

TELUS CORP  
Form SUPPL  
December 01, 2009

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**Filed pursuant to General Instruction II.L of Form F-10  
File No. 333-161320**

*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 September 3, 2009 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 September 3, 2009 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 General Counsel & Corporate Secretary of TELUS at 3777 Kingsway, Burnaby, British Columbia, V5H 3Z7 (telephone 604.697.8029). Copies of these documents are also available on the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators ( SEDAR ), at www.sedar.com.***

**PRELIMINARY PROSPECTUS SUPPLEMENT  
To a Short Form Base Shelf Prospectus dated September 3, 2009**

New Issue

December 1, 2009

**TELUS Corporation  
\$ 1 1 % Notes, Series CG due December 4, 2019  
(unsecured)**

The 1 % Notes, Series CG (the Notes ) of TELUS Corporation ( TELUS or the Company ) are offered under this prospectus supplement (the Offering ).

The Notes will bear interest from their issuance date at the rate of 1 % per annum payable in equal semi-annual instalments on June 4 and December 4 of each year. The first interest payment in the amount of \$ 1 will be due on June 4, 2010. See Details of the Offering . **The effective yield on the Notes if held to maturity will be 1 %.**

TELUS 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 being made in all 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 Canadian generally accepted accounting principles, 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 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 nor has the United States Securities and Exchange Commission passed upon the accuracy or adequacy of this prospectus supplement or the short form base shelf prospectus to which this supplement relates. 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 NI 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.**

**The Notes will be redeemable, at the option of the Company at any time, in whole or in part, at the redemption price described herein.**

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In the event of certain changes affecting Canadian withholding taxes, the Notes may be redeemed at the option of the Company, in whole but not in part, at 100% of the principal amount of the Notes plus accrued and unpaid interest to the date of redemption.

The Company will be required to make an offer to repurchase the Notes at a price equal to 101% of their 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](#) .

The Notes 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 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 Public	Agents Fees <sup>(1)</sup>	Net Proceeds to the Company <sup>(1)(2)(3)</sup>
Series CG Notes, per \$1,000 principal amount	\$ 1	\$ 1	\$ 1
Total	\$ 1	\$ 1	\$ 1

(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 1 % (or \$ 1 ) less the Agents' fees in respect of the Notes.

(3) Before deducting expenses of the issue estimated at \$ 1 which, together with the Agents' fees, will be paid from the general funds of the Company.

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

Scotia Capital Inc., CIBC World Markets Inc., BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., TD Securities Inc., HSBC Securities (Canada) Inc., National Bank Financial Inc., Desjardins Securities Inc. and Cannacord Financial Ltd. (collectively, the Agents ), as agents, conditionally offer the Notes 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 Bennett Jones LLP of Toronto, Ontario and by Skadden, Arps, Slate, Meagher & Flom LLP of New York, New York and on behalf of the Agents by Osler, Hoskin & Harcourt LLP of Toronto, Ontario and New York, New York. 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 will be available for delivery in book-entry form only on closing of this Offering, which is expected to occur on or about December 4, 2009 or such other date as may be agreed upon by TELUS and the Agents.

In connection with the Offering, the Agents may, subject to applicable law, over-allot or effect transactions which stabilize or maintain the market price of the Notes 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 Cannacord Financial Ltd., 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 18 financial institutions (the 2007 Credit Facility ). Each of the Agents, other than TD Securities Inc., National Bank Financial Inc., Desjardins Securities Inc. and Cannacord Financial Ltd., is an affiliate of a financial institution which is a lender to the Company under a \$300 million unsecured credit facility with a syndicate of five financial institutions (the 2008 Credit Facility ). Additionally, each of the Agents, other than HSBC Securities (Canada) Inc., Desjardins Securities Inc. and Cannacord Financial Ltd., is an affiliate of a financial institution that is a counterparty to certain cross-currency interest rate swaps with the Company. Consequently, the Company may be considered to be a connected issuer of each such Agent for purposes of the securities legislation of certain Canadian provinces. See Plan of Distribution .**

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**CURRENCY**

Unless otherwise indicated, all references to \$ or dollar in this prospectus supplement refer to the Canadian dollar and U.S.\$ and U.S. dollar refer to the United States dollar. For information purposes, the noon exchange rate as reported by the Bank of Canada on November 30, 2009 was U.S.\$1.00 = \$1.0574.

