TELUS CORP
Form SUPPL
May 16, 2006

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

This prospectus supplement, together with the short form base shelf prospectus dated August 24, 2005 to which it relates, as amended or supplemented, and each document incorporated or deemed to be incorporated by reference in the short form base shelf prospectus, constitutes a public offering of securities offered pursuant hereto only in the jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

PROSPECTUS SUPPLEMENT

To a Short Form Base Shelf Prospectus dated August 24, 2005

New Issue May 15, 2006

TELUS Corporation

$300,000,000

5.00% Notes, Series CB

(unsecured)

To be dated May 18, 2006 **To mature June 3, 2013**

The 5.00% Notes, Series CB (the Notes) of TELUS Corporation (TELUS or the Company) offered under this prospectus supplement (the Offering) will bear interest from the series issuance date at the rate of 5.00% per annum payable in equal semi-annual instalments on June 3, and December 3 of each year. The first interest payment in the amount of $27.19178 per $1,000 principal amount of Notes will be due on December 3, 2006. **The effective yield on Notes if held to maturity will be 5.02%.** See Details of the Offering . TELUS maintains its registered office at Floor 21, 3777 Kingsway, Burnaby, British Columbia, V5H 3Z7 and its executive office at Floor 8, 555 Robson Street, Vancouver, British Columbia, V6B 3K9.

The Notes offered hereby will generally be a qualified investment under the *Income Tax Act* (Canada) and will not be precluded as investments under certain other statutes. See Eligibility for Investment .

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

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

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

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

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

The Notes will be unsecured and unsubordinated obligations of the Company, will rank *pari passu* in right of payment with all existing and future unsecured and unsubordinated obligations of the Company and will be senior in right of payment to all existing and future subordinated indebtedness of the Company, but will be effectively subordinated to all existing and future obligations of, or guaranteed by, the Company s subsidiaries.

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

	Price to Public	Agents Fee[1]	Net Proceeds to the Company[1][2][3]
Per $1,000 principal amount of Notes	$ 998.80	$ 3.70	$ 995.10
Total	$ 299,640,000	$ 1,110,000	$ 298,530,000

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

(2) Consisting of the purchase price of 99.88% (or $299,640,000) less the Agents fee.

(3) Before deducting expenses of the issue estimated at $500,000 which, together with the Agents fee, will be paid from the general funds of the Company.

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

TD Securities Inc., CIBC World Markets Inc., BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., Scotia Capital Inc. and HSBC Securities (Canada) Inc. (collectively, the Agents), as agents, conditionally offer the Notes subject to prior sale, on a best efforts basis if, as and when issued and sold by TELUS in accordance with the conditions of the agency agreement described under Plan of Distribution and subject to the approval of certain legal matters on behalf of TELUS by Blake, Cassels & Graydon LLP of Toronto, Ontario and by Skadden, Arps, Slate, Meagher & Flom LLP of New York, New York and on behalf of the Agents by Osler, Hoskin & Harcourt LLP of Toronto, Ontario and New York, New York. Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the Notes will be available for delivery in book-entry form only on closing of this Offering, which is expected to occur on or about May 18, 2006, or such other date as may be agreed upon.

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

Each of the Agents is an affiliate of a bank which is a lender to the Company under the 2005 Credit Facilities (as defined herein). Consequently, the Company may be considered to be a connected issuer of each such Agent for purposes of the securities legislation of certain Canadian provinces. All of the net proceeds of the sale of the Notes offered hereby will be used to repay indebtedness to these banks under the 2005 Credit Facilities and/or to permit the early termination of certain cross-currency swap agreements with certain of these banks. See Use of Proceeds and Plan of Distribution .

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CURRENCY

Unless otherwise indicated, all references to $ or dollar in this prospectus supplement refer to the Canadian dollar and U.S.$ and U.S. dollar refer to the United States dollar. For information purposes, the noon buying rate in The City of New York for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York on May 12, 2006 was U.S.$1.00 = 0.9021 (the Noon Buying Rate).

