TELUS CORP
Form SUPPL
March 08, 2007

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Filed pursuant to General Instruction II.L. of Form F-10;
File No. 333-127577

The information in this preliminary prospectus supplement is not complete and may be changed.
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 August 24, 2005 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 August 24, 2005 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 Vice President, Legal Services, General Counsel and Corporate Secretary of TELUS at 3777 Kingsway, Burnaby, British Columbia, V5H 3Z7 (telephone 604.697.8029).*
For the purpose of the Province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained without charge from the Vice President, Legal Services, General Counsel and Corporate Secretary of the Company at the above-mentioned address and telephone number. 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 August 24, 2005

New Issue March 8, 2007

TELUS Corporation
$ % Notes, Series CC due March 15, 2012
$ % Notes, Series CD due March 15, 2017
(unsecured)

The % Notes, Series CC (the Series CC Notes) and the % Notes, Series CD (the Series CD Notes) (each a Series and, together, the Notes) of TELUS Corporation (TELUS or the Company) are both offered under th prospectus supplement (the Offering).

The Series CC Notes will bear interest from the series issuance date at the rate of % per annum payable in equal semi-annual instalments on March 15 and September 15 of each year. The first interest payment in the amount of $ per $1,000 principal amount of Series CC Notes will be due on September 15, 2007. See Details of the Offering .

The Series CD Notes will bear interest from the series issuance date at the rate of % per annum payable in equal semi-annual instalments on March 15 and September 15 of each year. The first interest payment in the amount of $ per $1,000 principal amount of Series CD Notes will be due on September 15, 2007. See Details of the Offering .

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.

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.

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. 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 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 .

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	Price to Public	Agents Fees[1]	Net Proceeds to the Company[1][2][3]
Series CC Notes, per $1,000 principal amount	$	$	$
Series CD Notes, per $1,000 principal amount	$	$	$
Total	$	$	$

(1) TELUS has agreed to indemnify the Agents (as defined herein) against certain liabilities, including liabilities under the United States *Securities Act of 1933*, as amended. See Plan of Distribution .

(2) Consisting of the purchase price of % (or $) less the Agents fee, in respect of the Series CC Notes, and the purchase price of % (or $) less the Agents fee, in respect of the Series CD Notes.

(3) Before deducting expenses of the issue estimated at $ 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 .

TD Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., HSBC Securities (Canada) Inc., National Bank Financial Inc. and Desjardins Securities Inc. (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 , 2007, or such other date as may be agreed upon.

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 is an affiliate of a bank which is a lender to the Company under a $2 billion unsecured credit facility with a syndicate of 18 financial institutions and each of the Agents, other than HSBC Securities (Canada) Inc. and Desjardins Securities Inc., is an affiliate of a bank that is a counter-party to certain cross currency interest rate swap agreements with the Company. See Recent Developments for a description of the credit facility. 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 buying rate in The City of New York for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York on March 7, 2007 was U.S.$1.00 = $1.1785 (the Noon Buying Rate).

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 August 24, 2005 (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 20, 2006, for the year ended December 31, 2005;

(b) the Information Circular dated March 10, 2006, prepared in connection with the Company s annual general meeting held on May 3, 2006;

(c) the audited consolidated financial statements of the Company as at and for the year ended December 31, 2006 (the Annual Financial Statements) together with the report of the auditors thereon and the notes thereto;

(d) Management s Discussion and Analysis of financial results for the year ended December 31, 2006; and

(e) the material change report of the Company dated September 13, 2006 concerning the announcement by the Company of a proposal to reorganize itself as an income trust (which proposal did not proceed).

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 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 Vice President, Legal Services, General Counsel and Corporate Secretary of TELUS at 3777 Kingsway, Burnaby, British Columbia, V5H 3Z7 (telephone 604.697.8029). For the purpose of the Province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained without charge from the Vice President, Legal Services, General Counsel and Corporate Secretary of the Company at the above-mentioned address and telephone number. 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.

