TELUS CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

SEPTEMBER 30, 2016

condensed interim consolidated statements of income and other comprehensive income (unaudited)

Periods ended September 30 (millions except per share amounts)	Note	Three months 2016	Three months 2015	Nine months 2016	Nine months 2015
OPERATING REVENUES					
Service		**$ 3,045**	$ 2,934	**$ 8,921**	$ 8,647
Equipment		**180**	207	**516**	597
Revenues arising from contracts with customers		**3,225**	3,141	**9,437**	9,244
Other operating income	*6*	**13**	14	**57**	41
		3,238	3,155	**9,494**	9,285
OPERATING EXPENSES					
Goods and services purchased		**1,426**	1,394	**4,057**	4,050
Employee benefits expense	*7*	**681**	693	**1,977**	1,951
Depreciation	*16*	**388**	361	**1,158**	1,069
Amortization of intangible assets	*17*	**127**	110	**356**	322
		2,622	2,558	**7,548**	7,392
OPERATING INCOME		**616**	597	**1,946**	1,893
Financing costs	*8*	**129**	106	**386**	333
INCOME BEFORE INCOME TAXES		**487**	491	**1,560**	1,560
Income taxes	*9*	**132**	126	**411**	439
NET INCOME		**355**	365	**1,149**	1,121
OTHER COMPREHENSIVE INCOME	*10*				
Items that may subsequently be reclassified to income					
Change in unrealized fair value of derivatives designated as cash flow hedges		**(4)**	1	**(13)**	(1)
Foreign currency translation adjustment arising from translating financial statements of foreign operations		**2**	12	**4**	17
Change in unrealized fair value of available-for-sale financial assets		**2**	1	**(1)**	(2)
		—	14	**(10)**	14
Item never subsequently reclassified to income					
Employee defined benefit plan re-measurements		**150**	(156)	**167**	(41)
		150	(142)	**157**	(27)
COMPREHENSIVE INCOME		**$ 505**	$ 223	**$ 1,306**	$ 1,094
NET INCOME ATTRIBUTABLE TO:					
Common Shares		**$ 348**	$ 365	**$ 1,142**	$ 1,121
Non-controlling interest		**7**	—	**7**	—
		$ 355	$ 365	**$ 1,149**	$ 1,121
COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Common Shares		**$ 501**	$ 223	**$ 1,298**	$ 1,094
Non-controlling interest		**4**	—	**8**	—
		$ 505	$ 223	**$ 1,306**	$ 1,094
NET INCOME PER COMMON SHARE	*11*				
Basic		**$ 0.59**	$ 0.61	**$ 1.93**	$ 1.85
Diluted		**$ 0.59**	$ 0.61	**$ 1.93**	$ 1.85
TOTAL WEIGHTED AVERAGE COMMON SHARES OUTSTANDING					
Basic		**592**	601	**593**	605
Diluted		**592**	603	**593**	606

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

condensed interim consolidated statements of financial position (unaudited)

As at (millions)	Note	September 30, 2016	December 31, 2015
ASSETS			
Current assets			
Cash and temporary investments, net		**$ 410**	$ 223
Accounts receivable	*25(a)*	**1,422**	1,428
Income and other taxes receivable		**85**	1
Inventories	*25(a)*	**262**	360
Prepaid expenses		**307**	213
Real estate joint venture advances	*18(c)*	**—**	66
Current derivative assets	*4(e)*	**11**	40
		2,497	2,331
Non-current assets			
Property, plant and equipment, net	*16*	**10,297**	9,736
Intangible assets, net	*17*	**10,292**	9,985
Goodwill, net	*17*	**3,776**	3,761
Other long-term assets	*25(a)*	**830**	593
		25,195	24,075
		$ 27,692	$ 26,406
LIABILITIES AND OWNERS' EQUITY			
Current liabilities			
Short-term borrowings	*19*	**$ 100**	$ 100
Accounts payable and accrued liabilities	*25(a)*	**2,181**	1,990
Income and other taxes payable		**37**	108
Dividends payable	*12*	**272**	263
Advance billings and customer deposits	*25(a)*	**747**	760
Provisions	*20*	**170**	197
Current maturities of long-term debt	*21*	**850**	856
Current derivative liabilities	*4(e)*	**12**	2
		4,369	4,276
Non-current liabilities			
Provisions	*20*	**432**	433
Long-term debt	*21*	**11,604**	11,182
Other long-term liabilities	*25(a)*	**731**	688
Deferred income taxes		**2,263**	2,155
		15,030	14,458
Liabilities		**19,399**	18,734
Owners' equity			
Common equity	*22*	**8,281**	7,672
Non-controlling interest		**12**	—
		8,293	7,672
		$ 27,692	$ 26,406

Commitments and Contingent Liabilities *23*

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

condensed interim consolidated statements of changes in owners' equity (unaudited)

(millions)	Note	Common equity: Equity contributed: Common Shares (Note 22): Number of shares	Common Shares (Note 22): Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total	Non-controlling interest	Total
Balance as at January 1, 2015		609	$ 5,175	$ 141	$ 2,100	$ 38	$ 7,454		
Net income		—	—	—	1,121	—	1,121		
Other comprehensive income	*10*	—	—	—	(41)	14	(27)		
Dividends	*12*	—	—	—	(748)	—	(748)		
Share option award expense	*13(a)*	—	—	1	—	—	1		
Share option award net-equity settlement feature	*13(d)*	1	5	(5)	—	—	—		
Normal course issuer bid purchase of Common Shares		(10)	(82)	—	(319)	—	(401)		
Liability for automatic share purchase plan commitment pursuant to normal course issuer bids for Common Shares	*22(b)*								
Reversal of opening liability		—	15	—	60	—	75		
Recognition of closing liability		—	(11)	—	(44)	—	(55)		
Balance as at September 30, 2015		600	$ 5,102	$ 137	$ 2,129	$ 52	$ 7,420		
Balance as at January 1, 2016		**594**	**$ 5,050**	**$ 135**	**$ 2,428**	**$ 59**	**$ 7,672**	**$ —**	**$ 7,672**
Net income		**—**	**—**	**—**	**1,142**	**—**	**1,142**	**7**	**1,149**
Other comprehensive income	*10*	**—**	**—**	**—**	**167**	**(11)**	**156**	**1**	**157**
Dividends	*12*	**—**	**—**	**—**	**(807)**	**—**	**(807)**	**—**	**(807)**
Share option award net-equity settlement feature	*13(d)*	**—**	**2**	**(2)**	**—**	**—**	**—**	**—**	**—**
Normal course issuer bid purchase of Common Shares		**(3)**	**(29)**	**—**	**(101)**	**—**	**(130)**	**—**	**(130)**
Liability for automatic share purchase plan commitment pursuant to normal course issuer bids for Common Shares	*22(b)*								
Reversal of opening liability		**—**	**14**	**—**	**46**	**—**	**60**	**—**	**60**
Recognition of closing liability		**—**	**(9)**	**—**	**(39)**	**—**	**(48)**	**—**	**(48)**
Change in ownership interests of subsidiary	*1(b), 25(c)*	**—**	**—**	**236**	**—**	**—**	**236**	**4**	**240**
Balance as at September 30, 2016		**591**	**$ 5,028**	**$ 369**	**$ 2,836**	**$ 48**	**$ 8,281**	**$ 12**	**$ 8,293**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

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condensed interim consolidated statements of cash flows (unaudited)

Periods ended September 30 (millions)	Note	Three months 2016	Three months 2015	Nine months 2016	Nine months 2015
OPERATING ACTIVITIES					
Net income		**$ 355**	$ 365	**$ 1,149**	$ 1,121
Adjustments to reconcile net income to cash provided by operating activities:					
Depreciation and amortization		**515**	471	**1,514**	1,391
Deferred income taxes	*9*	**47**	31	**48**	77
Share-based compensation expense, net	*13(a)*	**27**	38	**65**	40
Net employee defined benefit plans expense	*14(a)*	**23**	27	**67**	81
Employer contributions to employee defined benefit plans		**(14)**	(20)	**(53)**	(68)
Other		**8**	22	**(5)**	36
Net change in non-cash operating working capital	*25(b)*	**71**	91	**(298)**	8
Cash provided by operating activities		**1,032**	1,025	**2,487**	2,686
INVESTING ACTIVITIES					
Cash payments for capital assets, excluding spectrum licences	*25(b)*	**(711)**	(616)	**(1,971)**	(1,903)
Cash payments for spectrum licences		**—**	(12)	**(145)**	(2,002)
Cash payments for acquisitions		**(14)**	(5)	**(16)**	(10)
Real estate joint ventures advances and contributions	*18(c)*	**(5)**	(14)	**(28)**	(38)
Real estate joint venture receipts	*18(c)*	**50**	95	**91**	97
Other		**—**	3	**(6)**	4
Cash used by investing activities		**(680)**	(549)	**(2,075)**	(3,852)
FINANCING ACTIVITIES	*25(c)*				
Dividends paid to holders of Common Shares	*12(a)*	**(274)**	(253)	**(798)**	(740)
Purchase of Common Shares for cancellation	*22(b)*	**(19)**	(140)	**(140)**	(402)
Issuance and repayment of short-term borrowings	*19*	**(3)**	(399)	**—**	1
Long-term debt issued	*21*	**1,336**	2,985	**4,623**	6,279
Redemptions and repayment of long-term debt	*21*	**(1,403)**	(2,605)	**(4,186)**	(3,882)
Issue of shares by subsidiary to non-controlling interest	*1(b)*	**(1)**	—	**291**	—
Other		**(6)**	—	**(15)**	(9)
Cash provided (used) by financing activities		**(370)**	(412)	**(225)**	1,247
CASH POSITION					
Increase (decrease) in cash and temporary investments, net		**(18)**	64	**187**	81
Cash and temporary investments, net, beginning of period		**428**	77	**223**	60
Cash and temporary investments, net, end of period		**$ 410**	$ 141	**$ 410**	$ 141
SUPPLEMENTAL DISCLOSURE OF OPERATING CASH FLOWS					
Interest paid		**$ (132)**	$ (115)	**$ (387)**	$ (329)
Interest received		**$ —**	$ —	**$ 1**	$ 3
Income taxes paid, net		**$ (148)**	$ (71)	**$ (571)**	$ (249)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

SEPTEMBER 30, 2016

TELUS Corporation is one of Canada's largest telecommunications companies, providing a wide range of telecommunications services and products, including wireless and wireline voice and data. Data services include: Internet protocol; television; hosting, managed information technology and cloud-based services; healthcare solutions; and business process outsourcing.

TELUS Corporation was incorporated under the *Company Act* (British Columbia) 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. and the former Alberta-based TELUS Corporation (TC), BCT acquired all of the shares of BC TELECOM Inc. and TC in exchange for Common Shares and Non-Voting Shares of BCT, and BC TELECOM Inc. was dissolved. On May 3, 2000, BCT changed its name to TELUS Corporation and in February 2005, TELUS Corporation transitioned under the *Business Corporations Act* (British Columbia), successor to the *Company Act* (British Columbia). TELUS Corporation maintains its registered office at Floor 7, 510 West Georgia Street, Vancouver, British Columbia, V6B 0M3.

The terms "TELUS", "we", "us", "our" or "ourselves" are used to refer to TELUS Corporation and, where the context of the narrative permits or requires, its subsidiaries.

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1 condensed interim consolidated financial statements

(a) Basis of presentation

The notes presented in our condensed interim consolidated financial statements include only significant events and transactions and are not fully inclusive of all matters normally disclosed in our annual audited financial statements; thus, our interim consolidated financial statements are referred to as condensed. Our condensed interim consolidated financial statements should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2015.

Our condensed interim consolidated financial statements are expressed in Canadian dollars and follow the same accounting policies and methods of their application as set out in our consolidated financial statements for the year ended December 31, 2015, other than as set out in *Note 2*. The generally accepted accounting principles that we use are International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS-IASB) and Canadian generally accepted accounting principles. Our condensed interim consolidated financial statements comply with International Accounting Standard 34, *Interim Financial Reporting* and reflect all adjustments (which are of a normal recurring nature) that are, in our opinion, necessary for a fair statement of the results for the interim periods presented.

Our condensed interim consolidated financial statements for the nine-month period ended September 30, 2016, were authorized by our Board of Directors for issue on November 4, 2016.

(b) Consolidation

Our consolidated financial statements include our accounts and the accounts of all of our subsidiaries, the principal one of which is TELUS Communications Inc. in which we have a 100% equity interest. Currently, through a 100% equity interest in each of the TELUS Communications Company partnership and the TELE-MOBILE COMPANY partnership, TELUS Communications Inc. includes substantially all of our wireless and wireline segments' operations.

Our financing arrangements and those of our wholly-owned subsidiaries do not impose restrictions on inter-corporate dividends.

On a continuing basis, we review our corporate organization and effect changes as appropriate so as to enhance the value of TELUS Corporation. This process can, and does, affect which of our subsidiaries are considered principal subsidiaries at any particular point in time.

During the three-month period ended June 30, 2016, a change in ownership interests occurred in respect of our TELUS International (Cda) Inc. subsidiary, which encompasses our TELUS International operations, due to it issuing shares to Baring Private Equity Asia for approximately $299 million, exclusive of net transaction costs. We continue to control and consolidate the subsidiary and the shares issued are accounted for as a 35% non-controlling interest. An amount equal to 35% of the net book value of the subsidiary has been credited to non-controlling interest in the unaudited condensed interim consolidated statement of changes in owners' equity and the net balance of proceeds has been credited to contributed surplus. In connection with the transaction, we have also arranged bank financing in the subsidiary company, as set out in *Note 21(e)*.

2 accounting policy developments

(a) Initial application of standards, interpretations and amendments to standards and interpretations in the reporting period

In January 2016, the International Accounting Standards Board released *Amendments to IAS 7, Statement of Cash Flows* as a part of their Disclosure Initiative. The amendments are required to be applied for years beginning on or after January 1, 2017, however we have currently applied them, as set out in *Note 25(c)*, and such application had no material effect on our financial performance or disclosure.

Annual Improvements to IFRSs 2012-2014 Cycle are required to be applied for years beginning on or after January 1, 2016, and such application had no effect on our financial performance or disclosure.

(b) Standards, interpretations and amendments to standards not yet effective and not yet applied

- IFRS 9, *Financial Instruments*, is required to be applied for years beginning on or after January 1, 2018. The new standard includes a model for classification and measurement, a single forward-looking "expected loss" impairment model and a reformed approach to hedge accounting. Based upon current facts and circumstances, we do not expect to be materially affected by the application of the standard and we are currently determining which date we will select for initial compliance if earlier than the required compliance date.
- IFRS 15, *Revenue from Contracts with Customers*, is required to be applied for years beginning on or after January 1, 2018, such date reflecting the one-year deferral approved by the International Accounting Standards Board on July 22, 2015. The International Accounting Standards Board and the Financial Accounting Standards Board of the United States worked on this joint project to clarify the principles for the recognition of revenue. The new standard was released in May 2014 and supersedes existing standards and interpretations including IAS 18, *Revenue*. In April 2016, the International Accounting Standards Board issued *Clarifications to IFRS 15, Revenue from Contracts with Customers*, clarifying application of some of the more complex aspects of the standard. We are currently assessing the impacts and transition provisions of the new standard.

  The effects of the new standard and the materiality of those effects will vary by industry and entity. Like many other telecommunications companies, we currently expect to be materially affected by its application, primarily in respect of the timing of revenue recognition, the classification of revenue, the capitalization of costs of obtaining a contract with a customer and possibly the capitalization of the costs of contract fulfilment (as defined by the new standard). The timing of revenue recognition and the classification of our revenues as either service revenues or equipment revenues will be affected, since the allocation of consideration in multiple element arrangements (solutions for our customers that may involve deliveries of multiple services and products that occur at different points in time and/or over different periods of time) will no longer be affected by the current limitation cap methodology.

  The effects of the timing of revenue recognition and the classification of revenue are expected to be most pronounced in our wireless segment. Although the measurement of the total revenue recognized over the life of a contract will be largely unaffected by the new standard, the prohibition of the use of the limitation cap methodology will accelerate the recognition of total contract revenue, relative to both the associated cash inflows from customers and our current practice (using the limitation cap methodology). The acceleration of the recognition of contract revenue relative to the associated cash inflows will also result in the recognition of an amount reflecting the resulting difference as an asset. Although the underlying transaction economics would not differ, during periods of sustained

growth in the number of wireless subscriber connection additions, assuming comparable contract-lifetime per unit cash inflows, revenues would appear to be greater than under current practice (using the limitation cap methodology). Wireline segment results arising from transactions that include the initial provision of subsidized hardware or promotional pricing plans will be similarly affected.

