

TELUS CORP
Form SUPPL
March 24, 2015
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The information contained in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion

PRELIMINARY PROSPECTUS SUPPLEMENT

To a Short Form Base Shelf Prospectus dated November 19, 2014

New Issue

March 24, 2015

TELUS Corporation

\$ % Notes, Series CS due March 27, 2018

\$ % Notes, Series CT due March 28, 2022

\$ % Notes, Series CU due January 29, 2046
(unsecured)

The % Notes, Series CS due March 27, 2018 (the Series CS Notes), % Notes, Series CT due March 28, 2022 (the Series CT Notes) and % Notes, Series CU due January 29, 2046 (the Series CU 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 collectively to the Series CS Notes, the Series CT Notes and Series CU Notes unless the context indicates otherwise.

The Series CS Notes will bear interest from their issuance date at the rate of % per annum payable in equal semi-annual instalments on March 27 and September 27 of each year (each, a Series CS Interest Payment Date). The first interest payment on the Series CS Notes in the amount of \$ will be due on September 27, 2015. See Details of the Offering . **The effective yield on the Series CS Notes if held to maturity will be %.**

The Series CT Notes will bear interest from their issuance date at the rate of % per annum payable in equal semi-annual instalments (except for the first interest payment) on March 28 and September 28 of each year (each, a Series CT Interest Payment Date). The first interest payment on the Series CT Notes in the amount of \$ will be due on September 28, 2015. See Details of the Offering . **The effective yield on the Series CT Notes if held to maturity will be %.**

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The Series CU Notes will bear interest from their issuance date at the rate of % per annum payable in equal semi-annual instalments (except for the first interest payment) on January 29 and July 29 of each year (each, a Series CU Interest Payment Date , and together with the Series CS Interest Payment Date and the Series CT Interest Payment Date, the Interest Payment Dates and each, an Interest Payment Date). The first interest payment on the Series CU Notes in the amount of \$ will be due on July 29, 2015. See Details of the Offering . **The effective yield on the Series CU 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.

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).

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 thus they may not be comparable to financial statements of United States companies.

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Prospective investors in the United States should be aware that the acquisition of the Notes of any 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 CS Notes will not be redeemable at the option of the Company other than in respect of certain changes in tax laws as set forth herein.

The Series CT Notes may be redeemed at any time prior to February 28, 2022 at the option of the Company, in whole or from time to time, in part, on not fewer than 30 nor more than 60 days prior notice at the redemption price described herein. The Series CT Notes may be redeemed at any time on or after February 28, 2022 at the option of the Company, in whole or from time to time, in part, on not fewer than 30 nor more than 60 days prior notice at a redemption price equal to 100% of the principal amount thereof. In addition, accrued and unpaid interest, if any, will be paid to the date fixed for redemption.

The Series CU Notes may be redeemed at any time prior to July 29, 2045 at the option of the Company, in whole or from time to time, in part, on not fewer than 30 nor more than 60 days prior notice at the redemption price described herein. The Series CU Notes may be redeemed at any time on or after July 29, 2045 at the option of the Company, in whole or from time to time, in part, on not fewer than 30 nor more than 60 days prior notice at a redemption price equal to 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 affecting Canadian withholding taxes in respect of any or all 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 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.

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An investment in the Notes bears certain risks. See Risk Factors on page S-13 of this prospectus supplement.

	Price to Public	Agents Fees ⁽¹⁾	Net Proceeds to the Company ⁽¹⁾⁽²⁾⁽³⁾
Series CS Notes, per \$1,000 principal amount	\$	\$ 2.50	\$
Series CT Notes, per \$1,000 principal amount	\$	\$ 3.70	\$
Series CU Notes, per \$1,000 principal amount	\$	\$ 5.00	\$
Total	\$	\$	\$

Notes:

- (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 CS Notes, % (or \$) less the Agents fees in respect of the Series CT Notes and % (or \$) less the Agents fees in respect of the Series CU Notes.
 - (3) Before deducting expenses of the issue estimated at \$2,495,000 which, together with the Agents fees, will be paid by the Company.
- There is no market through which the Notes of any series may be sold and purchasers may not be able to resell the Notes of any 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 on page S-13 of this prospectus supplement.**

