generally accepted accounting principles and the financial statements included or incorporated herein relating to periods ending after December 31, 2010 have been prepared using International Financial Reporting Standards as issued by the International Accounting Standards Board ( IFRS-IASB ), and may not be comparable to financial statements of United States companies.**

**Prospective investors should be aware that acquisition of the Securities described herein may have tax consequences both in the United States and in Canada. Such consequences for investors who are resident in, or citizens of, the United States may not be described fully herein.**

**The enforcement by investors of civil liabilities under the United States federal securities laws may be affected adversely by the fact that TELUS is incorporated or organized under the laws of the Province of British Columbia, that some or all of its officers and directors may be residents of Canada, that some or all of the underwriters or experts named in the Prospectus may be residents of Canada, and that all or a substantial portion of the assets of TELUS and said persons may be located outside the United States.**

**THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

Brian Canfield, a director of the Company who is signing the certificate attached hereto under Part 5 of National Instrument 41-101, resides outside of Canada. Although Mr. Canfield has appointed TELUS Corporation, 3777 Kingsway, Burnaby, British Columbia as his agent for service of process in Canada, it may not be possible for investors to enforce judgments obtained in Canada against Mr. Canfield.

This Prospectus constitutes a public offering of the Securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such Securities. The Company may offer and sell Securities to or through underwriters or dealers and also may offer and sell certain Securities directly to other purchasers or through agents. A Prospectus Supplement relating to each issue of Securities offered thereby will set forth the names of any underwriters, dealers or agents involved in the sale of such Securities and the compensation of any such underwriters, dealers or agents. The common shares ( Common Shares ) and the non-voting shares ( Non-Voting Shares ) of TELUS are listed on the Toronto Stock Exchange ( TSX ) under the symbols T and T.A. , respectively, and the non-voting shares of TELUS are also listed on the New York Stock Exchange under the symbol TU . Unless otherwise specified in the applicable Prospectus Supplement, Securities other than the common shares and non-voting shares of TELUS will not be listed on any securities exchange.

The offering of Securities hereunder is subject to approval of certain legal matters on behalf of TELUS by Bennett Jones LLP, Toronto, Ontario and by Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York.



**Table of Contents**

**TABLE OF CONTENTS**

	<b>Page</b>
<u>DOCUMENTS INCORPORATED BY REFERENCE</u>	1
<u>REFERENCE TO CURRENCY</u>	3
<u>FORWARD-LOOKING STATEMENTS</u>	3
<u>TELUS CORPORATION</u>	4
<u>USE OF PROCEEDS</u>	4
<u>EARNINGS COVERAGE RATIOS</u>	4
<u>PRIOR SALES</u>	5
<u>MARKET PRICE AND TRADING VOLUME</u>	5
<u>DESCRIPTION OF DEBT SECURITIES</u>	6
<u>DESCRIPTION OF SHARE CAPITAL</u>	12
	<b>Page</b>
<u>DESCRIPTION OF WARRANTS</u>	16
<u>DESCRIPTION OF SHARE PURCHASE CONTRACTS AND SHARE PURCHASE OR EQUITY UNITS</u>	18
<u>DENOMINATIONS, REGISTRATION AND TRANSFER</u>	18
<u>RISK FACTORS</u>	19
<u>PLAN OF DISTRIBUTION</u>	19
<u>LEGAL MATTERS</u>	19
<u>PURCHASERS' STATUTORY RIGHTS</u>	20
<u>DOCUMENTS FILED AS PART OF THE REGISTRATION STATEMENT</u>	20

*Unless the context otherwise indicates, references in this Prospectus to TELUS or the Company are references to TELUS Corporation, its consolidated subsidiaries and predecessor companies.*

**DOCUMENTS INCORPORATED BY REFERENCE**

The following documents of the Company, which have been filed by the Company with the securities commissions or similar regulatory authorities in each of the provinces of Canada, are specifically incorporated by reference into, and form an integral part of, this Prospectus:

- (a) the Information Circular dated March 11, 2011 prepared in connection with the Company's annual meeting held on May 5, 2011;
- (b) the annual information form of the Company dated March 16, 2011 for the year ended December 31, 2010;
- (c) the audited consolidated financial statements of the Company as at and for the years ended December 31, 2010 and 2009 together with the report of the independent registered chartered accountants thereon and the notes thereto;

- (d) Management's Discussion and Analysis of financial results for the year ended December 31, 2010;
- (e) the unaudited condensed interim consolidated financial statements of the Company as at and for the three-month and six-month periods ended June 30, 2011 and June 30, 2010 together with the notes thereto; and

(f) Management's Discussion and Analysis of financial results for the three-month and six-month periods ended June 30, 2011.

**Any documents of the types referred to above, and similar material, together with any material change reports (excluding confidential reports), business acquisition reports filed by the Company pursuant to the requirements of securities legislation of any province of Canada, and any other disclosure document which the Company has filed pursuant to an undertaking to a securities regulatory authority of any province of Canada, in each case, after the date of this Prospectus and prior to the date on which this Prospectus ceases to be effective, shall be deemed to be incorporated by reference into this Prospectus. In addition, to the extent indicated in any Report on Form 6-K filed with the United States Securities and Exchange Commission (the "SEC") or in any Report on Form 40-F filed with the SEC, any information included therein shall be deemed to be incorporated by reference in this Prospectus.**

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained**

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**Table of Contents**

**herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this Prospectus, except as so modified or superseded.**

A Prospectus Supplement containing the specific terms of an offering of Securities, updated disclosure of earnings coverage ratios, if applicable, and other information relating to the Securities, will be delivered to prospective purchasers of such Securities together with this Prospectus and will be deemed to be incorporated into this Prospectus as of the date of such Prospectus Supplement only for the purpose of the offering of the Securities covered by that Prospectus Supplement.

Upon a new annual information form and the related annual financial statements being filed by the Company with and, where required, accepted by, the applicable securities regulatory authorities during the currency of this Prospectus, the previous annual information form, the previous annual financial statements and all interim financial statements, and the accompanying Management's Discussion and Analysis, and material change reports filed prior to the commencement of the Company's financial year in which the new annual information form is filed, and information circulars and business acquisition reports filed prior to the commencement of the Company's financial year in respect of which the new annual information form is filed, shall be deemed no longer to be incorporated into this Prospectus for purposes of further offers and sales of Securities hereunder. Upon interim financial statements and the accompanying Management's Discussion and Analysis being filed with the applicable securities regulatory authorities during the currency of this Prospectus, all interim financial statements and the accompanying Management's Discussion and Analysis filed prior to the new interim financial statements will be deemed no longer to be incorporated into this Prospectus for purposes of further offers and sales of Securities hereunder. Upon the Company filing an information circular in connection with an annual general meeting, the information circular filed in connection with the previous annual general meeting (unless such information circular also related to a special meeting) will be deemed no longer to be incorporated into this Prospectus for purposes of further offers and sales of the Securities hereunder.

In addition to its continuous disclosure obligations under the securities laws of the provinces of Canada, TELUS is subject to the information requirements of the *United States Securities Exchange Act of 1934*, as amended, and in accordance therewith files reports and other information with the SEC. Under the multijurisdictional disclosure system adopted by the United States, such reports and other information may be prepared in accordance with the disclosure requirements of Canada, which requirements are different from those of the United States. Such reports and other information, when filed by TELUS in accordance with such requirements, can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C., 20549. Copies of such material can be obtained at prescribed rates from such public reference facilities of the SEC at 100 F Street, N.E., Washington, D.C., 20549. In addition, such materials are also available to the public on the SEC's website at [www.sec.gov](http://www.sec.gov). Certain securities of TELUS are listed on The New York Stock Exchange and reports and other information concerning TELUS can be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York, 10005.

Prospective investors should rely only on the information contained in or incorporated by reference in this Prospectus or any applicable Prospectus Supplement. The Company has not authorized anyone to provide prospective investors with different or additional information. The Company is not making an offer of the Securities in any jurisdiction where the offer is not permitted by law. Prospective investors should not assume that the information contained in or incorporated by reference in this Prospectus or any applicable Prospectus Supplement is accurate as of any date other than the date on the front of this Prospectus or the applicable Prospectus Supplement.