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 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. 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 are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. Readers of this document 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 operating targets, expectations, estimates or intentions expressed in the forward-looking statements.

Assumptions underlying these statements about expected future events and financial and operating results include: economic growth consistent with recent provincial and national estimates by the Conference Board of Canada, including 2007 real GDP (gross domestic product) growth of 2.7% in Canada; increased wireline competition in both business and consumer markets, particularly from cable-TV and voice over Internet protocol (VoIP) companies; forbearance for local retail wireline services in major urban incumbent markets by the second half of 2007; no further price cap mandated consumer price reductions; a wireless industry market penetration gain of 4.5 to five percentage points; approximately $50 million restructuring and workforce reduction expenses; statutory tax rate of 33 to 34%; a discount rate of 5.0% and an expected long-term average return of 7.25% for pension accounting, unchanged from 2006; and average shares outstanding of 330 to 335 million shares. Earnings per share (EPS), cash balances, net debt and common equity may be affected by the potential purchases of up to 24 million TELUS shares over a 12-month period under the normal course issuer bid that commenced December 20, 2006.

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Factors that could cause actual results to differ materially include but are not limited to: competition; economic growth and fluctuations (including pension performance, funding and expenses); capital expenditure levels (including possible spectrum asset purchases); financing and debt requirements (including share repurchases, debt redemptions, potential issuance of commercial paper and changes to credit facilities); tax matters (including acceleration or deferral of required payments of significant amounts of cash taxes); human resource developments (including possible labour disruptions); technology (including reliance on systems and information technology); regulatory developments (including local forbearance, local price cap reductions, wireless number portability and the timing, rules, process and cost of future spectrum auctions); process risks (including internal reorganizations, conversion of legacy systems and billing system integrations); health, safety and environmental developments; litigation and legal matters; business continuity events (including manmade and natural threats); and other risk factors discussed herein, in the short form base shelf prospectus to which it relates and in the documents incorporated by reference herein and therein, and listed from time to time in TELUS reports, public disclosure documents or other filings with securities commissions in Canada (filed on SEDAR at www.sedar.com) and the United States (filed on EDGAR at www.sec.gov).

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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 February 16, 2007, TELUS announced its financial results for the fourth quarter ended December 31, 2006. The summary financial data presented below as of and for the years ended December 31, 2006 and 2005 has been derived from the Annual Financial Statements.

	Year ended December 31	
	2006	**2005**
	($ millions except per share amounts)	
Operating revenues	8,681.0	8,142.7
Operations expense	5,022.9	4,793.5
Restructuring and workforce reduction costs	67.8	53.9
Financing costs and other expense	532.7	641.5
Income taxes	351.0	322.0
Net income and Common Share and Non-Voting Share income	1,122.5	700.3
Income per Common Share and Non-Voting Share basic	3.27	1.96
Income per Common Share and Non-Voting Share diluted	3.23	1.94
Dividends declared per Common Share and Non-Voting Share	1.20	0.875
Total assets	16,508.2	16,222.3
Current maturities of long-term debt	1,434.4	5.0
Non-current portion of long-term debt	3,493.7	4,639.9
Deferred hedging and other long-term liabilities	1,037.2	1,420.9
	4,530.9	6,060.8
Future income tax liabilities	1,160.5	1,023.9
Non-controlling interest	23.6	25.6
Shareholders equity	6,928.1	6,870.0

2007 Credit Facility

On March 2, 2007, TELUS announced that it entered into a replacement five-year $2 billion credit facility (the 2007 Credit Facility) with a syndicate of 18 financial institutions, including affiliates of each of the Agents. The 2007 Credit Facility replaces TELUS $1.6 billion previously existing credit facilities, which consisted of an $800 million facility, which would have expired in May 2008 and an $800 million facility, which would have expired in May 2010. The 2007 Credit Facility may be used for general corporate purposes including the backstop of commercial paper. The material terms of the 2007 Credit Facility are substantively the same as under TELUS previous credit facilities other than reduced pricing and an extension of the term to May 2012.