DOCUMENTS INCORPORATED BY REFERENCE

This prospectus supplement is deemed to be incorporated by reference into the accompanying short form base shelf prospectus of TELUS dated August 24, 2005 (the short form base shelf prospectus) solely for the purposes of this Offering. Other documents are also incorporated or deemed to be incorporated by reference into the short form base shelf prospectus and reference should be made to the short form base shelf prospectus for full particulars thereof.

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

(a) the Annual Information Form of the Company dated March 20, 2006, for the year ended December 31, 2005;

(b) the audited financial statements of the Company as at and for the year ended December 31, 2005, together with the report of the auditors thereon and the notes thereto;

(c) Management s Discussion and Analysis of financial results for the year ended December 31, 2005 found at pages 15 to 60 of TELUS 2005 Annual Report;

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

(e) the unaudited financial statements of the Company as at and for the three months ended March 31, 2006 (the Interim Financial Statements), together with the notes thereto; and

(f) Management s Discussion and Analysis of the unaudited financial results for the three months ended March 31, 2006 (the Interim MD&A).

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

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made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this prospectus supplement, except as so modified or superseded.

WHERE YOU CAN FIND MORE INFORMATION

Information has been incorporated by reference in the accompanying short form base shelf prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of this prospectus supplement, together with the short form base shelf prospectus and documents incorporated by reference therein, may be obtained on request without charge from the Vice President, Legal Services, General Counsel and Corporate Secretary of TELUS at 3777 Kingsway, Burnaby, British Columbia, V5H 3Z7 (telephone 604.697.8029). For the purpose of the Province of Québec, the short form base shelf prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained from the Vice President, Legal Services, General Counsel and Corporate Secretary of the Company at the above-mentioned address and telephone number. Copies of these documents are available on the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators (SEDAR), at www.sedar.com.

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

FORWARD-LOOKING STATEMENTS

This document and the short form base shelf prospectus to which it relates, together with the documents incorporated by reference in the short form base shelf prospectus, contain statements about expected future events and financial and operating results of TELUS that are forward looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. Readers of this document are cautioned not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the operating targets, expectations, estimates or intentions expressed in the forward-looking statements.

Assumptions underlying these statements about expected future events and financial and operating results include: economic growth consistent with recent provincial and national estimates by the Conference Board of Canada, including gross domestic product growth of 3.1% in Canada; increased wireline competition in both business and consumer markets; a wireless industry market penetration gain similar to the approximately five percentage point gain in 2005; up to $100 million of restructuring and workforce reduction expenses; an effective tax rate of approximately 34%; no prospective significant acquisitions or divestitures; no change in foreign ownership rules; and maintenance or improvement of investment-grade credit ratings.

Factors that could cause actual results to differ materially include but are not limited to: competition; technology (including reliance on systems and information technology); regulatory developments (including wireless number portability and possible future changes to the regulatory environment); human resources (including possible labour disruptions); business integrations and internal reorganizations; process risks (including the conversion of legacy systems and security); financing and debt requirements (including share repurchases and debt redemptions); tax matters; health, safety and environment developments; litigation and legal matters; business continuity events (including manmade and natural threats); economic growth and fluctuations (including pension performance, funding

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and expenses); and other risk factors discussed herein, in the short form base shelf prospectus to which it relates and in the documents incorporated by reference in the short form base shelf prospectus, and listed from time to time in TELUS reports, public disclosure documents or other filings with securities commissions in Canada (filed on SEDAR at www.sedar.com) and the United States (filed on EDGAR at www.sec.gov).

SUMMARY

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

THE COMPANY

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

RECENT DEVELOPMENT

Financial Results

On May 3, 2006, TELUS announced its financial results for the quarter ended March 31, 2006. The summary financial data presented below as of and for the periods ended March 31, 2006 and 2005 has been derived from the Interim Financial Statements and the unaudited financial statements of the Company as at and for the three month period ended March 31, 2005, respectively.