CIBC World Markets Inc., Scotia Capital Inc., TD Securities Inc., BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., HSBC Securities (Canada) Inc., National Bank Financial Inc., Desjardins Securities Inc., Wells Fargo Securities Canada, Ltd., Canaccord Genuity Corp., J.P. Morgan Securities Canada Inc., and Laurentian Bank Securities Inc. (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 Fulbright Canada LLP, Toronto, Ontario, the Company s Canadian counsel, and Paul, Weiss, Rifkind, Wharton & Garrison 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 March 27, 2015 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 Canaccord Genuity Corp., is an affiliate of a financial institution which is a lender to the Company under a \$2.25 billion unsecured credit facility with a syndicate of 15 financial institutions (the 2014 Credit Facility). Consequently, the Company may be considered to be a connected issuer of each Agent other than Canaccord Genuity Corp. for purposes of securities legislation of the provinces of Canada. 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 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 23, 2015 was U.S.\$1.00 = \$1.2516.

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 November 19, 2014 (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 19, 2015 for the year ended December 31, 2014;
- (b) the audited consolidated financial statements of the Company as at and for the years ended December 31, 2014 and December 31, 2013, together with the report of the independent registered public accounting firm thereon and the notes thereto;
- (c) Management's Discussion and Analysis of financial results for the year ended December 31, 2014; and
- (d) the information circular dated March 31, 2014 prepared in connection with the Company's annual general meeting held on May 8, 2014.

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 Executive Vice-President, Corporate Affairs, 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 and on EDGAR at www.sec.gov.

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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 forward-looking statements about expected events and the financial and operating performance of TELUS. Forward-looking statements include statements relating to annual targets, outlook, guidance and updates, the Company's multi-year dividend growth program, the Company's multi-year share purchase program, and trends. Forward-looking statements are typically identified by the words assumption, goal, guidance, objective, outlook, strategy, target and other similar expressions, or future or conditional verbs such as anticipate, believe, predict, could, expect, intend, may, plan, seek, should, strive and will. By their nature, forward-looking statements refer to historical facts, are subject to inherent risks and require the Company to make assumptions. There is significant risk that forward-looking statements will not prove to be accurate. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements. Except as required by law, the Company disclaims any intention or obligation to update or revise any forward-looking statements. The Company's general outlook and assumptions for 2015 are presented in the Company's Management's Discussion and Analysis of financial results for the year ended December 31, 2014. Factors that could cause actual performance to differ materially from the forward-looking statements made herein and in the documents incorporated by reference include, but are not limited to:

Competition including: continued intense rivalry across all services among established telecommunications companies, new entrants, cable-TV providers, other communications companies and growing over-the-top (OTT) services; the potential entry of new competitors; competition for wireless spectrum; the Company's ability to continue to retain customers through an enhanced customer service experience; network access line (NAL) losses; subscriber additions and retention volumes and associated costs for wireless, TV and high-speed Internet services; pressures on wireless average revenue per subscriber unit per month (ARPU) from market conditions and government actions, flat-rate pricing trends for voice and data, inclusive long distance plans for voice, and increasing availability of Wi-Fi networks for data; and the Company's ability to obtain and offer content on a timely basis across multiple devices on wireless and TV platforms at a reasonable cost.

Regulatory decisions and developments including: the federal government's stated intention to further increase wireless competition, including a fourth national wireless provider, reduce roaming costs on wireless networks in Canada, including the Competition Bureau's recommendation to the Canadian Radio-television and Telecommunications Commission (CRTC) that it should implement remedies to provide more favourable roaming access terms to new entrant service providers; future spectrum auctions (including limitations on established wireless providers, spectrum set-aside favouring new entrant carriers and other advantages provided to new and foreign participants, and the amount and cost of spectrum acquired); restrictions on the purchase, sale and transfer of spectrum licences; the outcome of the CRTC review of mandated wireline wholesale services, including consideration of mandated competitor access to fibre-to-the-premises facilities; increased subsidy requirements for telecommunications facilities in Yukon, Nunavut and the Northwest Territories, and possible changes to the scope and nature of basic service obligations, including higher minimum Internet access speeds; vertical integration by competitors into broadcast content ownership and timely and effective enforcement of related regulatory safeguards; ongoing monitoring and compliance with restrictions on non-Canadian ownership of the Common Shares; modification, interpretation and application of tower sharing and roaming rules; and the non-harmonization of provincial consumer protection legislation, particularly in light of the new CRTC mandatory national wireless code (the Code), which came into effect on December 2, 2013, and possible operational challenges from the Code, resulting from two-year and three-year customer contracts ending coterminously in 2015.