**Table of Contents****REFERENCE TO CURRENCY**

Unless the context otherwise requires, all references herein to currency are references to Canadian dollars. For Securities issued in other than Canadian currency, potential purchasers should be aware that foreign exchange fluctuations are likely to occur from time to time and that the Company does not make any representation with respect to currency values from time to time. Investors should consult their own advisors with respect to the potential risk of currency fluctuations.

**FORWARD-LOOKING STATEMENTS**

This Prospectus, together with the documents incorporated by reference herein and therein, contain forward-looking statements about expected future events and the financial and operating performance of TELUS. By their nature, forward-looking statements require the Company to make assumptions, and forward-looking statements are subject to inherent risks and uncertainties. There is significant risk that assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause future performance, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed. Except as required by law, the Company disclaims any intention or obligation to update or revise any forward-looking statements, and reserves the right to change, at any time at its sole discretion, its current practice of updating annual targets and guidance. Annual targets, guidance and assumptions are described in the Company's Management's Discussion and Analysis of financial results in respect of the Company's most recent annual financial statements and in Management's Discussion and Analysis of financial results in respect of the Company's interim financial statements filed thereafter.

Factors that could cause actual performance to differ materially include, but are not limited to:

Competition (including the Company's ability to offer an enhanced customer service experience; more active price and brand competition; the expectation that new wireless entrant competitors will launch or expand services in 2011 or 2012 using advanced wireless services (AWS) spectrum or become stronger through amalgamation; industry growth rates including wireless penetration gain; actual network access line losses; subscriber additions and subscriber retention experience for wireless, TELUS TV® and Optik High Speed Internet services; costs of subscriber acquisition and retention; variability in wireless average revenue per subscriber unit per month (ARPU) as well as variability in smartphone sales and subsidy levels; and TELUS TV programming cost and availability risk from increasing vertical integration by competitors into broadcast content ownership); technological substitution (contributing to reduced utilization and increased commoditization of traditional wireline voice local and long distance services, and increasing numbers of households that have only wireless telephone services; and over-the-top IP services that may cannibalize TV and entertainment services); technology (including subscriber demand for data that could challenge wireless network capacity, service levels and spectrum capacity in future; reliance on systems and information technology, broadband and wireless technology options and roll-out plans; choice of suppliers and suppliers' ability to maintain and service their product lines; wireless handset supplier concentration and market power; expected technology and evolution paths; expected future benefits and performance of high-speed packet access plus (HSPA+) dual-cell technology and transition to long-term evolution (LTE) wireless technology; dependence of rural LTE rollout strategy on ability to acquire spectrum in the 700 MHz band; successful implementation of international roaming agreements; successful deployment and operation of new wireless networks and successful introduction of new products (such as new HSPA+, LTE and tablet devices), new services and supporting systems; and successful upgrades of TELUS TV technology); economic growth and fluctuations (including strength and persistence of the economic recovery in Canada, future interest rates, and pension performance, funding and expenses); capital expenditure levels in 2011 and beyond (due to the Company's wireline broadband initiatives, wireless deployment strategy for future technologies including LTE, and future Industry Canada wireless spectrum auctions, including auction of spectrum in the 700 MHz and 2.5/2.6 GHz bands); financing and debt requirements (including ability to carry out refinancing activities); ability to sustain dividend growth model of circa 10% per annum to 2013 (including generating sufficient after-tax earnings and free cash flow which may be affected by factors such as capital expenditure and spectrum auction requirements, regulatory and government developments and decisions, competitive environment, and reasonable economic performance in Canada); regulatory approvals and developments (including the incumbent local exchange carriers (ILECs') obligation to serve; interpretation and application of tower sharing and roaming rules; the design and impact of future spectrum auctions (including the spectrum auction rules and cost of acquiring spectrum in the 700 MHz and 2.5/2.6 GHz bands); adequacy of regulatory safeguards regarding vertical



**Table of Contents**

integration by competitors into broadcast content ownership; and increased foreign control of wireless entrants pending federal policy decisions on foreign ownership restrictions); human resource developments (including employee retention and engagement matters); ability to successfully implement cost reduction initiatives and realize expected savings, net of restructuring costs (such as from business integrations, business process outsourcing, internal off-shoring and reorganizations, without losing customer service focus or negatively impacting client care); process risks (including reliance on legacy systems and ability to implement and support new product and services; and implementation of large enterprise deals that may be adversely impacted by available resources and degree of co-operation from other service providers); tax matters (including the possibility of increased corporate income taxes); health, safety and environmental developments; litigation and legal matters; business continuity events (including human-caused and natural threats); acquisitions or divestitures (including realizing expected strategic benefits); and other risk factors discussed herein and listed from time to time in TELUS reports and public disclosure documents including its annual report, annual information form, and other filings with securities commissions in Canada (on SEDAR at [sedar.com](http://sedar.com)) and in its filings in the United States, including Form 40-F (on EDGAR at [sec.gov](http://sec.gov)).

For further information, see the section entitled *Risks and risk management* in the Company's Management's Discussion and Analysis of financial results for the year ended December 31, 2010, as well as updates in Management's Discussion and Analysis of financial results in respect of the Company's interim financial statements filed thereafter.

**TELUS CORPORATION**

TELUS was incorporated under the *Company Act* (British Columbia) (the BC Company Act) on October 26, 1998 under the name BCT.TELUS Communications Inc. (BCT). On January 31, 1999, pursuant to a court-approved plan of arrangement under the *Canada Business Corporations Act* among BCT, BC TELECOM Inc. (BC TELECOM) and the former Alberta based TELUS Corporation (TC), BCT acquired all of the shares of BC TELECOM and TC in exchange for common shares and non-voting shares of BCT, and BC TELECOM was dissolved. On May 3, 2000, BCT changed its name to TELUS Corporation and in February 2005, the Company transitioned under the *Business Corporations Act* (British Columbia), successor to the BC Company Act. TELUS maintains its registered office at Floor 21, 3777 Kingsway, Burnaby, British Columbia and its executive office at Floor 8, 555 Robson Street, Vancouver, British Columbia.

TELUS is a leading national telecommunications company in Canada, offering a wide range of wireline and wireless communications products and services including data, voice and entertainment.

**USE OF PROCEEDS**

Except as may otherwise be set forth in a Prospectus Supplement, the net proceeds to be received by the Company from the issue and sale from time to time of Securities will be added to the general funds of the Company to be used to repay existing indebtedness of TELUS, to fund capital expenditures and for other general corporate purposes. Each Prospectus Supplement will contain specific information concerning the use of proceeds from that sale of Securities.

**EARNINGS COVERAGE RATIOS**

For the 12-month periods ended December 31, 2010 and June 30, 2011, the Company's consolidated net income attributable to Common Shares and Non-Voting Shares before gross interest expense and income taxes was \$1,910 million and \$1,963 million, respectively. Gross interest expense for each of these 12-month periods was \$527 million and \$503 million, respectively. The earnings coverage ratio refers to the ratio of (i) consolidated net income attributable to Common Shares and Non-Voting Shares before gross interest expense and income taxes, and (ii) gross interest expense. The following earnings coverage ratios were calculated on a consolidated basis for the 12-month periods ended December 31, 2010 and June 30, 2011:

	December 31, 2010	June 30, 2011
Earnings coverage ratios	3.6 times	3.9 times

The earnings coverage ratios set out above do not give effect to any offering of Securities pursuant to this Prospectus or to any other change in indebtedness not reflected in the financial statements of the Company for the periods ended



**Table of Contents**

December 31, 2010 and June 30, 2011. The earnings coverage ratio for the 12-month period ended June 30, 2011 is based on unaudited financial information. The earning coverage ratios set out above have been prepared using IFRS-IASB and do not purport to be indicative of earnings coverage ratios for any future periods.