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Intercompany Debt Restructuring

On March 2, 2007, TELUS and its subsidiary TELUS Communications Inc. announced that the net senior debt owing from TELUS Communications Inc. to TELUS, which stood at approximately $2.6 billion as at December 31, 2006 (incorporating right of offset), was increased to approximately $5 billion on a net basis as a result of a restructuring of the inter-company financing arrangements between the two companies. In addition, TELUS Communications Company has provided a guarantee of this senior inter-company indebtedness to TELUS. This restructuring does not change the amount of debt of TELUS on a consolidated basis.

Credit Rating Upgrades

On February 26, 2007, Moody s Investor Services announced that it upgraded the senior unsecured debt rating of TELUS to Baa1, stable outlook.

On March 5, 2007, DBRS Limited announced that it upgraded the rating of TELUS notes to A (low) from BBB (high) and confirmed its commercial paper rating at R-1 (low). In addition, the ratings of TELUS Communications Inc. were confirmed A (low). All trends are stable .

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THE OFFERING

Issue	Series CC Notes: $ million aggregate principal amount due March 15, 2012. Series CD Notes: $ million aggregate principal amount due March 15, 2017.
Interest	Series CC Notes: % per annum payable in equal semi-annual instalments on March 15 and September 15 of each year. The first interest payment in the amount of $ per $1,000 principal amount will be due on September 15, 2007. Series CD Notes: % per annum payable in equal semi-annual instalments on March 15 and September 15 of each year. The first interest payment in the amount of $ per $1,000 principal amount will be due on September 15, 2007.
Maturity	Series CC Notes: March 15, 2012. Series CD Notes: March 15, 2017.
Optional Redemption	Each Series is redeemable at any time. A Series 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 relevant Series, 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 either or both Series 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 .
Certain Covenants	The Indenture (as defined in Details of the Offering General) pursuant to which 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 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.
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 of the sale of the Notes offered hereby will be used for general corporate purposes including the redemption of the $7^1/2$% U.S. $ Series 1 Notes due 2007, maturing

June 1, 2007.

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 in Management s Discussion and Analysis of financial results for the year ended December 31, 2006 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 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, V5H 3Z7 and its executive office at Floor 8, 555 Robson Street, Vancouver, British Columbia, V6B 3K9.

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, IP, voice, video and entertainment services.

TELUS is organized into four customer facing business units:

Consumer Solutions, which provides wireline and wireless IP service, voice and entertainment services to households and individuals across Canada;

Business Solutions, which delivers innovative wireline and wireless data, IP, voice and business process in-sourcing solutions to small and medium-sized businesses and entrepreneurs and brings customized wireline, wireless, voice, data, IP, Information Technology and e.business solutions to large multinational, corporate and public sector customers;

TELUS Québec, which focuses on the unique needs of the Québec marketplace by offering targeted businesses and consumers comprehensive and integrated wireless and wireline telecommunications solutions, including data, Internet and voice; and

Partner Solutions, which provides services to wholesale customers, including telecommunications carriers, resellers, Internet service providers, wireless communications companies, competitive local access providers and cable-TV operators.

These customer facing business units receive essential support from the business capabilities units comprised of Network Operations, Business Transformation and Technology Strategy, as well as from the business enabling units comprised of Finance, Corporate Affairs (which includes public policy, law, regulation, government relations and corporate communications) and Human Resources.

Integration of TELUS Mobility and TELUS Communications

On November 24, 2005, TELUS announced the merger of the wireline and wireless segments of its business into a single operating structure (the wireline-wireless merger). This was partly effected by way of a legal entity restructure on March 1, 2006, at which time TELUS combined its wireline and wireless businesses which were formerly located in TELUS Communications Inc. (TCI) and TELE-MOBILE COMPANY (TELE-MOBILE) respectively (the 2006 legal entity restructure) into a new partnership, 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 aforementioned 2006 legal entity restructure, 3817873 Canada Inc., a partner in TELE-MOBILE, was continued into Alberta as 1219723 Alberta ULC. TELUS owns 100 per cent of the partnership interest in TCC indirectly.