Technological substitution including: reduced utilization and increased commoditization of traditional wireline voice local and long distance services from impacts of OTT applications and wireless substitution, and overall slower subscriber growth in the wireline segment; increasing numbers of households that have

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only wireless and/or Internet-based telephone services; continuation of wireless voice ARPU declines through, among others, substitution to messaging and OTT applications, such as Skype; substitution to Wi-Fi services from wireless services; and OTT Internet protocol (IP) services that may displace TV and entertainment services or impact revenue.

Technology including: subscriber demand for data that challenges wireless networks and spectrum capacity levels; the Company's reliance on legacy systems and information technology; technology options, evolution paths and roll-out plans for wireline and wireless networks (including broadband initiatives, such as fibre to the home, and wireless small-cell deployment); the Company's 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 performance of long-term evolution (LTE) wireless technology; the Company's long-term need for additional spectrum capacity through future spectrum auctions and from third parties to address increasing demand for data; deployment and operation of new wireless networks and success of new products, new services and supporting systems; network reliability and change management (including migration risks related to technology and customer retention, to new, more efficient Internet data centres (IDCs) and realizing the expected benefits); timing of decommissioning of certain legacy wireline networks, systems and services to reduce operating costs; timing of decommissioning of CDMA and iDEN wireless networks to redeploy spectrum and reduce operating costs, and the associated subscriber migration costs and customer retention risks; availability of resources and ability to build out adequate broadband capacity; and success of upgrades and evolution of TELUS TV[®] technology, which depend 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 outside of Canada; future interest rates; inflation; impacts from declining oil prices; pension investment returns, funding and discount rates; and Canada: U.S. dollar exchange rates.

Capital expenditure levels and potential outlays for spectrum licences in spectrum auctions or from third parties, due to the Company's wireless deployment of LTE spectrum acquired and future technologies, wireline broadband initiatives, investments in network resiliency and reliability, subscriber demand for data, new IDC initiatives, and the Industry Canada wireless spectrum auction for 2.5 GHz (2500 2690 MHz) band, currently expected in April 2015.

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

Ability to sustain dividend growth program of circa 10% per annum through 2016 and the ability to sustain and complete multi-year share purchase program through 2016. These programs may be affected by factors such as regulatory decisions and developments, competitive environment, economic performance in Canada, the Company's earnings and free cash flow and levels of capital expenditures and spectrum licence purchases. Quarterly dividend decisions are subject to the Company's Board of Directors' assessment and determination based on the Company's financial position and outlook. The share purchase program may be affected by the change in the Company's intention to purchase shares, and the assessment and determination of the Company's Board of Directors from time to time. Consequently, there can be no assurance that these programs will be maintained through 2016.

Human resource matters including: recruitment, retention and appropriate training in a highly competitive industry; and the future outcome of collective bargaining for the contract with the Telecommunications Workers Union (TWU), which expires at the end of 2015.

Ability to successfully implement cost reduction initiatives and realize planned savings, net of restructuring and other like costs, without losing customer service focus or negatively impacting business operations. Initiatives include: the Company's earnings enhancement program to drive improvements in earnings before interest, income taxes, depreciation and amortization (EBITDA); business integrations; business process outsourcing; internal offshoring and reorganizations; procurement initiatives; and real estate consolidation.

Process risks including: the Company's reliance on legacy systems and ability to implement and support new products and services and business operations; the Company's ability to implement effective change

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management for system replacements and upgrades, process redesigns and business integrations; implementation of complex large enterprise deals that may be adversely impacted by available resources, system limitations and degree of co-operation from other service providers; the Company's ability to successfully manage operations in foreign jurisdictions; information security and privacy breaches, including data loss or theft of data; and real estate joint venture development risks.

Tax matters including: complex tax laws that may be subject to interpretation by the tax authorities that may differ from the Company's interpretations; changes in tax laws, including tax rates; elimination of income tax deferrals through the use of different tax year-ends for operating partnerships and corporate partners; and international tax complexity and compliance.

