TELUS CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

MARCH 31, 2013

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

Periods ended March 31 (millions except per share amounts)	Note	Three months 2013	2012
			(adjusted – Note 2(a))
OPERATING REVENUES			
Service		**$ 2,582**	$ 2,443
Equipment		**161**	176
		2,743	2,619
Other operating income	*6*	**13**	12
		2,756	2,631
OPERATING EXPENSES			
Goods and services purchased		**1,154**	1,116
Employee benefits expense	*7*	**568**	534
Depreciation		**347**	343
Amortization of intangible assets		**104**	127
		2,173	2,120
OPERATING INCOME		**583**	511
Financing costs	*8*	**96**	86
INCOME BEFORE INCOME TAXES		**487**	425
Income taxes	*9*	**125**	106
NET INCOME		**362**	319
OTHER COMPREHENSIVE INCOME	*10*		
Items that may subsequently be reclassified to income			
Change in unrealized fair value of derivatives designated as cash flow hedges		**2**	(1)
Foreign currency translation adjustment arising from translating financial statements of foreign operations		**2**	(2)
Change in unrealized fair value of available-for-sale financial assets		**(1)**	—
		3	(3)
Item never subsequently reclassified to income			
Employee defined benefit plans re-measurements		**168**	185
		171	182
COMPREHENSIVE INCOME		**$ 533**	$ 501
NET INCOME PER EQUITY SHARE*	*11*		
Basic		**$ 0.56**	$ 0.49
Diluted		**$ 0.55**	$ 0.49
DIVIDENDS DECLARED PER EQUITY SHARE*	*12*	**$ 0.32**	$ 0.595
TOTAL WEIGHTED AVERAGE EQUITY SHARES OUTSTANDING*			
Basic		**653**	650
Diluted		**656**	654

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

* Amounts reflect retrospective application of April 16, 2013, stock split (see *Note 21(b)*).

condensed interim consolidated statements of financial position (unaudited)

As at (millions)	Note	March 31, 2013	December 31, 2012
			(Note 2(a))
ASSETS			
Current assets			
Cash and temporary investments, net		**$ 22**	$ 107
Accounts receivable	*24(a)*	**1,510**	1,541
Income and other taxes receivable		**27**	25
Inventories	*24(a)*	**301**	350
Prepaid expenses		**257**	178
Derivative assets	*4(e)*	**15**	9
		2,132	2,210
Non-current assets			
Property, plant and equipment, net	*15*	**8,199**	8,165
Intangible assets, net	*16*	**6,178**	6,181
Goodwill, net	*16*	**3,723**	3,702
Real estate joint venture	*17*	**11**	11
Other long-term assets		**133**	118
Investments		**57**	58
		18,301	18,235
		$ 20,433	$ 20,445
LIABILITIES AND OWNERS' EQUITY			
Current liabilities			
Short-term borrowings	*18*	**$ 405**	$ 402
Accounts payable and accrued liabilities	*24(a)*	**1,423**	1,511
Income and other taxes payable		**386**	102
Dividends payable	*12*	**209**	208
Advance billings and customer deposits	*24(a)*	**720**	703
Provisions	*19*	**45**	49
Current maturities of long-term debt	*20*	**474**	545
		3,662	3,520
Non-current liabilities			
Provisions	*19*	**225**	222
Long-term debt	*20*	**5,713**	5,711
Other long-term liabilities	*24(a)*	**1,472**	1,682
Deferred income taxes		**1,366**	1,624
		8,776	9,239
Liabilities		**12,438**	12,759
Owners' equity			
Common equity	*21*	**7,995**	7,686
		$ 20,433	$ 20,445
Commitments and Contingent Liabilities	*22*		

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

		Common equity								
		Equity contributed								
		Equity share capital *(Note 21)*								
		Common Shares		Non-Voting Shares						
(millions except number of shares)	*Note*	Number of shares	Share capital	Number of shares	Share capital	Total	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total
Number of shares outstanding at end of preceding period, as previously reported		174,915,546		149,933,165						
Effect of stock split	*21(b)*	174,915,546		149,933,165						
Balance as at January 1, 2012		349,831,092	$ 2,219	299,866,330	$ 3,337	$ 5,556	$ 166	$ 1,780	$ 11	$ 7,513
Net income	*2(a)*	—	—	—	—	—	—	319	—	319
Other comprehensive income	*2(a)*	—	—	—	—	—	—	185	(3)	182
Dividends	*12*	—	—	—	—	—	—	(387)	—	(387)
Share option award expense	*13*	—	—	—	—	—	2	—	—	2
Shares issued pursuant to cash exercise of share options	*13(b)*	—	—	9,300	—	—	—	—	—	—
Shares issued pursuant to use of share option award net-equity settlement feature	*13(b)*	—	—	1,012,558	11	11	(11)	—	—	—
Balance as at March 31, 2012		349,831,092	$ 2,219	300,888,188	$ 3,348	$ 5,567	$ 157	$ 1,897	$ 8	$ 7,629
Number of shares outstanding at end of preceding period, as previously reported		**174,910,546**		**151,052,486**						
Effect of stock split	*21(b)*	**174,910,546**		**151,052,486**						
Balance as at January 1, 2013		**349,821,092**	**$ 2,219**	**302,104,972**	**$ 3,360**	**$ 5,579**	**$ 163**	**$ 1,904**	**$ 40**	**$ 7,686**
Net income	*2(a)*	**—**	**—**	**—**	**—**	**—**	**—**	**362**	**—**	**362**
Other comprehensive income	*2(a)*	**—**	**—**	**—**	**—**	**—**	**—**	**168**	**3**	**171**
Dividends	*12*	**—**	**—**	**—**	**—**	**—**	**—**	**(209)**	**—**	**(209)**
Share option award expense	*13*	**—**	**—**	**—**	**—**	**—**	**2**	**—**	**—**	**2**
Shares issued pursuant to cash exercise of share options	*13(b)*	**—**	**—**	**200**	**—**	**—**	**—**	**—**	**—**	**—**
Shares issued pursuant to use of share option award net-equity settlement feature	*13(b)*	**1,603,442**	**10**	**152,160**	**2**	**12**	**(12)**	**—**	**—**	**—**
Shareholder-approved and court-approved exchange of shares	*21(c)*	**302,257,332**	**3,362**	**(302,257,332)**	**(3,362)**	**—**	**—**	**—**	**—**	**—**
Costs related to share transactions		**—**	**(17)**	**—**	**—**	**(17)**	**—**	**—**	**—**	**(17)**
Balance as at March 31, 2013		**653,681,866**	**$ 5,574**	**—**	**$ —**	**$ 5,574**	**$ 153**	**$ 2,225**	**$ 43**	**$ 7,995**