**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 September 3, 2009 (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 13, 2009 for the year ended December 31, 2008;
- (b) the audited consolidated financial statements of the Company as at and for the years ended December 31, 2008 and 2007 (the Annual Financial Statements) together with the report of the auditors thereon and the notes thereto;
- (c) Management's Discussion and Analysis of financial results for the year ended December 31, 2008;

- (d) the unaudited interim consolidated financial statements of the Company as at and for the three-month and nine-month periods ended September 30, 2009 and September 30, 2008 together with the notes thereto;
- (e) Management's Discussion and Analysis of financial results for the three-month and nine-month periods ended September 30, 2009; and
- (f) the Information Circular dated March 13, 2009 prepared in connection with the Company's annual general meeting held on May 7, 2009.

**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,**

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**to the extent that a statement contained herein or in the short form base shelf 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 General Counsel and Corporate Secretary of TELUS at 3777 Kingsway, Burnaby, British Columbia, V5H 3Z7 (telephone 604.697.8029). Copies of these documents are available on the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators ( SEDAR ), at [www.sedar.com](http://www.sedar.com).**

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 United States Securities and Exchange Commission (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 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 NYSE, and reports and other information concerning TELUS can be inspected at the offices of the NYSE, 20 Broad Street, New York, New York, 10005.

**FORWARD-LOOKING STATEMENTS**

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 statements about expected future events and financial and operating results of TELUS that are forward-looking. 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 actual future results, 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, revised guidance and related assumptions for 2009, and a preliminary assessment of expected 2010 capital expenditure levels, are described in Section 9: Annual guidance for 2009 of the Company's Management's Discussion and Analysis of financial results for the three-month and nine month periods ended September 30, 2009.



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

Competition (including more active price competition; the likelihood of new wireless competitors beginning to offer services in late 2009 and into 2010 as a result of the 2008 advanced wireless services (AWS) spectrum auction); as well as variability in subscriber acquisition and retention costs that are dependent on subscriber loading and retention volumes, smartphone sales and subsidy levels, and TELUS TV installation costs); economic growth and fluctuations (including strength and persistence of the economic recovery in Canada, and pension performance, funding and expenses); capital expenditure levels (increased in 2009 and potentially in future years due to the Company's wireline broadband initiatives,

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fourth generation (4G) wireless deployment strategy and any new Industry Canada wireless spectrum auctions); financing and debt requirements (including ability to carry out refinancing activities and fund share repurchases); tax matters (including acceleration or deferral of required payments of significant amounts of cash taxes); human resource developments; (including collective bargaining in the TELUS Québec region); business integrations and internal reorganizations (including ability to successfully implement cost reduction initiatives); technology (including reliance on systems and information technology, broadband and wireless technology options, choice of suppliers and suppliers ability to maintain and service their product lines, expected technology and evolution path and transition to 4G technology, expected future benefits and performance of high-speed packet access (HSPA)/long-term evolution (LTE) wireless technology, successful implementation of the wireless network build and sharing arrangement with Bell Canada to achieve cost efficiencies and reduce deployment risks, successful deployment and operation of new wireless networks and successful introduction of new products, (such as the Apple iPhone and other new HSPA devices), new services and supporting systems); regulatory approvals and developments (including interpretation and application of tower sharing and roaming rules, the design and impact of future spectrum auctions, and possible changes to foreign ownership restrictions); process risks (including conversion of legacy systems and billing system integrations, and implementation of large complex enterprise deals that may be adversely impacted by available resources and degree of co-operation from other service providers); health, safety and environmental developments; litigation and legal matters; business continuity events (including manmade and natural threats); any future acquisitions or divestitures; and other risk factors discussed herein or listed from time to time in TELUS reports and public disclosure documents including its annual report, annual information form, financial statements, management's discussion and analysis, and other filings with securities commissions in Canada (on SEDAR at [www.sedar.com](http://www.sedar.com)) and in its filings in the United States, including Form 40-F (on EDGAR at [www.sec.gov](http://www.sec.gov)).