Similarly, the measurement of the total costs of contract acquisition and contract fulfilment over the life of a contract will be unaffected by the new standard, but timing of recognition will be. The new standard will result in our wireless and wireline segments' costs of contract acquisition and contract fulfilment, to the extent that they are material, being capitalized and subsequently recognized as an expense over the life of a contract on a rational, systematic basis consistent with the pattern of the transfer of goods or services to which the asset relates. Although the underlying transaction economics would not differ, during periods of sustained growth in the number of customer connection additions, assuming comparable per unit costs of contract acquisition and contract fulfilment, absolute profitability measures would appear to be greater than under the current practice of immediately expensing such costs.

Our operations and associated systems are complex and our accounting for millions of multi-year contracts with our customers will be affected. Significantly, in order to effect the associated accounting, incremental compilation of historical data will be necessary for the millions of already existing multi-year contracts with our customers that are expected to be in-scope for purposes of transitioning to the new standard. Our current estimate of the time and effort necessary to develop and implement the accounting policies, estimates, judgments and processes (including incremental requirements of our information technology systems) we will need to have in place in order to comply with the new standard extends into mid-2017. As a result, at this time, it is not possible to make reasonable quantitative estimates of the effects of the new standard.

- In January 2016 the International Accounting Standards Board released IFRS 16, *Leases*, which is required to be applied for years beginning on or after January 1, 2019, and which supersedes IAS 17, *Leases*; earlier application is allowed, but not before the application of IFRS 15, *Revenue from Contracts with Customers*. The International Accounting Standards Board and the Financial Accounting Standards Board of the United States worked together to modify the accounting for leases, generally by eliminating lessees' classification of leases as either operating leases or finance leases and, for IFRS-IASB, introducing a single lessee accounting model.

  The most significant effect of the new standard will be the lessee's recognition of the initial present value of unavoidable future lease payments as lease assets and lease liabilities on the statement of financial position, including for most leases which would be currently accounted for as operating leases. Leases with durations of 12 months or less and leases for low-value assets are both exempted.

  The measurement of the total lease expense over the term of a lease will be unaffected by the new standard. However, the new standard will result in the timing of lease expense recognition being accelerated for leases which would be currently accounted for as operating leases; the International Accounting Standards Board expects that this effect may be muted by a lessee having a portfolio of leases with varying maturities and lengths of term. The presentation on the statement of income and other comprehensive income required by the new standard will result in most lease expenses being presented as amortization of lease assets and financing costs arising from lease liabilities rather than as being a part of goods and services purchased, thus reported operating income would be higher under the new standard.

  Relative to the results of applying the current standard, although the actual cash flows will be unaffected, the lessee's statement of cash flows will reflect increased operating activity cash flows equally offset by decreased financing activity cash flows due to the payment of the "principal" component of leases, which would be currently accounted for as operating leases, being presented as a cash flow use within financing activities under the new standard.

  We are currently assessing the impacts and transition provisions of the new standard, but we expect that our consolidated statement of financial position will be materially affected, as will be debt-related and results of operations-related financial metrics. At this time it is not possible to make reasonable quantitative estimates of the effects of the new standard.

3 capital structure financial policies

Our objective when managing capital is to maintain a flexible capital structure that optimizes the cost and availability of capital at acceptable risk.

In the management of capital and in its definition, we include common equity (excluding accumulated other comprehensive income), long-term debt (including long-term credit facilities, commercial paper backstopped by long-

term credit facilities and any hedging assets or liabilities associated with long-term debt items, net of amounts recognized in accumulated other comprehensive income), cash and temporary investments, and short-term borrowings arising from securitized trade receivables.

We manage our capital structure and make adjustments to it in light of changes in economic conditions and the risk characteristics of our telecommunications infrastructure. In order to maintain or adjust our capital structure, we may adjust the amount of dividends paid to holders of Common Shares, purchase Common Shares for cancellation pursuant to normal course issuer bids, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or increase or decrease the amount of trade receivables sold to an arm's-length securitization trust.

We monitor capital utilizing a number of measures, including: net debt to earnings before interest, income taxes, depreciation and amortization (EBITDA[*]) – excluding restructuring and other costs; and dividend payout ratios.

Net debt to EBITDA – excluding restructuring and other costs is calculated as net debt at the end of the period divided by 12-month trailing EBITDA – excluding restructuring and other costs. This measure, historically, is substantially similar to the leverage ratio covenant in our credit facilities. Net debt, EBITDA – excluding restructuring and other costs and adjusted net earnings are measures that do not have any standardized meanings prescribed by IFRS-IASB and are therefore unlikely to be comparable to similar measures presented by other companies. The calculation of these measures is as set out in the following table. Net debt is one component of a ratio used to determine compliance with debt covenants.

The dividend payout ratio presented is a historical measure calculated as the sum of the last four quarterly dividends declared per Common Share, as recorded in the financial statements, divided by the sum of basic earnings per share for the most recent four quarters for interim reporting periods (divided by annual basic earnings per share if the reported amount is in respect of a fiscal year). The dividend payout ratio of adjusted net earnings presented, also a historical measure, differs in that it excludes the gain on exchange of wireless spectrum licences, net gains and equity income from real estate joint ventures, long-term debt prepayment premium and income tax-related adjustments.

During 2016, our financial objectives, which are reviewed annually and which were unchanged from 2015 other than for a revision to our debt ratio long-term objective, included maintaining the financial objectives set out in the following table. We believe that our financial objectives are supportive of our long-term strategy.

As at, or for the12-month periods ended, September 30 ($ in millions)	Objective	2016	2015
Components of debt and coverage ratios			
Net debt [1]		**$ 12,217**	$ 11,713
EBITDA – excluding restructuring and other costs [2]		**$ 4,668**	$ 4,438
Net interest cost [3]		**$ 548**	$ 454
Debt ratio			
Net debt to EBITDA – excluding restructuring and other costs	2.00 – 2.50 [4]	**2.62**	2.64
Coverage ratios			
Earnings coverage [5]		**4.6**	5.1
EBITDA – excluding restructuring and other costs interest coverage [6]		**8.5**	9.8
Other measures			
Dividend payout ratio of adjusted net earnings [7]		**77%**	69%
Dividend payout ratio	65%–75% [8]	**76%**	69%

1 Net debt is calculated as follows:

As at September 30	*Note*	2016	2015
Long-term debt	*21*	**$ 12,454**	$ 11,712
Debt issuance costs netted against long-term debt		**67**	48
Derivative (assets) liabilities, net		**24**	(7)
Accumulated other comprehensive income amounts arising from financial instruments used to manage interest rate and currency risks associated with U.S. dollar-denominated long-term debt (excluding tax effects)		**(18)**	—
Cash and temporary investments, net		**(410)**	(141)
Short-term borrowings	*19*	**100**	101
Net debt		**$ 12,217**	$ 11,713

[*] EBITDA does not have any standardized meaning prescribed by IFRS-IASB and is therefore unlikely to be comparable to similar measures presented by other issuers; we define EBITDA as operating revenues less goods and services purchased and employee benefits expense. We have issued guidance on, and report, EBITDA because it is a key measure that management uses to evaluate the performance of our business and it is also utilized in measuring compliance with certain debt covenants.

2 EBITDA – excluding restructuring and other costs is calculated as follows:

	EBITDA (*Note 5*)	Restructuring and other costs (*Note 15*)	EBITDA – excluding restructuring and other costs
Add			
Nine-month period ended September 30, 2016	$ 3,460	$ 131	$ 3,591
Year ended December 31, 2015	4,262	226	4,488
Deduct			
Nine-month period ended September 30, 2015	(3,284)	(127)	(3,411)
EBITDA – excluding restructuring and other costs	$ 4,438	$ 230	$ 4,668

3 Net interest cost is defined as financing costs, excluding employee defined benefit plans net interest and recoveries on long-term debt prepayment premium and repayment of debt, calculated on a 12-month trailing basis (expenses recorded for long-term debt prepayment premium, if any, are included in net interest cost).

4 Our long-term objective range for this ratio is 2.00 – 2.50 times. The ratio as at September 30, 2016, is outside the long-term objective range. In the short term, we may permit this ratio to go outside the objective range (for long-term investment opportunities), but will endeavor to return this ratio to within the objective range in the medium term, as we believe that this range is supportive of our long-term strategy. We are well in compliance with our credit facilities leverage ratio covenant which states that we may not permit our net debt to operating cash flow ratio to exceed 4.00:1.00 (see *Note 21(d)*); the calculation of the debt ratio is substantially similar to the calculation of the leverage ratio covenant in our credit facilities.

5 Earnings coverage is defined as net income before borrowing costs and income tax expense, divided by borrowing costs (interest on long-term debt; interest on short-term borrowings and other; long-term debt prepayment premium); and adding back capitalized interest.

6 EBITDA – excluding restructuring and other costs interest coverage is defined as EBITDA – excluding restructuring and other costs divided by net interest cost. This measure is substantially similar to the coverage ratio covenant in our credit facilities.

7 Adjusted net earnings attributable to Common Shares is calculated as follows:

12-month periods ended September 30	**2016**	2015
Net income attributable to Common Shares	**$ 1,403**	$ 1,433
Gain from exchange of wireless spectrum licences, after income taxes	**(13)**	—
Gain and net equity income related to real estate redevelopment project, after income taxes	**(11)**	—
Add back business acquisition-related provisions	**10**	—
Income tax-related adjustments	**(11)**	6
Adjusted net earnings attributable to Common Shares	**$ 1,378**	$ 1,439

8 Our target guideline for the dividend payout ratio is 65%–75% of sustainable earnings on a prospective basis; we estimate that we will be within our target guideline on a prospective basis.

Net debt to EBITDA – excluding restructuring and other costs was 2.62 times as at September 30, 2016, a decrease from one year earlier. The increase in net debt, primarily due to the purchase of spectrum licences, was offset by growth in EBITDA – excluding restructuring and other costs. The earnings coverage ratio for the twelve-month period ended September 30, 2016, was 4.6 times, down from 5.1 times one year earlier. Higher borrowing costs reduced the ratio by 0.4 and lower income before borrowing costs and income taxes reduced the ratio by 0.1. The EBITDA – excluding restructuring and other costs interest coverage ratio for the twelve-month period ended September 30, 2016, was 8.5 times, down from 9.8 times one year earlier. Growth in EBITDA – excluding restructuring and other costs increased the ratio by 0.5, while an increase in net interest costs reduced the ratio by 1.8.

4 financial instruments

(a) Credit risk

Excluding credit risk, if any, arising from currency swaps settled on a gross basis, the best representation of our maximum exposure (excluding income tax effects) to credit risk, which is a worst-case scenario and does not reflect results we expect, is as set out in the following table:

As at (millions)	**September 30, 2016**	December 31, 2015
Cash and temporary investments, net	**$ 410**	$ 223
Accounts receivable	**1,422**	1,428
Derivative assets	**18**	40
	$ 1,850	$ 1,691

Cash and temporary investments

Credit risk associated with cash and temporary investments is managed by ensuring that these financial assets are placed with: governments; major financial institutions that have been accorded strong investment grade ratings by a primary rating agency; and/or other creditworthy counterparties. An ongoing review is performed to evaluate changes in the status of counterparties.

Accounts receivable

Credit risk associated with accounts receivable is inherently managed by our large and diverse customer base, which includes substantially all consumer and business sectors in Canada. We follow a program of credit evaluations of customers and limit the amount of credit extended when deemed necessary.

The following table presents an analysis of the age of customer accounts receivable for which an allowance has not been made as at the dates of the Condensed interim consolidated statements of financial position. As at September 30, 2016, the weighted average age of customer accounts receivable was 26 days (December 31, 2015 – 28 days) and the weighted average age of past-due customer accounts receivable was 66 days (December 31, 2015 – 62 days). Any late payment charges are levied, at an industry-based market or negotiated rate, on outstanding non-current customer account balances.

As at (millions)	Note	**September 30, 2016**	December 31, 2015
Customer accounts receivable, net of allowance for doubtful accounts			
Less than 30 days past billing date		**$ 857**	$ 823
30-60 days past billing date		**142**	208
61-90 days past billing date		**23**	52
More than 90 days past billing date		**69**	64
		$ 1,091	$ 1,147
Customer accounts receivable	*25(a)*	**$ 1,144**	$ 1,199
Allowance for doubtful accounts		**(53)**	(52)
		$ 1,091	$ 1,147

We maintain allowances for potential credit losses related to doubtful accounts. Current economic conditions, historical information, reasons for the accounts being past due and line of business from which the customer accounts receivable arose are all considered when determining whether to make allowances for past-due accounts. The same factors are considered when determining whether to write off amounts charged to the allowance for doubtful accounts against the customer accounts receivable. The doubtful accounts expense is calculated on a specific-identification basis for customer accounts receivable over a specific balance threshold and on a statistically derived allowance basis for the remainder. No customer accounts receivable are written off directly to the doubtful accounts expense.

The following table presents a summary of the activity related to our allowance for doubtful accounts.

	Three months		Nine months	
Periods ended September 30 (millions)	**2016**	2015	**2016**	2015
Balance, beginning of period	**$ 52**	$ 50	**$ 52**	$ 44
Additions (doubtful accounts expense)	**15**	10	**44**	39
Net use	**(14)**	(10)	**(43)**	(33)
Balance, end of period	**$ 53**	$ 50	**$ 53**	$ 50

Derivative assets (and derivative liabilities)

Counterparties to our share-based compensation cash-settled equity forward agreements and foreign exchange derivatives are major financial institutions that have been accorded investment grade ratings by a primary credit rating agency. The dollar amount of credit exposure under contracts with any one financial institution is limited and counterparties' credit ratings are monitored. We do not give or receive collateral on swap agreements and hedging items due to our credit rating and those of our counterparties. While we are exposed to potential credit losses due to the possible non-performance of our counterparties, we consider this risk remote. Our derivative liabilities do not have credit risk-related contingent features.

(b) Liquidity risk

As a component of our capital structure financial policies, discussed further in *Note 3*, we manage liquidity risk by:

- maintaining a daily cash pooling process that enables us to manage our available liquidity and our liquidity requirements according to our actual needs;
- maintaining bilateral bank facilities (*Note 19*) and syndicated credit facilities (*Note 21(d)-(e)*);
- maintaining an agreement to sell trade receivables to an arm's-length securitization trust (*Note 19*);
- maintaining a commercial paper program (*Note 21(c)*);
- maintaining an in-effect shelf prospectus;
- continuously monitoring forecast and actual cash flows; and
- managing maturity profiles of financial assets and financial liabilities.

Our debt maturities in future years are as disclosed in *Note 21(f)*. As at September 30, 2016, we could offer $2.2 billion of debt or equity securities pursuant to a shelf prospectus that is in effect until April 2018 (December 31, 2015 – $250 million

until December 2016). We believe that our investment grade credit ratings contribute to reasonable access to capital markets.

We closely match the contractual maturities of our derivative financial liabilities with those of the risk exposures they are being used to manage.

The expected maturities of our undiscounted financial liabilities do not differ significantly from the contractual maturities, other than as noted below. The contractual maturities of our undiscounted financial liabilities, including interest thereon (where applicable), are as set out in the following tables:

	Non-derivative						Derivative			
				Composite long-term debt						
As at September 30, 2016 (millions)	Non-interest bearing financial liabilities	Short-term borrowings[1]	Construction credit facilities commitment (*Note 18*)[2]	Long-term debt[1] (*Note 21*)	Currency swap agreement amounts to be exchanged[3] (Receive)	Currency swap agreement amounts to be exchanged[3] Pay	Other	Currency swap agreement amounts to be exchanged (Receive)	Currency swap agreement amounts to be exchanged Pay	Total
2016	$ 1,630	$ 100	$ 98	$ 261	$ (137)	$ 138	$ —	$ (120)	$ 123	$ 2,093
2017	412	—	—	1,218	(20)	21	2	(343)	344	1,634
2018	11	—	—	750	(22)	23	—	—	—	762
2019	10	—	—	1,498	(22)	23	—	—	—	1,509
2020	9	—	—	1,447	(22)	23	—	—	—	1,457
Thereafter	21	—	—	13,292	(930)	944	—	—	—	13,327
Total	$ 2,093	$ 100	$ 98	$ 18,466	$ (1,153)	$ 1,172	$ 2	$ (463)	$ 467	$ 20,782
				Total (*Note 21(f)*)		$ 18,485				

1 Cash outflows in respect of interest payments on our short-term borrowings, commercial paper and amounts drawn under our credit facilities (if any) have been calculated based upon the interest rates in effect as at September 30, 2016.
2 The drawdowns on the construction credit facilities are expected to occur as construction progresses through 2018.
3 The amounts included in undiscounted non-derivative long-term debt in respect of U.S. dollar denominated long-term debt, and the corresponding amounts in the long-term debt currency swaps receive column, have been determined based upon the currency exchange rates in effect as at September 30, 2016. The hedged U.S. dollar denominated long-term debt contractual amounts at maturity, in effect, are reflected in the long-term debt currency swaps pay column as gross cash flows are exchanged pursuant to the currency swap agreements.