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 March 31 (millions)	Note	Three months 2013	2012 (adjusted – Note 2(a))
OPERATING ACTIVITIES			
Net income		**$ 362**	$ 319
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization		**451**	470
Deferred income taxes		**(312)**	(312)
Share-based compensation	*13*	**12**	7
Net employee defined benefit plans expense	*14(a)*	**26**	27
Employer contributions to employee defined benefit plans		**(36)**	(116)
Other		**(4)**	10
Net change in non-cash operating working capital	*24(b)*	**230**	358
Cash provided by operating activities		**729**	763
INVESTING ACTIVITIES			
Cash payments for capital assets, excluding spectrum licences	*24(b)*	**(502)**	(452)
Cash payments for acquisitions and related investments	*24(b)*	**(26)**	(30)
Real estate joint venture advances and contributions	*17(c)*	**(4)**	(15)
Proceeds on dispositions	*24(b)*	**—**	4
Other		**(4)**	(21)
Cash used by investing activities		**(536)**	(514)
FINANCING ACTIVITIES			
Dividends paid to holders of equity shares	*24(b)*	**(208)**	(188)
Issuance and repayment of short-term borrowings	*18*	**3**	3
Long-term debt issued	*20, 24(b)*	**580**	1,350
Redemptions and repayment of long-term debt	*20, 24(b)*	**(651)**	(1,392)
Other		**(2)**	—
Cash used by financing activities		**(278)**	(227)
CASH POSITION			
Increase (decrease) in cash and temporary investments, net		**(85)**	22
Cash and temporary investments, net, beginning of period		**107**	46
Cash and temporary investments, net, end of period		**$ 22**	$ 68
SUPPLEMENTAL DISCLOSURE OF OPERATING CASH FLOWS			
Interest paid		**$ (58)**	$ (62)
Interest received		**$ 1**	$ 7
Income taxes paid, net	*9*	**$ (148)**	$ (48)

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

MARCH 31, 2013

TELUS Corporation is one of Canada's largest telecommunications companies, providing a wide range of telecommunications services and products including wireless, data, Internet protocol, voice and television.

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). On February 4, 2013, in accordance with the terms of a court-approved plan of arrangement under the *Business Corporations Act* (British Columbia), TELUS Corporation exchanged all of its issued and outstanding Non-Voting Shares into Common Shares on a one-for-one basis (see *Note 21(c)*). TELUS Corporation maintains its registered office at Floor 5, 3777 Kingsway, Burnaby, British Columbia, V5H 3Z7.

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.

Notes to condensed interim consolidated financial statements	Page	Description
General application		
1. Condensed interim consolidated financial statements	7	Summary explanation of basis of presentation of condensed interim consolidated financial statements
2. Accounting policy developments	7	Summary review of generally accepted accounting principle developments that do, will or may affect us
3. Capital structure financial policies	9	Summary review of our objectives, policies and processes for managing our capital structure
4. Financial instruments	10	Summary schedules and review of financial instruments, including the management of associated risks and fair values
Consolidated results of operations focused		
5. Segmented information	17	Summary disclosure of segmented information regularly reported to our chief operating decision-maker
6. Other operating income	18	Summary schedule of items comprising other operating income
7. Employee benefits expense	18	Summary schedule of employee benefits expense
8. Financing costs	18	Summary schedule of items comprising financing costs
9. Income taxes	19	Summary schedule of income tax expense and reconciliations of statutory rate income tax expense to income tax expense
10. Other comprehensive income	20	Details of other comprehensive income and accumulated amounts
11. Per share amounts	21	Summary schedule and review of numerators and denominators used in calculating per share amounts and related disclosures
12. Dividends per share	21	Summary schedule of dividends declared
13. Share-based compensation	22	Summary schedules and review of compensation arising from share option awards, restricted stock units and employee share purchase plan
14. Employee future benefits	24	Summary schedules and review of employee future benefits
Consolidated financial position focused		
15. Property, plant and equipment	25	Summary schedule of items comprising property, plant and equipment
16. Intangible assets and goodwill	26	Summary schedule of items comprising intangible assets, including goodwill and review of reported fiscal year acquisitions from which intangible assets, including goodwill, arose

Notes to condensed interim consolidated financial statements	Page	Description
Consolidated financial position focused (continued)		
17. Real estate joint venture	27	Summary review of real estate joint venture and related disclosures
18. Short-term borrowings	30	Review of short-term borrowings and related disclosures
19. Provisions	30	Summary schedules and review of items comprising provisions, including restructuring activities
20. Long-term debt	32	Summary schedule of long-term debt and related disclosures
21. Equity share capital	34	Review of authorized share capital
22. Commitments and contingent liabilities	34	Summary review of contingent liabilities, claims and lawsuits
Other		
23. Related party transactions	36	Summary schedules, including review of transactions with key management personnel
24. Additional financial information	37	Summary schedules of items comprising certain primary financial statement line items

1 condensed interim consolidated financial statements

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. Further, our condensed interim consolidated financial statements should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2012.

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, 2012, other than as set out in *Note 2(a)*. 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 for publicly accountable enterprises; our condensed interim consolidated financial statements comply with International Accounting Standard 34, *Interim Financial Reporting*. Our condensed interim consolidated financial statements 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 three-month period ended March 31, 2013, were authorized by our Board of Directors for issue on May 9, 2013.