**PRIOR SALES**

Pursuant to the Company's various employee stock option plans, during the 12-month period ending on September 30, 2011, the Company granted 1,525,094 options to acquire an aggregate of 1,525,094 Non-Voting Shares at a weighted average exercise price of \$46.56 per share, issued 1,262,398 Non-Voting Shares on the exercise of 2,751,368 options at a weighted average price of \$30.93 per share and issued 21,141 Common Shares on the exercise of 21,141 options at a weighted average price of \$38.38 per share. Pursuant to the Company's dividend reinvestment and share purchase plan, during the 12-month period ending on September 30, 2011, the Company issued 2,521,637 Non-Voting Shares at a weighted average price of \$42.08 per share. On May 25, 2011, the Company issued Notes due May 25, 2016 in an aggregate principal amount of \$600 million.

**MARKET PRICE AND TRADING VOLUME**

The Common Shares and the Non-Voting Shares of the Company are listed for trading on the TSX under the symbols T and T.A, respectively. The following table summarizes the market price and trading volumes on the TSX for the previous 12 months.

**Common Shares**

	Price Range		Volume
	High (\$)	Low (\$)	
<b>2010</b>			
October	47.46	44.67	14,949,539
November	47.54	44.05	13,757,630
December	48.00	45.48	13,422,750
<b>2011</b>			
January	49.78	44.98	9,468,449
February	49.98	47.10	10,842,778
March	49.94	46.17	14,348,203
April	50.29	48.08	8,854,363
May	53.55	49.35	10,521,034
June	53.59	51.14	13,160,210
July	55.04	51.05	9,840,783
August	54.00	49.47	14,733,376
September	54.35	50.17	14,351,207

**Table of Contents****Non-Voting Shares**

	Price Range		Volume
	High (\$)	Low (\$)	
<b>2010</b>			
October	45.34	42.55	5,396,985
November	45.35	42.02	5,650,673
December	45.90	43.23	4,959,990
<b>2011</b>			
January	47.69	42.90	6,428,183
February	47.98	45.20	5,314,216
March	47.45	44.45	6,996,785
April	48.24	46.00	4,257,455
May	51.39	47.47	5,177,888
June	51.39	48.88	6,154,862
July	52.67	48.75	4,072,779
August	51.39	46.86	8,934,646
September	51.31	48.76	8,414,158

**DESCRIPTION OF DEBT SECURITIES**

The following description of the terms of Debt Securities sets forth certain general terms and provisions of Debt Securities in respect of which a Prospectus Supplement will be filed. The particular terms and provisions of Debt Securities offered by any Prospectus Supplement will be described in the Prospectus Supplement filed in respect of such Debt Securities.

Debt Securities will be issued under an indenture dated May 22, 2001 (the "Trust Indenture") between the Company and Computershare Trust Company of Canada (the "Trustee"), as supplemented by supplemental indentures applicable to specific Debt Securities (the "Indenture"). The following summary of certain provisions of the Trust Indenture does not purport to be complete and is qualified in its entirety by reference to the Trust Indenture and any applicable supplemental indentures. All capitalized terms are as defined in the Trust Indenture (unless otherwise defined herein).

**General**

The Trust Indenture provides that Debt Securities may be issued thereunder from time to time in one or more series. Specific terms and conditions which apply to such series will be set out in a supplement to the Trust Indenture. The Debt Securities will be direct, unconditional and, unless otherwise indicated in the relevant Prospectus Supplement, unsecured obligations of the Company. As of September 30, 2011, \$5,100 million principal amount of Debt Securities are outstanding under the Trust Indenture.

The Prospectus Supplement relating to the particular Debt Securities offered thereby will describe the terms of such Debt Securities, including, where applicable:

- (i) the designation, aggregate principal amount and denominations of such Debt Securities;
- (ii) the price at which such Debt Securities will be issued or whether such Debt Securities will be issued on a non-fixed price basis;
- (iii) the date or dates on which such Debt Securities will mature and the portion (if less than all of the principal amount) of such Debt Securities to be payable upon declaration of an acceleration of maturity;

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- (iv) the currency or currencies in which such Debt Securities are being sold and in which the principal of (and premium, if any), and interest, if any, on, such Debt Securities will be payable, whether the holder of any such Debt Securities or the Company may elect the currency in which payments thereon are to be made and, if so, the manner of such election;

**Table of Contents**

- (v) whether the Debt Securities of such series are interest bearing and, in the case of interest bearing Debt Securities, the rate or rates (which may be fixed or variable) per annum at which such Debt Securities will bear interest, if any;
- (vi) the date from which interest on such Debt Securities, whether payable in cash, in kind, or in shares, will accrue, the date or dates on which such interest will be payable and the date on which payment of such interest will commence;
- (vii) the dates on which and the price or prices at which such Debt Securities will, pursuant to any required repayment provisions, or may, pursuant to any repurchase or redemption provisions, be repurchased, redeemed or repaid and the other terms and provisions of any such optional repurchase or redemption or required repayment;
- (viii) any special provisions for the payment of additional interest with respect to such Debt Securities;
- (ix) any additional covenants included for the benefit of holders of such Debt Securities;
- (x) the general terms or provisions, if any, pursuant to which such Debt Securities are to be guaranteed or secured;
- (xi) any additional events of default provided with respect to such Debt Securities;
- (xii) any exchange on which Debt Securities of a series will be listed;
- (xiii) terms for any conversion or exchange into other securities;
- (xiv) subordination terms, if any, of the Debt Securities of such series;
- (xv) any special tax implications of or any special tax provision, or indemnities relating to Debt Securities of such series; and
- (xvi) any other terms of such Debt Securities.

**Payment**

Unless otherwise specified in the applicable Prospectus Supplement, payment of principal of (and premium, if any on) Debt Securities will be made in the designated currency against surrender of such Debt Securities at the office of the Trustee in Toronto. Unless otherwise indicated in the Prospectus Supplement related thereto, payment of any instalment of interest on Debt Securities will be made to the Person (as defined below) in whose name such Debt Security is registered immediately prior to the close of business on the record date for such interest by electronic funds transfer.

**Negative Pledge**

The Trust Indenture contains provisions to the effect that the Company will not, nor will it permit any Restricted Subsidiary (as defined below) to, create or assume any Lien (as defined below) upon any present or future Principal Property (as defined below), or any Property (as defined below) which, together with any other Property subject to Liens in the same transaction or a series of related transactions, would in the aggregate constitute a Principal Property, of the Company or any Restricted Subsidiary, to secure Indebtedness (as defined below) of the Company or a Restricted Subsidiary unless the Debt Securities, other than Debt Securities which by their terms do not have the benefit of the Negative Pledge

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(together with, if the Company shall so determine, any other Indebtedness of the Company or any Restricted Subsidiary ranking at least equally with the Debt Securities then existing or thereafter created), shall be concurrently secured equally and ratably with (or prior to) such other Indebtedness so long as such Lien is outstanding.