	Three months ended March 31	
	2006	**2005**
	($ millions except per share amounts)	
Operating revenues	2,080.5	1,974.7
Operations expense	1,201.1	1,109.1
Restructuring and workforce reduction costs	16.7	9.4
Financing costs and other expense	131.3	139.9
Income taxes	116.1	70.3
Net income and Common Share and Non-Voting Share income	210.1	242.2
Income per Common Share and Non-Voting Share basic	0.60	0.67
Income per Common Share and Non-Voting Share diluted	0.60	0.66
Dividends declared per Common Share and Non-Voting Share	0.275	0.20
Total assets	16,017.8	18,136.5
Current maturities of long-term debt	75.5	4.4
Non-current portion of long-term debt	4,513.4	6,356.3
Deferred hedging and other long-term liabilities	1,421.3	1,275.9
	5,934.7	7,632.2
Future income tax liabilities	997.3	995.3
Non-controlling interest	27.7	18.9
Shareholders equity	6,794.3	7,125.2

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THE OFFERING

Issue	$300 million aggregate principal amount of Notes due June 3, 2013.
Interest	5.00% per annum, payable in equal semi-annual instalments on June 3 and December 3 of each year. The first interest payment in the amount of $27.19178 per $1,000 principal amount of Notes will be due on December 3, 2006.
Maturity	June 3, 2013.
Optional Redemption	The Notes are redeemable at any time. The Notes may be redeemed at the option of the Company, in whole at any time, or in part from time to time, on not fewer than 30 nor more than 60 days prior notice, at a redemption price equal to the greater of (a) the Discounted Value (as defined in Details of the Offering Optional Redemption) of the Notes, or (b) 100% of the principal amount thereof. In addition, accrued and unpaid interest, if any, will be paid to the date fixed for redemption. In the event of certain changes to the tax laws of Canada or any province thereof, TELUS may, under certain circumstances, redeem the Notes at 100% of the principal amount, together with accrued and unpaid interest if any, and Additional Amounts (as defined below) if any, through to the redemption date. See Details of the Offering Tax Redemption .
Certain Covenants	The Indenture (as defined in Details of the Offering General) pursuant to which the Notes will be issued will contain certain covenants that, among other things, limit the ability of the Company and certain material subsidiaries to grant security in respect of indebtedness and to enter into sale and lease-back transactions and limit the ability of such subsidiaries to incur new indebtedness. See Details of the Offering Negative Pledge , Limitation on Restricted Subsidiary Indebtedness , and Limitation on Sale and Lease-Back Transactions in this prospectus supplement.
Use of Proceeds	The net proceeds to be received by the Company from this Offering are estimated to be approximately $298,530,000 after payment of commissions to the Agents but before deduction of the expenses of this Offering. All of the net proceeds of the sale of the Notes offered hereby will be used to repay outstanding indebtedness under the 2005 Credit Facilities and/or to permit the early termination of certain cross-currency swap agreements with certain of the lenders under the 2005 Credit Facilities.

RISK FACTORS

Prospective investors in the Notes should consider carefully the matters set forth in the section entitled Risk Factors in this prospectus supplement, in Management s Discussion and Analysis Section 10 Risks and risk management in TELUS 2005 Annual Report Financial Review, and in Risks and risk management in the Interim MD&A.

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TELUS CORPORATION

TELUS was incorporated under the *Company Act* (British Columbia) (the BC Company Act) on October 26, 1998 under the name BCT.TELUS Communications Inc. (BCT). On January 31, 1999, pursuant to a court-approved plan of arrangement under the *Canada Business Corporations Act* among BCT, BC TELECOM Inc. (BC TELECOM) and TELUS Corporation (TC), BCT acquired all of the shares of each of BC TELECOM and TC in exchange for common shares and non-voting shares of BCT, and BC TELECOM was dissolved. On May 3, 2000, BCT changed its name to TELUS Corporation and in February 2005, the Company transitioned under the *Business Corporations Act* (British Columbia), successor to the BC Company Act. TELUS maintains its registered office at Floor 21, 3777 Kingsway, Burnaby, British Columbia, V5H 3Z7 and its executive office at Floor 8, 555 Robson Street, Vancouver, British Columbia, V6B 3K9.