2 accounting policy developments

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

The following standards are required to be applied for periods beginning on or after January 1, 2013, and, unless otherwise indicated, have no effect on our financial performance:

- IFRS 7, *Financial Instruments: Disclosures* (amended 2011)
- IFRS 10, *Consolidated Financial Statements*
- IFRS 11, *Joint Arrangements*
- IFRS 12, *Disclosure of Interests in Other Entities*
- IAS 27, *Separate Financial Statements* (amended 2011)
- IAS 28, *Investments in Associates* (amended 2011)
- IFRS 13, *Fair Value Measurement*.
- IAS 19, *Employee Benefits* (amended 2011): Relative to our pre-fiscal 2013 accounting policies and presentation and disclosure practices, the key difference in the amended standard is that the expected long-term rate of return on plan assets will no longer be used for defined benefit plan expense measurement purposes. In the determination of

net income in our instance, the effect is that the defined benefit plan expense concepts of "interest cost" and "return on plan assets" are replaced with the concept of "net interest". Net interest for each plan is the product of the plan's surplus (deficit) multiplied by the discount rate. The amended standard does not prescribe where in the results of operations the net interest amount is to be presented, but we now present such amount as a component of financing costs (see *Note 8*).

Our current view, consistent with long-term historical experience, is that the expected long-term rate of return on plan assets will exceed the discount rate (a result of targeting a significant percentage of the defined benefit plan assets for investment in equity securities); as a result, the relative effect of the amended standard is a decrease in net income and associated per share amounts. The variance between the actual rate of return on defined benefit plan assets and the discount rate, as well as the related impact of the limit on defined benefit assets, if any, is included in other comprehensive income as a re-measurement (see *Note 10*).

The amended standard affected our Consolidated Statements of Income and Other Comprehensive Income as follows:

Three-month periods ended March 31 (millions except per share amounts)	2013			2012		
	Excluding effects of amended IAS 19[(1)]	Amended IAS 19 effects	As currently reported	Excluding effects of amended IAS 19[(1)]	Amended IAS 19 effects	As currently reported
OPERATING EXPENSES						
Employee benefits expense	**$ 534**	**$ 34**	**$ 568**	$ 506	$ 28	$ 534
FINANCING COSTS	**$ 83**	**13**	**$ 96**	$ 75	11	$ 86
INCOME TAXES	**$ 137**	**(12)**	**$ 125**	$ 116	(10)	$ 106
NET INCOME		**(35)**			(29)	
OTHER COMPREHENSIVE INCOME						
Item never subsequently reclassified to income						
Defined benefit plans re-measurements	**$ 133**	**35**	**$ 168**	$ 156	29	$ 185
COMPREHENSIVE INCOME		**$ —**			$ —	
NET INCOME PER EQUITY SHARE[*]						
Basic	**$ 0.61**	**$ (0.05)**	**$ 0.56**	$ 0.54	$ (0.05)	$ 0.49
Diluted	**$ 0.61**	**$ (0.06)**	**$ 0.55**	$ 0.53	$ (0.04)	$ 0.49

(1) Excluding the effects of amended IAS 19 reflects an expected long-term annual rate of return on plan assets of 6.50% (2012 – 6.75%). The actual rate of return on plan assets for the twelve-month period ended March 31, 2013 was 8.19% (2012 – 2.42%).

As disclosed in our consolidated financial statements for the year ended December 31, 2012, upon our transition to IFRS-IASB on January 1, 2010, we made an exemption election to recognize cumulative unamortized actuarial gains and losses, past service costs and transitional obligations, as at the transition date, as an adjustment to retained earnings; also effective upon transition to IFRS-IASB, we adopted a policy of recognizing actuarial gains and losses in other comprehensive income in the period in which they arose. As a result of the exemption election made and the accounting policy selected upon our transition to IFRS-IASB, the required retrospective application of the amended standard affects neither our statement of financial position nor the balances of the components of equity therein and therefore a January 1, 2012, statement of financial position has not been included in these condensed interim consolidated financial statements.

Additionally, the amounts of cash provided (used) by operating activities, investing activities and financing activities in the statement of cash flows are not affected.

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

Based upon current facts and circumstances, we do not expect to be materially affected by the application of the following standards and are currently determining which date(s) we will select for initial compliance if earlier than the required compliance dates.

- IFRS 9, *Financial Instruments*, is required to be applied for periods beginning on or after January 1, 2015.
- IAS 32, *Financial Instruments* (amended 2011), is required to be applied for periods beginning on or after January 1, 2014.

(c) Revenue from contracts with customers

The International Accounting Standards Board and the Financial Accounting Standards Board of the United States have been working on a joint project to clarify the principles for recognizing revenue and to develop a common revenue standard. In June 2010 an exposure draft was issued and in November 2011 a revised exposure draft was issued. We are currently

[*] Amounts reflect retrospective application of April 16, 2013, stock split (see *Note 21(b)*).

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assessing the impacts of the draft proposals contained within the revised exposure draft, but if the finalized revenue standard, currently expected to be effective for our 2017 fiscal year, were to largely reflect the draft proposals, we currently would expect to be materially affected by its application.

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 and definition of capital, we include common equity (excluding accumulated other comprehensive income), long-term debt (including any associated hedging assets or liabilities, net of amounts recognized in accumulated other comprehensive income), cash and temporary investments and securitized trade receivables.

We manage our capital structure and make adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust our capital structure, we may adjust the amount of dividends paid to holders of TELUS Corporation shares, purchase 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 – excluding restructuring costs (EBITDA** – excluding restructuring costs); and dividend payout ratios.

Net debt to EBITDA – excluding restructuring costs is calculated as net debt at the end of the period divided by 12-month trailing EBITDA – excluding restructuring costs. This measure, historically, is substantially the same as the leverage ratio covenant in our credit facilities. Net debt and EBITDA – excluding restructuring costs 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 schedule. Net debt is one component of a ratio used to determine compliance with debt covenants.