The restrictions set forth above shall not apply to Permitted Liens , which are defined in the Trust Indenture to include:

- (i) with respect to any series of Debt Securities, Liens existing on the Closing Date (as defined under Certain Definitions below) for such series;
- (ii) Liens on any Property of any Person existing at the time such Person becomes a Restricted Subsidiary, or at the time such Person amalgamates or merges with the Company or a Restricted Subsidiary, which Liens are not created in contemplation of such Person becoming a Restricted Subsidiary or effecting such amalgamation or merger;
- (iii) Liens on any Property existing at the time such Property is acquired by the Company or a Restricted Subsidiary, or Liens to secure the payment of all or any part of the purchase price of such Property upon the acquisition of

**Table of Contents**

such Property by the Company or a Restricted Subsidiary or to secure any Indebtedness incurred prior to, at the time of, or within 270 days after, the later of the date of acquisition of such Property and the date such Property is placed in service, for the purpose of financing all or any part of the purchase price thereof, or Liens to secure any Indebtedness incurred for the purpose of financing the cost to the Company or a Restricted Subsidiary of improvements to such acquired Property or to secure any indebtedness incurred for the purpose of financing all or any part of the purchase price or the cost of construction of the Property subject to such Liens;

- (iv) Liens securing any Indebtedness of a Restricted Subsidiary owing to the Company or to another Restricted Subsidiary;
- (v) Liens on Property of the Company or a Restricted Subsidiary securing indebtedness or other obligations issued by Canada or the United States of America or any state or any department, agency or instrumentality or political subdivision of Canada or the United States of America or any state, or by any other country or any political subdivision of any other country, for the purpose of financing all or any part of the purchase price of, or, in the case of real property, the cost of construction on or improvement of, any property or assets subject to the Liens, including Liens incurred in connection with pollution control, industrial revenue or similar financings;
- (vi) Liens securing any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any Permitted Lien pursuant to the Trust Indenture; provided, however, that such new Lien is limited to the Property which was subject to the prior Lien immediately before such extension, renewal or replacement, and provided, further, that the principal amount of Indebtedness secured by the prior Lien immediately prior to such extension, renewal or replacement is not increased;
- (vii) any other Liens not otherwise qualifying as a Permitted Lien provided that, at the applicable time, the aggregate principal amount of the Indebtedness secured by all such other Liens, when added to the Attributable Debt determined at such time of the then outstanding Unrestricted Sale and Lease-Back Transactions (as defined under Certain Definitions below) to which the Company or a Restricted Subsidiary is a party, does not exceed 15% of the then applicable Consolidated Net Tangible Assets (as defined under Certain Definitions below);
- (viii) any interest or title of a lessor in the property subject to any capitalized lease or operating lease; and
- (ix) any other Liens identified in the Prospectus Supplement relating to the series of Debt Securities issued.

**Limitation on Sale and Lease-Back Transactions**

Neither the Company nor any Restricted Subsidiary may enter into any Sale and Lease-Back Transaction (as defined under Certain Definitions below), except for:

- (i) any Sale and Lease-Back Transaction constituting a Permitted Lien under the Trust Indenture (other than clause (vii) or (viii)) under Negative Pledge above; or
- (ii) any Sale and Lease-Back Transaction that is not otherwise permitted under clause (i) above or (iii) below, and in respect of which the Company or such Restricted Subsidiary would be entitled, in the manner described under Negative Pledge above, to incur Indebtedness secured by a Lien on the applicable Property at least equal in amount to the Attributable Debt in respect of such Sale and Lease-Back Transaction without equally and ratably securing the Debt Securities (any Sale and Lease-Back Transaction entered into in compliance with this clause (ii) being an Unrestricted Sale and Lease-Back Transaction ); or



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- (iii) any Sale and Lease-Back Transaction if the Company or such Restricted Subsidiary shall apply or cause to be applied, in the case of such sale or transfer for cash, an amount equal to the greater of the fair market value of the Principal Property sold or transferred and leased back pursuant to such Sale and Lease-Back Transaction or the net proceeds of such Sale and Lease-Back Transaction and, in the case of such sale or transfer otherwise than for cash, an amount equal to the fair market value of the Principal Property sold or transferred and leased back pursuant to such Sale and Lease-Back Transaction, to (a) the retirement (other than any mandatory retirement), within 180 days after the effective date of such Sale and Lease-Back Transaction, of Indebtedness of the Company (which may but need not include any Debt Securities) ranking on a parity with, or prior to, such Debt Securities and owing to a Person other than the Company or any Affiliate of the Company, or (b) the

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**Table of Contents**

purchase, construction or improvement of real property or personal property used by the Company or its Restricted Subsidiaries in the ordinary course of business.

**Modification of the Trust Indenture**

With certain exceptions, the Trust Indenture, the rights and obligations of the Company and the rights of the holders of a particular series of Debt Securities may be modified by the Company with the consent of the holders of not less than a majority in aggregate principal amount of such series of Debt Securities or a majority in principal amount of such series voted at a duly constituted meeting; but no such modification may be made which would: (i) reduce in any manner the amount of, or change the currency of payment of, or delay the time of any payments (whether of principal, premium, interest or otherwise); (ii) change the definition of or the manner of calculating amounts (including any change in the applicable rate or rates of interest) to which any holder is entitled; or (iii) reduce the above-stated percentage of Debt Securities of such series, in each case without the consent of the holder of each Debt Security of such series so affected or the consent of 100% of the principal amount of such the Debt Securities of such series voted at a duly constituted meeting.

**Events of Default**

The Trust Indenture provides that any one or more of the following events shall constitute an event of default with respect to any series of Debt Securities thereunder:

- (i) a default in the payment by the Company of the principal of (or premium, if any, on) any Debt Securities of such series when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise, or in any obligation to repurchase Debt Securities of such series when required pursuant to the Indenture;
- (ii) a default in the payment by the Company of interest on any Debt Securities of such series when the same becomes due and payable, and such default continues for a period of 30 days;
- (iii) default by the Company in the performance of or breach of any other covenant or agreement of the Company with respect to such series of Debt Securities and such default or breach continues for a period of 60 days after written notice to the Company by the Trustee or the holders of 25% or more in aggregate principal amount of the outstanding Debt Securities of such series;
- (iv) if any representation or warranty made by the Company in relation to a series of Debt Securities was incorrect in any material respect when made and, if it is capable of being corrected, such misrepresentation is not corrected within 60 days after written notice to the Company by the Trustee or the holders of 25% or more in aggregate principal amount of the outstanding Debt Securities of such series;
- (v) any failure by the Company or any Subsidiary to pay when due or within any applicable grace period, any payment of Indebtedness of the Company or any Subsidiary in an aggregate principal amount in excess of US\$75 million (or its equivalent in any other currency or currencies), or any default occurs in respect of any Indebtedness of the Company or any Subsidiary in respect of any series of Debt Securities having an aggregate principal amount exceeding US\$75 million (or its equivalent in any other currency or currencies) after the expiration of any applicable grace period, if such default has resulted in such Indebtedness in excess of such aggregate principal amount becoming due prior to its stated maturity;
- (vi) a distress, attachment, execution or other similar legal process for any amount exceeding US\$75 million (or its equivalent in any other currency or currencies) is levied or enforced against any part of the Property of the Company or any Subsidiary and is not paid out, satisfied or withdrawn within 60 days of the date of such levy or enforcement; or
- (vii) certain events of bankruptcy, insolvency or reorganization of the Company or any Subsidiary.

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The Company is required to file with the Trustee an annual officers' certificate as to the absence of certain defaults under the Trust Indenture.

The Trust Indenture provides that if an event of default (other than an event of default specified in clause (vii) above in relation to the Company) shall occur and be continuing with respect to a series of Debt Securities issued thereunder, the Trustee may in its discretion and shall upon request of the holders of not less than 25% in principal amount of the outstanding Debt Securities of such series declare the principal of, together with accrued interest on, all Debt Securities of

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## **Table of Contents**

such series to be due and payable. In certain cases, the holders of a majority in aggregate principal amount of such series of Debt Securities or a majority in principal amount of such series voted at a duly constituted meeting may on behalf of the holders of all such Debt Securities waive any past default or event of default and rescind and annul any such declaration and its consequences.

The Trust Indenture further provides that if an event of default specified in clause (vii) above in relation to the Company occurs, the principal of and any accrued interest on the Debt Securities then outstanding shall become immediately due and payable; provided however that at any time after an automatic acceleration with respect to the Debt Securities has been made, the holders of a majority in aggregate principal amount of such series of Debt Securities or a majority in principal amount of such series voted at a duly constituted meeting may, under certain circumstances, rescind and annul such acceleration and its consequences.

The Trust Indenture contains a provision entitling the Trustee, subject to its duty during a default to act with the required standard of care, to be indemnified by the holders of Debt Securities of such series before proceeding to exercise any right or power under the Trust Indenture at the request of such holders. The Trust Indenture provides that no holder of Debt Securities of any series may pursue a remedy with respect to the Trust Indenture except in the case of failure of the Trustee to act.