	Non-derivative						Derivative			
				Composite long-term debt						
As at December 31, 2015 (millions)	Non-interest bearing financial liabilities	Short-term borrowings[1]	Construction credit facilities commitment (*Note 18*)[2]	Long-term debt[1] (*Note 21*)	Currency swap agreement amounts to be exchanged[3] (Receive)	Currency swap agreement amounts to be exchanged[3] Pay	Other	Currency swap agreement amounts to be exchanged (Receive)	Currency swap agreement amounts to be exchanged Pay	Total
2016	$ 1,895	$ 101	$ 131	$ 1,353	$ (256)	$ 242	$ 4	$ (415)	$ 390	$ 3,445
2017	28	—	—	1,174	—	—	9	—	—	1,211
2018	8	—	—	705	—	—	—	—	—	713
2019	6	—	—	1,453	—	—	—	—	—	1,459
2020	6	—	—	1,402	—	—	—	—	—	1,408
Thereafter	6	—	—	12,057	—	—	—	—	—	12,063
Total	$ 1,949	$ 101	$ 131	$ 18,144	$ (256)	$ 242	$ 13	$ (415)	$ 390	$ 20,299
				Total		$ 18,130				

1 Cash outflows in respect of interest payments on our short-term borrowings, commercial paper and amounts drawn under our credit facilities (if any) have been calculated based upon the interest rates in effect as at December 31, 2015.
2 The drawdowns on the construction credit facilities are expected to occur as construction progresses through 2018.
3 The amounts included in undiscounted non-derivative long-term debt in respect of U.S. dollar denominated long-term debt, and the corresponding amounts in the long-term debt currency swaps receive column, have been determined based upon the currency exchange rates in effect as at December 31, 2015. The hedged U.S. dollar denominated long-term debt contractual amounts at maturity, in effect, are reflected in the long-term debt currency swaps pay column as gross cash flows are exchanged pursuant to the currency swap agreements.

(c) Currency risk

Our functional currency is the Canadian dollar, but certain routine revenues and operating costs are denominated in U.S. dollars and some inventory purchases and capital asset acquisitions are sourced internationally. The U.S. dollar is the only foreign currency to which we have a significant exposure.

Our foreign exchange risk management includes the use of foreign currency forward contracts and currency options to fix the exchange rates on short-term U.S. dollar denominated transactions, commitments and commercial paper.

As discussed further in *Note 21(b)*, we are also exposed to currency risks in that the fair value or future cash flows of our U.S. Dollar Notes could fluctuate because of changes in foreign exchange rates. A currency hedging relationship has been established for the related semi-annual interest payments and principal payment at maturity.

(d) Market risk

Net income and other comprehensive income for the nine-month periods ended September 30, 2016 and 2015, could have varied if the Canadian dollar: U.S. dollar exchange rate and our Common Share price varied by reasonably possible amounts from their actual statement of financial position date amounts.

The sensitivity analysis of our exposure to currency risk at the reporting date has been determined based upon a hypothetical change taking place at the relevant statement of financial position date. The U.S. dollar denominated balances and derivative financial instrument notional amounts as at the statement of financial position dates have been used in the calculations.

The sensitivity analysis of our exposure to other price risk arising from share-based compensation at the reporting date has been determined based upon a hypothetical change taking place at the relevant statement of financial position date. The relevant notional number of Common Shares at the statement of financial position date, which includes those in the cash-settled equity swap agreements, has been used in the calculations.

Income tax expense, which is reflected net in the sensitivity analysis, reflects the applicable statutory income tax rates for the reporting periods.

Nine-month periods ended September 30	Net income		Other comprehensive income		Comprehensive income	
(increase (decrease) in millions)	**2016**	2015	**2016**	2015	**2016**	2015
Reasonably possible changes in market risks [1]						
10% change in Cdn.$: U.S.$ exchange rate						
Canadian dollar appreciates	**$ (2)**	$ (24)	**$ (5)**	$ (7)	**$ (7)**	$ (31)
Canadian dollar depreciates	**$ 2**	$ 23	**$ 9**	$ 7	**$ 11**	$ 30
25% [2] change in Common Share price [3]						
Price increases	**$ (14)**	$ (10)	**$ 17**	$ 13	**$ 3**	$ 3
Price decreases	**$ 10**	$ 10	**$ (17)**	$ (13)	**$ (7)**	$ (3)

1 These sensitivities are hypothetical and should be used with caution. Changes in net income and/or other comprehensive income generally cannot be extrapolated because the relationship of the change in assumption to the change in net income and/or other comprehensive income may not be linear. In this table, the effect of a variation in a particular assumption on the amount of net income and/or other comprehensive income is calculated without changing any other factors; in reality, changes in one factor may result in changes in another, which might magnify or counteract the sensitivities.
The sensitivity analysis assumes that we would realize the changes in exchange rates; in reality, the competitive marketplace in which we operate would have an effect on this assumption.
No consideration has been made for a difference in the notional number of Common Shares associated with share-based compensation awards made during the reporting period that may have arisen due to a difference in the Common Share price.

2 To facilitate ongoing comparison of sensitivities, a constant variance of approximate magnitude has been used. Reflecting a twelve-month data period and calculated on a monthly basis, the volatility of our Common Share price as at September 30, 2016, was 14.1% (2015 – 10.8%).

3 The hypothetical effects of changes in the price of our Common Shares are restricted to those which would arise from our share-based compensation awards that are accounted for as liability instruments and the associated cash-settled equity swap agreements.

(e) Fair values

General

The carrying values of cash and temporary investments, accounts receivable, short-term obligations, short-term borrowings, accounts payable and certain provisions (including restructuring accounts payable) approximate their fair values due to the immediate or short-term maturity of these financial instruments. The fair values are determined directly by reference to quoted market prices in active markets.

The carrying values of our investments accounted for using the cost method do not exceed their fair values. The fair values of our investments accounted for as available-for-sale are based on quoted market prices in active markets or other clear and objective evidence of fair value.

The fair value of our long-term debt is based on quoted market prices in active markets.

The fair values of the derivative financial instruments we use to manage our exposure to currency risks are estimated based upon quoted market prices in active markets for the same or similar financial instruments or on the current rates offered to us for financial instruments of the same maturity, as well as discounted future cash flows determined using current rates for similar financial instruments subject to similar risks and maturities (such fair value estimates being largely based on the Canadian dollar: U.S. dollar forward exchange rate as at the statement of financial position dates).

The fair values of the derivative financial instruments we use to manage our exposure to increases in compensation costs arising from certain forms of share-based compensation are based upon fair value estimates of the related cash-settled equity forward agreements provided by the counterparty to the transactions (such fair value estimates being largely based on our Common Share price as at the statement of financial position dates).

The financial instruments that we measure at fair value on a recurring basis in periods subsequent to initial recognition and the level within the fair value hierarchy at which they are measured are as set out in the following table.

As at (millions)	Carrying value		Fair value measurements at reporting date using: Quoted prices in active markets for identical items (Level 1)		Significant other observable inputs (Level 2)		Significant unobservable inputs (Level 3)	
	Sept. 30, 2016	Dec. 31, 2015	**Sept. 30, 2016**	Dec. 31, 2015	**Sept. 30, 2016**	Dec. 31, 2015	**Sept. 30, 2016**	Dec. 31, 2015
Assets								
Foreign exchange derivatives	**$ 4**	$ 40	**$ —**	$ —	**$ 4**	$ 40	**$ —**	$ —
Share-based compensation derivatives	**14**	—	**—**	—	**14**	—	**—**	—
Available-for-sale portfolio investments	**33**	30	**1**	2	**32**	28	**—**	—
	$ 51	$ 70	**$ 1**	$ 2	**$ 50**	$ 68	**$ —**	$ —
Liabilities								
Foreign exchange derivatives	**$ 35**	$ —	**$ —**	$ —	**$ 35**	$ —	**$ —**	$ —
Share-based compensation derivatives	**2**	11	**—**	—	**2**	11	**—**	—
	$ 37	$ 11	**$ —**	$ —	**$ 37**	$ 11	**$ —**	$ —

Derivative

The derivative financial instruments that we measure at fair value on a recurring basis subsequent to initial recognition are as set out in the following table.

As at (millions)	Designation	Maximum maturity date	**September 30, 2016** Notional amount	Fair value and carrying value	December 31, 2015 Notional amount	Fair value and carrying value
Current Assets [1]						
Derivatives used to manage						
Currency risks arising from U.S. dollar denominated purchases	HFT [2]	2017	**$ 8**	**$ 1**	$ 115	$ 15
Currency risks arising from U.S. dollar denominated purchases	HFH [3]	2017	**$ 187**	**3**	$ 161	11
Currency risks arising from U.S. dollar revenues	HFT [2]	2016	**$ —**	**—**	$ 62	—
Changes in share-based compensation costs *(Note 13(b))*	HFH [3]	2016	**$ 71**	**7**	$ —	—
Currency risks arising from U.S. dollar denominated long-term debt (*Note 21(b)-(c)*)	HFH [3]	2016	**$ 33**	**—**	$ 243	14
				$ 11		$ 40
Other Long-Term Assets [1]						
Derivatives used to manage						
Changes in share-based compensation costs *(Note 13(b))*	HFH [3]	2018	**$ 75**	**$ 7**	$ —	$ —
Current Liabilities [1]						
Derivatives used to manage						
Currency risks arising from U.S. dollar denominated purchases	HFT [2]	2016	**$ —**	**$ —**	$ 31	$ —
Currency risks arising from U.S. dollar denominated purchases	HFH [3]	2017	**$ 154**	**8**	$ 11	—
Currency risks arising from U.S. dollar revenues	HFT [2]	2017	**$ 118**	**3**	$ 8	—
Changes in share-based compensation costs *(Note 13(b))*	HFH [3]	2016	**$ 3**	**—**	$ 71	2
Currency risks arising from U.S. dollar denominated long-term debt (*Note 21(b)-(c)*)	HFH [3]	2016	**$ 104**	**1**	$ —	—
				$ 12		$ 2
Other Long-Term Liabilities [1]						
Derivatives used to manage						
Changes in share-based compensation costs *(Note 13(b))*	HFH [3]	2017	**$ 65**	**$ 2**	$ 68	$ 9
Currency risk arising from U.S. dollar denominated long-term debt (*Note 21(b)-(c)*)	HFH [3]	2027	**$ 1,035**	**23**	$ —	—
				$ 25		$ 9

1 Derivative financial assets and liabilities are not set off.
2 Designated as held for trading (HFT) upon initial recognition; hedge accounting is not applied.
3 Designated as held for hedging (HFH) upon initial recognition (cash flow hedging item); hedge accounting is applied.

Non-derivative

Our long-term debt, which is measured at amortized cost, and the fair value thereof, are as set out in the following table.

As at (millions)	**September 30, 2016**		December 31, 2015	
	Carrying value	Fair value	Carrying value	Fair value
Long-term debt (*Note 21*)	**$ 12,454**	**$ 13,511**	$ 12,038	$ 12,575

(f) Recognition of derivative gains and losses

The following table sets out the gains and losses, excluding income tax effects, on derivative instruments that are classified as cash flow hedging items and their location within the Condensed interim consolidated statements of income and other comprehensive income. There was no ineffective portion of derivative instruments classified as cash flow hedging items for the periods presented.

	Amount of gain (loss) recognized in other comprehensive income (effective portion) (*Note 10*)		Gain (loss) reclassified from other comprehensive income to income (effective portion) (*Note 10*)		
				Amount	
(millions)	**2016**	2015	Location	**2016**	2015
THREE-MONTH PERIODS ENDED SEPTEMBER 30					
Derivatives used to manage:					
Currency risks arising from U.S. dollar denominated purchases	**$ 5**	$ 5	Goods and services purchased	**$ (4)**	$ —
Changes in share-based compensation costs *(Note 13(b))*	**9**	(6)	Employee benefits expense	**5**	(1)
Currency risks arising from U.S. dollar denominated long-term debt (*Note 21(b)-(c)*)	**(8)**	32	Financing costs	**10**	32
	$ 6	$ 31		**$ 11**	$ 31
NINE-MONTH PERIODS ENDED SEPTEMBER 30					
Derivatives used to manage:					
Currency risks arising from U.S. dollar denominated purchases	**$ (19)**	$ 6	Goods and services purchased	**$ (6)**	$ —
Changes in share-based compensation costs *(Note 13(b))*	**24**	(1)	Employee benefits expense	**11**	7
Currency risks arising from U.S. dollar denominated long-term debt (*Note 21(b)-(c)*)	**(60)**	32	Financing costs	**(42)**	32
	$ (55)	$ 37		**$ (37)**	$ 39

The following table sets out the gains and losses arising from derivative instruments that are classified as held for trading and that are not designated as being in a hedging relationship, and their location within the Condensed interim consolidated statements of income and other comprehensive income.

		Gain (loss) recognized in income on derivatives			
		Three months		Nine months	
Periods ended September 30 (millions)	Location	**2016**	2015	**2016**	2015
Derivatives used to manage currency risks	Financing costs	**$ (1)**	$ 10	**$ (1)**	$ 19

5 segmented information

General

The operating segments that are regularly reported to our Chief Executive Officer (our chief operating decision-maker) are wireless and wireline. Operating segments are components of an entity that engage in business activities from which they earn revenues and incur expenses (including revenues and expenses related to transactions with the other component(s)), the operating results of which are regularly reviewed by a chief operating decision-maker to make resource allocation decisions and to assess performance.

As we do not currently aggregate operating segments, our reportable segments are also wireless and wireline. The wireless segment includes network revenues (data and voice) and equipment sales. The wireline segment includes data revenues (which includes Internet protocol; television; hosting, managed information technology and cloud-based services; business process outsourcing; and certain healthcare solutions), voice revenues, and other telecommunications services revenues, excluding wireless. Segmentation is based on similarities in technology, the technical expertise required to deliver the services and products, customer characteristics, the distribution channels used and regulatory treatment. Intersegment sales are recorded at the exchange value, which is the amount agreed to by the parties.

The following segmented information is regularly reported to our chief operating decision-maker.

Three-month periods ended September 30 (millions)	Wireless 2016	Wireless 2015	Wireline 2016	Wireline 2015	Eliminations 2016	Eliminations 2015	Consolidated 2016	Consolidated 2015
Operating revenues								
External revenue	**$ 1,818**	$ 1,767	**$ 1,420**	$ 1,388	**$ —**	$ —	**$ 3,238**	$ 3,155
Intersegment revenue	**15**	16	**48**	44	**(63)**	(60)	**—**	—
	$ 1,833	$ 1,783	**$ 1,468**	$ 1,432	**$ (63)**	$ (60)	**$ 3,238**	$ 3,155
EBITDA [1]	**$ 759**	$ 715	**$ 372**	$ 353	**$ —**	$ —	**$ 1,131**	$ 1,068
CAPEX, excluding spectrum licences [2]	**$ 295**	$ 209	**$ 492**	$ 414	**$ —**	$ —	**$ 787**	$ 623

	2016	2015
Operating revenues (above)	**$ 3,238**	$ 3,155
Goods and services purchased	**1,426**	1,394
Employee benefits expense	**681**	693
EBITDA (above)	**1,131**	1,068
Depreciation	**388**	361
Amortization	**127**	110
Operating income	**616**	597
Financing costs	**129**	106
Income before income taxes	**$ 487**	$ 491

1 Earnings before interest, income taxes, depreciation and amortization (EBITDA) does not have any standardized meaning prescribed by IFRS-IASB and is therefore unlikely to be comparable to similar measures presented by other issuers; we define EBITDA as operating revenues less goods and services purchased and employee benefits expense. We have issued guidance on, and report, EBITDA because it is a key measure that management uses to evaluate the performance of our business, and it is also utilized in measuring compliance with certain debt covenants.
2 Total capital expenditures (CAPEX); see *Note 25(b)* for a reconciliation of capital expenditures, excluding spectrum licences to cash payments for capital assets, excluding spectrum licences reported in the Condensed interim consolidated statements of cash flows.

Nine-month periods ended September 30 (millions)	Wireless 2016	Wireless 2015	Wireline 2016	Wireline 2015	Eliminations 2016	Eliminations 2015	Consolidated 2016	Consolidated 2015
Operating revenues								
External revenue	**$ 5,274**	$ 5,161	**$ 4,220**	$ 4,124	**$ —**	$ —	**$ 9,494**	$ 9,285
Intersegment revenue	**43**	44	**143**	130	**(186)**	(174)	**—**	—
	$ 5,317	$ 5,205	**$ 4,363**	$ 4,254	**$ (186)**	$ (174)	**$ 9,494**	$ 9,285
EBITDA [1]	**$ 2,308**	$ 2,178	**$ 1,152**	$ 1,106	**$ —**	$ —	**$ 3,460**	$ 3,284
CAPEX, excluding spectrum licences [2]	**$ 733**	$ 684	**$ 1,441**	$ 1,238	**$ —**	$ —	**$ 2,174**	$ 1,922

	2016	2015
Operating revenues (above)	**$ 9,494**	$ 9,285
Goods and services purchased	**4,057**	4,050
Employee benefits expense	**1,977**	1,951
EBITDA (above)	**3,460**	3,284
Depreciation	**1,158**	1,069
Amortization	**356**	322
Operating income	**1,946**	1,893
Financing costs	**386**	333
Income before income taxes	**$ 1,560**	$ 1,560

1 Earnings before interest, income taxes, depreciation and amortization (EBITDA) does not have any standardized meaning prescribed by IFRS-IASB and is therefore unlikely to be comparable to similar measures presented by other issuers; we define EBITDA as operating revenues less goods and services purchased and employee benefits expense. We have issued guidance on, and report, EBITDA because it is a key measure that management uses to evaluate the performance of our business, and it is also utilized in measuring compliance with certain debt covenants.
2 Total capital expenditures (CAPEX); see *Note 25(b)* for a reconciliation of capital expenditures, excluding spectrum licences to cash payments for capital assets, excluding spectrum licences reported in the Condensed interim consolidated statements of cash flows.