By combining its wireline and wireless businesses into a single operation in the wireline-wireless merger, which included the 2006 legal restructure, TELUS expects to be better able to leverage the ongoing convergence between wireline and wireless communications technology, more effectively compete with telecom and cable competition, differentiate the business from its competitors by having TCC provide wireline and wireless services to customers, and provide new services to customers regardless of the physical medium used to deliver the service. The combining of the wireline and wireless businesses in TCC should also improve operating effectiveness and efficiency.

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The following chart sets out the current organization of TELUS and its material subsidiaries.

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RECENT DEVELOPMENTS

Year-End Financial Results

On February 16, 2007, TELUS announced its financial results for the fourth quarter ended December 31, 2006. The summary financial data presented below as of and for the years ended December 31, 2006 and 2005 has been derived from the Annual Financial Statements.

	Year ended December 31	
	2006	**2005**
	($ millions except per share amounts)	
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Restructuring and workforce reduction costs	67.8	53.9
Financing costs and other expense	532.7	641.5
Income taxes	351.0	322.0
Net income and Common Share and Non-Voting Share income	1,122.5	700.3
Income per Common Share and Non-Voting Share basic	3.27	1.96
Income per Common Share and Non-Voting Share diluted	3.23	1.94
Dividends declared per Common Share and Non-Voting Share	1.20	0.875
Total assets	16,508.2	16,222.3
Current maturities of long-term debt	1,434.4	5.0
Non-current portion of long-term debt	3,493.7	4,639.9
Deferred hedging and other long-term liabilities	1,037.2	1,420.9
	4,530.9	6,060.8
Future income tax liabilities	1,160.5	1,023.9
Non-controlling interest	23.6	25.6
Shareholders equity	6,928.1	6,870.0

2007 Credit Facility

On March 2, 2007, TELUS announced that it entered into a replacement five year $2 billion unsecured credit facility (the 2007 Credit Facility) with a syndicate of 18 financial institutions, including affiliates of each of the Agents. The 2007 Credit Facility replaces TELUS $1.6 billion previously existing credit facilities, which consisted of an $800 million facility, which would have expired in May 2008 and an $800 million facility, which would have expired in May 2010. The 2007 Credit Facility may be used for general corporate purposes including the backstop of commercial paper. The material terms of the 2007 Credit Facility are substantively the same as under TELUS previous credit facilities other than reduced pricing and an extension of the term to May 2012.

Intercompany Debt Restructuring

On March 2, 2007, TELUS and its subsidiary TELUS Communications Inc. announced that the net senior debt owing from TELUS Communications Inc. to TELUS, which stood at approximately $2.6 billion as at December 31, 2006 (incorporating right of offset), was increased to approximately $5 billion on a net basis as a result of a restructuring of the inter-company financing arrangements between the two companies. In addition, TELUS Communications Company has provided a guarantee of this senior inter-company indebtedness to TELUS. This restructuring does not change the amount of debt of TELUS on a consolidated basis.

Credit Rating Upgrades

On February 26, 2007, Moody s Investor Services announced that it upgraded the senior unsecured debt rating of TELUS to Baa1, stable outlook.

On March 5, 2007, DBRS Limited announced that it upgraded the rating of TELUS notes to A (low) from BBB (high) and confirmed its commercial paper rating at R-1 (low). In addition, the ratings of TELUS Communications Inc. were confirmed A (low). All trends are stable .

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CONSOLIDATED CAPITALIZATION

The following table sets forth the cash and temporary investments, net, and the capitalization of TELUS as of December 31, 2006 on an actual basis and on an as adjusted basis to give effect to this Offering as though it had occurred on such date. This table should be read in conjunction with the Annual Financial Statements.