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

TELUS is organized into four customer facing business units:

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

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

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

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

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

Integration of TELUS Mobility and TELUS Communications

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

Prior to the wireline-wireless merger, TELUS divided its operations into two separate business segments: the wireline segment (formerly known as TELUS Communications) and the wireless segment (branded as TELUS Mobility). Wireline products and services were provided primarily through TCI, and wireless products and services were provided through TELE-MOBILE. The four customer facing units of Consumer Solutions, Business Solutions, Partner Solutions and TELUS Québec provided the wireline products and services and received essential support from the business capabilities units and business enabling units within TELUS Communications, while TELUS Mobility provided the wireless products and services and received essential support for employee services, engineering, finance, information systems, sales and marketing, operations, legal and regulatory matters from departments within TELUS Mobility.

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

The following chart sets out the organization of TELUS as of March 1, 2006.

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RECENT DEVELOPMENT

Financial Results

On May 3, 2006, TELUS announced its financial results for the quarter ended March 31, 2006. The summary financial data presented below as of and for the periods ended March 31, 2006 and 2005 has been derived from the Interim Financial Statements and the unaudited financial statements of the Company as at and for the three month period ended March 31, 2005, respectively.

	Three months ended March 31	
	2006	**2005**
	($ millions except per share amounts)	
Operating revenues	2,080.5	1,974.7
Operations expense	1,201.1	1,109.1
Restructuring and workforce reduction costs	16.7	9.4
Financing costs and other expense	131.3	139.9
Income taxes	116.1	70.3
Net income and Common Share and Non-Voting Share income	210.1	242.2
Income per Common Share and Non-Voting Share basic	0.60	0.67
Income per Common Share and Non-Voting Share diluted	0.60	0.66
Dividends declared per Common Share and Non-Voting Share	0.275	0.20
Total assets	16,017.8	18,136.5
Current maturities of long-term debt	75.5	4.4
Non-current portion of long-term debt	4,513.4	6,356.3
Deferred hedging and other long-term liabilities	1,421.3	1,275.9
	5,934.7	7,632.2
Future income tax liabilities	997.3	995.3
Non-controlling interest	27.7	18.9
Shareholders equity	6,794.3	7,125.2

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CONSOLIDATED CAPITALIZATION

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

	As at March 31, 2006	
	Actual	**As adjusted**
	(millions)	
Cash, cash equivalents and short-term investments	$ (1.1)	$ (1.1)
Long-term debt and capital lease obligations:		
TELUS Corporation Notes offered hereby		300.0
TELUS Corporation Notes		
U.S.$: 7.5% due June 2007[1]	1,360.8	1,360.8
U.S.$: 8.0% due June 2011[1]	2,240.6	2,240.6
TELUS Corporation Credit Facilities	71.0	71.0
TELUS Communications Inc. Debentures		
Series B: 8.80% due September 2025	200.0	200.0
Series 1: 12.0% due May 2010	50.0	50.0
Series 2: 11.90% due November 2015	125.0	125.0
Series 3: 10.65% due June 2021	175.0	175.0
Series 5: 9.65% due April 2022	249.0	249.0
TELUS Communications Inc. First Mortgage Bonds		
Series U: 11.5% due July 2010	30.0	30.0
TELUS Communications Inc. Medium Term Notes		
Series 1: 7.10% due February 2007	70.0	70.0
Capital leases and other long-term debt	17.5	17.5
Total long-term debt	4,588.9	4,888.9
Total debt	4,588.9	4,888.9
Shareholders equity:		
Common Shares and Non-Voting Shares	5,811.3	5,811.3
Options	5.0	5.0
Cumulative foreign currency translation adjustment	(6.6)	(6.6)
Retained earnings	828.9	828.9
Contributed surplus	155.7	155.7
Total shareholders equity	6,794.3	6,794.3
Total capitalization	$ 11,382.1	$ 11,682.1

(1)

The Canadian dollar amount assumes conversion of U.S. dollar proceeds to Canadian dollars based on the Noon Buying Rate.