Geographical information

We attribute revenues from external customers to individual countries on the basis of the location where the goods and/or services are provided. We do not have material revenues that we attribute to countries other than Canada (our country of domicile), nor do we have material amounts of property, plant, equipment, intangible assets and/or goodwill located outside of Canada.

6 other operating income

Periods ended September 30 (millions)	Note	Three months 2016	Three months 2015	Nine months 2016	Nine months 2015
Government assistance, including deferral account amortization		**$ 10**	$ 14	**$ 28**	$ 38
Investment income (loss)		**10**	(2)	**19**	(4)
Interest income	*18(c)*	**—**	—	**1**	2
Gain (loss) on disposal of assets and other		**(7)**	2	**9**	5
		$ 13	$ 14	**$ 57**	$ 41

7 employee benefits expense

Periods ended September 30 (millions)	Note	Three months 2016	Three months 2015	Nine months 2016	Nine months 2015
Employee benefits expense – gross					
Wages and salaries		**$ 649**	$ 653	**$ 1,907**	$ 1,873
Share-based compensation [1]	*13*	**32**	35	**87**	99
Pensions – defined benefit	*14(a)*	**23**	27	**67**	81
Pensions – defined contribution	*14(b)*	**24**	24	**68**	69
Restructuring costs [1]	*15(b)*	**37**	34	**92**	68
Other		**35**	38	**113**	115
		800	811	**2,334**	2,305
Capitalized internal labour costs					
Property, plant and equipment		**(79)**	(82)	**(236)**	(241)
Intangible assets subject to amortization		**(40)**	(36)	**(121)**	(113)
		(119)	(118)	**(357)**	(354)
		$ 681	$ 693	**$ 1,977**	$ 1,951

1 For the three-month and nine-month periods ended September 30, 2016, $2 (2015 – $11) and $4 (2015 – $11), respectively, of share-based compensation was included in restructuring costs.

8 financing costs

Periods ended September 30 (millions)	Note	Three months 2016	Three months 2015	Nine months 2016	Nine months 2015
Interest expense					
Interest on long-term debt – gross		**$ 133**	$ 128	**$ 400**	$ 368
Capitalized long-term debt interest [1]		**(12)**	(18)	**(40)**	(27)
Interest on long-term debt – net		**121**	110	**360**	341
Interest on short-term borrowings and other		**1**	2	**3**	5
Interest accretion on provisions	*20*	**3**	3	**9**	9
		125	115	**372**	355
Employee defined benefit plans net interest	*14(a)*	**1**	7	**3**	20
Foreign exchange		**3**	(16)	**12**	(21)
		129	106	**387**	354
Interest income					
Interest on income tax refunds		**—**	—	**—**	(20)
Other		**—**	—	**(1)**	(1)
		—	—	**(1)**	(21)
		$ 129	$ 106	**$ 386**	$ 333

1 Long-term debt interest at a composite rate of 3.31% was capitalized to intangible assets with indefinite lives.

9 income taxes

Periods ended September 30 (millions)	Three months 2016	Three months 2015	Nine months 2016	Nine months 2015
Current income tax expense				
For current reporting period	$ 108	$ 118	$ 388	$ 462
Adjustments recognized in the current period for income taxes of prior periods	(23)	(23)	(25)	(100)
	85	95	363	362
Deferred income tax expense (recovery)				
Arising from the origination and reversal of temporary differences	27	12	25	(48)
Revaluation of deferred income tax liability to reflect future statutory income tax rates	—	—	1	48
Adjustments recognized in the current period for income taxes of prior periods	20	19	22	77
	47	31	48	77
	$ 132	$ 126	$ 411	$ 439

Our income tax expense and effective income tax rate differs from that calculated by applying the applicable statutory rates for the following reasons:

Three-month periods ended September 30 ($ in millions)	2016		2015	
Income taxes computed at applicable statutory rates	$ 129	26.6%	$ 130	26.5%
Revaluation of deferred income tax liability to reflect future income tax rates	—	—	—	—
Adjustments recognized in the current period for income taxes of prior periods	(3)	(0.6)	(4)	(0.8)
Other	6	1.1	—	—
Income tax expense per Condensed interim consolidated statements of income and other comprehensive income	$ 132	27.1%	$ 126	25.7%

Nine-month periods ended September 30 ($ in millions)	2016		2015	
Income taxes computed at applicable statutory rates	$ 414	26.5%	$ 412	26.4%
Revaluation of deferred income tax liability to reflect future income tax rates	1	0.1	48	3.1
Adjustments recognized in the current period for income taxes of prior periods	(3)	(0.2)	(23)	(1.5)
Other	(1)	(0.1)	2	0.1
Income tax expense per Condensed interim consolidated statements of income and other comprehensive income	$ 411	26.3%	$ 439	28.1%

10 other comprehensive income

	Items that may subsequently be reclassified to income						**Item never reclassified to income**	
	Change in unrealized fair value of derivatives designated as cash flow hedges in current period *(Note 4(f))*							
(millions)	Gains (losses) arising	Prior period (gains) losses transferred to net income	Total	Cumulative foreign currency translation adjustment	Change in unrealized fair value of available-for-sale financial assets	Accumulated other comp. income	Employee defined benefit plan re-measurements	Other comp. income
THREE-MONTH PERIODS ENDED SEPTEMBER 30								
Accumulated balance as at July 1, 2015			$ 2	$ 23	$ 13	$ 38		
Other comprehensive income (loss)								
Amount arising	$ 31	$ (31)	—	12	1	13	$ (212)	$ (199)
Income taxes	$ 2	$ (3)	(1)	—	—	(1)	(56)	(57)
Net			1	12	1	14	$ (156)	$ (142)
Accumulated balance as at September 30, 2015			$ 3	$ 35	$ 14	$ 52		
Accumulated balance as at July 1, 2016			$ (9)	$ 45	$ 13	$ 49		
Other comprehensive income (loss)								
Amount arising	$ 6	$ (11)	(5)	2	2	(1)	$ 204	$ 203
Income taxes	$ 3	$ (4)	(1)	—	—	(1)	54	53
Net			(4)	2	2	—	$ 150	$ 150
Accumulated balance as at September 30, 2016			$ (13)	$ 47	$ 15	$ 49		

(millions)	Items that may subsequently be reclassified to income: Change in unrealized fair value of derivatives designated as cash flow hedges in current period *(Note 4(f))*						Item never reclassified to income	
	Gains (losses) arising	Prior period (gains) losses transferred to net income	Total	Cumulative foreign currency translation adjustment	Change in unrealized fair value of available-for-sale financial assets	Accumulated other comp. income	Employee defined benefit plan re-measure-ments	Other comp. income
NINE-MONTH PERIODS ENDED SEPTEMBER 30								
Accumulated balance as at January 1, 2015			$ 4	$ 18	$ 16	$ 38		
Other comprehensive income (loss)								
Amount arising	$ 37	$ (39)	(2)	17	(2)	13	$ (65)	$ (52)
Income taxes	$ 3	$ (4)	(1)	—	—	(1)	(24)	(25)
Net			(1)	17	(2)	14	$ (41)	$ (27)
Accumulated balance as at September 30, 2015			$ 3	$ 35	$ 14	$ 52		
Accumulated balance as at January 1, 2016			**$ —**	**$ 43**	**$ 16**	**$ 59**		
Other comprehensive income (loss)								
Amount arising	**$ (55)**	**$ 37**	**(18)**	**4**	**(1)**	**(15)**	**$ 228**	**$ 213**
Income taxes	**$ (14)**	**$ 9**	**(5)**	**—**	**—**	**(5)**	**61**	**56**
Net			**(13)**	**4**	**(1)**	**(10)**	**$ 167**	**$ 157**
Accumulated balance as at September 30, 2016			**$ (13)**	**$ 47**	**$ 15**	**$ 49**		
Attributable to:								
Common Shares						**$ 48**		
Non-controlling interest						**1**		
						$ 49		

As at September 30, 2016, our estimate of the net amount of existing gains (losses) arising from the unrealized fair value of derivatives designated as cash flow hedges that are reported in accumulated other comprehensive income and are expected to be reclassified to net income in the next twelve months, excluding income tax effects, is $NIL.

11 per share amounts

Basic net income per Common Share is calculated by dividing net income attributable to Common Shares by the total weighted average number of Common Shares outstanding during the period. Diluted net income per Common Share is calculated to give effect to share option awards and restricted stock units.

The following table presents the reconciliations of the denominators of the basic and diluted per share computations. Net income was equal to diluted net income for all periods presented.

Periods ended September 30 (millions)	Three months **2016**	Three months 2015	Nine months **2016**	Nine months 2015
Basic total weighted average number of Common Shares outstanding	**592**	601	**593**	605
Effect of dilutive securities				
Share option awards	**—**	2	**—**	1
Diluted total weighted average number of Common Shares outstanding	**592**	603	**593**	606

For the three-month and nine-month periods ended September 30, 2016 and 2015, no outstanding share option awards were excluded in the computation of diluted net income per Common Share.

12 dividends per share

(a) Dividends declared

Nine-month periods ended September 30 (millions except per share amounts)	2016				2015			
	Declared		Paid to		Declared		Paid to	
Common Share dividends	Effective	Per share	shareholders	Total	Effective	Per share	shareholders	Total
Quarter 1 dividend	**Mar. 11, 2016**	**$ 0.44**	**Apr. 1, 2016**	**$ 261**	Mar. 11, 2015	$ 0.40	Apr. 1, 2015	$ 243
Quarter 2 dividend	**Jun. 10, 2016**	**0.46**	**Jul. 4, 2016**	**274**	Jun. 10, 2015	0.42	Jul. 2, 2015	253
Quarter 3 dividend	**Sep. 9, 2016**	**0.46**	**Oct. 3, 2016**	**272**	Sep. 10, 2015	0.42	Oct. 1, 2015	252
		$ 1.36		**$ 807**		$ 1.24		$ 748

On November 3, 2016, the Board of Directors declared a quarterly dividend of $0.48 per share on our issued and outstanding Common Shares payable on January 3, 2017, to holders of record at the close of business on December 9, 2016. The final amount of the dividend payment depends upon the number of Common Shares issued and outstanding at the close of business on December 9, 2016.

(b) Dividend Reinvestment and Share Purchase Plan

We have a Dividend Reinvestment and Share Purchase Plan under which eligible holders of Common Shares may acquire additional Common Shares by reinvesting dividends and by making additional optional cash payments to the trustee. Under this Plan, we have the option of offering Common Shares from Treasury or having the trustee acquire Common Shares in the stock market.

We may, at our discretion, offer Common Shares at a discount of up to 5% from the market price under the Plan. We opted to have the trustee acquire the Common Shares in the stock market with no discount offered. In respect of Common Share dividends declared during the three-month and nine-month periods ended September 30, 2016, $14 million (2015 – $16 million) and $44 million (2015 – $43 million), respectively, was to be reinvested in Common Shares.

13 share-based compensation

(a) Details of share-based compensation expense

Reflected in the Condensed interim consolidated statements of income and other comprehensive income as Employee benefits expense and in the Condensed interim consolidated statements of cash flows are the following share-based compensation amounts:

Three-month periods ended September 30 (millions)	2016			2015		
	Employee benefits expense	Associated operating cash outflows	Statement of cash flows adjustment	Employee benefits expense	Associated operating cash outflows	Statement of cash flows adjustment
Restricted stock units [1]	**$ 25**	**$ 2**	**$ 27**	$ 37	$ 1	$ 38
Employee share purchase plan	**9**	**(9)**	**—**	9	(9)	—
Share option awards	**—**	**—**	**—**	—	—	—
	$ 34	**$ (7)**	**$ 27**	$ 46	$ (8)	$ 38

1 The expense arising from restricted stock units was net of cash-settled equity swap agreement effects (see *Note 4(f)*). Within employee benefits expense (see *Note 7*), restricted stock unit expense of $23 (2015 – $26) is presented as share-based compensation and the balance is included in restructuring costs.

Nine-month periods ended September 30 (millions)	2016			2015		
	Employee benefits expense	Associated operating cash outflows	Statement of cash flows adjustment	Employee benefits expense	Associated operating cash outflows	Statement of cash flows adjustment
Restricted stock units [1]	**$ 63**	**$ 2**	**$ 65**	$ 81	$ (42)	$ 39
Employee share purchase plan	**28**	**(28)**	**—**	28	(28)	—
Share option awards	**—**	**—**	**—**	1	—	1
	$ 91	**$ (26)**	**$ 65**	$ 110	$ (70)	$ 40

1 The expense arising from restricted stock units was net of cash-settled equity swap agreement effects (see *Note 4(f)*). Within employee benefits expense (see *Note 7*), restricted stock unit expense of $59 (2015 – $70) is presented as share-based compensation and the balance is included in restructuring costs.

For the three-month and nine-month periods ended September 30, 2016, the associated operating cash outflows in respect of restricted stock units are net of cash inflows arising from the cash-settled equity swap agreements of $2 million (2015 – $2 million) and $6 million (2015 – $19 million), respectively. For the three-month and nine-month periods ended September 30, 2016, the income tax benefit arising from share-based compensation was $9 million (2015 – $12 million) and $24 million (2015 – $29 million), respectively.

(b) Restricted stock units

We use restricted stock units as a form of retention and incentive compensation. Each restricted stock unit is nominally equal in value to one Common Share and is nominally entitled to the dividends that would arise thereon if it were an issued and outstanding Common Share. The notional dividends are recorded as additional issuances of restricted stock units during the life of the restricted stock unit. Due to the notional dividend mechanism, the grant-date fair value of restricted stock units equals the fair market value of the corresponding Common Shares at the grant date. The restricted stock units generally become payable when vesting is completed and typically vest over a period of 33 months (the requisite service period). The vesting method of restricted stock units, which is determined on or before the date of grant, may be either cliff or graded; the majority of restricted stock units outstanding have cliff vesting. The associated liability is normally cash-settled.

We also award restricted stock units that largely have the same features as our general restricted stock units, but have a variable payout (0% – 200%) depending upon the achievement of our total customer connections performance condition (with a weighting of 25%) and the total shareholder return on our Common Shares relative to an international peer group of telecommunications companies (with a weighting of 75%). The grant-date fair value of the notional subset of our restricted stock units affected by the total customer connections performance condition equals the fair market value of the corresponding Common Shares at the grant date and thus the notional subset has been included in the presentation of our restricted stock units with only service conditions. The recurring estimate, which reflects a variable payout, of the fair value of the notional subset of our restricted stock units affected by the relative total shareholder return performance element is determined using a Monte Carlo simulation.

The following table presents a summary of our outstanding non-vested restricted stock units.

Number of non-vested restricted stock units as at	**September 30, 2016**	December 31, 2015
Restricted stock units without market performance conditions		
Restricted stock units with only service conditions	**5,101,555**	3,429,008
Notional subset affected by total customer connections performance condition	**198,085**	135,404
	5,299,640	3,564,412
Restricted stock units with market performance conditions		
Notional subset affected by relative total shareholder return performance condition	**594,254**	406,243
	5,893,894	3,970,655

The following table presents a summary of the activity related to our restricted stock units without market performance conditions.

Periods ended September 30, 2016	Three months			Nine months		
	Number of restricted stock units [1]		Weighted average grant-date fair value	Number of restricted stock units [1]		Weighted average grant-date fair value
	Non-vested	Vested		Non-vested	Vested	
Outstanding, beginning of period						
Non-vested	5,267,655	—	$ 38.98	3,564,412	—	$ 41.42
Vested	—	9,587	$ 40.80	—	29,008	$ 40.00
Issued						
Initial award	23,284	—	$ 42.97	1,909,972	—	$ 39.70
In lieu of dividends	57,224	92	$ 42.09	153,295	290	$ 40.99
Vested	(10,876)	10,876	$ 40.23	(85,064)	85,064	$ 41.15
Settled in cash	—	(12,049)	$ 40.37	—	(105,856)	$ 40.85
Forfeited and cancelled	(37,647)	—	$ 28.26	(242,975)	—	$ 34.03
Outstanding, end of period						
Non-vested	5,299,640	—	$ 40.81	5,299,640	—	$ 40.81
Vested	—	8,506	$ 41.21	—	8,506	$ 41.21

1 Excluding the notional subset of restricted stock units affected by the relative total shareholder return performance element.