Business continuity events including: the Company's ability to maintain customer service and operate its networks in the event of human error or human-caused threats, such as electronic attacks and equipment failures that could cause various degrees of network outages; supply chain disruptions; natural disaster threats, epidemics and pandemics; and the completeness and effectiveness of business continuity and disaster recovery plans and responses.

Litigation and legal matters including: the Company's ability to successfully defend against investigations, claims and lawsuits, including class actions pending against TELUS; and the complexity of legal compliance in domestic and foreign jurisdictions.

Acquisitions or divestitures including: the Company's ability to successfully integrate acquisitions or complete divestitures in a timely manner, and realize expected strategic benefits.

Health, safety and environmental developments and other risk factors discussed herein and listed from time to time in the Company's reports and public disclosure documents, including its annual report, annual information form, and other filings with securities commissions or similar regulatory authorities in Canada (on SEDAR at www.sedar.com) and in the Company's filings with the SEC in the United States, including Form 40-F (on EDGAR at www.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, 2014.

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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. References to \$ or dollar are to Canadian dollars and references to U.S.\$ or U.S. dollar are to United States dollars.

Recent Developments

On March 6, 2015, TELUS announced that it secured spectrum licenses equating to a national average of 15 MHz in Canada's recently concluded AWS-3 auction (the AWS-3 Spectrum Licences). These licenses, which were acquired for approximately \$1.5 billion, are complementary to the Company's spectrum holdings including the 16.1 MHz of national AWS spectrum TELUS purchased in 2008 as well as the 16.6 MHz of national 700 MHz spectrum TELUS purchased in 2014, which have become the foundation of the Company's advanced wireless network. AWS-3 spectrum is well-suited for delivering both coverage and added capacity in urban and rural environments, and TELUS expects to incorporate the AWS-3 spectrum into the Company's existing network within the next three years.

TELUS' national average of 15 MHz of spectrum in the AWS-3 band is comprised of the following licenses:

Region	Frequency Blocks	Spectrum Acquisition
Southern Ontario	J2	10 MHz
Alberta, British Columbia, Manitoba, Eastern Ontario, Eastern Quebec, Southern Quebec, Saskatchewan	J1, J2	20 MHz

The Offering

Issue \$ aggregate principal amount of Series CS Notes.

\$ aggregate principal amount of Series CT Notes.

\$ aggregate principal amount of Series CU Notes.

Interest Interest accrues on the Series CS Notes at a rate of % per annum and is payable in arrears in equal semi-annual instalments on March 27 and September 27 of each year. The first interest payment on the Series CS Notes in the amount of \$ will be due on September 27, 2015.

Interest accrues on the Series CT Notes at a rate of % per annum and is payable in arrears in equal semi-annual instalments (except for the first interest payment) on March 28 and September 28 of each year. The first interest payment on the Series CT Notes in the amount of \$ will be due on September 28, 2015.

Interest accrues on the Series CU Notes at a rate of % per annum and is payable in arrears in equal semi-annual instalments (except for the first interest payment)

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on January 29 and July 29 of each year. The first interest payment on the Series CU Notes in the amount of \$ will be due on July 29, 2015.

Maturity

The Series CS Notes will mature on March 27, 2018.

The Series CT Notes will mature on March 28, 2022.

The Series CU Notes will mature on January 29, 2046.

Ranking

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 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.

Optional Redemption

The Series CS Notes will not be redeemable at the option of the Company other than in respect of certain changes in tax laws as set forth herein.

The Series CT Notes may be redeemed at any time prior to February 28, 2022 at the option of the Company, in whole or from time to time, in part, 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 Series CT Notes or (b) 100% of the principal amount thereof. The Series CT Notes may be redeemed at any time on or after February 28, 2022 at the option of the Company, in whole or from time to time, in part, on not fewer than 30 nor more than 60 days prior notice at a redemption price equal to 100% of the principal amount thereof. In addition, accrued and unpaid interest, if any, will be paid to the date fixed for redemption.

The Series CU Notes may be redeemed at any time prior to July 29, 2045 at the option of the Company, in whole or from time to time, in part, 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 Series CU Notes or (b) 100% of the principal amount thereof. The Series CU Notes may be redeemed at any time on or after July 29, 2045 at the option of the Company, in whole or from time to time, in part, on not fewer than 30 nor more than 60 days prior notice at a redemption price equal to 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 in respect of any or all series of Notes, 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 (as defined herein), 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

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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 .