The reported dividend payout ratio is calculated as the quarterly dividend declared per equity share, as recorded in the financial statements, multiplied by four and 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 reported amount is in respect of a fiscal year); the reported dividend payout ratio of adjusted net earnings differs in that it excludes: income tax-related adjustments; and the ongoing impacts of share options with the net-cash settlement feature.

During 2013, our strategy, which was unchanged from 2012, included maintaining the financial policy set out in the table below. We believe that our financial policies and guidelines, which are reviewed annually, are currently at the optimal level and, by maintaining credit ratings in the range of BBB+ to A-, or the equivalent, provide reasonable access to capital.

As at, or 12-month periods ended, March 31 ($ in millions)	Policy	**2013**	2012 *(adjusted – Note 2(a))*
Components of debt and coverage ratios			
Net debt[(1)]		**$ 6,595**	$ 6,898
EBITDA – excluding restructuring costs[(2)]		**$ 3,958**	$ 3,733
Net interest cost[(3)]		**$ 340**	$ 348
Debt ratio			
Net debt to EBITDA – excluding restructuring costs	1.5 – 2.0	**1.7**	1.8
Coverage ratios			
Earnings coverage[(4)]		**5.8**	5.1
EBITDA – excluding restructuring costs interest coverage[(5)]		**11.6**	10.7
Other measures			
Dividend payout ratio of adjusted net earnings[(6)]		**68%**	68%
Dividend payout ratio		**67%**	66%

(1) Net debt is calculated as follows:

	2013	2012
Long-term debt *(Note 20)*	**$ 6,187**	$ 6,533
Debt issuance costs netted against long-term debt	**25**	26
Cash and temporary investments, net	**(22)**	(68)
Short-term borrowings	**405**	407
Net debt	**$ 6,595**	$ 6,898

** 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 have issued guidance on, and report, EBITDA because it is a key measure that management uses to evaluate the performance of our business and is also utilized in measuring compliance with certain debt covenants.

(2) EBITDA – excluding restructuring costs is calculated as follows:

	EBITDA (Note 5) (adjusted – Note 2(a))	Restructuring costs (Note19(b))	EBITDA – excluding restructuring costs
Add			
Three-month period ended March 31, 2013	$ 1,034	$ 11	$ 1,045
Year end December 31, 2012	3,859	48	3,907
Deduct			
Three-month period ended March 31, 2012	(981)	(13)	(994)
12-month period currently ended	$ 3,912	$ 46	$ 3,958

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

(4) Earnings coverage is defined as net income attributable to equity shares before borrowing costs expense and income tax expense, divided by borrowing costs expense.

(5) EBITDA – excluding restructuring costs interest coverage is defined as EBITDA – excluding restructuring costs divided by net interest cost. This measure is substantially the same as the coverage ratio covenant in our credit facilities.

(6) Adjusted net earnings attributable to equity shares is calculated as follows:

	2013	2012 (adjusted – Note 2(a))
Net income attributable to equity shares	**$ 1,247**	$ 1,146
Income tax-related adjustments	**(7)**	(31)
After income tax gain net of equity losses related to the residential condominium tower component of the TELUS Garden real estate joint venture	**(7)**	1
Impacts of share options with the net-cash settlement feature, net of income taxes	**(2)**	(8)
Adjusted net earnings attributable to equity shares	**$ 1,231**	$ 1,108

The net debt to EBITDA – excluding restructuring costs ratio was 1.7 times at March 31, 2013, down 0.1 times from one year earlier due to the reduction in net debt and increase in EBITDA – excluding restructuring costs. The earnings coverage ratio for the twelve-month period ended March 31, 2013, was 5.8 times, up from 5.1 times a year earlier; lower borrowing costs expenses increased the ratio by 0.2, while increased income before borrowing costs expense and income taxes increased the ratio by 0.5. The EBITDA – excluding restructuring costs interest coverage ratio for the twelve-month period ended March 31, 2013, was 11.6 times, up from 10.7 times one year earlier; lower net interest expenses increased the ratio by 0.2, while higher EBITDA – excluding restructuring costs increased the ratio by 0.7.

4 financial instruments

(a) Credit risk

Excluding credit risk, if any, arising from currency swaps settled on a gross basis (see *(b)*), 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)	**March 31, 2013**	December 31, 2012
Cash and temporary investments, net	**$ 22**	$ 107
Accounts receivable	**1,510**	1,541
Derivative assets	**21**	12
	$ 1,553	$ 1,660

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 covers 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 Consolidated Statements of Financial Position. As at March 31, 2013, the weighted average life of customer accounts receivable was 30 days (December 31, 2012 – 29 days) and the weighted average life of past-due customer accounts receivable was 63 days (December 31, 2012 – 63 days). Late payment charges are levied, at an industry-based market rate, on outstanding non-current customer account balances.

As at (millions)	**March 31, 2013**	December 31, 2012
Customer accounts receivable net of allowance for doubtful accounts		
Less than 30 days past billing date	**$ 844**	$ 860
30-60 days past billing date	**228**	218
61-90 days past billing date	**59**	67
Greater than 90 days past billing date	**83**	72
	$ 1,214	$ 1,217
Customer accounts receivable *(Note 24(a))*	**$ 1,256**	$ 1,261
Allowance for doubtful accounts	**(42)**	(44)
	$ 1,214	$ 1,217

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 allowances should be made for past-due accounts; the same factors are considered when determining whether to write off amounts charged to the allowance account 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.