USE OF PROCEEDS

The net proceeds to be received by the Company from this Offering are estimated to be approximately $298,530,000 after payment of commissions to the Agents but before deduction of the expenses of this Offering.

Each of the Agents is an affiliate of a bank which is a lender to the Company under a syndicated unsecured credit facility (the 2005 Credit Facilities). The 2005 Credit Facilities consist of: (i) an $800 million three-year revolving credit facility (as at March 31, 2006, $171.6 million utilized and $628.4 million available); and (ii) an $800 million five-year revolving credit facility (undrawn as at March 31, 2006). Consequently, the Company may be considered to be a connected issuer of each such Agent for purposes of the securities legislation of certain Canadian provinces. All of the net proceeds of the sale of the Notes offered hereby will be used to repay indebtedness to these banks under the 2005 Credit Facilities and/or to permit the early termination of certain cross-currency swap agreements with certain of these banks. The Company is and has been in compliance with the terms of the 2005 Credit Facilities. See Plan of Distribution . The amounts drawn under the 2005 Credit Facilities have been used for general corporate purposes.

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EARNINGS COVERAGE RATIO

For the twelve months ended March 31, 2006 and December 31, 2005, the Company s consolidated earnings before income taxes and gross interest expense were $1,681.2 million and $1,699.5 million, respectively. Gross interest expense for these periods, after giving effect to the issue of Notes hereunder, was $648.3 million and $680.3 million, respectively. The earnings coverage ratio refers to the ratio of (i) consolidated earnings before income taxes and gross interest expense, and (ii) gross interest expense. The following coverage was calculated on a consolidated basis for the twelve month period ended March 31, 2006 and December 31, 2005:

	March 31, 2006	December 31, 2005
Earnings coverage ratio on long-term debt obligations	2.6 times	2.5 times

RISK FACTORS

An investment in the Notes offered hereby involves certain risks. In addition to the other information contained in this prospectus supplement, in Management s Discussion and Analysis Section 10 Risks and risk management in TELUS 2005 Annual Report Financial Review, and in Risks and risk management in the Interim MD&A, prospective investors should carefully consider the following factors in evaluating TELUS and its business before making an investment in the Notes.

Structural Subordination of Notes

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

Bankruptcy and Related Laws

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

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

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

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No Public Market

There is no established trading market for the Notes. The Company does not intend to have the Notes listed for trading on any securities exchange or quoted on any automated dealer quotation system. The Agents have advised the Company that they presently intend to make a market in the Notes, but the Agents are not obligated to do so and any such market-making may be discontinued at any time at the sole discretion of the Agents. Accordingly, no assurance can be given as to the prices or liquidity of, or trading markets for, the Notes. The liquidity of any market for the Notes will depend upon the number of holders of such securities, the interest of securities dealers in making a market in the securities and other factors. The absence of an active market for the securities offered hereby could adversely affect their market price and liquidity.

Credit Ratings

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

DETAILS OF THE OFFERING

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

General

The Notes offered hereby will be issued under the trust indenture dated May 22, 2001 (the Trust Indenture) between the Company and Montreal Trust Company of Canada (now Computershare Trust Company of Canada), as trustee (the Trustee), as supplemented by the fourth series supplement to be dated May 18, 2006 (the Fourth Supplemental Indenture) between the Company and the Trustee providing for, among other things, the creation and issue of the Notes. The Trust Indenture is described in the short form base shelf prospectus. The Trust Indenture and the Fourth Supplemental Indenture are herein collectively referred to as the Indenture . The Company may, from time to time, without the consent of existing Noteholders, create and issue additional Notes under the Fourth Supplemental Indenture having the same terms and conditions as the Notes in all respects, except for such variations to such terms and conditions as may be required, in the reasonable opinion of the Company, to reflect the different issue dates of such additional Notes and the then existing Notes and any intention that all such additional Notes and the then existing Notes be fungible for trading purposes. Additional Notes issued in this manner will be consolidated with and form a single series with the then existing Notes and, if the Company acting reasonably determines that it is advisable or advantageous to do so, the Company may accept such additional Notes and the then existing Notes in exchange for consolidated and restated replacement Notes reflecting the terms and conditions of such additional Notes and the then existing Notes.