	As at December 31, 2006	
	Actual	**As adjusted**
	(millions)	
Cash and temporary investments, net	$ (11.5)	$
Long-term debt and capital lease obligations:		
TELUS Corporation Notes offered hereby		
TELUS Corporation Notes		
U.S.$: 7.5% due June 2007	1,358.8	1,358.8
U.S.$: 8.0% due June 2011	2,236.7	2,236.7
Series CB: 5.0% due June 2013	299.7	299.7
TELUS Corporation Credit Facilities(1)	120.0	120.0
TELUS Communications Inc. Debentures		
Series B: 8.80% due September 2025	200.0	200.0
Series 1: 12.0% due May 2010	50.0	50.0
Series 2: 11.90% due November 2015	125.0	125.0
Series 3: 10.65% due June 2021	175.0	175.0
Series 5: 9.65% due April 2022	249.0	249.0
TELUS Communications Inc. First Mortgage Bonds		
Series U: 11.5% due July 2010	30.0	30.0
TELUS Communications Inc. Medium Term Notes		
Series 1: 7.10% due February 2007(2)	70.0	70.0
Capital leases and other long-term debt	13.9	13.9
Total long-term debt	4,928.1	
Total debt	4,928.1	
Shareholders equity:		
Common Shares and Non-Voting Shares(3)	5,685.2	5,685.2
Options	0.8	0.8
Cumulative foreign currency translation adjustment	(1.5)	(1.5)
Retained earnings(3)	1,080.1	1,080.1
Contributed surplus	163.5	163.5
Total shareholders equity(3)	6,928.1	6,928.1
Total capitalization	$ 11,844.7	$

(1) The outstanding balance under the credit facilities was repaid in January 2007.

(2) The Series 1 medium term notes were fully redeemed in February 2007.

(3) Purchases under the Company s normal course issuer bid for the period from January 1, 2007 to and including February 28, 2007, aggregated to $53.7 million.

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 of the sale of the Notes offered hereby will be used for general corporate purposes, including the redemption of the 7^1/2% U.S. $ Series 1 Notes due 2007, maturing June 1, 2007.

EARNINGS COVERAGE RATIO

For the 12 months ended December 31, 2006, the Company s consolidated earnings before income taxes and gross interest expense was $1,981.5 million. Gross interest expense for this period, after giving effect to this Offering and the redemption of the 7 1/2% U.S.$ Series 1 Notes due 2007, was $ million. The earnings coverage ratio refers to the ratio of (i) consolidated earnings before income taxes and gross interest expense, and (ii) gross interest expense. The following coverage was calculated on a consolidated basis for the 12-month period ended December 31, 2006:

	December 31, 2006
Earnings coverage ratio on long-term debt obligations	**times**

RISK FACTORS

An investment in the Notes offered hereby involves certain risks. In addition to the other information contained in this prospectus supplement and in Management s Discussion and Analysis of financial results for the year ended December 31, 2006 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.

Structural Subordination of Notes

The Notes will be obligations exclusively of the Company. The Company s existing operations are currently conducted through its subsidiaries. Its ability to meet its debt service obligations, including payment of principal and interest on the Notes, 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 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, any right of the Company to receive assets of the subsidiaries upon their bankruptcy, liquidation or reorganization (and the consequent right of the holders of the Notes 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 provisions of applicable Canadian federal bankruptcy, insolvency and other restructuring 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 for consideration by all or some of its creditors to be voted on by the various classes of its creditors. Such a restructuring proposal, 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, this proposal legislation permits, 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 the *Bankruptcy and Insolvency Act* (Canada) and particularly under the *Companies Creditors Arrangement Act* (Canada) have been exercised broadly to protect a restructuring entity from actions taken by creditors and other parties. Accordingly, it is impossible to predict if payments under the Notes 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 holders of the Notes would be compensated for any delay, in payments of principal and interest.