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 of this Offering will be used to (a) fund all or a portion of the remaining \$1.2 billion required to acquire the AWS-3 Spectrum Licences, (b) repay approximately \$ million of indebtedness drawn from the 2014 Credit Facility and approximately \$135 million of outstanding commercial paper, and (c) any remaining balance will be used for other general corporate purposes. Pending any such use of the net proceeds, the Company will invest the net proceeds in bank deposits and short-term marketable securities. See Use of Proceeds .

Conflicts of Interest

As described above, the net proceeds will be used to (a) fund all or a portion of the remaining \$1.2 billion required to acquire the AWS-3 Spectrum Licences, (b) repay approximately \$ million of indebtedness drawn from the 2014 Credit Facility and approximately \$135 million of outstanding commercial paper, and (c) any remaining balance will be used for other general corporate purposes. Certain affiliates of the Agents are lenders under the 2014 Credit Facility and may also be holders of such commercial paper. As a result, one or more affiliates of the Agents may receive more than 5% of the net proceeds from this Offering in the form of the repayment of indebtedness. Accordingly, this Offering is being made pursuant to Rule 5121 of the Financial Industry Regulatory Authority (FINRA). The appointment of a qualified independent underwriter is not necessary in connection with this Offering because the conditions of Rule 5121(a)(1)(C) of FINRA are satisfied.

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.

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RISK FACTORS

Prospective investors in the Notes of any series should consider carefully the matters set forth in the section entitled "Risk Factors" in this prospectus supplement and the sections entitled "Risks and risk management" in the Company's Management's Discussion and Analysis of financial results for the year ended December 31, 2014, which is incorporated by reference herein.

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On March 6, 2015, TELUS announced that it secured the AWS-3 Spectrum Licences equating to a national average of 15 MHz in Canada's recently concluded AWS-3 auction. These licenses, which were acquired for approximately \$1.5 billion, are complementary to the Company's spectrum holdings including the 16.1 MHz of national AWS spectrum TELUS purchased in 2008 as well as the 16.6 MHz of national 700 MHz spectrum TELUS purchased in 2014, which have become the foundation of the Company's advanced wireless network. AWS-3 spectrum is well-suited for delivering both coverage and added capacity in urban and rural environments, and TELUS expects to incorporate the AWS-3 spectrum into the Company's existing network within the next three years.

TELUS' national average of 15 MHz of spectrum in the AWS-3 band is comprised of the following licenses:

Region	Frequency Blocks	Spectrum Acquisition
Southern Ontario	J2	10 MHz
Alberta, British Columbia, Manitoba, Eastern Ontario, Eastern Quebec, Southern Quebec, Saskatchewan	J1, J2	20 MHz

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The following table sets forth the cash and temporary investments, net, and the capitalization of TELUS as at December 31, 2014, on an actual basis and on an as adjusted basis to give effect to (i) this Offering, and (ii) the use of proceeds of this Offering to (a) fund all or a portion of the remaining \$1.2 billion required to acquire the AWS-3 Spectrum Licences, (b) repay approximately \$ million of indebtedness drawn from the 2014 Credit Facility and approximately \$135 million of outstanding commercial paper, and (c) any remaining balance will be used for other general corporate purposes. This table should be read in conjunction with the audited consolidated financial statements of the Company as at and for the years ended December 31, 2014, and December 31, 2013, together with the report of the independent registered public accounting firm thereon and the notes thereto. 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, 2014 (U.S.\$1.00 = \$1.1601).