### **Defeasance**

#### ***Defeasance of Certain Obligations***

If the supplement to the Trust Indenture provides, the Company may elect, with respect to any series of Debt Securities, either to be discharged from its obligations or to be released from its obligations to comply with the terms, provisions or conditions relating to the negative pledge, the restriction on Sale and Lease-Back Transactions, the restrictions on amalgamations described below, any other covenants or any event of default (other than its covenant to maintain its existence and pay the principal, (premium, if any), interest and other amounts on such series of Debt Securities). Following such election, the Company will be so discharged, provided:

- (i) the Company has, at least 91 days prior to such discharge becoming effective, irrevocably deposited with the Trustee, as specific security pledged for, and dedicated solely to, the due payment and ultimate satisfaction of all of its obligations under the Indenture with respect to the Debt Securities of the series affected, (a) funds in the currency or currencies in which such Debt Securities are payable, and/or (b) an amount of direct obligations of, or obligations the payment of principal of and interest, if any, on which are fully guaranteed by, the government that issued the currency or currencies in which Debt Securities of such series are payable, and that are not subject to prepayment, redemption or call, as will together with the predetermined and certain income to accrue thereon without consideration of any reinvestment thereof, be sufficient (in the case of such obligations, through the payment of interest and principal thereunder) to pay (x) the principal of (and premium, if any) and interest and other amounts on the outstanding Debt Securities of the particular series on their stated due dates or maturity, as the case may be, and (y) any mandatory prepayments on the day on which such prepayments are due and payable;
- (ii) the Company shall have delivered to the Trustee an opinion of counsel to the effect that the holders of the Debt Securities affected will not recognize income, gain or loss for Canadian federal income tax purposes as a result of such defeasance in respect of the Company's obligations and will be subject to Canadian federal income tax on the same basis as if such defeasance had not occurred;
- (iii) such deposit will not result in a breach or violation of, or constitute a default under, the Trust Indenture or any other material agreement or instrument to which the Company is a party or by which it is bound;
- (iv) no event of default with respect to the Debt Securities of such series or event that, with notice or lapse of time, would become such an event of default shall have occurred and be continuing on the date of such deposit;
- (v) if the Debt Securities affected are listed on any stock exchange or securities exchange, the Company shall have delivered to the Trustee an opinion of counsel to the effect that such deposit and defeasance will not cause such Debt Securities to be delisted; and

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- (vi) the Company shall have delivered to the Trustee an officers certificate and an opinion of counsel, each stating that all conditions precedent to the defeasance have been satisfied.

## **Table of Contents**

### ***Other Defeasance Arrangements***

If so described in the Prospectus Supplement related to Debt Securities of a specific series, the Company may enter into certain other arrangements providing for the due payment and ultimate satisfaction of its obligations with respect to such series of Debt Securities by the deposit with the Trustee of funds or obligations of the type referred to under **Defeasance of Certain Obligations** above. The Prospectus Supplement will more fully describe the provisions, if any, relating thereto.

### **Amalgamation, Consolidation, Conveyance, Transfer or Lease**

The Trust Indenture provides that the Company will not consolidate, merge or amalgamate with any other Person or effect any conveyance, sale, transfer or lease of its Property substantially as an entirety, unless, in such case:

- (i) the Person formed by such consolidation or amalgamation or with which the Company is merged (or the Person that leases or that acquires by conveyance, sale or transfer the Property of the Company substantially as an entirety) (such Person being referred to as the **Successor Corporation**) is a corporation organized and validly existing under the laws of Canada or any province thereof;
- (ii) the Successor Corporation shall expressly, by supplemental indenture, assume and become bound by the obligations of the Company under the terms of the Indenture;
- (iii) after giving effect to, such transaction, no default or event of default shall have occurred and be continuing under the Trust Indenture or in respect of the Debt Securities of any series; and
- (iv) the Successor Corporation delivers to the Trustee an officer's certificate and legal opinion confirming that the foregoing conditions have been met.

### **Governing Law**

The Trust Indenture is governed by, and construed in accordance with, the laws of the Province of Ontario.

### **Certain Definitions**

**Affiliate** means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person.

**Attributable Debt** shall mean, in respect of a Sale and Lease-Back Transaction, at the time of determination, the Capital Lease Obligations under the Capital Lease resulting from such Sale and Lease-Back Transaction as reflected on the consolidated balance sheet of the Company. Attributable Debt may be reduced by the present value of the rental obligations, calculated on the same basis that any sublessee has for all or part of the same property.

**Capital Lease** means a lease that is required to be capitalized for financial reporting purposes in accordance with Canadian generally accepted accounting principles.

**Capital Lease Obligations** means indebtedness represented by obligations under a Capital Lease. The amount of indebtedness will be the capitalized amount of the obligations determined in accordance with Canadian generally accepted accounting principles consistently applied.

**Closing Date** means the date on which the Debt Securities are issued.

**Consolidated Net Tangible Assets** means the consolidated total assets of TELUS and its Subsidiaries as reflected in TELUS' most recent consolidated balance sheet preceding the date of determination prepared in accordance with Canadian generally accepted accounting principles consistently applied, less (a) current liabilities, excluding the amount of those which are by their terms extendable or renewable at the option of

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the obligor to a date more than 12 months after the date as of which the amount is being determined and current maturities of long-term debt and Capital Lease Obligations, and (b) goodwill, tradenames, trademarks, patents, minority interests of others, unamortized debt discount and expense and other similar intangible assets, excluding any investments in permits, licenses and the subscriber base.

**Indebtedness** means, with respect to any Person, (without duplication) (a) any liability of such Person (1) for borrowed money, or under any reimbursement obligation relating to a letter of credit, or (2) evidenced by a bond, note, debenture or similar instrument (including a purchase money obligation arising in connection with the acquisition of any businesses,

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## **Table of Contents**

properties or assets of any kind, other than a trade payable or a current liability arising in the ordinary course of business), or (3) for the payment of Capital Lease Obligations; (b) any liability of others described in the preceding clause (a) that the Person has guaranteed or that is otherwise its legal liability; (c) any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of the types referred to in clauses (a) and (b) above; and (d) in the case of any Restricted Subsidiary, the aggregate amount at which any preference shares of such Restricted Subsidiary are redeemable or retractable at the option of the holder (excluding any such preference shares that are owned by the Company or any Restricted Subsidiary).

**Lien** means any mortgage, pledge, lien, security interest, charge or other encumbrance or preferential arrangement (including any conditional sale or other title retention agreement or lease in the nature thereof other than a title retention agreement in connection with the purchase of goods in the ordinary course of business which is outstanding for not more than 90 days).

**Person** means any natural person, corporation, firm, partnership, joint venture or other unincorporated association, trust, government or governmental authority and pronouns have a similar extended meaning.

**Principal Property** means at any time any Property which has a fair market value or a book value in excess of US\$5 million (or its equivalent in any other currency or currencies).

**Property** means any asset, revenue or any other property or property right or interest, whether tangible or intangible, real or personal, including, without limitation, any right to receive income.

**Restricted Subsidiary** means (a) TELUS Communications Inc. and (b) at any time any other Subsidiary of TELUS, if at the end of the most recent fiscal quarter for which the Company has issued its financial statements, the total assets of such Subsidiary exceeds 10% of the consolidated assets of TELUS and its Subsidiaries, determined in accordance with Canadian generally accepted accounting principles consistently applied, provided that Restricted Subsidiary shall not include any Subsidiary that is principally engaged in the wireless business or TELUS Québec Inc.

**Sale and Lease-Back Transaction** means any transaction or series of related transactions pursuant to which the Company or any Restricted Subsidiary sells or transfers any Principal Property, or any Property which together with any other Property subject to the same transaction or series of related transactions would in the aggregate constitute a Principal Property, of the Company or such Restricted Subsidiary to any Person and leases back such Principal Property (or other Properties) by way of a Capital Lease Obligation but does not include (a) any Sale and Lease-Back Transaction between the Company and its Restricted Subsidiaries or between Restricted Subsidiaries, or (b) any Sale and Lease-Back Transaction where the term of the lease back is less than three years.