With respect to certain issuances of restricted stock units, we have entered into cash-settled equity forward agreements that fix our cost; that information, as well as a schedule of our non-vested restricted stock units outstanding as at September 30, 2016, is set out in the following table.

Vesting in years ending December 31	Number of fixed-cost restricted stock units	Our fixed cost per restricted stock unit	Number of variable-cost restricted stock units	Total number of non-vested restricted stock units [1]
2016	1,798,900	$ 41.02	116,235	1,915,135
2017	1,610,984	$ 45.35	56,361	1,667,345
2018	1,552,377	$ 40.77	164,783	1,717,160
	4,962,261		337,379	5,299,640

1 Excluding the notional subset of restricted stock units affected by the relative total shareholder return performance element.

(c) Employee share purchase plan

Periods ended September 30 (millions)	Three months 2016	Three months 2015	Nine months 2016	Nine months 2015
Employee contributions	**$ 26**	$ 22	**$ 80**	$ 79
Employer contributions	**9**	9	**28**	28
	$ 35	$ 31	**$ 108**	$ 107

(d) Share option awards

The following table presents a summary of the activity related to our share option plan.

Period ended September 30, 2016	Three months: Number of share options	Three months: Weighted average share option price	Nine months: Number of share options	Nine months: Weighted average share option price
Outstanding, beginning of period	1,809,148	$ 23.78	2,375,596	$ 22.96
Exercised [1]	(294,573)	$ 20.66	(833,510)	$ 20.54
Forfeited	(424)	$ 16.31	(8,826)	$ 23.07
Expired	—	$ —	(19,109)	$ 15.29
Outstanding, end of period	1,514,151	$ 24.39	1,514,151	$ 24.39

1 The total intrinsic value of share option awards exercised for the three-month and nine-month periods ended September 30, 2016, was $7 million (reflecting a weighted average price at the dates of exercise of $43.06 per share) and $17 million (reflecting a weighted average price at the dates of exercise of $40.89 per share), respectively. The difference between the number of share options exercised and the number of Common Shares issued (as reflected in the Condensed interim consolidated statements of changes in owners' equity) is the effect of our choosing to settle share option award exercises using the net-equity settlement feature.

The following is a life and exercise price stratification of our outstanding share options, all of which are vested, as at September 30, 2016.

Options outstanding and exercisable				Total	Weighted average price
Range of option prices					
Low	$ 16.31	$ 21.42	$ 28.56	$ 16.31	
High	$ 18.92	$ 25.64	$ 31.69	$ 31.69	
Year of expiry and number of options					
2017	332,302	8,180	—	340,482	$ 16.50
2018	—	501,807	—	501,807	$ 23.29
2019	—	—	671,862	671,862	$ 29.20
	332,302	509,987	671,862	1,514,151	
Weighted average remaining contractual life (years)	0.4	1.4	2.6	1.7	
Weighted average price	$ 16.37	$ 23.27	$ 29.20	$ 24.39	
Aggregate intrinsic value [1] (millions)	$ 9	$ 10	$ 10	$ 29	

1 The aggregate intrinsic value is calculated based on the September 30, 2016, price of $43.29 per Common Share.

14 employee future benefits

(a) Defined benefit pension plans – expense

Our defined benefit pension plan expense (recovery) was as follows:

Three-month periods ended September 30 (millions)	**2016**				2015			
Recognized in	Employee benefits expense *(Note 7)*	Financing costs *(Note 8)*	Other comp. income *(Note 10)*	Total	Employee benefits expense *(Note 7)*	Financing costs *(Note 8)*	Other comp. income *(Note 10)*	Total
Current service cost	**$ 21**	**$ —**	**$ —**	**$ 21**	$ 26	$ —	$ —	$ 26
Past service costs	**—**	**—**	**—**	**—**	—	—	—	—
Net interest; return on plan assets								
Interest expense arising from accrued benefit obligations	**—**	**85**	**—**	**85**	—	87	—	87
Return, including interest income, on plan assets [1]	**—**	**(85)**	**(204)**	**(289)**	—	(80)	218	138
Interest effect on asset ceiling limit	**—**	**1**	**—**	**1**	—	—	—	—
	—	**1**	**(204)**	**(203)**	—	7	218	225
Administrative fees	**2**	**—**	**—**	**2**	1	—	—	1
Changes in the effect of limiting net defined benefit assets to the asset ceiling	**—**	**—**	**—**	**—**	—	—	(6)	(6)
	$ 23	**$ 1**	**$ (204)**	**$ (180)**	$ 27	$ 7	$ 212	$ 246

1 The interest income on the plan assets portion of the employee defined benefit plans net interest amount included in Financing costs reflects a rate of return on plan assets equal to the discount rate used in determining the accrued benefit obligations.

Nine-month periods ended September 30 (millions)	**2016**				2015			
Recognized in	Employee benefits expense *(Note 7)*	Financing costs *(Note 8)*	Other comp. income *(Note 10)*	Total	Employee benefits expense *(Note 7)*	Financing costs *(Note 8)*	Other comp. income *(Note 10)*	Total
Current service cost	**$ 62**	**$ —**	**$ —**	**$ 62**	$ 76	$ —	$ —	$ 76
Past service costs	**—**	**—**	**—**	**—**	1	—	—	1
Net interest; return on plan assets								
Interest expense arising from accrued benefit obligations	**—**	**255**	**—**	**255**	—	262	—	262
Return, including interest income, on plan assets [1]	**—**	**(254)**	**(228)**	**(482)**	—	(243)	65	(178)
Interest effect on asset ceiling limit	**—**	**2**	**—**	**2**	—	1	—	1
	—	**3**	**(228)**	**(225)**	—	20	65	85
Administrative fees	**5**	**—**	**—**	**5**	4	—	—	4
Changes in the effect of limiting net defined benefit assets to the asset ceiling	**—**	**—**	**—**	**—**	—	—	—	—
	$ 67	**$ 3**	**$ (228)**	**$ (158)**	$ 81	$ 20	$ 65	$ 166

1 The interest income on the plan assets portion of the employee defined benefit plans net interest amount included in Financing costs reflects a rate of return on plan assets equal to the discount rate used in determining the accrued benefit obligations.

(b) Defined contribution plans – expense

Our total defined contribution pension plan costs recognized were as follows:

	Three months		Nine months	
Periods ended September 30 (millions)	**2016**	2015	**2016**	2015
Union pension plan and public service pension plan contributions	**$ 7**	$ 8	**$ 20**	$ 22
Other defined contribution pension plans	**17**	16	**48**	47
	$ 24	$ 24	**$ 68**	$ 69

15 restructuring and other costs

(a) Details of restructuring and other costs

With the objective of reducing ongoing costs, we incur associated incremental, non-recurring restructuring costs, as discussed further in *(b)* following. We may also incur atypical charges when undertaking major or transformational changes to our business or operating models. We also include incremental external costs incurred in connection with business acquisition or disposition activity, as well as litigation costs, in the context of significant losses or settlements, in other costs.

Restructuring and other costs are presented in the Condensed interim consolidated statements of income and other comprehensive income as set out in the following table:

Periods ended September 30 (millions)	Three months 2016	Three months 2015	Nine months 2016	Nine months 2015
Goods and services purchased	**$ 23**	$ 17	**$ 39**	$ 59
Employee benefits expense	**37**	34	**92**	68
	$ 60	$ 51	**$ 131**	$ 127

Subsequent to September 30, 2016, we made commitments to pay, in the fourth quarter of 2016, lump-sum amounts totaling approximately $300 million (inclusive of amounts proposed in an unratified tentative agreement (see *Note 23(b)*)), in respect of immediately-vesting, transformative compensation expense to the majority of our existing unionized and non-unionized Canadian-sited workforces.

(b) Restructuring provisions

Employee related provisions and other provisions, as presented in *Note 20,* include amounts in respect of restructuring activities. In 2016, restructuring activities included ongoing and incremental efficiency initiatives including personnel-related costs and rationalization of real estate. These initiatives were intended to improve our long-term operating productivity and competitiveness.

Three-month periods ended September 30 (millions)	**2016** Employee related [1]	**2016** Other [1]	**2016** Total [1]	2015 Employee related [1]	2015 Other [1]	2015 Total [1]
Restructuring costs						
Additions	**$ 37**	**$ 23**	**$ 60**	$ 38	$ 18	$ 56
Reversal	**—**	**—**	**—**	(4)	(1)	(5)
Expense	**37**	**23**	**60**	34	17	51
Use	**(36)**	**(12)**	**(48)**	(17)	(17)	(34)
Expenses greater (less) than disbursements	**1**	**11**	**12**	17	—	17
Restructuring provisions						
Balance, beginning of period	**80**	**56**	**136**	40	64	104
Balance, end of period	**$ 81**	**$ 67**	**$ 148**	$ 57	$ 64	$ 121

1 The transactions and balances in this column, excluding share-based compensation amounts, are included in, and thus are a subset of, the transactions and balances in the column with the same caption in *Note 20*.

Nine-month periods ended September 30 (millions)	**2016** Employee related [1]	**2016** Other [1]	**2016** Total [1]	2015 Employee related [1]	2015 Other [1]	2015 Total [1]
Restructuring costs						
Additions	**$ 92**	**$ 43**	**$ 135**	$ 72	$ 60	$ 132
Reversal	**—**	**(4)**	**(4)**	(4)	(1)	(5)
Expense	**92**	**39**	**131**	68	59	127
Use	**(127)**	**(29)**	**(156)**	(52)	(23)	(75)
Expenses greater (less) than disbursements	**(35)**	**10**	**(25)**	16	36	52
Restructuring provisions						
Balance, beginning of period	**116**	**57**	**173**	41	28	69
Balance, end of period	**$ 81**	**$ 67**	**$ 148**	$ 57	$ 64	$ 121

1 The transactions and balances in this column, excluding share-based compensation amounts, are included in, and thus are a subset of, the transactions and balances in the column with the same caption in *Note 20*.

16 property, plant and equipment

(millions)	Network assets	Buildings and leasehold improvements	Other	Land	Assets under construction	Total
At cost						
As at January 1, 2016	$ 27,191	$ 2,847	$ 1,120	$ 55	$ 413	$ 31,626
Additions	**557**	**29**	**24**	**—**	**1,131**	**1,741**
Additions arising from business acquisitions	**—**	**—**	**1**	**—**	**—**	**1**
Dispositions, retirements and other	**(422)**	**(48)**	**(205)**	**—**	**—**	**(675)**
Assets under construction put into service	**688**	**85**	**57**	**—**	**(830)**	**—**
As at September 30, 2016	**$ 28,014**	**$ 2,913**	**$ 997**	**$ 55**	**$ 714**	**$ 32,693**
Accumulated depreciation						
As at January 1, 2016	$ 19,351	$ 1,810	$ 729	$ —	$ —	$ 21,890
Depreciation	**1,005**	**74**	**79**	**—**	**—**	**1,158**
Dispositions, retirements and other	**(435)**	**(48)**	**(169)**	**—**	**—**	**(652)**
As at September 30, 2016	**$ 19,921**	**$ 1,836**	**$ 639**	**$ —**	**$ —**	**$ 22,396**
Net book value						
As at December 31, 2015	$ 7,840	$ 1,037	$ 391	$ 55	$ 413	$ 9,736
As at September 30, 2016	**$ 8,093**	**$ 1,077**	**$ 358**	**$ 55**	**$ 714**	**$ 10,297**

As at September 30, 2016, our contractual commitments for the acquisition of property, plant and equipment were $507 million over a period ending December 31, 2018 (December 31, 2015 – $326 million over a period ending December 31, 2017).

17 intangible assets and goodwill

	Intangible assets subject to amortization						Intangible assets with indefinite lives			
	Subscriber base	Customer contracts, related customer relationships and leasehold interests	Software	Access to rights-of-way and other	Assets under construction	Total	Spectrum licences	Total intangible assets	Goodwill [1]	Total intangible assets and goodwill
At cost										
As at January 1, 2016	$ 245	$ 228	$ 3,801	$ 90	$ 216	$ 4,580	$ 8,480	$ 13,060	$ 4,125	$ 17,185
Additions	—	—	**31**	**3**	**415**	**449**	**164**	**613**	—	**613**
Additions arising from business acquisitions	—	**4**	**3**	—	—	**7**	—	**7**	**13**	**20**
Dispositions, retirements and other (including capitalized interest)	—	—	**(107)**	**(3)**	—	**(110)**	**37**	**(73)**	—	**(73)**
Assets under construction put into service	—	—	**321**	**2**	**(323)**	—	—	—	—	—
Net foreign exchange differences	—	—	—	—	—	—	—	—	**2**	**2**
As at September 30, 2016	**$ 245**	**$ 232**	**$ 4,049**	**$ 92**	**$ 308**	**$ 4,926**	**$ 8,681**	**$ 13,607**	**$ 4,140**	**$ 17,747**
Accumulated amortization										
As at January 1, 2016	$ 112	$ 168	$ 2,739	$ 56	$ —	$ 3,075	$ —	$ 3,075	$ 364	$ 3,439
Amortization	**10**	**22**	**321**	**3**	—	**356**	—	**356**	—	**356**
Dispositions, retirements and other	—	—	**(115)**	**(1)**	—	**(116)**	—	**(116)**	—	**(116)**
As at September 30, 2016	**$ 122**	**$ 190**	**$ 2,945**	**$ 58**	**$ —**	**$ 3,315**	**$ —**	**$ 3,315**	**$ 364**	**$ 3,679**
Net book value										
As at December 31, 2015	$ 133	$ 60	$ 1,062	$ 34	$ 216	$ 1,505	$ 8,480	$ 9,985	$ 3,761	$ 13,746
As at September 30, 2016	**$ 123**	**$ 42**	**$ 1,104**	**$ 34**	**$ 308**	**$ 1,611**	**$ 8,681**	**$ 10,292**	**$ 3,776**	**$ 14,068**

1 Accumulated amortization of goodwill is amortization recorded prior to 2002; there are no accumulated impairment losses in the accumulated amortization of goodwill.

As at September 30, 2016, our contractual commitments for the acquisition of intangible assets, excluding that arising from BCE Inc.'s announced agreement to acquire Manitoba Telecom Services Inc. discussed in the following paragraph, were $89 million over a period ending December 31, 2020 (December 31, 2015 – $55 million over a period ending December 31, 2018).

On May 2, 2016, BCE Inc. announced that it had entered into a definitive agreement to acquire all issued and outstanding shares of Manitoba Telecom Services Inc., subject to customary closing conditions, including court, shareholder and regulatory approvals, and is expected to close in late 2016 or early 2017; as of September 30, 2016, court and shareholder approvals had been obtained. In June 2016, we submitted a notification and advanced ruling request to the Competition Bureau regarding our previously announced agreement in principle with BCE Inc. pursuant to which we intend to acquire approximately one-third of Manitoba Telecom Services Inc.'s postpaid wireless subscribers and be assigned one-third of its dealer locations in Manitoba, upon the successful completion of BCE Inc.'s acquisition of Manitoba Telecom Services Inc. Our total price of the transaction with BCE Inc. will vary depending upon the actual number of qualifying postpaid wireless subscribers acquired.

During the three-month period ended September 30, 2016, we acquired 100% ownership of a business complementary to our existing lines of business. The primary factor that gave rise to the recognition of goodwill was the

earnings capacity of the acquired businesses in excess of the net tangible assets and net intangible assets acquired (such excess arising from: the low levels of tangible assets relative to the earnings capacity of the businesses; expected synergies; the benefits of acquiring established businesses with certain capabilities in the industry; and the geographic presence of the acquired businesses). A portion of the amounts assigned to goodwill may be deductible for income tax purposes. The acquisition-date fair values assigned to assets acquired and liabilities assumed in the individually immaterial acquisitions are also individually immaterial. Any differences between the results of operations currently presented and the pro forma operating revenues, net income and basic and diluted net income per Common Share amounts reflecting the results of operations as if the business acquisitions had been completed at the beginning of the fiscal year are immaterial (as are the post-acquisition operating revenues and net income of the acquired businesses for the three-month period and nine-month periods ended September 30, 2015).

18 real estate joint ventures

(a) General

In 2011, we partnered, as equals, with an arm's-length party in a residential condominium, retail and commercial real estate redevelopment project, TELUS Garden, in Vancouver, British Columbia. TELUS is a tenant in TELUS Garden, which is now our new global headquarters. The new-build office tower has received its 2009 Leadership in Energy and Environmental Design (LEED) Platinum certification and the neighbouring new-build residential condominium tower, was built to the LEED Gold standard.