**Table of Contents****SUMMARY**

*The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information contained elsewhere in this prospectus supplement and the accompanying short form base shelf prospectus to which it relates and in the documents incorporated by reference herein and therein. Unless the context otherwise indicates, references in this prospectus supplement to TELUS or the Company are references to TELUS Corporation, its consolidated subsidiaries and predecessor companies. Except as otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to Cdn\$ or \$ are to Canadian dollars.*

**THE COMPANY**

TELUS is the largest incumbent telecommunications company in western Canada and one of the largest telecommunications companies in Canada. It provides a wide range of wireline and wireless telecommunications products and services including data, Internet protocol ( IP ), voice, video and entertainment services.

**RECENT DEVELOPMENTS****Financial Results**

On November 6, 2009, TELUS announced its financial results for the quarter ended September 30, 2009. The summary financial data presented below as at and for the years ended December 31, 2008 and 2007 has been derived from the Annual Financial Statements. The summary financial data presented below as at and for the nine months ended September 30, 2009 and 2008 has been derived from the unaudited interim financial statements of the Company for the three-month and nine-month periods ended September 30, 2009 and September 30, 2008.

	<b>As at, or for the years ended December 31</b>		<b>As at, or for the nine-month periods ended September 30</b>	
	<b>2008</b>	<b>2007</b>	<b>2009</b>	<b>2008</b>
	(\$ in millions except per share amounts)		(\$ in millions except per share amounts)	
Operating revenues	9,653	9,074	7,163	7,199
Operations expense	5,815	5,465	4,348	4,336
Restructuring costs	59	20	113	21
Financing costs and other expense	499	476	324	370
Income taxes	436	233	251	348
Net income	1,131	1,265	846	846
Other comprehensive income	(26)	74	25	(9)
Comprehensive income	1,105	1,339	871	837
Income per Common Share and Non-Voting Share basic	3.52	3.79	2.65	2.62
Income per Common Share and Non-Voting Share diluted	3.51	3.76	2.65	2.61
	1.825	1.575	1.425	1.35

Dividends declared per Common Share and  
Non-Voting Share

Total assets	19,021	16,849	19,292	18,782
Current maturities of long-term debt	4	5	82	5
Non-current portion of long-term debt	6,348	4,584	5,809	6,033
Deferred hedging and other long-term liabilities	1,103	1,507	1,393	1,394
	7,451	6,091	7,202	7,427
Future income tax liabilities	1,672	1,510	1,914	1,812
Shareholders' equity				
Common Share and Non-Voting Share equity	7,085	6,829	7,513	6,969
Non-controlling interests	23	26	20	22
	7,108	6,855	7,533	6,991

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TELUS intends to give notice on 11/11/09 of a partial 1% redemption, on a *pro rata* basis, on 11/11/09 of U.S.\$ 1 million principal amount of its outstanding U.S.\$1.945 billion 8% Notes due June 1, 2011. The redemption price will be based on the yield for a U.S. Treasury security with the equivalent maturity plus 30 basis points, as provided in the trust indenture pursuant to which such Notes were issued, but in no case will the redemption price be less than par. Note holders will also receive accrued interest to the 11/11/09 redemption date. The estimated redemption price for the notes to be redeemed (net of the U.S.\$ 1 million principal amount of the notes to be redeemed owned indirectly by the Company), excluding accrued interest, is approximately U.S.\$ 1 million and the estimated payment required to terminate the associated swaps is approximately \$ 1 million. Unanticipated developments or circumstances beyond the Company's control could affect its intended redemption of the notes and there is no assurance that the redemption will be completed. The Company will only become obligated to complete the redemption once it gives notice of redemption in accordance with the trust indenture governing the notes.