	As at December 31, 2014	
	Actual	As adjusted (millions)
Cash and temporary investments, net	\$ 60	\$ (1)(2)
Amounts arising from arm s-length securitization trust	100	100
Total short-term debt	100	100
Long-term debt		
Series CS Notes offered hereby		
Series CT Notes offered hereby		
Series CU Notes offered hereby		
TELUS Corporation Notes		
Series CD: 4.95% due March 2017	696	696
Series CG: 5.05% due December 2019	994	994
Series CH: 5.05% due July 2020	995	995
Series CI: 3.65% due May 2016	598	598
Series CJ: 3.35% due March 2023	497	497
Series CK: 3.35% due April 2024	1,089	1,089
Series CL: 4.40% due April 2043	595	595
Series CM: 3.60% due January 2021	397	397
Series CN: 5.15% due November 2043	395	395
Series CO: 3.20% due April 2021	496	496
Series CP: 4.85% due April 2044	496	496
Series CQ: 3.75% due January 2025	794	794
Series CR: 4.75% due January 2045	395	395
TELUS Corporation Commercial Paper	130	
TELUS Corporation Credit Facility		
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	246	246
Series B: 8.80% due September 2025	198	198
Total long-term debt	9,310	
Total debt	9,410	
Owners equity:		
Common Shares	5,175	5,175
Contributed surplus	141	141
Retained earnings	2,100	2,100
Accumulated other comprehensive income	38	38
Total owners equity	7,454	7,454

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Total capitalization	\$ 16,804	\$
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- (1) Reflects \$ million arising from the issue of the Series CS Notes, the Series CT Notes and the Series CU Notes offered hereby (being the price to the public in respect of the Series CS Notes, the Series CT Notes and the Series CU Notes), and assumes the use of proceeds from this Offering (being to (a) fund all or a portion of the remaining \$1.2 billion required to acquire the AWS-3 Spectrum Licences, (b) repay approximately \$ million of indebtedness drawn from the 2014 Credit Facility and approximately \$135 million of outstanding commercial paper, and (c) any remaining balance will be used for other general corporate purposes.). The amount reflected does not deduct issue costs related to this Offering.
- (2) As at the date of this prospectus supplement, the amount of indebtedness drawn from the 2014 Credit Facility was \$110 million and the amount of commercial paper outstanding was \$ million.

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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 New York Stock Exchange (the "NYSE") under the symbol "TU". The following table sets 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

	Price Range		Volume
	High (\$)	Low (\$)	
2014			
February	39.28	37.05	23,777,198
March	40.35	38.39	18,610,941
April	39.50	37.15	44,308,402
May	41.74	38.63	36,284,362
June	42.29	39.44	36,980,136
July	39.93	37.38	58,395,581
August	39.65	37.96	29,687,145
September	40.10	38.19	45,686,051
October	40.42	37.70	39,626,551
November	43.78	40.43	41,633,176
December	43.31	40.07	52,720,456
2015			
January	44.20	41.25	38,994,480
February	44.62	42.28	32,419,957
March (through March 23)	44.12	41.31	43,820,360

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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 (a) fund all or a portion of the remaining \$1.2 billion required to acquire the AWS-3 Spectrum Licences, (b) repay approximately \$ million of indebtedness drawn from the 2014 Credit Facility and approximately \$135 million of outstanding commercial paper, and (c) any remaining balance will be used for other general corporate purposes. The indebtedness from the 2014 Credit Facility was used to fund a portion of the purchase price of the AWS-3 Spectrum Licences. The outstanding commercial paper was originally incurred for working capital purposes. The AWS-3 Spectrum Licences have a term of 20 years and are being acquired for approximately \$1.5 billion. Pending any such use of the net proceeds, the Company will invest the net proceeds in bank deposits and short-term marketable securities.

EARNINGS COVERAGE RATIO

The following consolidated earnings coverage ratio, which gives effect to this Offering as though it had occurred at the beginning of such period, has been calculated for the 12-month period ended December 31, 2014. The earnings coverage ratio refers to the ratio of (i) consolidated net income attributable to equity shares before borrowing costs and income taxes, and (ii) borrowing costs.

For the 12-month period ended December 31, 2014, the Company's consolidated net income attributable to equity shares before borrowing costs and income taxes was \$2,377 million. Borrowing costs for such 12-month period was \$ million.

Twelve-month period ended	December 31, 2014
Earnings coverage ratio	times

The earnings coverage ratio at December 31, 2014 also gives pro forma effect to the issuance, repayment and redemption of all long term debt of the Company since the date of the financial statements for the fiscal year ended December 31, 2014 as if each had occurred at the beginning of such twelve month period. The earnings coverage ratio set out above do not purport to be indicative of earnings coverage ratios for any future periods.