Periods ended March 31 (millions)	Three months **2013**	2012
Balance, beginning of period	**$ 44**	$ 36
Additions (doubtful accounts expense)	**11**	11
Net use	**(13)**	(12)
Balance, end of period	**$ 42**	$ 35

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 all been accorded investment grade ratings by a primary 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 the risk of this 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 liquidity surplus and liquidity requirements according to our actual needs and those of our subsidiaries;
- maintaining bilateral bank facilities (*Note 18*) and a syndicated credit facility (*Note 20(d)*);
- the sales of trade receivables to an arm's-length securitization trust (*Note 18*);
- maintaining a commercial paper program (*Note 20(b)*);
- continuously monitoring forecast and actual cash flows; and
- managing maturity profiles of financial assets and financial liabilities.

As disclosed in *Note 20(e)*, we have significant debt maturities in future years. As at March 31, 2013, we have access to a shelf prospectus, in effect until November 2013, pursuant to which we can offer, after reflecting the April 1, 2013, issuance of the Series CK Notes and Series CL Notes discussed further in *Note 20(b)*, $300 million (December 31, 2012 – $2.0 billion) of debt or equity securities. We believe that our investment grade credit ratings contribute to reasonable access to capital markets.

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

Our undiscounted financial liability contractual maturities, including interest thereon (where applicable), are as set out in the following tables:

As at March 31, 2013 (millions)	Non-derivative: Non-interest bearing financial liabilities	Non-derivative: Short-term borrowings[1]	Non-derivative: Long-term debt (*Note 20*)	Non-derivative: Construction credit facilities commitment (*Note 17(c)*)[2]	Derivative: Currency swap agreement amounts to be exchanged (Receive)	Derivative: Currency swap agreement amounts to be exchanged Pay	Total
2013							
Second quarter	**$ 742**	**$ 7**	**$ 579**	**$ 176**	**$ (71)**	**$ 70**	**$ 1,503**
Balance of year	**484**	**3**	**153**	**—**	**(61)**	**59**	**638**
2014	**46**	**405**	**1,060**	**—**	**—**	**—**	**1,511**
2015	**48**	**—**	**953**	**—**	**—**	**—**	**1,001**
2016	**2**	**—**	**887**	**—**	**—**	**—**	**889**
2017	**2**	**—**	**959**	**—**	**—**	**—**	**961**
Thereafter	**5**	**—**	**5,333**	**—**	**—**	**—**	**5,338**
Total	**$ 1,329**	**$ 415**	**$ 9,924**	**$ 176**	**$ (132)**	**$ 129**	**$ 11,841**

(1) Interest payment cash outflows in respect of 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 March 31, 2013.
(2) The draw-downs on the construction credit facilities are expected to occur as construction progresses through 2015.

As at December 31, 2012 (millions)	Non-derivative: Non-interest bearing financial liabilities	Non-derivative: Short-term borrowings[1]	Non-derivative: Long-term debt (*Note 20*)	Non-derivative: Construction credit facilities commitment (*Note 17(c)*)[2]	Derivative: Currency swap agreement amounts to be exchanged (Receive)	Derivative: Currency swap agreement amounts to be exchanged Pay	Total
2013							
First quarter	$ 881	$ 3	$ 297	$ 182	$ (51)	$ 51	$ 1,363
Balance of year	526	5	558	—	(90)	88	1,087
2014	5	405	997	—	—	—	1,407
2015	47	—	889	—	—	—	936
2016	2	—	824	—	—	—	826
2017	2	—	895	—	—	—	897
Thereafter	5	—	3,783	—	—	—	3,788
Total	$ 1,468	$ 413	$ 8,243	$ 182	$ (141)	$ 139	$ 10,304

(1) Interest payment cash outflows in respect of 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, 2012.
(2) The draw-downs on the construction credit facilities are expected to occur as construction progresses through 2015.

Our undiscounted financial liability expected maturities do not differ significantly from our contractual maturities, other than for the effects of the April 1, 2013, exercise of our right to early redeem our 4.95% Notes, Series CF, as set out in *Note 20(b)*; the effects of such early redemption are as set out in the following table.

As at March 31, 2013 (millions)	Long-term debt: Contractual maturities	Long-term debt: Effect of early redemption[1]	Long-term debt: Expected maturities	Total: Contractual maturities	Total: Effect of early redemption[1]	Total: Expected maturities
2013						
Second quarter	**$ 579**	**$ 700**	**$ 1,279**	**$ 1,503**	**$ 700**	**$ 2,203**
Balance of year	**153**	**(17)**	**136**	**638**	**(17)**	**621**
2014	**1,060**	**(717)**	**343**	**1,511**	**(717)**	**794**
2015	**953**	**—**	**953**	**1,001**	**—**	**1,001**
2016	**887**	**—**	**887**	**889**	**—**	**889**
2017	**959**	**—**	**959**	**961**	**—**	**961**
Thereafter	**5,333**	**—**	**5,333**	**5,338**	**—**	**5,338**
Total	**$ 9,924**	**$ (34)**	**$ 9,890**	**$ 11,841**	**$ (34)**	**$ 11,807**

(1) No provision has been made in this table for the associated redemption premiums.

(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 and commitments. Hedge accounting is applied to these short-term foreign currency forward contracts and currency options only on a limited basis.

Net income and other comprehensive income for the three-month periods ended March 31, 2013 and 2012, could have varied if Canadian dollar: U.S. dollar exchange rates varied from the actual transaction date rates. The following Canadian dollar: U.S. dollar exchange rate sensitivity analysis has been based upon a hypothetical change having occurred throughout the reporting period (other than no change is reflected as at the statement of financial position date – see *(d)*, which isolates the statement of financial position date hypothetical effects) and having been applied to all relevant Consolidated Statement of Income and Other Comprehensive Income transactions. Income tax expense, which is reflected net in the sensitivity analysis, reflects the applicable weighted average statutory income tax rates for the reporting periods.