**Subsidiary** means any company or other business entity which the Company owns or controls (either directly or through one or more other Subsidiaries) more than 50% of the issued share capital or other ownership interest, in each case having ordinary voting power to elect directors, managers or trustees of such company or other business entity (whether or not capital stock or other ownership interest or any other class or classes shall or might have voting power upon the occurrence of any contingency).

## **DESCRIPTION OF SHARE CAPITAL**

### **General**

The following sets forth the terms and provisions of the existing capital of the Company. The particular terms and provisions of the Equity Securities offered by a Prospectus Supplement and the extent to which these general terms and provisions apply will be described in such Prospectus Supplement. The Company is authorized under its Notice of Articles to issue up to 1,000,000,000 shares of each class of first preferred shares (the First Preferred Shares), second preferred shares (the Second Preferred Shares), Non-Voting Shares or Common Shares. Certain of the rights and attributes of each class are described below.

### **First Preferred Shares**

#### ***Shares Issuable in Series***

The First Preferred Shares may be issued at any time or from time to time in one or more series. Before any shares of a series are issued, the Board of Directors of the Company shall fix the number of shares that will form such series and





## **Table of Contents**

shall, subject to the limitations set out in the articles of the Company, determine the designation, rights, privileges, restrictions and conditions to be attached to the First Preferred Shares of such series, except that no series shall be granted the right to vote at a general meeting of the shareholders of the Company or the right to be convertible or exchangeable for Common Shares, directly or indirectly.

### ***Priority***

The First Preferred Shares of each series shall rank on a parity with the First Preferred Shares of every other series with respect to dividends and return of capital and shall be entitled to a preference over the Second Preferred Shares and the Common Shares and Non-Voting Shares and over any other shares ranking junior to the First Preferred Shares with respect to priority in payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs.

### ***Voting Rights***

Except as required by law, holders of the First Preferred Shares as a class shall not be entitled to receive notice of, to attend or to vote at any meeting of the shareholders of the Company, provided that the rights, privileges, restrictions and conditions attached to the First Preferred Shares as a class may be added to, changed or removed only with the approval of the holders of the First Preferred Shares given in such manner as may then be required by law, subject to a minimum requirement that such approval be given by resolution signed by the holders of not less than two-thirds of the First Preferred Shares then outstanding, or passed by an affirmative vote of at least two-thirds of the votes cast at a meeting of the holders of the First Preferred Shares duly called for that purpose.

## **Second Preferred Shares**

### ***Shares Issuable in Series***

The Second Preferred Shares may be issued at any time or from time to time in one or more series. Before any shares of a series are issued, the Board of Directors of the Company shall fix the number of shares that will form such series and shall, subject to the limitations set out in the articles of the Company, determine the designation, rights, privileges, restrictions and conditions to be attached to the Second Preferred Shares of such series, except that no series shall be granted the right to vote at a general meeting of the shareholders of the Company or the right to be convertible or exchangeable for Common Shares, directly or indirectly.

### ***Priority***

The Second Preferred Shares of each series shall rank on a parity with the Second Preferred Shares of every other series with respect to dividends and return of capital and shall, subject to the prior rights of the holders of the First Preferred Shares, be entitled to a preference over the Common Shares and the Non-Voting Shares and over any other shares ranking junior to the Second Preferred Shares with respect to priority in payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs.

### ***Voting Rights***

Except as required by law, holders of the Second Preferred Shares as a class shall not be entitled to receive notice of, to attend or to vote at any meeting of the shareholders of the Company, provided that the rights, privileges, restrictions and conditions attached to the Second Preferred Shares as a class may be added to, changed or removed only with the approval of the holders of the Second Preferred Shares given in such manner as may then be required by law, subject to a minimum requirement that such approval be given by resolution signed by the holders of not less than two-thirds of the Second Preferred Shares then outstanding, or passed by an affirmative vote of at least two-thirds of the votes cast at a meeting of the holders of the Second Preferred Shares duly called for that purpose.

## **Table of Contents**

### **Common Shares and Non-Voting Shares**

#### ***Priority***

The holders of Common Shares and Non-Voting Shares shall be entitled to participate equally with each other as to dividends and the Company shall pay dividends thereon, as and when declared by the Board of Directors of the Company out of monies properly applicable to the payment of dividends, in amounts per share and at the same time on all such Common Shares and Non-Voting Shares at the time outstanding as the Board of Directors of the Company may from time to time determine. In the event of the liquidation, dissolution or winding-up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs, all the property and assets of the Company which remain after payment to the holders of any shares ranking in priority to the Common Shares and Non-Voting Shares in respect of payment upon liquidation, dissolution or winding-up of all amounts attributed and properly payable to such holders of such other shares in the event of such liquidation, dissolution or winding-up or distribution, shall be paid and distributed equally, share for share, to the holders of the Common Shares and the Non-Voting Shares, without preference or distinction.

#### ***Voting Rights***

The holders of the Common Shares shall be entitled to receive notice of and to attend (in person or by proxy) and be heard at all general meetings of the shareholders of the Company (other than separate meetings of the holders of shares of any other class of shares of the Company or any other series of shares of such other class of shares) and to vote at all such general meetings with each holder of Common Shares being entitled to one vote per Common Share held at all such meetings. The holders of Non-Voting Shares shall be entitled to receive notice of and to attend (in person or by proxy) and be heard at all general meetings of the shareholders of the Company (other than at separate meetings of the holders of shares of any other class of shares of the Company or of shares of any other series of shares of any such other class of shares other than the Common Shares) and shall be 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 not to vote at such general meetings, unless otherwise required by law.

#### ***Anti-Dilution***

Neither the Common Shares nor the Non-Voting Shares shall be subdivided, consolidated, reclassified or otherwise changed unless contemporaneously therewith the other class is subdivided, consolidated, reclassified or otherwise changed in the same proportion and in the same manner.

#### ***Non-Voting Share Conversion Rights***

In the event an offer is made to purchase Common Shares that (i) must, by reason of applicable securities legislation or the requirements of a stock exchange on which the Common Shares are listed, be made to all or substantially all of the holders of Common Shares who are in a province of Canada to which the requirement applies, and (ii) is not made concurrently with an offer to purchase Non-Voting Shares that is identical to the offer to purchase Common Shares in terms of price per share and percentage of outstanding shares to be taken up exclusive of shares owned immediately prior to the offer by the Offeror (as defined in the articles of the Company), and in all other material respects, and that has no condition attached thereto other than the right not to take up and pay for shares tendered if no shares are purchased pursuant to the offer for Common Shares, then each outstanding Non-Voting Share shall be convertible into one fully paid and non-assessable Common Share at the option of the holder thereof exercisable during the period commencing on the eighth day after the date on which the offer to purchase Common Shares was made or deemed to be made and expiring on the expiry date of such offer.

If all of the Telecommunications Regulations, the Radiocommunication Regulations and the Broadcasting Direction (each as defined below) 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 closing of business 90 days thereafter (the Regulatory Conversion Period ) to convert any one or more of such Non-Voting Shares into Common Shares on a one-for-one basis. If all of the Telecommunications Regulations,

**Table of Contents**

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 and 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 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 into Common Shares upon receipt by all of the holders of written notice by 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. Telecommunications Regulations mean the Canadian Telecommunication Common Carrier Ownership and Control Regulations made pursuant to the *Telecommunications Act* (Canada); 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* (Canada) held by entities controlled (as defined in the foregoing Regulations) by the Company; and Broadcasting Direction means the Direction to the Canadian Radio-television and Telecommunications Commission (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* (Canada) or any other form of legislative instrument, with respect thereto.