Principal, Maturity and Interest

The Notes will be initially limited to $300 million aggregate principal amount (provided that the Company may in the future issue additional Notes up to any additional amount determined by the Company without the consent of existing holders), will be issued on the closing date, and will mature on June 3, 2013. The Notes will bear interest at 5.00% per annum from the series issuance date, payable in equal semi-annual instalments on June 3 and December 3 of each year to holders of record on the preceding May 15 and November 15. Principal and interest on the Notes will be payable in lawful money of Canada. The first interest payment will be due on December 3, 2006, will represent accrued interest from, and including, May 18, 2006 to, but excluding, December 3, 2006 and will be in the amount of $27.19178 per $1,000 of principal amount of the Notes. On maturity, the Company will repay the indebtedness represented by the Notes by paying the Trustee in lawful money of Canada an amount equal to the principal amount of the outstanding Notes plus any accrued and unpaid interest thereon. Interest will be computed on the basis of a 365-day calendar year. The yearly rate of interest that is equivalent to the rate payable under the Notes is the rate payable multiplied by the actual 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).

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The Notes 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 Notes may be redeemed at any time 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 Notes, or (b) 100 % of the principal amount thereof. In addition, accrued and unpaid interest, if any, will be paid to the date fixed for redemption.

In the case of a redemption for less than all of the Notes, the 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 date of redemption) from the redemption date to the respective due dates for such payments until maturity of the Notes computed on a semi-annual basis by discounting such payments (assuming a 365 day year) to the redemption date at the Government of Canada Yield plus 16 basis points.

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, compounded semi-annually, which a non-callable Government of Canada Bond would carry if issued, in Canadian Dollars in Canada, at 100 % of its principal amount on such date with a term to maturity which most closely approximates the remaining term to maturity of the 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 will be subject to redemption 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 principal amount, together with accrued 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 outstanding Notes any Additional Amounts 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 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 Notes).

Purchase of Notes

The Company may, at any time and from time to time, purchase Notes 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. As an additional condition to defeasance with respect to the Notes, the Company will deliver to the Trustee an opinion of counsel to the effect that the holders of Notes will not recognize income gain or loss for Canadian or United States federal income tax purposes as a result of such defeasance and will be subject to Canadian and United States federal income tax on the same basis as if such defeasance had not occurred.

Events of Default

Events of Default are described in the short form base shelf prospectus and reference is made to that document for a list of the events which constitute an Event of Default with respect to the Notes.

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Negative Pledge

The Indenture contains provisions to the effect that the Company will not, nor will it permit any Restricted Subsidiary (as defined below) to create or assume any Lien (as defined 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 (together with, if the Company shall so determine, any other Indebtedness of the Company or any Restricted Subsidiary ranking equally with the Notes 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, including:

(i) Liens existing on the series issuance date for the Notes (namely May 18, 2006);

(ii) Liens on any Property of any Person existing at the time such Person becomes a Restricted Subsidiary, or at the time such Person amalgamates or merges with the Company or a Restricted Subsidiary, which Liens are not created in contemplation of such Person becoming a Restricted Subsidiary or effecting such amalgamation or merger;

(iii) Liens on any Property existing at the time such Property is acquired by the Company or a Restricted Subsidiary, or Liens to secure the payment of all or any part of the purchase price of such Property upon the acquisition of 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) any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any Lien 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 determined at such time of the then outstanding Unrestricted Sale and Lease-Back Transactions 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.

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 exceeds 10% of the consolidated assets of the Company and its Subsidiaries, determined in accordance with Canadian generally accepted accounting principles consistently applied, provided that Restricted Subsidiary shall not include any Subsidiary that is principally engaged in the wireless business or TELUS (Communications) Quebec Inc.

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 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 Fourth 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, ex