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RISK FACTORS

An investment in the Notes of any 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, 2014, which section is 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 any 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 any 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 any 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" and each, a "Noteholder") 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 any 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 any series. The Company does not intend to have the Notes of any 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

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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 any 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 any series and other factors. The absence of an active market for the Notes of any 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 any series will remain in effect for any given period of time or that the ratings will not be withdrawn or revised at any time. For example, on March 19, 2015, DBRS issued a press release stating that it had placed TELUS' issuer rating, notes rating and commercial paper rating for the Company, and the senior debentures rating for TELUS Communications Inc., under review with negative implications due to actual and anticipated changes in the Company's debt and interest coverage ratios. Specifically, DBRS cites the potential issuance of debt to fund the acquisition of the AWS-3 Spectrum Licences, as contemplated by this prospectus supplement, as an event that would weaken the Company's financial risk profile. There can be no assurance that DBRS, or any other rating agency, will not downgrade its ratings on the Notes. Real or anticipated changes in credit ratings on the Notes of any 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 any series upon the occurrence of a Change of Control Triggering Event, it may not have sufficient funds to repurchase the Notes of any series in cash at such time. In addition, the Company's ability to repurchase the Notes of any 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 any series. The market price or value of the Notes of any 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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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 (as defined below). 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 CS Notes will be initially limited to \$ aggregate principal amount (provided that the Company may in the future issue additional Series CS Notes up to any additional amount determined by the Company without the consent of existing holders of the Series CS Notes), and will mature on March 27, 2018. The Series CS Notes will bear interest at the rate of % per annum from their issuance date, payable in equal semi-annual instalments on March 27 and September 27 of each year to holders of record on March 12 and September 12, respectively. The first interest payment on the Series CS Notes will be due on September 27, 2015 and will represent accrued interest from, and including, March 27, 2015 to, but excluding, September 27, 2015 and will be in the amount of \$.

The Series CT Notes will be initially limited to \$ aggregate principal amount (provided that the Company may in the future issue additional Series CT Notes up to any additional amount determined by the Company without the consent of existing holders of the Series CT Notes), and will mature on March 28, 2022. The Series CT Notes will bear interest at the rate of % per annum from their issuance date, payable in equal semi-annual instalments (except for the first interest payment) on March 28 and September 28 of each year to holders of record on March 13 and September 13, respectively. The first interest payment on the Series CT Notes will be due on September 28, 2015 and will represent accrued interest from, and including, March 27, 2015 to, but excluding, September 28, 2015 and will be in the amount of \$.

The Series CU Notes will be initially limited to \$ aggregate principal amount (provided that the Company may in the future issue additional Series CU Notes up to any additional amount determined by the Company without the consent of existing holders of the Series CU Notes), and will mature on January 29, 2046. The Series

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CU Notes will bear interest at the rate of % per annum from their issuance date, payable in equal semi-annual instalments (except for the first interest payment) on January 29 and July 29 of each year to holders of record on January 14 and July 14, respectively. The first interest payment on the Series CU Notes will be due on July 29, 2015 and will represent accrued interest from, and including, March 27, 2015 to, but excluding, July 29, 2015 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 March 27, 2015.

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 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 CS Notes will not be redeemable at the option of the Company other than in respect of certain changes in tax laws as set forth under Tax Redemption below.

The Series CT Notes may be redeemed at any time prior to February 28, 2022 at the option of the Company, in whole or from time to time, in part, 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 CT Notes or (b) 100% of the principal amount thereof. The Series CT Notes may be redeemed at any time on or after February 28, 2022 at the option of the Company, in whole or from time to time, in part, on not fewer than 30 nor more than 60 days prior notice at a redemption price equal to 100% of the principal amount thereof. In addition, accrued and unpaid interest, if any, will be paid to the date fixed for redemption.

The Series CU Notes may be redeemed at any time prior to July 29, 2045 at the option of the Company, in whole or from time to time, in part, 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 CU Notes or (b) 100% of the principal amount thereof. The Series CU Notes may be redeemed at any time on or after July 29, 2045 at the option of the Company, in whole or from time to time, in part, on not fewer than 30 nor more than 60 days prior notice at a redemption price equal to 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 case of a redemption for less than all of the Series CT Notes or the Series CU Notes, the Series CT Notes or the Series CU Notes 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 February 28, 2022 (in the case of the Series CT Notes) and July 29, 2045 (in the case of the Series CU 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 CT Notes) and basis points (in the case of the Series CU Notes).