No Public Market

There is no established trading market for the Notes. The Company does not intend to have the Notes 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, but the Agents are not obligated to do so and any such market-making may be discontinued at any time 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. The liquidity of any market for the Notes will depend upon the number of holders of such securities, the interest of securities dealers in making a market in the securities and other factors. The absence of an active market for the securities offered hereby could adversely affect their market price and liquidity.

Credit Ratings

There can be no assurance that the credit ratings assigned to the Notes 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 may affect the market value of the Notes. In addition, real or anticipated changes in credit ratings can affect the cost at which TELUS can access the capital markets. See Credit Ratings .

DETAILS OF THE OFFERING

The following description of the Notes 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 (as defined herein). 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

The Notes offered hereby will be issued under 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), as supplemented by a series supplement in respect of each Series to be dated the series issuance date in respect of that Series (each a Supplemental Indenture) between the Company and the Trustee providing for, among other things, the creation and issue of the Notes of the relevant Series. The Trust Indenture is described in the short form base shelf prospectus. References herein to the Indenture in respect of any Series refer to the Trust Indenture as supplemented by the Supplemental Indenture in respect of that Series. The Company may, from time to time, without the consent of existing Noteholders, create and issue additional Notes of any Series under the Supplemental Indenture in respect of that Series, having the same terms and conditions as the relevant 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 and the then existing Notes and any intention that all such additional Notes and the then existing Notes of the relevant Series be fungible for trading purposes. Additional Notes issued in this manner will be consolidated with and form a single series with the then existing Notes of the relevant Series and, if the Company acting reasonably determines that it is advisable or advantageous to do so, the Company may accept such additional Notes and the then existing Notes of the relevant Series in exchange for consolidated and restated replacement Notes reflecting the terms and conditions of such additional Notes and the then existing Notes of the relevant Series.

Principal, Maturity and Interest

The Series CC Notes will be initially limited to $ million aggregate principal amount (provided that the Company may in the future issue additional Notes of that Series up to any additional amount determined by the Company without the consent of existing holders), will be issued on the series issuance date, and will mature on March 15, 2012. The Series CC Notes will bear interest at the rate of % per annum from the series issuance date, payable in equal semi-annual instalments on March 15 and September 15 of each year to holders of record on the last day of the month immediately preceding the month in which the relevant Interest Payment Date occurs. The first interest payment on the Series CC Notes will be due on September 15, 2007, and will represent accrued interest from, and including, , 2007 to, but excluding, September 15, 2007 and will be in the amount of $ per $1,000 of principal amount of the Series CC Notes.

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The Series CD Notes will be initially limited to $ million aggregate principal amount (provided that the Company may in the future issue additional Notes of that Series up to any additional amount determined by the Company without the consent of existing holders), will be issued on the series issuance date, and will mature on March 15, 2017. The Series CD Notes will bear interest at the rate of % per annum from the series issuance date, payable in equal semi-annual instalments on March 15 and September 15 of each year to holders of record on the last day of the month immediately preceding the month in which the relevant Interest Payment Date occurs. The first interest payment on the Series CD Notes will be due on September 15, 2007, and will represent accrued interest from, and including, , 2007 to, but excluding, September 15, 2007 and will be in the amount of $ per $1,000 of principal amount of the Series CD Notes.

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

The series issuance date for both Series will be , 2007. The closing of the issuance of the Series CC Notes is not conditional on the closing of the issuance of the Series CD Notes, or vice versa.

On maturity, the Company will repay the indebtedness represented by the Notes by paying the Trustee in lawful money of Canada an amount equal to the principal amount of the outstanding Notes plus any accrued and unpaid interest thereon. Interest will be computed on the basis of a 365-day calendar year. The yearly rate of interest that is equivalent to the rate payable under the Notes is the rate payable multiplied by the actual numb