	Net income and comprehensive income		Capital expenditures	
Three-month periods ended March 31 ($ increase (decrease) in millions)	**2013**	2012	**2013**	2012
10% change in Cdn.$: U.S.$ exchange rate[(1)]				
Canadian dollar appreciates	**$ 17**	$ 8	**$ (6)**	$ (5)
Canadian dollar depreciates	**$ (17)**	$ (8)	**$ 6**	$ 5

(1) These sensitivities are hypothetical and should be used with caution. Changes in net income and comprehensive income generally cannot be extrapolated because the relationship of the change in assumption to the change in net income and comprehensive income may not be linear. In this table, the effect of a variation in the Canadian dollar: U.S. dollar exchange rate on the amount of net income and comprehensive income is calculated without changing any other analysis inputs; in reality, changes in the Canadian dollar: U.S. dollar exchange rate may result in changes in another factor (for example, increased strength of the Canadian dollar may result in more favourable market interest rates), 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. The sensitivity analysis is prepared based on the simple average of the Canadian dollar: U.S. dollar exchange rate for the period.

In respect of U.S. dollar denominated inventory purchases, the current period's purchases have been included in the sensitivity analysis by assuming that all items are sold in the period purchased. Similarly, this sensitivity analysis is based on the assumption that all U.S. dollar denominated accounts receivable and accounts payable arising in the period are collected and paid, respectively, in the period.

In respect of U.S. dollar denominated capital expenditures, the current period's expenditures have been included in the sensitivity analysis by assuming one-half period's straight-line depreciation and amortization in the year of acquisition and an estimated useful life of 10 years; no consideration has been made for U.S. dollar denominated capital expenditures made in prior periods.

(d) Market risk

Net income and other comprehensive income for the three-month periods ended March 31, 2013 and 2012, could have varied if the Canadian dollar: U.S. dollar exchange rates, market interest rates and our equity shares' prices varied by reasonably possible amounts from their actual statement of financial position date values.

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 (as contrasted with applying the hypothetical change to all relevant transactions during the reported periods – see *(c)*). 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 interest rate risk at the reporting date has been determined based upon a hypothetical change taking place at the beginning of the relevant fiscal year and being held constant through to the statement of financial position date. The relevant statement of financial position date principal amounts and notional amounts 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 statement of financial position date notional number of shares, 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 weighted average statutory income tax rates for the reporting periods.

Three-month periods ended March 31 ($ increase (decrease) in millions)	Net income		Other comprehensive income		Comprehensive income	
	2013	2012	**2013**	2012	**2013**	2012
Reasonably possible changes in market risks[1]						
10% change in Cdn.$: U.S.$ exchange rate						
Canadian dollar appreciates	**$ (9)**	$ (8)	**$ (5)**	$ (9)	**$ (14)**	$ (17)
Canadian dollar depreciates	**$ 9**	$ 7	**$ 5**	$ 9	**$ 14**	$ 16
25 basis point change in market interest rate						
Rate increases	**$ —**	$ (1)	**$ —**	$ —	**$ —**	$ (1)
Rate decreases	**$ —**	$ 1	**$ —**	$ —	**$ —**	$ 1
25%[2][3] change in equity share prices[4]						
Price increases	**$ (7)**	$ (3)	**$ 19**	$ 4	**$ 12**	$ 1
Price decreases	**$ 7**	$ 3	**$ (19)**	$ (4)	**$ (12)**	$ (1)

(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 assumption; in reality, changes in one factor may result in changes in another (for example, increases in market interest rates may result in more favourable foreign exchange rates (increased strength of the Canadian dollar)), which might magnify or counteract the sensitivities.
The sensitivity analysis assumes that we would realize the changes in exchange rates and market interest 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 shares associated with share-based compensation awards made during the reporting period that may have arisen due to a difference in the equity share prices.

(2) See *Note 13(b)-(c)* for further information about the change in the equity instruments underlying share-based compensation.

(3) To facilitate ongoing comparison of sensitivities, a constant variance of approximate magnitude has been used. Reflecting a 4.75-year data period and calculated on a monthly basis, which is consistent with the current assumptions and methodology, the volatility of our Common Share price as at March 31, 2013, was 18.6% (2012 – 4.25-year data period, Non-Voting Share price, 22.6%); reflecting the three-month data period ended March 31, 2013, the volatility was 9.2% (2012 – Non-Voting Share price, 16.4%).

(4) The hypothetical effects of changes in the prices of our equity shares are restricted to those which would arise from our share-based compensation items 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 carrying value of short-term investments, if any, equals their fair value as they are classified as held for trading. The fair value is 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 value of our investments accounted for as available-for-sale is 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 exposure to currency risks are estimated based on 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 the use of discounted future cash flows using current rates for similar financial instruments subject to similar risks and maturities (such fair values being largely based on Canadian dollar: U.S. dollar forward exchange rates 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 upon our equity share prices 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 used to measure them 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)	
	Mar. 31, 2013	Dec. 31, 2012	**Mar. 31, 2013**	Dec. 31, 2012	**Mar. 31, 2013**	Dec. 31, 2012	**Mar. 31, 2013**	Dec. 31, 2012
Assets								
Foreign exchange derivatives	**$ 4**	$ 2	**$ —**	$ —	**$ 4**	$ 2	**$ —**	$ —
Share-based compensation derivatives	**17**	10	**—**	—	**17**	10	**—**	—
Available-for-sale portfolio investments	**44**	45	**28**	29	**16**	16	**—**	—
	$ 65	$ 57	**$ 28**	$ 29	**$ 37**	$ 28	**$ —**	$ —

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)			**March 31, 2013**			December 31, 2012		
	Designation	Maximum maturity date	Notional amount	Carrying amount	Fair value	Notional amount	Carrying amount	Fair value
Current Assets								
Derivatives used to manage								
Currency risks arising from U.S. dollar denominated purchases	HFT[(1)]	2013	**$ 64**	**$ 2**	**$ 2**	$ 59	$ 1	$ 1
Currency risks arising from U.S. dollar denominated purchases	HFH[(2)]	2013	**$ 65**	**2**	**2**	$ 59	1	1
Changes in share-based compensation costs *(Note 13(c))*	HFH[(2)]	2014	**$ 26**	**11**	**11**	$ 24	7	7
				$ 15	**$ 15**		$ 9	$ 9
Other Long-Term Assets								
Derivatives used to manage								
Changes in share-based compensation costs *(Note 13(c))*	HFH[(2)]	2015	**$ 59**	**$ 6**	**$ 6**	$ 31	$ 3	$ 3
Current Liabilities								
Derivatives used to manage								
Currency risks arising from U.S. dollar revenues	HFT[(1)]	2013	**$ 38**	**$ —**	**$ —**	$ 20	$ —	$ —
Other Long-Term Liabilities								
Derivatives used to manage								
Changes in share-based compensation costs *(Note 13(c))*	HFH[(2)]	2015	**$ 29**	**$ —**	**$ —**	$ —	$ —	$ —