In 2013, we partnered, as equals, with two arm's-length parties (one of which is also our TELUS Garden partner) in a residential, retail and commercial real estate redevelopment project, TELUS Sky, in Calgary, Alberta. The new-build tower, scheduled for completion in 2018, is to be built to the LEED Platinum standard.

(b) Real estate joint ventures – summarized financial information

As at (millions)	**September 30, 2016**	December 31, 2015
ASSETS		
Current assets		
Cash and temporary investments, net	**$ 14**	$ 20
Escrowed deposits for tenant inducements and liens	**14**	20
Sales contract deposits held by arm's-length trustee	**2**	6
Other	**8**	21
Property under development – residential condominiums (subject to sales contracts)	**43**	156
	81	223
Non-current assets		
Property under development – Investment property	**111**	96
Investment property	**253**	238
	364	334
	$ 445	$ 557
LIABILITIES AND OWNERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**$ 20**	$ 46
Sales contract deposits		
Payable	**10**	55
Held by arm's-length trustee	**2**	6
Current portion of senior secured 3.4% bonds due July 2025	**4**	4
Construction credit facilities	**—**	96
Construction holdback liabilities	**7**	10
Other financial liability [1]	**—**	18
	43	235
Non-current liabilities		
Construction credit facilities	**48**	9
Other	**—**	4
Senior secured 3.4% bonds due July 2025	**214**	217
	262	230
Liabilities	**305**	465
Owners' equity		
TELUS [2]	**56**	36
Other partners	**84**	56
	140	92
	$ 445	$ 557

1 Other financial liability was due to us; such amount was non-interest bearing, was secured by an $18 mortgage on the TELUS Garden residential condominium tower, was payable in cash and was due subsequent to repayment of the residential condominium tower construction credit facility.

2 The equity amounts recorded by the real estate joint ventures differ from those recorded by us by the amount of the deferred gains on our real estate contributed and the valuation provision we have recorded.

	Three months		Nine months	
Periods ended September 30 (millions)	**2016**	2015	**2016**	2015
Revenue				
From investment property	**$ 6**	$ 6	**$ 26**	$ 10
From sale of condominiums	**$ 106**	$ —	**$ 220**	$ —
Depreciation and amortization	**$ 2**	$ 3	**$ 6**	$ 5
Interest expense [1]	**$ 2**	$ 3	**$ 8**	$ 5
Net income (loss) and comprehensive income (loss) [2]	**$ 30**	$ (2)	**$ 66**	$ (4)

1 During the three-month and nine-month periods ended September 30, 2016, the real estate joint ventures capitalized $1 (2015 – $2) and $2 (2015 – $4), respectively, of financing costs.

2 As the real estate joint ventures are partnerships, no provision for income taxes of the partners is made in determining the real estate joint ventures' net income (loss) and comprehensive income (loss).

(c) Our real estate joint ventures activity

Our real estate joint ventures investment activity is as set out following table.

Three-month periods ended September 30 (millions)	2016			2015		
	Loans and receivables [1]	Equity [2]	Total	Loans and receivables [1]	Equity [2]	Total
Related to real estate joint ventures' statements of income and other comprehensive income						
Comprehensive income (loss) attributable to us [3]	**$ —**	**$ 15**	**$ 15**	$ —	$ (1)	$ (1)
Related to real estate joint ventures' statements of financial position						
Items not affecting currently reported cash flows						
Recognition of gain initially deferred on our real estate initially contributed	**—**	**3**	**3**	—	—	—
Cash flows in the current reporting period						
Construction credit facilities						
Amounts advanced	**5**	**—**	**5**	12	—	12
Amounts repaid	**(23)**	**—**	**(23)**	(95)	—	(95)
Repayment of funds advanced	**(18)**	**—**	**(18)**	—	—	—
Funds we contributed	**—**	**—**	**—**	—	2	2
Funds repaid to us and earnings distributed	**—**	**(9)**	**(9)**	—	—	—
Net increase (decrease)	**(36)**	**9**	**(27)**	(83)	1	(82)
Real estate joint ventures carrying amounts						
Balance, beginning of period	**52**	**34**	**86**	140	24	164
Valuation provision	**—**	**(8)**	**(8)**	—	—	—
Balance, end of period	**$ 16**	**$ 35**	**$ 51**	$ 57	$ 25	$ 82

Nine-month periods ended September 30 (millions)	2016			2015		
	Loans and receivables [1]	Equity [2]	Total	Loans and receivables [1]	Equity [2]	Total
Related to real estate joint ventures' statements of income and other comprehensive income						
Comprehensive income (loss) attributable to us [3]	**$ —**	**$ 29**	**$ 29**	$ —	$ (2)	$ (2)
Related to real estate joint ventures' statements of financial position						
Items not affecting currently reported cash flows						
Recognition of gain initially deferred on our real estate initially contributed	**—**	**7**	**7**	—	—	—
Construction credit facilities financing costs charged by us and other *(Note 6)*	**1**	**—**	**1**	2	—	2
Cash flows in the current reporting period						
Construction credit facilities						
Amounts advanced	**28**	**—**	**28**	32	—	32
Amounts repaid	**(63)**	**—**	**(63)**	(95)	—	(95)
Financing costs paid to us	**(1)**	**—**	**(1)**	(2)	—	(2)
Repayment of funds advanced	**(18)**	**—**	**(18)**	—	—	—
Funds we contributed	**—**	**—**	**—**	—	6	6
Funds repaid to us and earnings distributed	**—**	**(9)**	**(9)**	—	—	—
Net increase (decrease)	**(53)**	**27**	**(26)**	(63)	4	(59)
Real estate joint ventures carrying amounts						
Balance, beginning of period	**69**	**25**	**94**	120	21	141
Valuation provision	**—**	**(17)**	**(17)**	—	—	—
Balance, end of period	**$ 16**	**$ 35**	**$ 51**	$ 57	$ 25	$ 82

1 Loans and receivables are included in our Condensed interim consolidated statements of financial position as Real estate joint venture advances and are comprised of advances under construction credit facilities (see *(d)*) and, prior to its repayment during the three-month period ended September 30, 2016, an $18 mortgage on the TELUS Garden residential condominium tower.
2 We account for our interests in the real estate joint ventures using the equity method of accounting.
3 As the real estate joint ventures are partnerships, no provision for income taxes of the partners is made in determining the real estate joint ventures' net income (loss) and comprehensive income (loss); provision for income taxes is made in determining the comprehensive income (loss) attributable to us.

During the three-month and nine-month periods ended September 30, 2016, the TELUS Garden real estate joint venture recognized $3 million (2015 – $2 million) and $8 million (2015 – $3 million), respectively, of revenue from our TELUS Garden office tenancy; of this amount, one-half is due to our economic interest in the real estate joint venture and one-half is due to our partner's economic interest in the real estate joint venture.

(d) Commitments and contingent liabilities

Construction commitments

The TELUS Garden real estate joint venture is expected to spend a total of approximately $470 million on the construction of an office tower and a residential condominium tower. As at September 30, 2016, the real estate joint venture's construction-related contractual commitments were approximately $9 million through 2017 (December 31, 2015 – $38 million through to 2016).

The TELUS Sky real estate joint venture is expected to spend a total of approximately $400 million on the construction of a mixed-use tower. As at September 30, 2016, the real estate joint venture's construction-related contractual commitments were approximately $136 million through to 2018 (December 31, 2015 – $124 million through to 2018).

Construction credit facilities

The TELUS Garden real estate joint venture had a credit agreement with two Canadian financial institutions (as 50% lender) and TELUS Corporation (as 50% lender) to provide $136 million of construction financing for the residential project as at December 31, 2015; as at September 30, 2016, all outstanding amounts had been repaid. The TELUS Sky real estate joint venture has a credit agreement with three Canadian financial institutions (as 66-2/3% lender) and TELUS Corporation (as 33-1/3% lender) to provide $342 million of construction financing for the project.

The construction credit facilities contain customary real estate construction financing representations, warranties and covenants and are secured by demand debentures constituting first fixed and floating charge mortgages over the underlying real estate assets. The construction credit facilities are available by way of bankers' acceptance or prime loan and bear interest at rates in line with similar construction financing facilities.

As at (millions)	Note	**September 30, 2016**	December 31, 2015
Construction credit facilities commitment – TELUS Corporation			
Undrawn	*4(b)*	**$ 98**	$ 131
Advances		**16**	51
		114	182
Construction credit facilities commitment – other		**228**	296
		$ 342	$ 478

19 short-term borrowings

On July 26, 2002, one of our subsidiaries, TELUS Communications Inc., entered into an agreement with an arm's-length securitization trust associated with a major Schedule I bank under which it is able to sell an interest in certain trade receivables up to a maximum of $500 million (December 31, 2015 – $500 million). This revolving-period securitization agreement term ends December 31, 2018, and it requires minimum cash proceeds of $100 million from monthly sales of interests in certain trade receivables. TELUS Communications Inc. is required to maintain at least a BB (December 31, 2015 – BB) credit rating by Dominion Bond Rating Service or the securitization trust may require the sale program to be wound down prior to the end of the term.

When we sell our trade receivables, we retain reserve accounts, which are retained interests in the securitized trade receivables, and servicing rights. As at September 30, 2016, we had sold to the trust (but continued to recognize) trade receivables of $116 million (December 31, 2015 – $124 million). Short-term borrowings of $100 million (December 31, 2015 – $100 million) are comprised of amounts advanced to us by the arm's-length securitization trust pursuant to the sale of trade receivables.

The balance of short-term borrowings (if any) comprised amounts drawn on our bilateral bank facilities.

20 provisions

(millions)	Asset retirement obligation	Employee related	Other	Total
As at July 1, 2016	$ 381	$ 72	$ 135	$ 588
Additions [1]	**—**	**37**	**27**	**64**
Use	**(3)**	**(37)**	**(13)**	**(53)**
Interest effect	**3**	**—**	**—**	**3**
As at September 30, 2016	**$ 381**	**$ 72**	**$ 149**	**$ 602**

(millions)	Asset retirement obligation	Employee related	Other	Total
As at January 1, 2016	$ 377	$ 109	$ 144	$ 630
Additions [1]	**—**	**90**	**51**	**141**
Use	**(4)**	**(127)**	**(43)**	**(174)**
Reversal	**—**	**—**	**(4)**	**(4)**
Interest effect	**8**	**—**	**1**	**9**
As at September 30, 2016	**$ 381**	**$ 72**	**$ 149**	**$ 602**
Current	**$ 14**	**$ 71**	**$ 85**	**$ 170**
Non-current	**367**	**1**	**64**	**432**
As at September 30, 2016	**$ 381**	**$ 72**	**$ 149**	**$ 602**

1 For the three-month and nine-month periods ended September 30, 2016, employee related additions are net of share-based compensation of $2 and $4, respectively.

Asset retirement obligation

We establish provisions for liabilities associated with the retirement of property, plant and equipment when those obligations result from the acquisition, construction, development and/or normal operation of the assets. We expect that the cash outflows in respect of the balance accrued as at the financial statement date will occur proximate to the dates these assets are retired.

Employee related

The employee related provisions are largely in respect of restructuring activities (as discussed further in *Note 15*). The timing of the cash outflows in respect of the balance accrued as at the financial statement date is substantially short-term in nature.

Other

The provision for other includes: legal claims; non-employee related restructuring activities (as discussed further in *Note 15*); and written put options, contract termination costs and onerous contracts related to business acquisitions. Other than as set out following, we expect that the cash outflows in respect of the balance accrued as at the financial statement date will occur over an indeterminate multi-year period.

As discussed further in *Note 23*, we are involved in a number of legal claims and we are aware of certain other possible legal claims. In respect of legal claims, we establish provisions, when warranted, after taking into account legal assessments, information presently available, and the expected availability of recourse. The timing of cash outflows associated with legal claims cannot be reasonably determined.

In connection with business acquisitions, we have established provisions for contingent consideration, written put options in respect of non-controlling interests, contract termination costs and onerous contracts acquired. No cash outflows for the written put options occurred prior to their initial exercisability in December 2015. In respect of contract termination costs and onerous contracts acquired, cash outflows are expected to occur through mid-2018.

21 long-term debt

(a) Details of long-term debt

As at (millions)	Note	**September 30, 2016**	December 31, 2015
TELUS Corporation notes	*(b)*	**$ 11,346**	$ 11,164
TELUS Corporation commercial paper	*(c)*	**137**	256
TELUS Communications Inc. debentures		**619**	618
TELUS International (Cda) Inc. credit facility	*(e)*	**352**	—
Long-term debt		**$ 12,454**	$ 12,038
Current		**$ 850**	$ 856
Non-current		**11,604**	11,182
Long-term debt		**$ 12,454**	$ 12,038

(b) TELUS Corporation notes

The notes are our senior, unsecured and unsubordinated obligations and rank equally in right of payment with all of our existing and future unsecured, unsubordinated obligations, are senior in right of payment to all of our existing and future subordinated indebtedness, and are effectively subordinated to all existing and future obligations of, or guaranteed by, our subsidiaries. The indentures governing the notes contain certain covenants which, among other things, place

limitations on our ability and the ability of certain of our subsidiaries to: grant security in respect of indebtedness; enter into sale-leaseback transactions; and incur new indebtedness.

				Principal face amount		Redemption present value spread	
Series [1]	Issued	Maturity	Issue price	Originally issued	Outstanding at financial statement date	Basis points	Cessation date
4.95% Notes, Series CD	March 2007	March 2017	$999.53	$700 million	$700 million	24 [2]	N/A
5.05% Notes, Series CG [3]	December 2009	December 2019	$994.19	$1.0 billion	$1.0 billion	45.5 [2]	N/A
5.05% Notes, Series CH [3]	July 2010	July 2020	$997.44	$1.0 billion	$1.0 billion	47 [2]	N/A
3.65% Notes, Series CI [3]	May 2011	May 2016	$996.29	$600 million	$NIL	29.5 [2]	N/A
3.35% Notes, Series CJ [3]	December 2012	March 2023	$998.83	$500 million	$500 million	40 [4]	Dec. 15, 2022
3.35% Notes, Series CK [3]	April 2013	April 2024	$994.35	$1.1 billion	$1.1 billion	36 [4]	Jan. 2, 2024
4.40% Notes, Series CL [3]	April 2013	April 2043	$997.68	$600 million	$600 million	47 [4]	Oct. 1, 2042
3.60% Notes, Series CM [3]	November 2013	January 2021	$997.15	$400 million	$400 million	35 [2]	N/A
5.15% Notes, Series CN [3]	November 2013	November 2043	$995.00	$400 million	$400 million	50 [4]	May 26, 2043
3.20% Notes, Series CO [3]	April 2014	April 2021	$997.39	$500 million	$500 million	30 [4]	Mar. 5, 2021
4.85% Notes, Series CP [3]	Multiple [5]	April 2044	$987.91 [5]	$500 million [5]	$900 million [5]	46 [4]	Oct. 5, 2043
3.75% Notes, Series CQ [3]	September 2014	January 2025	$997.75	$800 million	$800 million	38.5 [4]	Oct. 17, 2024
4.75% Notes, Series CR [3]	September 2014	January 2045	$992.91	$400 million	$400 million	51.5 [4]	July 17, 2044
1.50% Notes, Series CS [3]	March 2015	March 2018	$999.62	$250 million	$250 million	N/A [6]	N/A
2.35% Notes, Series CT [3]	March 2015	March 2022	$997.31	$1.0 billion	$1.0 billion	35.5 [4]	Feb. 28, 2022
4.40% Notes, Series CU [3]	March 2015	January 2046	$999.72	$500 million	$500 million	60.5 [4]	July 29, 2045
3.75% Notes, Series CV [3]	December 2015	March 2026	$992.14	$600 million	$600 million	53.5 [4]	Dec. 10, 2025
2.80% U.S. Dollar Notes [3,7]	September 2016	February 2027	U.S.$991.89	U.S.$600 million	U.S.$600 million	20 [8]	Nov. 16, 2026

1 Interest is payable semi-annually.
2 The notes are redeemable at our option, in whole at any time, or in part from time to time, on not fewer than 30 and not more than 60 days' prior notice. The redemption price is equal to the greater of (i) the present value of the notes discounted at the Government of Canada yield plus the redemption present value spread, or (ii) 100% of the principal amount thereof. In addition, accrued and unpaid interest, if any, will be paid to the date fixed for redemption.
3 This series of notes requires us to make an offer to repurchase the notes at a price equal to 101% of their principal amount plus accrued and unpaid interest to the date of repurchase upon the occurrence of a change in control triggering event, as defined in the supplemental trust indenture.
4 At any time prior to the respective maturity dates set out in the table, the notes are redeemable at our option, in whole at any time, or in part from time to time, on not fewer than 30 and not more than 60 days' prior notice. The redemption price is equal to the greater of (i) the present value of the notes discounted at the Government of Canada yield plus the redemption present value spread calculated over the period to maturity, other than in the case of the Series CT and Series CU notes where it is calculated over the period to the redemption present value spread cessation date, or (ii) 100% of the principal amount thereof. In addition, accrued and unpaid interest, if any, will be paid to the date fixed for redemption. On or after the respective redemption present value spread cessation dates set out in the table, the notes are redeemable at our option, in whole but not in part, on not fewer than 30 and not more than 60 days' prior notice, at redemption prices equal to 100% of the principal amount thereof.
5 $500 million of 4.85% Notes, Series CP were issued in April 2014 at an issue price of $998.74. This series of notes was reopened in December 2015 and a further $400 million of notes were issued at an issue price of $974.38.
6 The notes are not redeemable at our option, other than in the event of certain changes in tax laws.
7 We have entered into a foreign exchange derivative (a cross currency interest rate exchange agreement) which effectively converted the principal payments and interest obligations to Canadian dollar obligations with a fixed interest rate of 2.95% and an issued and outstanding amount of $792 million (reflecting a fixed exchange rate of $1.3205).
8 At any time prior to the maturity date set out in the table, the notes are redeemable at our option, in whole at any time, or in part from time to time, on not fewer than 30 and not more than 60 days' prior notice. The redemption price is equal to the greater of (i) the present value of the notes discounted at the U.S. Adjusted Treasury Rate plus the redemption present value spread calculated over the period to the redemption present value spread cessation date, or (ii) 100% of the principal amount thereof. In addition, accrued and unpaid interest, if any, will be paid to the date fixed for redemption. On or after the redemption present value spread cessation date set out in the table, the notes are redeemable at our option, in whole but not in part, on not fewer than 30 and not more than 60 days' prior notice, at a redemption price equal to 100% of the principal amount thereof.