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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 February 28, 2022 (in the case of the Series CT Notes) and July 29, 2045 (in the case of the Series CU 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 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 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.

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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.

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 designated 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 any 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

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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 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 March 27, 2015);
- (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

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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 end of the most recent fiscal quarter for which the Company has issued its financial statements, the total assets of such Subsidiary exceeded 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

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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.

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 depositary 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 any 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 depositaries, which in turn will hold such positions in customers securities accounts in the names of the nominees of the depositaries 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.

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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 depositaries; 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 depositaries 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 depositaries.

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.

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 other than with respect to the payment of Additional Amounts which will be determined based on amounts received by an applicable Noteholder or beneficial owner of Notes, as described below under the heading "Additional Amounts". 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 any 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 any 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

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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 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) (the "Tax Act") 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 acquisition, 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;

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 Tax Act;

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;

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

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

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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;

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.

Where Tax is payable pursuant to Section 803 of the *Income Tax Regulations* by a Noteholder or beneficial owner of the Notes in respect of any amount payable under the Notes to the Noteholder (other than by reason of a transfer of the Notes to a person resident in Canada with whom the transferor does not deal at arm's length for the purposes of such Act), but no Additional Amount is paid in respect of such Tax, TELUS will pay to the Noteholder an amount equal to such Tax within 45 days after receiving from the Noteholder a notice containing reasonable particulars of the Tax so payable, provided such Noteholder or beneficial owner would have been entitled to receive Additional Amounts on account of such Tax but for the fact that it is payable otherwise than by deduction or withholding from payments made under or with respect to the Notes.

Whenever in the Indenture or in any Note in any series there is mention, in any context, of the payment of principal of, or premium, interest or any other amount on any Note in any 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 any 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.

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CERTAIN CANADIAN AND UNITED STATES INCOME TAX CONSIDERATIONS

Certain Canadian Federal Income Tax Considerations

In the opinion of Norton Rose Fulbright 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 (including entitlement to all payments thereunder) acquired hereunder who, at all relevant times, for the purposes of the Tax Act, deals at arm's length 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) published in writing 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) and assumes that all Proposed Tax Amendments will be enacted in the form proposed. 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, holds the Notes as capital property, and is not affiliated with the Company (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 (i) an interest in which is a tax shelter investment as defined in the Tax Act, (ii) 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, or (iii) that enters into, with respect to the Notes, a derivative forward agreement as defined in the Tax Act.

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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Any other Resident Holder, including an individual or a trust (other than trusts described in the preceding paragraph), 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 repurchase, 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 (or deemed to have 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 amount paid by the Company to a Resident Holder as a penalty or bonus because of the repayment of all or part of the principal amount of a Note before its maturity (including as a result of the Company's exercise of a redemption right or as a result of the Company being required to repurchase the Notes as a result of a Change of Control) will generally be deemed to be interest received by a Resident Holder at that time and will be required to be included in computing the Resident Holder's income as described above to the extent such amount can reasonably be considered to relate to, and does not exceed the value at the time of payment of, the interest that would have been paid or payable by the Company on the Note for a taxation year ending after that time.

Disposition of Notes

In general, on a disposition or deemed disposition, including a redemption, payment on maturity or repurchase, 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 application 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 neither a specified shareholder (as

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defined in subsection 18(5) of the Tax Act) of the Company nor 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 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 repurchase. 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, premium, bonus or penalty on a Note or on the proceeds received by a Non-Resident Holder on the disposition of a Note, including a redemption, payment on maturity or repurchase.

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) that 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 IRC). This summary is based upon the IRC, regulations of the Treasury Department promulgated or proposed thereunder, administrative pronouncements, and judicial decisions, 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 banks, 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; persons subject to the alternative minimum tax; U.S. expatriates; 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 is (i) an individual who is a citizen or resident alien of the U.S. as determined for U.S. federal income tax purposes (which includes a green card holder), (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 IRC.

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 are urged to consult their own tax advisors as to the particular U.S. federal income tax consequences applicable to them.

This summary does not constitute, and should not be considered as, legal or tax advice to holders of Notes. Prospective investors are urged to 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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Payment of Interest

In general, each payment of interest (including any Additional Amounts) on a Note will be included in the gross income of a U.S. holder as ordinary 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 Canadian dollar interest payment.

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 day