(1) Designated as held for trading (HFT) upon initial recognition; hedge accounting is not applied.
(2) 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)	**March 31, 2013**		December 31, 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term debt	**$ 6,187**	**$ 7,066**	$ 6,256	$ 7,109

(f) Recognition of derivative gains and losses

The following table sets out the gains and losses, excluding income tax effects, on derivative instruments classified as cash flow hedging items and their location within the 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 into income (effective portion) (*Note 10*)		
				Amount	
Three-month periods ended March 31 (millions)	**2013**	2012	Location	**2013**	2012
Derivatives used to manage:					
Currency risks arising from U.S. dollar denominated purchases	**$ 1**	$ (1)	Goods and services purchased	**$ —**	$ 1
Changes in share-based compensation costs *(Note 13(c))*	**5**	2	Employee benefits expense	**4**	2
	$ 6	$ 1		**$ 4**	$ 3

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 Consolidated Statements of Income and Other Comprehensive Income.

		Gain (loss) recognized in income on derivatives	
Three-month periods ended March 31 (millions)	Location	**2013**	2012
Derivatives used to manage currency risks	Financing costs	**$ 1**	$ (1)

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5 segmented information

General

Our operating segments 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)) and whose operating results 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 voice, data and equipment sales. The Wireline segment includes data (which includes: television; Internet, enhanced data and hosting services; and managed and legacy data services), voice local, voice long distance, and other telecommunications services (which includes health solutions) 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 March 31 (millions)	Wireless		Wireline		Eliminations		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
		(adjusted – Note 2(a))		*(adjusted – Note 2(a))*				*(adjusted – Note 2(a))*
Operating revenues								
External revenue	**$ 1,472**	$ 1,383	**$ 1,284**	$ 1,248	**$ —**	$ —	**$ 2,756**	$ 2,631
Intersegment revenue	**12**	10	**41**	41	**(53)**	(51)	**—**	—
	$ 1,484	$ 1,393	**$ 1,325**	$ 1,289	**$ (53)**	$ (51)	**$ 2,756**	$ 2,631
EBITDA[1]	**$ 666**	$ 620	**$ 368**	$ 361	**$ —**	$ —	**$ 1,034**	$ 981
CAPEX, excluding spectrum licences[2]	**$ 134**	$ 151	**$ 333**	$ 290	**$ —**	$ —	**$ 467**	$ 441
EBITDA less CAPEX excluding spectrum licences	**$ 532**	$ 469	**$ 35**	$ 71	**$ —**	$ —	**$ 567**	$ 540

	2013	2012
Operating revenues (above)	**$ 2,756**	$ 2,631
Goods and services purchased	**1,154**	1,116
Employee benefits expense	**568**	534
EBITDA (above)	**1,034**	981
Depreciation	**347**	343
Amortization	**104**	127
Operating income	**583**	511
Financing costs	**96**	86
Income before income taxes	**$ 487**	$ 425

(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 is also utilized in measuring compliance with certain debt covenants.

(2) Total capital expenditures (CAPEX); see *Note 24(b)* for reconciliation of capital expenditures excluding spectrum licences to cash payments for capital assets, excluding spectrum licences reported on the Consolidated Statement of Cash Flows.

Geographical information

We attribute revenues from external customers to individual countries on the basis of the location of 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; information about such non-material amounts is not regularly reported to our chief operating decision-maker.

6 other operating income

Periods ended March 31 (millions)	Three months 2013	Three months 2012
Government assistance, including deferral account amortization	**$ 13**	$ 12
Investment income (loss)	**—**	(2)
Gain on disposal of assets	**—**	2
	$ 13	$ 12

7 employee benefits expense

Periods ended March 31 (millions)	Note	Three months 2013	Three months 2012
			(adjusted – Note 2(a))
Employee benefits expense – gross			
Wages and salaries		**$ 551**	$ 523
Share-based compensation	*13*	**23**	16
Pensions – defined benefit	*14(a)*	**26**	27
Pensions – defined contribution	*14(b)*	**19**	17
Restructuring costs	*19(b)*	**10**	13
Other		**35**	34
		664	630
Capitalized internal labour costs			
Property, plant and equipment		**(67)**	(67)
Intangible assets subject to amortization		**(29)**	(29)
		(96)	(96)
		$ 568	$ 534

8 financing costs

Periods ended March 31 (millions)	Note	Three months 2013	Three months 2012
			(adjusted – Note 2(a))
Interest expense[1]			
Interest on long-term debt		**$ 85**	$ 86
Interest on short-term borrowings and other		**2**	2
Interest accretion on asset retirement obligation	*19(a)*	**2**	1
		89	89
Employee defined benefit plans net interest	*14(a)*	**13**	11
Foreign exchange		**(2)**	(4)
		100	96
Interest income			
Interest on income tax refunds		**(4)**	(10)
		$ 96	$ 86

(1) No financing costs were capitalized to property, plant, equipment and/or intangible assets during the three-month periods ended March 31, 2013 and 2012.