(c) TELUS Corporation commercial paper

TELUS Corporation has an unsecured commercial paper program, which is backstopped by our $2.25 billion syndicated credit facility (see *(d)*) and is to be used for general corporate purposes, including capital expenditures and investments. This program enables us to issue commercial paper, subject to conditions related to debt ratings, up to a maximum aggregate amount at any one time of $1.4 billion (December 31, 2015 – $1.4 billion). Foreign currency forward contracts are used to manage currency risk arising from issuing commercial paper denominated in U.S. dollars. Commercial paper debt is due within one year and is classified as a current portion of long-term debt as the amounts are fully supported, and we expect that they will continue to be supported, by the revolving credit facility, which has no repayment requirements within the next year. As at September 30, 2016, we had $137 million of commercial paper outstanding, all of which was denominated in U.S. dollars (U.S.$104 million), with an effective weighted average interest rate of 1.00%, maturing through October 2016.

(d) TELUS Corporation credit facility

As at September 30, 2016, TELUS Corporation had an unsecured, revolving $2.25 billion bank credit facility, expiring on May 31, 2021, with a syndicate of financial institutions, which is to be used for general corporate purposes, including the backstopping of commercial paper.

TELUS Corporation's credit facility bears interest at prime rate, U.S. Dollar Base Rate, a bankers' acceptance rate or London interbank offered rate (LIBOR) (all such terms as used or defined in the credit facility), plus applicable margins. The credit facility contains customary representations, warranties and covenants, including two financial quarter-end financial ratio tests. These tests are that our net debt to operating cash flow ratio must not exceed 4.00:1.00 and our operating cash flow to interest expense ratio must not be less than 2.00:1.00, each as defined under the credit facility.

Continued access to TELUS Corporation's credit facility is not contingent on TELUS Corporation maintaining a specific credit rating.

As at (millions)	**September 30, 2016**	December 31, 2015
Net available	**$ 2,113**	$ 1,994
Backstop of commercial paper	**137**	256
Gross available	**$ 2,250**	$ 2,250

We had $208 million of letters of credit outstanding as at September 30, 2016 (December 31, 2015 – $202 million), issued under various uncommitted facilities; such letter of credit facilities are in addition to the ability to provide letters of credit pursuant to our committed bank credit facility.

(e) TELUS International (Cda) Inc. credit facility

As at September 30, 2016, TELUS International (Cda) Inc. had a U.S.$330 million bank credit facility, secured by its assets, expiring on May 31, 2021, with a syndicate of financial institutions. The credit facility is comprised of a revolving U.S.$115 million component and a U.S.$215 million term loan component. The credit facility is non-recourse to TELUS Corporation. As at September 30, 2016, $361 million ($352 million net of unamortized issue costs) was outstanding, all of which was denominated in U.S. dollars (U.S.$275 million), with a weighted average interest rate of 2.66%.

TELUS International (Cda) Inc.'s credit facility bears interest at prime rate, U.S. Dollar Base Rate, a bankers' acceptance rate or London interbank offered rate (LIBOR) (all such terms as used or defined in the credit facility), plus applicable margins. The credit facility contains customary representations, warranties and covenants, including two financial quarter-end financial ratio tests. These tests, which must first be performed as at December 31, 2016, are that TELUS International (Cda) Inc.'s net debt to operating cash flow ratio must not exceed 3.75:1.00 through June 30, 2017, and 3.25:1.00 subsequently, and its operating cash flow to debt service (interest and scheduled principal repayment) ratio must not be less than 1.50:1.00, all as defined under the credit facility.

The term loan is subject to an amortization schedule that requires that 5% of the principal advanced be repaid each year of the term of the agreement, with the balance due at maturity.

(f) Long-term debt maturities

Anticipated requirements to meet long-term debt repayments, calculated upon such long-term debts owing as at September 30, 2016, for each of the next five fiscal years are as follows:

Long-term debt denominated in	Cdn. dollars	U.S. dollars				
			Derivative liability			
Years ending December 31 (millions)	Debt	Debt	(Receive) [1]	Pay	Total	Total
2016	**$ —**	**$ 140**	**$ (137)**	**$ 138**	**$ 141**	**$ 141**
2017	**700**	**14**	**—**	**—**	**14**	**714**
2018	**250**	**14**	**—**	**—**	**14**	**264**
2019	**1,000**	**14**	**—**	**—**	**14**	**1,014**
2020	**1,000**	**14**	**—**	**—**	**14**	**1,014**
Thereafter	**8,324**	**1,088**	**(787)**	**792**	**1,093**	**9,417**
Future cash outflows in respect of long-term debt principal repayments	**11,274**	**1,284**	**(924)**	**930**	**1,290**	**12,564**
Future cash outflows in respect of associated interest and like carrying costs [2]	**5,636**	**272**	**(229)**	**242**	**285**	**5,921**
Undiscounted contractual maturities (*Note 4(b)*)	**$ 16,910**	**$ 1,556**	**$ (1,153)**	**$ 1,172**	**$ 1,575**	**$ 18,485**

1 Where applicable, principal-related cash flows reflect foreign exchange rates at September 30, 2016.

2 Future cash outflows in respect of associated interest and like carrying costs for commercial paper and amounts drawn under our credit facilities (if any) have been calculated based upon the rates in effect at September 30, 2016.

22 Common Share capital

(a) General

Our authorized share capital is as follows:

As at	September 30, 2016	December 31, 2015
First Preferred Shares	**1 billion**	1 billion
Second Preferred Shares	**1 billion**	1 billion
Common Shares	**2 billion**	2 billion

Only holders of Common Shares may vote at our general meetings, with each holder of Common Shares entitled to one vote per Common Share held at all such meetings so long as not less than 66-2/3% of the issued and outstanding Common Shares are owned by Canadians. With respect to priority in payment of dividends and in the distribution of assets in the event of our liquidation, dissolution or winding-up, whether voluntary or involuntary, or any other distribution of our assets among our shareholders for the purpose of winding up our affairs, preferences are as follows: First Preferred Shares; Second Preferred Shares; and finally Common Shares.

As at September 30, 2016, approximately 47 million Common Shares were reserved for issuance, from Treasury, under a share option plan (see *Note 13(d)*).

(b) Purchase of Common Shares for cancellation pursuant to normal course issuer bid

As referred to in *Note 3*, we may purchase a portion of our Common Shares for cancellation pursuant to normal course issuer bids in order to maintain or adjust our capital structure. During the nine-month period ended September 30, 2016, we purchased for cancellation, through the facilities of the Toronto Stock Exchange, the New York Stock Exchange and/or alternative trading platforms or otherwise as may be permitted by applicable securities laws and regulations, including privately negotiated block purchases, approximately 3 million of our Common Shares, pursuant to a normal course issuer bid which ran until September 14, 2016. On September 28, 2016, we announced that we had received approval for a normal course issuer bid to purchase and cancel up to 8 million Common Shares (up to a maximum of $250 million) from September 30, 2016, to September 29, 2017; in lieu of purchasing and canceling shares, subject to regulatory approval, an Employee Benefit Plan Trust may purchase up to 25% of the approved normal course issuer bid amount for distribution to non-executive employees pursuant to partial payment of the immediately-vesting, transformative compensation expense (see *Note 15(a)*). The excess of the purchase price over the average stated value of Common Shares purchased for cancellation is charged to retained earnings. We cease to consider Common Shares outstanding on the date of our purchase of the Common Shares, although the actual cancellation of the Common Shares by the transfer agent and registrar occurs on a timely basis on a date shortly thereafter.

Additionally, we have entered into an automatic share purchase plan with a broker for the purpose of permitting us to purchase our Common Shares under the normal course issuer bid at such times when we would not be permitted to trade in our own shares during internal blackout periods, including during regularly scheduled quarterly blackout periods. Such purchases will be determined by the broker in its sole discretion based on parameters we have established. We record a liability and charge share capital and retained earnings for purchases that may occur during such blackout periods based upon the parameters of the normal course issuer bid as at the statement of financial position date.

23 commitments and contingent liabilities

(a) Claims and lawsuits

General

A number of claims and lawsuits (including class actions and intellectual property infringement claims) seeking damages and other relief are pending against us and, in some cases, numerous other wireless carriers and telecommunications service providers. As well, we have received notice of, or are aware of, certain possible claims (including intellectual property infringement claims) against us.

It is not currently possible for us to predict the outcome of such claims, possible claims and lawsuits due to various factors, including: the preliminary nature of some claims; uncertain damage theories and demands; an incomplete factual record; uncertainty concerning legal theories, procedures and their resolution by the courts, at both the trial and the appeal levels; and the unpredictable nature of opposing parties and their demands.

However, subject to the foregoing limitations, management is of the opinion, based upon legal assessments and information presently available, that it is unlikely that any liability, to the extent not provided for through insurance or otherwise, would have a material effect on our financial position and the results of our operations, including cash flows, with the exception of the following items.

Certified class actions

Certified class actions against us include:

- A 2004 class action brought in Saskatchewan against a number of past and present wireless service providers, including us, which alleged breach of contract, misrepresentation, unjust enrichment and violation of competition, trade practices and consumer protection legislation across Canada in connection with the collection of system access fees. In September 2007, a national class was certified by the Saskatchewan Court of Queen's Bench in relation to the unjust enrichment claim only; all appeals of this certification decision have now been exhausted.
- A 2008 class action brought in Ontario which alleged breach of contract, breach of the Ontario *Consumer Protection Act*, breach of the *Competition Act* and unjust enrichment, in connection with our practice of "rounding up" wireless airtime to the nearest minute and charging for the full minute. In November 2014, an Ontario class was certified by the Ontario Superior Court of Justice in relation to the breach of contract, breach of *Consumer Protection Act*, and unjust enrichment claims; all appeals of this decision have now been exhausted.
- A 2012 class action brought in Quebec alleging that we improperly unilaterally amended customer contracts to increase various wireless rates for optional services, contrary to the Quebec *Consumer Protection Act* and the *Civil Code of Quebec*. On June 13, 2013, the Superior Court of Quebec authorized this matter as a class action. This class action follows on a non-material 2008 class action brought in Quebec alleging that we improperly unilaterally amended customer contracts to charge for incoming SMS messages. On April 8, 2014, judgment was granted in part against TELUS in the 2008 class action. We had appealed that judgment, but have now settled both the 2008 and 2012 class actions. This settlement has received court approval, is being implemented and has been fully accounted for in our financial statements.
- A 2005 class action brought against us in British Columbia alleging that we have engaged in deceptive trade practices in charging for incoming calls from the moment the caller connects to the network, and not from the moment the incoming call is connected to the recipient. We have appealed the certification decision.

We believe that we have good defences to the unsettled actions. Should the ultimate resolution of these unsettled actions differ from management's assessments and assumptions, a material adjustment to our financial position and the results of our operations, including cash flows, could result. Management's assessments and assumptions include that a reliable estimate of any such exposure cannot be made considering the continued uncertainty about the causes of action and the nature of the damages that may be sought by the plaintiffs.

Uncertified class actions

Uncertified class actions against us include:

- A 2005 class action brought against us in Alberta alleging that we have engaged in deceptive trade practices in charging for incoming calls from the moment the caller connects to the network, and not from the moment the incoming call is connected to the recipient. This is a companion class action to the certified 2005 British Columbia claim referenced above;
- A 2008 class action brought in Saskatchewan against us and other Canadian telecommunications carriers alleging that, among other matters, we failed to provide proper notice of 9-1-1 charges to the public and have been deceitfully passing them off as government charges. A virtually identical class action was filed in Alberta at the same time, but the Alberta Court of Queen's Bench declared that class action expired as of 2009;
- A 2013 class action brought in British Columbia against us, other telecommunications carriers, and cellular telephone manufacturers alleging that prolonged usage of cellular telephones causes adverse health effects;
- A 2015 class action brought in Quebec against us, other telecommunications carriers, and various other defendants alleging that electromagnetic field radiation causes adverse health effects, creates a nuisance, and constitutes an abuse of right pursuant to Quebec laws;
- Class actions brought in 2014 against us in Quebec and Ontario on behalf of Public Mobile's customers, alleging that changes to the technology, services and rate plans made by us contravene our statutory and common law obligations;

- A number of class actions against Canadian telecommunications carriers alleging various causes of action in connection with the collection of system access fees, including:
  - Companion class actions to the certified 2004 Saskatchewan class action, filed in eight of the nine other Canadian provinces, the status of which is as follows:
    - British Columbia – dismissed;
    - Alberta – an application for an order that this claim has expired was dismissed in July 2015 but that decision is under appeal;
    - Manitoba – stayed by the Court of Queen's Bench, with the Court of Appeal upholding the stay on March 14, 2016. The plaintiff has sought leave to appeal this decision to the Supreme Court of Canada;
    - Ontario, Quebec, New Brunswick and Newfoundland and Labrador – pursuant to terms of settlement the Plaintiffs have agreed to discontinue these proceedings. A discontinuance has been filed in the Newfoundland and Labrador proceeding and the Quebec Superior Court has approved the filing of a discontinuances in the Quebec proceedings; and
    - Nova Scotia – an application by other defendants to stay the class action was initially unsuccessful, but on April 9, 2015, the Nova Scotia Court of Appeal ordered that the claim be permanently and unconditionally stayed against those defendants. The plaintiff has sought leave to appeal this decision to the Supreme Court of Canada;
  - A second class action filed in 2009 in Saskatchewan by plaintiff's counsel acting in the certified 2004 Saskatchewan class action, following the enactment of opt-out class action legislation in that province. This claim makes substantially the same allegations as the certified 2004 Saskatchewan class action, and was stayed by the court in December 2009 upon an application by the defendants to dismiss it for abuse of process, conditional on possible future changes in circumstance. The plaintiff's separate applications to appeal and lift the stay were denied in 2013. The Plaintiff has now discontinued this class action pursuant to terms of settlement;
  - A class action filed in 2011 in British Columbia alleging misrepresentation and unjust enrichment. On June 5, 2014, the B.C. Supreme Court dismissed the plaintiff's application for certification of this class action. The plaintiff's appeal of that decision was dismissed by the B.C. Court of Appeal on June 9, 2015. On February 11, 2016, the Supreme Court of Canada dismissed the plaintiff's application for leave to appeal, bringing this matter to an end; and
  - A class action filed in 2013 in Alberta by plaintiff's counsel acting in the certified 2004 Saskatchewan class action. This class action appears to be a nullity, and the plaintiff filed a replacement class action in 2014. On March 10, 2015, the Alberta Court of Queen's Bench stayed the 2014 class action on an interim basis. On October 7, 2015, the Alberta Court of Appeal allowed an appeal of this decision and stayed the 2014 class action on a permanent basis. The plaintiff has sought leave to appeal this decision to the Supreme Court of Canada;
- A 2016 class action brought in Quebec against us, other telecommunications carriers, and various other defendants alleging that we violated the Quebec *Consumer Protection Act* by enticing Quebec consumer customers to contract with us by providing them goods or services at a reduced price, or free as a trial, for a fixed period, and, at the end of the fixed period, charging them the regular price if they did not take steps to either renegotiate or cancel their contract with us; and
- A 2016 class action brought in Quebec against us and other telecommunications carriers alleging that we breached the Quebec *Consumer Protection Act* and the *Quebec Civil Code* by making false or misleading representations relating to the handset subsidy provided to our wireless customers, and by charging inflated rate plan prices and termination fees higher than those permitted under the Act to our wireless customers.