***Common Share Conversion Right***

The Company shall provide notice to each holder of Common Shares at least 10 days before the record date in respect of each general meeting of shareholders of the Company at which the holders of the Non-Voting Shares will be entitled to vote as a class. In such event and to the extent that, after taking into account the conversion, 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 Regulations (the *Constrained Class*), would continue to hold no more than the maximum number of Common Shares that may be owned and controlled by persons in the *Constrained Class* in accordance with the Telecommunications Regulations, the Radiocommunication Regulations or the Broadcasting Directions, 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 *qualified corporation* as defined in the Telecommunications Regulations, a corporation that is 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* (Canada) and a corporation that is qualified under the Broadcasting Direction to be the parent of a corporation that is a *qualified corporation* as defined in the Broadcasting Direction, each outstanding Common Share shall be convertible into one Non-Voting Share on a one-for-one basis.

***Ownership and Voting Restrictions***

Non-Canadian shareholders shall not beneficially own or control, other than by way of security only, more than 33  $\frac{1}{3}$ % (or such other percentage as may then be prescribed by the Telecommunications Regulations, the Radiocommunication Regulations or the Broadcasting Directions, whichever is the lowest percentage, as the percentage of voting shares that may be beneficially owned or controlled, by non-Canadians, in order for a corporation to be a *qualified corporation* as defined in the Telecommunications Regulations, a corporation that is 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* (Canada) and a corporation that is qualified under the Broadcasting Direction to be the parent of a corporation that is a *qualified corporation* as defined in the Broadcasting Direction, provided that if no such percentage is prescribed the relevant percentage shall be deemed to be 100%) (the *Restricted Percentage*) of the issued and outstanding Common Shares of the Company (the *Non-Canadian Share Constraint*). In the event that it appears from the central securities register of the Company that, or in the event of a Directors' determination (as provided for in the articles of the Company) that there is a contravention of the *Non-Canadian Share Constraint*: (a) the Company may pursuant to a Directors' determination make a public announcement, whether by press release, newspaper advertisements or otherwise, reasonably expected to inform the markets in which voting shares are traded of the contravention; and (b) the Company may refuse to (i) accept any subscription for voting shares from any non-Canadian, (ii) issue any voting shares to any non-Canadian, (iii) register or otherwise recognize the transfer of any

**Table of Contents**

voting shares from any Canadian to any non-Canadian, or (iv) purchase or otherwise acquire any voting shares, except as provided in the articles of the Company.

In the event of a Directors' determination that there is a contravention of the Non-Canadian Share Constraint and that to do so would be practicable and would not be unfairly prejudicial to, and would not unfairly disregard the interests of, persons beneficially owning or controlling voting shares who are non-Canadians, the Company shall send a disposition notice to the registered holders of such of those voting shares as shall be chosen on the basis of inverse order of registration of all non-Canadians. The Company may, by Directors' determination, suspend all rights of a shareholder to vote that would otherwise be attached to any voting shares beneficially owned, or controlled, by non-Canadians 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. Any disposition notice required to be sent to a registered holder of shares pursuant to the foregoing shall, among other things: (a) specify a date, which shall not be less than 60 days, after the date of the disposition notice, by which the excess voting shares are to be sold or otherwise disposed of or, if the Directors determine it to be in the interest of the Company to permit a conversion, converted into Non-Voting Shares; and (b) state that unless (i) the registered holder either sells or otherwise disposes of or converts the excess voting shares into Non-Voting Shares by the date specified in the disposition notice on a basis that does not result in any contravention of the Non-Canadian Share Constraint and provides to the Company written evidence satisfactory to the Company of such sale, other disposition or conversion, or (ii) provides written evidence satisfactory to the Company that no such sale, other disposition or conversion of excess voting shares is required, such default shall result in the consequence of suspension of voting rights and may result in a consequence of sale or conversion or repurchase or redemption and the disposition notice shall specify in reasonable detail the nature and timing of those consequences.

***TELUS Shareholder Rights Plan***

TELUS first adopted a shareholder rights plan in March 2000, which expired on March 20, 2010. The Board of Directors adopted a substantially similar shareholder rights plan (the Rights Plan) on March 12, 2010, which was ratified by shareholders of both classes at the May 2010 annual and special meeting. Under the Rights Plan, TELUS issued one right (a Series A Right) in respect of each Common Share outstanding as at such date and issued one right (a Series B Right) in respect of each Non-Voting Share outstanding as of such date. The Rights Plan has a term of just over nine years, subject to shareholder confirmation every three years. Each Series A Right or Series B Right, other than those held by an Acquiring Person (as defined in the Rights Plan) and certain of its related parties, entitles the holder in certain circumstances following the acquisition by an Acquiring Person of 20% or more of the Common Shares (otherwise than through the Permitted Bid requirements of the Rights Plan) to purchase from TELUS \$320 worth of Common Shares or Non-Voting Shares for \$160 (i.e., at a 50% discount) respectively.

**DESCRIPTION OF WARRANTS**

This section describes the general terms that will apply to any warrants (the Warrants) for the purchase of Equity Securities (the Equity Warrants) or for the purchase of Debt Securities (the Debt Warrants).

Warrants may be offered separately or together with Equity Securities or Debt Securities, as the case may be. Each series of Warrants will be issued under a separate Warrant agreement to be entered into between the Company and one or more banks or trust companies acting as Warrant agent. The applicable Prospectus Supplement will include details of the Warrant agreements covering the Warrants being offered. The Warrant agent will act solely as the agent of the Company and will not assume a relationship of agency with any holders of Warrant certificates or beneficial owners of Warrants. The specific terms of the Warrants, and the extent to which the general terms described in this section apply to those Warrants, will be set forth in the applicable Prospectus Supplement.

Original purchasers of Equity Warrants or Debt Warrants (if offered separately) will be granted a contractual right of rescission against the Company in respect of the conversion, exchange or exercise of such Equity Warrant or Debt Warrant. The contractual right of rescission will entitle such original purchasers to receive the amount paid upon conversion, exchange or exercise, upon surrender of the underlying securities gained thereby, in the event that this Prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the conversion, exchange or exercise takes place within 180 days of the date of the purchase of the convertible, exchangeable or exercisable security

## **Table of Contents**

under this Prospectus; and (ii) the right of rescission is exercised within 180 days of the date of the purchase of the convertible, exchangeable or exercisable security under this Prospectus. This contractual right of rescission will be consistent with the statutory right of rescission described under section 131 of the *Securities Act* (British Columbia), and is in addition to any other right or remedy available to original purchasers under section 131 of the *Securities Act* (British Columbia) or otherwise at law.

Original purchasers are further advised that in certain provinces the statutory right of action for damages in connection with a prospectus misrepresentation is limited to the amount paid for the convertible, exchangeable or exercisable security that was purchased under a prospectus, and therefore a further payment at the time of conversion, exchange or exercise may not be recoverable in a statutory action for damages. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights, or consult with a legal advisor.

## **Equity Warrants**

The particular terms of each issue of Equity Warrants will be described in the related Prospectus Supplement. This description will include, where applicable:

- (i) the designation and aggregate number of Equity Warrants;
- (ii) the price at which the Equity Warrants will be offered;
- (iii) the currency or currencies in which the Equity Warrants will be offered;
- (iv) the designation and terms of the Equity Securities purchasable upon exercise of the Equity Warrants;
- (v) the date on which the right to exercise the Equity Warrants will commence and the date on which the right will expire;
- (vi) the number of Equity Securities that may be purchased upon exercise of each Equity Warrant and the price at which and currency or currencies in which that amount of securities may be purchased upon exercise of each Equity Warrant;
- (vii) the designation and terms of any securities with which the Equity Warrants will be offered, if any, and the number of the Equity Warrants that will be offered with each security;
- (viii) the date or dates, if any, on or after which the Equity Warrants and the related securities will be transferable separately;
- (ix) whether the Warrants are subject to redemption or call and, if so, the terms of such redemption or call provisions;
- (x) material United States and Canadian tax consequences of owning the Warrants; and
- (xi) any other material terms or conditions of the Warrants.