Costs and non-cash write-downs related to the early redemption of U.S.\$ 1 million principal amount of the U.S.\$1.945 billion 8% Notes due June 1, 2011 are expected to result in increased financing charges which will have an after tax impact on the Company in the fourth quarter of 2009 of approximately 1 cent per share, which is not reflected in TELUS' November 6, 2009 guidance update. The U.S.\$8% Notes were swapped at issuance into a Canadian dollar liability with an effective yield of 8.493%. The Company has also revised its expectations for 2009 restructuring expenses from approximately \$160 million to approximately \$190 million to reflect increased operational efficiency activities.

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**THE OFFERING**

<b>Issue</b>	\$ 1 aggregate principal amount due December 4, 2019.
<b>Interest</b>	1 % per annum payable in equal semi-annual instalments on June 4 and December 4 of each year. The first interest payment in the amount of \$ 1 will be due on June 4, 2010.
<b>Maturity</b>	December 4, 2019.
<b>Optional Redemption</b>	The Notes are redeemable at any time. The Notes may be redeemed 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 (as defined in Details of the Offering Optional Redemption ) of the Notes, or (b) 100% of the principal amount thereof. 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, TELUS may, under certain circumstances, redeem the Notes at 100% of the principal amount, together with accrued and unpaid interest if any, and Additional Amounts (as defined below) if any, through to the redemption date. See Details of the Offering Tax Redemption .
<b>Change of Control</b>	The Company will be required to make an offer to repurchase the Notes at a price equal to 101% of their 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 .
<b>Certain Covenants</b>	The Indenture (as defined in Details of the Offering General ) pursuant to which the Notes 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 and to enter into sale and lease-back transactions 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 in this prospectus supplement.
<b>Use of Proceeds</b>	The total net proceeds to be received by the Company from this Offering are estimated to be approximately \$ 1 after payment of fees to the Agents but before deduction of the expenses of this Offering. The net proceeds of the sale of the Notes offered hereby will be used to fund the redemption on 1 of U.S.\$1 million principal amount of the Company s outstanding U.S.\$1.945 billion 8% Notes due June 1, 2011, for payments required to terminate cross-currency interest rate swaps associated with the notes to be redeemed and any excess for general corporate purposes, including increasing working capital (and, pending any such use, investing in bank deposits and short-term marketable securities). The estimated redemption price for the notes to be redeemed (net of the U.S.\$ 1 million principal

amount of the notes to be redeemed owned indirectly by the Company), excluding accrued interest, is approximately U.S.\$ 1 million and the estimated payment required to terminate the associated swaps is approximately \$ 1 .

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**RISK FACTORS**

Prospective investors in the Notes 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 Management's Discussion and Analysis of financial results for the year ended December 31, 2008 and in Management's Discussion and Analysis of financial results in respect of the Company's unaudited interim financial statements filed thereafter, each of which sections is being incorporated by reference herein.

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**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 each 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, V6B 3K9.

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.

As at December 31, 2008, the only material subsidiary of TELUS was TELUS Communications Inc. ( TCI ), being the only subsidiary which owned assets that constituted more than 10 per cent of the consolidated assets of TELUS as at December 31, 2008 and generated sales and operating revenues that exceeded 10 per cent of the consolidated sales and operating revenues of TELUS for the year ended December 31, 2008.

TELUS wireline and wireless businesses were formerly located in TCI and TELE-MOBILE Company ( TELE-MOBILE ), respectively. In 2005, TELUS announced the merger of those segments into a single operating structure (the wireline-wireless merger). This was partly effected by way of a legal entity restructure on March 1, 2006 (the 2006 legal entity restructure ), at which time TELUS combined its wireline and wireless businesses into TELUS Communications Company ( TCC ). TCC is a partnership organized under the laws of B.C. whose partners are TCI and TELE-MOBILE. Immediately prior to the 2006 legal entity restructure, 3817873 Canada Inc., a partner in TELE-MOBILE, was continued into Alberta as 1219723 Alberta ULC.

As part of a year-end internal reorganization in 2008, Emergis Inc. ( Emergis ), a TELUS subsidiary acquired in January 2008, became a partner of TELE-MOBILE. In addition, TELUS Services Inc. and TELUS Communications (Québec) Inc. converted their shareholding in TCI from preferred shares to ordinary shares.