We believe that we have good defences to these actions. Should the ultimate resolution of these actions differ from management's assessments and assumptions, a material adjustment to our financial position and the results of our operations could result. Management's assessments and assumptions include that reliable estimates of any such exposure cannot be made for the majority of these class actions considering continued uncertainty relating to the causes of action that may ultimately be pursued by the plaintiffs and certified by the courts and the nature of the damages that will be sought by the plaintiffs.

Intellectual property infringement claims
Claims and possible claims received by us include:

- Notice of one potential claim received in 2007 and 2011 alleging that certain wireless products used on our network infringe two third-party patents.

- A patent infringement claim filed in Ontario in 2014 alleging that TELUS' IPTV products infringe two third-party patents; and
- A patent infringement claim filed in Ontario in 2016 alleging that communications between devices, including cellular telephones, and base stations on TELUS' 4G LTE network infringe three third-party patents.

We believe that we have good defences to these actions and possible claims. Should the ultimate resolution of these actions and possible claim differ from management's assessments and assumptions, a material adjustment to our financial position and the results of our operations, including cash flows, could result. Management's assessments and assumptions include that a reliable estimate of any such exposure cannot be made considering the continued uncertainty about the causes of action and the nature of the damages that will be sought by the plaintiffs.

(b) Concentration of labour

In 2015, we commenced collective bargaining with the Telecommunications Workers Union, United Steel Workers Local Union 1944, to renew a collective agreement that expired on December 31, 2015; the expired contract covered approximately 40% of our Canadian workforce as at September 30, 2016.

On October 3, 2016, the Telecommunications Workers Union, United Steel Workers Local Union 1944 and ourselves announced that the two parties had reached a tentative agreement of a five-year deal that would be submitted to the Telecommunications Workers Union, United Steel Workers Local Union 1944 members for ratification. The ratification process is to be completed no later than November 20, 2016. The Telecommunications Workers Union, United Steel Workers Local Union 1944 Bargaining Committee has recommended neither acceptance nor rejection of the tentative agreement.

24 related party transactions

(a) Transactions with key management personnel

Our key management personnel have authority and responsibility for overseeing, planning, directing and controlling our activities and consist of our Board of Directors and our Executive Leadership Team.

Total compensation expense for key management personnel, and the composition thereof, is as follows:

	Three months		Nine months	
Periods ended September 30 (millions)	**2016**	2015	**2016**	2015
Short-term benefits	**$ 3**	$ 3	**$ 9**	$ 9
Post-employment pension [1] and other benefits	**1**	1	**3**	4
Termination benefits	**—**	8	**—**	8
Share-based compensation [2]	**11**	20	**28**	35
	$ 15	$ 32	**$ 40**	$ 56

1 Our Executive Leadership Team members are either: members of our *Pension Plan for Management and Professional Employees of TELUS Corporation* and non-registered, non-contributory supplementary defined benefit pension plans; or members of one of our defined contribution pension plans.

2 For the three-month and nine-month periods ended September 30, 2016, share-based compensation is net of $1 (2015 – $NIL) and $2 (2015 – $3), respectively, of the effects of derivatives used to manage share-based compensation costs (*Note 13(b)*). For the three-month and nine-month periods ended September 30, 2016, $NIL (2015 – $2) and $4 (2015 – $1), respectively, is included in share-based compensation representing restricted stock unit and deferred share unit expense arising from changes in the fair market value of the corresponding Common Shares, which is not affected by derivatives used to manage share-based compensation costs. For the three-month and nine-month periods ended September 30, 2016, share-based compensation of $2 (2015 – $11) and $4 (2015 – $11), respectively, was included in restructuring costs (*Note 15*).

As disclosed in *Note 13*, we made awards of share-based compensation in 2016 and 2015, including, as set out in the table following, to our key management personnel. As most of these awards are cliff-vesting or graded-vesting and have multi-year requisite service periods, the expense will be recognized ratably over a period of years and thus only a portion of the 2016 and 2015 awards are included in the amounts in the table above.

Nine-month periods ended September 30	**2016**			2015		
($ in millions)	Number of restricted stock units	Notional value [1]	Grant-date fair value [1]	Number of restricted stock units	Notional value [1]	Grant-date fair value [1]
Quarter 1	**575,871**	**$ 23**	**$ 15**	529,563	$ 23	$ 27
Quarter 2	**9,888**	**—**	**—**	—	—	—
Quarter 3	**—**	**—**	**—**	—	—	—
Awarded in period	**585,759**	**$ 23**	**$ 15**	529,563	$ 23	$ 27

1 Notional value is determined by multiplying the Common Share price at the time of award by the number of units awarded. The grant-date fair value differs from the notional value due to the effect of some awards having fair values determined using a Monte Carlo simulation.

During the three-month period ended September 30, 2016, key management personnel (including retirees) exercised 142,912 share options (2015 – 52,560 share options) that had an intrinsic value of $3 million (2015 – $1 million) at the time of exercise, reflecting a weighted average price at the date of exercise of $43.00 (2015 – $43.67). During the nine-month period ended September 30, 2016, key management personnel (including retirees) exercised 169,522 share options (2015 – 68,062 share options) that had an intrinsic value of $4 million (2015 – $2 million) at the time of exercise, reflecting a weighted average price at the date of exercise of $42.47 (2015 – $43.41).

The liability amounts accrued for share-based compensation awards to key management personnel are as follows:

As at (millions)		**September 30, 2016**		December 31, 2015
Restricted stock units	**$**	**42**	$	21
Deferred share units [1]		**32**		29
	$	**74**	$	50

1 Our *Directors' Deferred Share Unit Plan* provides that, in addition to his or her annual equity grant of deferred share units, a director may elect to receive his or her annual retainer and meeting fees in deferred share units, Common Shares or cash. Deferred share units entitle directors to a specified number of, or a cash payment based on the value of, our Common Shares. Deferred share units are paid out when a director ceases to be a director, for any reason, at a time elected by the director in accordance with the *Directors' Deferred Share Unit Plan*; during the three-month and nine-month periods ended September 30, 2016, $NIL (2015 – $3) and $4 (2015 – $3), respectively, was paid out.

Employment agreements with members of the Executive Leadership Team typically provide for severance payments if an executive's employment is terminated without cause: generally 18–24 months of base salary, benefits and accrual of pension service in lieu of notice and 50% of base salary in lieu of an annual cash bonus. In the event of a change in control, the Executive Leadership Team members are not entitled to treatment any different than that given to our other employees with respect to non-vested share-based compensation.

(b) Transactions with defined benefit pension plans

During the three-month and nine-month periods ended September 30, 2016, we provided management and administrative services to our defined benefit pension plans; the charges for these services were on a cost recovery basis and amounted to $2 million (2015 – $2 million) and $5 million (2015 – $6 million), respectively.

(c) Transactions with real estate joint ventures

During the three-month and nine-month periods ended September 30, 2016 and 2015, we had transactions with the real estate joint ventures, which are related parties, as set out in *Note 18.*

25 additional financial information

(a) Statements of financial position

As at (millions)	*Note*		**September 30, 2016**		December 31, 2015
Accounts receivable					
Customer accounts receivable	*4(a)*	**$**	**1,144**	$	1,199
Accrued receivables – customer			**140**		128
Allowance for doubtful accounts	*4(a)*		**(53)**		(52)
			1,231		1,275
Accrued receivables – other			**191**		153
		$	**1,422**	$	1,428
Inventories [1]					
Wireless handsets, parts and accessories		**$**	**212**	$	319
Other			**50**		41
		$	**262**	$	360
Other long-term assets					
Pension assets		**$**	**556**	$	356
Investments			**62**		69
Real estate joint ventures	*18(c)*		**35**		25
Real estate joint venture advances	*18(c)*		**16**		3
Other			**161**		140
		$	**830**	$	593

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As at (millions)	Note	September 30, 2016	December 31, 2015
Accounts payable and accrued liabilities			
Accrued liabilities		**$ 1,012**	$ 843
Payroll and other employee related liabilities		**345**	410
Restricted stock units liability		**90**	58
		1,447	1,311
Trade accounts payable		**529**	476
Interest payable		**133**	134
Other		**72**	69
		$ 2,181	$ 1,990
Advance billings and customer deposits			
Advance billings		**$ 698**	$ 706
Regulatory deferral accounts		**9**	16
Deferred customer activation and connection fees		**18**	19
Customer deposits		**22**	19
		$ 747	$ 760
Other long-term liabilities			
Pension and other post-retirement liabilities		**$ 440**	$ 451
Other		**163**	150
Restricted stock units and deferred share units liabilities		**102**	57
		705	658
Deferred customer activation and connection fees		**26**	30
		$ 731	$ 688

1 Costs of goods sold for the three-month and nine-month periods ended September 30, 2016, were $471 (2015 – $461) and $1,277 (2015 – $1,270), respectively.

(b) Statements of cash flows – operating activities and investing activities

		Three months		Nine months	
Periods ended September 30 (millions)	Note	**2016**	2015	**2016**	2015
Net change in non-cash operating working capital					
Accounts receivable		**$ (105)**	$ (94)	**$ 6**	$ 53
Inventories		**89**	(42)	**98**	(87)
Prepaid expenses		**52**	50	**(94)**	(132)
Accounts payable and accrued liabilities		**96**	163	**(65)**	79
Income and other taxes receivable and payable, net		**(59)**	21	**(204)**	89
Advance billings and customer deposits		**(2)**	14	**(14)**	(2)
Provisions		**—**	(21)	**(25)**	8
		$ 71	$ 91	**$ (298)**	$ 8
Cash payments for capital assets, excluding spectrum licences					
Capital asset additions, excluding spectrum licences					
Gross capital expenditures					
Property, plant and equipment	*16*	**$ (642)**	$ (496)	**$ (1,741)**	$ (1,544)
Intangible assets	*17*	**(149)**	(127)	**(449)**	(378)
		(791)	(623)	**(2,190)**	(1,922)
Additions arising from non-monetary transactions		**4**	—	**16**	—
Capital expenditures		**(787)**	(623)	**(2,174)**	(1,922)
Change in associated non-cash investing working capital		**76**	7	**203**	19
		$ (711)	$ (616)	**$ (1,971)**	$ (1,903)

(c) Changes in liabilities arising from financing activities

		Statement of cash flows		Non-cash changes		
(millions)	Beginning of period	Issued or received	Redemptions, repayments or payments	Foreign exchange movement (*Note 4(f)*)	Other	End of period
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2015						
Dividends paid to holders of Common Shares	$ 253	$ —	$ (253)	$ —	$ 252	$ 252
Purchase of Common Shares for cancellation	$ 32	$ —	$ (140)	$ —	$ 110	$ 2
Short-term borrowings	$ 500	$ 1	$ (400)	$ —	$ —	$ 101
Long-term debt						
TELUS Corporation notes	$ 10,180	$ —	$ —	$ —	$ 2	$ 10,182
TELUS Corporation commercial paper	—	2,715	(1,960)	32	—	787
TELUS Corporation credit facility	400	270	(670)	—	—	—
Derivatives used to manage currency risks arising from U.S. dollar denominated long-term debt – liability (asset)	—	1,960	(1,935)	(32)	—	(7)
	10,580	4,945	(4,565)	—	2	10,962
To eliminate effect of gross settlement of derivatives used to manage currency risks arising from U.S. dollar denominated long-term debt	—	(1,960)	1,960	—	—	—
	$ 10,580	$ 2,985	$ (2,605)	$ —	$ 2	$ 10,962
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2016						
Dividends paid to holders of Common Shares	$ 274	**$ —**	**$ (274)**	**$ —**	**$ 272**	**$ 272**
Purchase of Common Shares for cancellation	$ —	**$ —**	**$ (19)**	**$ —**	**$ 19**	**$ —**
Short-term borrowings	$ 103	**$ —**	**$ (3)**	**$ —**	**$ —**	**$ 100**
Long-term debt						
TELUS Corporation notes	$ 10,569	**$ 785**	**$ —**	**$ (4)**	**$ (4)**	**$ 11,346**
TELUS Corporation commercial paper	975	**551**	**(1,404)**	**15**	**—**	**137**
TELUS International (Cda) Inc. credit facility	359	**—**	**(13)**	**5**	**1**	**352**
Derivatives used to manage currency risks arising from U.S. dollar denominated long-term debt – liability (asset)	1	**1,404**	**(1,390)**	**(11)**	**20**	**24**
	11,904	**2,740**	**(2,807)**	**5**	**17**	**11,859**
To eliminate effect of gross settlement of derivatives used to manage currency risks arising from U.S. dollar denominated long-term debt	—	**(1,404)**	**1,404**	**—**	**—**	**—**
	$ 11,904	**$ 1,336**	**$ (1,403)**	**$ 5**	**$ 17**	**$ 11,859**
Issue of shares by subsidiary to non-controlling interest						
Gross proceeds on share issuance	$ —	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Transaction costs	5	**—**	**(1)**	**—**	**—**	**4**
Income taxes charged directly to contributed surplus [1]	43	**—**	**—**	**—**	**4**	**47**
	48	**—**	**(1)**	**—**	**4**	**51**
To eliminate effect of gross settlement of transaction costs and income taxes	—	**(1)**	**1**	**—**	**—**	**—**
	$ 48	**$ (1)**	**$ —**	**$ —**	**$ 4**	**$ 51**

1 Income taxes charged directly to contributed surplus were comprised of a current income tax charge of $4 and a deferred income tax recovery of $NIL.

(millions)	Beginning of period	Statement of cash flows: Issued or received	Statement of cash flows: Redemptions, repayments or payments	Non-cash changes: Foreign exchange movement (*Note 4(f)*)	Non-cash changes: Other	End of period
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2015						
Dividends paid to holders of Common Shares	$ 244	$ —	$ (740)	$ —	$ 748	$ 252
Purchase of Common Shares for cancellation	$ 3	$ —	$ (402)	$ —	$ 401	$ 2
Short-term borrowings	$ 100	$ 401	$ (400)	$ —	$ —	$ 101
Long-term debt						
TELUS Corporation notes	$ 8,437	$ 1,747	$ —	$ —	$ (2)	$ 10,182
TELUS Corporation commercial paper	130	3,752	(3,127)	32	—	787
TELUS Corporation credit facility	—	780	(780)	—	—	—
Derivatives used to manage currency risks arising from U.S. dollar denominated long-term debt – liability (asset)	—	1,960	(1,935)	(32)	—	(7)
	8,567	8,239	(5,842)	—	(2)	10,962
To eliminate effect of gross settlement of derivatives used to manage currency risks arising from U.S. dollar denominated long-term debt	—	(1,960)	1,960	—	—	—
	$ 8,567	$ 6,279	$ (3,882)	$ —	$ (2)	$ 10,962
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016						
Dividends paid to holders of Common Shares	$ 263	**$ —**	**$ (798)**	**$ —**	**$ 807**	**$ 272**
Purchase of Common Shares for cancellation	$ 10	**$ —**	**$ (140)**	**$ —**	**$ 130**	**$ —**
Short-term borrowings	$ 100	**$ 3**	**$ (3)**	**$ —**	**$ —**	**$ 100**
Long-term debt						
TELUS Corporation notes	$ 11,164	**$ 785**	**$ (600)**	**$ (4)**	**$ 1**	**$ 11,346**
TELUS Corporation commercial paper	256	**3,465**	**(3,550)**	**(34)**	**—**	**137**
TELUS Communications Inc. debentures	618	**—**	**—**	**—**	**1**	**619**
TELUS International (Cda) Inc. credit facility	—	**373**	**(13)**	**—**	**(8)**	**352**
Derivatives used to manage currency risks arising from U.S. dollar denominated long-term debt – liability (asset)	(14)	**3,550**	**(3,573)**	**38**	**23**	**24**
	12,024	**8,173**	**(7,736)**	**—**	**17**	**12,478**
To eliminate effect of gross settlement of derivatives used to manage currency risks arising from U.S. dollar denominated long-term debt	—	**(3,550)**	**3,550**	**—**	**—**	**—**
	$ 12,024	**$ 4,623**	**$ (4,186)**	**$ —**	**$ 17**	**$ 12,478**
Issue of shares by subsidiary to non-controlling interest						
Gross proceeds on share issuance	$ —	**$ 299**	**$ —**	**$ —**	**$ (299)**	**$ —**
Transaction costs	—	**—**	**(8)**	**—**	**12**	**4**
Income taxes charged directly to contributed surplus [1]	—	**—**	**—**	**—**	**47**	**47**
	—	**299**	**(8)**	**—**	**(240)**	**51**
To eliminate effect of gross settlement of transaction costs and income taxes	—	**(8)**	**8**	**—**	**—**	**—**
	$ —	**$ 291**	**$ —**	**$ —**	**$ (240)**	**$ 51**

1 Income taxes charged directly to contributed surplus were comprised of a current income tax charge of $49 and a deferred income tax recovery of $2.