## **Debt Warrants**

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The particular terms of each issue of Debt Warrants will be described in the related Prospectus Supplement. This description will include, where applicable:

- (i) the designation and aggregate number of Debt Warrants;
- (ii) the price at which the Debt Warrants will be offered;
- (iii) the currency or currencies in which the Debt Warrants will be offered;
- (iv) the aggregate principal amount, currency or currencies, denominations and terms of the series of Debt Securities that may be purchased upon exercise of the Debt Warrants;
- (v) the designation and terms of any securities with which the Debt Warrants will be offered, if any, and the number of the Debt Warrants that will be offered with each security;
- (vi) the date or dates, if any, on or after which the Debt Warrants and the related securities will be transferable separately;
- (vii) the principal amount of Debt Securities that may be purchased upon exercise of each Debt Warrant and the price at which and currency or currencies in which that principal amount of securities may be purchased upon exercise of each Debt Warrant;

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**Table of Contents**

- (viii) the date on which the right to exercise the Debt Warrants will commence and the date on which the right will expire;
- (ix) the minimum or maximum amount of Debt Warrants that may be exercised at any one time;
- (x) whether the Warrants will be subject to redemption or call, and, if so, the terms of such redemption or call provisions;
- (xi) material United States and Canadian tax consequences of owning the Debt Warrants; and
- (xii) any other material terms or conditions of the Debt Warrants.

**DESCRIPTION OF SHARE PURCHASE CONTRACTS**

**AND SHARE PURCHASE OR EQUITY UNITS**

The Company may issue share purchase contracts, including contracts obligating holders to purchase from the Company, and the Company to sell to the holders, a specified number of Equity Securities, at a future date or dates, or similar contracts issued on a prepaid basis (in each case, Share Purchase Contracts). The price per Equity Security and the number of Equity Securities may be fixed at the time the Share Purchase Contracts are issued or may be determined by reference to a specific formula set forth in the Share Purchase Contracts. The Share Purchase Contracts will require either the share purchase price be paid at the time the Share Purchase Contracts are issued or that payment be made at a specified future date. The Share Purchase Contracts may be issued separately or as part of units consisting of a Share Purchase Contract and Debt Securities or obligations of third parties (including U.S. treasury securities) (the Share Purchase or Equity Units), and may or may not serve as collateral for a holder's obligations. The Share Purchase Contracts may require holders to secure their obligations thereunder in a specified manner. The Share Purchase Contracts also may require the Company to make periodic payments to the holders of the Share Purchase Contracts or *vice versa*, and such payments may be unsecured or refunded on some basis.

The applicable Prospectus Supplement will describe the terms of the Share Purchase Contracts or Share Purchase or Equity Units. The description in the Prospectus Supplement will not necessarily be complete, and reference will be made to the Share Purchase Contracts, and, if applicable, collateral, depositary or custodial arrangements, relating to the Share Purchase Contracts or Share Purchase or Equity Units. Material United States and Canadian federal income tax considerations applicable to the holders of the Share Purchase or Equity Units and the Share Purchase Contracts will also be discussed in the applicable Prospectus Supplement.

Original purchasers of Share Purchase Contracts or Share Purchase or Equity Units will be granted a contractual right of rescission against the Company in respect of the conversion, exchange or exercise of such Share Purchase Contract or Share Purchase or Equity Unit. The contractual right of rescission will entitle such original purchasers to receive the amount paid upon conversion, exchange or exercise, upon surrender of the underlying securities gained thereby, in the event that this Prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the conversion, exchange or exercise takes place within 180 days of the date of the purchase of the convertible, exchangeable or exercisable security under this Prospectus; and (ii) the right of rescission is exercised within 180 days of the date of the purchase of the convertible, exchangeable or exercisable security under this Prospectus. This contractual right of rescission will be consistent with the statutory right of rescission described under section 131 of the *Securities Act* (British Columbia), and is in addition to any other right or remedy available to original purchasers under section 131 of the *Securities Act* (British Columbia) or otherwise at law.

Original purchasers are further advised that in certain provinces the statutory right of action for damages in connection with a prospectus misrepresentation is limited to the amount paid for the convertible, exchangeable or exercisable security that was purchased under a prospectus, and therefore a further payment at the time of conversion, exchange or exercise may not be recoverable in a statutory action for damages. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights, or consult with a legal advisor.

**DENOMINATIONS, REGISTRATION AND TRANSFER**

The Securities will be issued in fully registered form without coupons attached in either global or definitive form and in denominations and integral multiples as set out in the applicable Prospectus Supplement (unless otherwise provided)





## **Table of Contents**

with respect to a particular series of Debt Securities pursuant to the provisions of the Trust Indenture, as supplemented by a supplemental indenture). Other than in the case of book-entry only securities, Securities may be presented for registration of transfer (with the form of transfer endorsed thereon duly executed) in the city specified for such purpose at the office of the registrar or transfer agent designated by the Company for such purpose with respect to any issue of Securities referred to in the Prospectus Supplement. No service charge will be made for any transfer, conversion or exchange of the Securities but the Company may require payment of a sum to cover any transfer tax or other governmental charge payable in connection therewith. Such transfer, conversion or exchange will be effected upon such registrar or transfer agent being satisfied with the documents of title and the identity of the Person making the request. If a Prospectus Supplement refers to any registrar or transfer agent designated by the Company with respect to any issue of Securities, the Company may at any time rescind the designation of any such registrar or transfer agent and appoint another in its place or approve any change in the location through which such registrar or transfer agent acts.

In the case of book-entry only securities, a global certificate or certificates representing the Securities will be held by a designated depository for its participants. The Securities must be purchased or transferred through such participants, which includes securities brokers and dealers, banks and trust companies. The depository will establish and maintain book-entry accounts for its participants acting on behalf of holders of the Securities. The interests of such holders of Securities will be represented by entries in the records maintained by the participants. Holders of Securities issued in book-entry only form will not be entitled to receive a certificate or other instrument evidencing their ownership thereof, except in limited circumstances. Each holder will receive a customer confirmation of purchase from the participants from which the Securities are purchased in accordance with the practices and procedures of that participant.

## **RISK FACTORS**

Prospective investors in the Securities should consider carefully the matters set forth in the section entitled *Risks and risk management* in Management's Discussion and Analysis of financial results in respect of the Company's most recent annual financial statements and in Management's Discussion and Analysis of financial results in respect of the Company's interim financial statements filed thereafter, each of which is incorporated by reference in this Prospectus.

## **PLAN OF DISTRIBUTION**

The Company may sell the Securities to or through underwriters or dealers, and also may sell Securities to one or more other purchasers directly or through agents. Each Prospectus Supplement will set forth the terms of the offering, including the name or names of any underwriters or agents, the purchase price or prices of the Securities and the proceeds to the Company from the sale of the Securities.

The Securities may be sold, from time to time in one or more transactions at a fixed price or prices which may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.

Underwriters, dealers and agents who participate in the distribution of the Securities may be entitled under agreements to be entered into with the Company to indemnification by the Company against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments which such underwriters, dealers or agents may be required to make in respect thereof. Such underwriters, dealers and agents may be customers of, engage in transactions with, or perform services for, the Company in the ordinary course of business.

In connection with any offering of Securities, the underwriters or agents may, subject to applicable law, over-allot or effect transactions which stabilize or maintain the market price of the Securities offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

## **LEGAL MATTERS**

Certain legal matters in connection with any offering hereunder will be passed upon by Bennett Jones LLP, Toronto, Ontario and by Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York for the Company.

**Table of Contents**

**PURCHASERS STATUTORY RIGHTS**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages, if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser. Rights and remedies also may be available to purchasers under U.S. law; purchasers may wish to consult with a U.S. lawyer for particulars of these rights.

**DOCUMENTS FILED AS PART OF THE REGISTRATION STATEMENT**

The following documents have been or will be filed with the SEC as part of the Registration Statement of which this Prospectus forms a part: the documents referred to under "Documents Incorporated by Reference"; consent of Deloitte & Touche LLP; Form F-X of the Company; Form F-X of Computershare Trust Company of Canada; powers of attorney from directors and officers of the Company; and the Indenture.