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The following organization chart sets forth the relationships between these subsidiaries and partnerships, as well as their respective jurisdictions of incorporation or establishment and TELUS ownership:

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**Table of Contents****RECENT DEVELOPMENTS****Financial Results**

On November 6, 2009, TELUS announced its financial results for the quarter ended September 30, 2009. The summary financial data presented below as at and for the years ended December 31, 2008 and 2007 has been derived from the Annual Financial Statements. The summary financial data presented below as at and for the nine months ended September 30, 2009 and 2008 has been derived from the unaudited interim financial statements of the Company for the three month and nine-month periods ended September 30, 2009 and September 30, 2008.

	As at, or for the years ended December 31		As at, or for the nine-month periods ended September 30	
	2008	2007	2009	2008
	(\$ in millions except per share amounts)		(\$ in millions except per share amounts)	
Operating revenues	9,653	9,074	7,163	7,199
Operations expense	5,815	5,465	4,348	4,336
Restructuring costs	59	20	113	21
Financing costs and other expense	499	476	324	370
Income taxes	436	233	251	348
Net income	1,131	1,265	846	846
Other comprehensive income	(26)	74	25	(9)
Comprehensive income	1,105	1,339	871	837
Income per Common Share and Non-Voting Share basic	3.52	3.79	2.65	2.62
Income per Common Share and Non-Voting Share diluted	3.51	3.76	2.65	2.61
Dividends declared per Common Share and Non-Voting Share	1.825	1.575	1.425	1.35
Total assets	19,021	16,849	19,292	18,782
Current maturities of long-term debt	4	5	82	5
Non-current portion of long-term debt	6,348	4,584	5,809	6,033
Deferred hedging and other long-term liabilities	1,103	1,507	1,393	1,394
Future income tax liabilities	7,451	6,091	7,202	7,427
Shareholders' equity	1,672	1,510	1,914	1,812
Common Share and Non-Voting Share equity	7,085	6,829	7,513	6,969
Non-controlling interests	23	26	20	22
	7,108	6,855	7,533	6,991

TELUS intends to give notice on 11/11/09 of a partial 1% redemption, on a *pro rata* basis, on 11/11/09 of U.S.\$ 1 million principal amount of its outstanding U.S.\$1.945 billion 8% Notes due June 1, 2011. The redemption price will be based on the yield for a U.S. Treasury security with the equivalent maturity plus 30 basis points, as provided in the trust indenture pursuant to which such Notes were issued, but in no case will the redemption price be less than par. Note holders will also receive accrued interest to the 11/11/09 redemption date. The estimated redemption price for the notes to be redeemed (net of the U.S.\$ 1 million principal amount of the notes to be redeemed owned indirectly by the Company), excluding accrued interest, is approximately U.S.\$ 1 million and the estimated payment required to terminate the associated swaps is approximately \$ 1 million. Unanticipated developments or circumstances beyond the Company's control could affect its intended redemption of the notes and there is no assurance that the redemption will be completed. The Company will only become obligated to complete the redemption once it gives notice of redemption in accordance with the trust indenture governing the notes.

Costs and non-cash write-downs related to the early redemption of U.S.\$ 1 million principal amount of the U.S.\$1.945 billion 8% Notes due June 1, 2011 are expected to result in increased financing charges which will have an after tax impact on the Company in the fourth quarter of 2009 of approximately 1 cent per share, which is not reflected in TELUS' November 6, 2009 guidance update. The U.S.\$8% Notes were swapped at issuance into a Canadian dollar liability with an effective yield of 8.493%. The Company has also revised its expectations for 2009 restructuring expenses from approximately \$160 million to approximately \$190 million to reflect increased operational efficiency activities.

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**CONSOLIDATED CAPITALIZATION**

The following table sets forth the cash and temporary investments, net, and the capitalization of TELUS as at September 30, 2009, on an actual basis and on an as adjusted basis to give effect to this Offering, the redemption of U.S.\$ 1 million principal amount of the Company's outstanding U.S.\$1.945 billion 8% Notes due June 1, 2011 and the payments required to terminate cross-currency interest rate swaps associated with the notes to be redeemed as though they had occurred on such date. This table should be read in conjunction with the Annual Financial Statements and