9 income taxes

Periods ended March 31 (millions)	Three months 2013	Three months 2012
		(adjusted – Note 2(a))
Current income tax expense (recovery)		
For current reporting period	**$ 439**	$ 429
Consequential adjustments from reassessment of prior year income tax issues	**(2)**	(11)
	437	418
Deferred income tax expense (recovery)		
Arising from the origination and reversal of temporary differences	**(313)**	(319)
Revaluation of deferred income tax liability to reflect future statutory income tax rates	**—**	(1)
Consequential adjustments from reassessment of prior year income tax issues	**1**	8
	(312)	(312)
	$ 125	$ 106

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

Three-month periods ended March 31 ($ in millions)	2013		2012	
			(adjusted – Note 2(a))	
Basic blended income tax at weighted average statutory income tax rates	**$ 125**	**25.7%**	$ 109	25.7%
Income tax rate differential on, and consequential adjustments from, reassessment of prior year income tax issues	**(1)**		(3)	
Other	**1**		—	
Income tax expense per Consolidated Statements of Income and Other Comprehensive Income	**$ 125**	**25.7%**	$ 106	24.9%

Our basic blended weighted average statutory income tax rate is the aggregate of the following:

Periods ended March 31	Three months 2013	Three months 2012
Basic federal rate	**14.7%**	14.7%
Weighted average provincial rate	**10.4**	10.3
Other income tax jurisdictions	**0.6**	0.7
	25.7%	25.7%

10 other comprehensive income

Three-month periods ended March 31 (millions)	Items that may subsequently be reclassified to income: Change in unrealized fair value of derivatives designated as cash flow hedges *(Note 4(f))* — Gains (losses) arising in current period	Prior period (gains) losses transferred to net income in the current period	Total	Cumulative foreign currency translation adjustment	Change in unrealized fair value of available-for-sale financial assets	Accumulated other comprehensive income	Item never reclassified to income: Employee defined benefit plan re-measurements	Other comprehensive income
							(adjusted – Note 2(a))	
Accumulated balance as at January 1, 2012			$ 7	$ 4	$ —	$ 11		
Other comprehensive income (loss)								
Amount arising	$ 1	$ (3)	(2)	(2)	—	(4)	$ 248	$ 244
Income taxes	$ —	$ (1)	(1)	—	—	(1)	63	62
Net			(1)	(2)	—	(3)	$ 185	$ 182
Accumulated balance as at March 31, 2012			$ 6	$ 2	$ —	$ 8		
Accumulated balance as at January 1, 2013			**$ 3**	**$ 4**	**$ 33**	**$ 40**		
Other comprehensive income (loss)								
Amount arising	**$ 6**	**$ (4)**	**2**	**2**	**(1)**	**3**	**$ 225**	**$ 228**
Income taxes	**$ 1**	**$ (1)**	**—**	**—**	**—**	**—**	**57**	**57**
Net			**2**	**2**	**(1)**	**3**	**$ 168**	**$ 171**
Accumulated balance as at March 31, 2013			**$ 5**	**$ 6**	**$ 32**	**$ 43**		

As at March 31, 2013, 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 $2 million.

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11 per share amounts

Basic net income per equity share is calculated by dividing net income attributable to equity shares by the total weighted average number of equity shares outstanding during the period. Diluted net income per equity 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 attributable to equity shares equalled diluted net income attributable to equity shares for all periods presented.

	Three months	
Periods ended March 31 (millions*)	**2013**	2012
Basic total weighted average number of equity shares outstanding	**653**	650
Effect of dilutive securities		
Share option awards	**3**	4
Diluted total weighted average number of equity shares outstanding	**656**	654

For the three-month period ended March 31, 2013, certain outstanding share option awards, in the amount of NIL (2012 – 2 million) were not included in the computation of diluted income per equity share because the share option awards' exercise prices were greater than the average market price of the equity shares during the reported periods.

12 dividends per share

Three-month periods ended March 31 (millions except per share amounts)	**2013**				2012			
	Declared		Paid to		Declared		Paid to	
Equity share dividends	Effective	Per share*	shareholders	Total	Effective	Per share*	shareholders	Total
Quarter 1 dividend	**Mar. 11, 2013**	**$ 0.32**	**Apr. 1, 2013**	**$ 209**	Mar. 9, 2012	$ 0.290	Apr. 2, 2012	$ 189
Quarter 2 dividend	—	—	—	—	Jun. 8, 2012	0.305	Jul. 3, 2012	198
		$ 0.32		**$ 209**		$ 0.595		$ 387

On May 8, 2013, the Board of Directors declared a quarterly dividend of $0.34 per share on our issued and outstanding equity shares payable on July 2, 2013, to holders of record at the close of business on June 10, 2013. The final amount of the dividend payment depends upon the number of equity shares issued and outstanding at the close of business on June 10, 2013.

Reinvestment of dividends

In respect of equity share dividends declared during the three-month period ended March 31, 2013, $15 million (2012 – $7 million) was to be reinvested in equity shares (such shares being acquired in the stock market pursuant to the Dividend Reinvestment and Share Purchase Plan).

* Amounts reflect retrospective application of April 16, 2013, stock split (see *Note 21(b)*).

13 share-based compensation

(a) Details of share-based compensation expense

Reflected in the Consolidated Statements of Income and Other Comprehensive Income as employee benefits expense and in the Consolidated Statements of Cash Flows are the following share-based compensation amounts:

Three-month periods ended March 31	2013			2012		
(millions)	Employee benefits expense	Associated operating cash outflows	Statement of cash flows adjustment	Employee benefits expense	Associated operating cash outflows	Statement of cash flows adjustment
Share option awards	**$ 2**	**$ —**	**$ 2**	**$ 2**	$ —	$ 2
Restricted stock units[(1)]	**12**	**(2)**	**10**	**6**	(1)	5
Employee share purchase plan	**9**	**(9)**	**—**	**8**	(8)	—
	$ 23	**$ (11)**	**$ 12**	**$ 16**	$ (9)	$ 7

(1) The expense arising from restricted stock units was net of cash-settled equity swap agreement effects (see *Note 4(f)*).

For the three-month period ended March 31, 2013, the income tax benefit arising from share-based compensation was $5 million (2012 – $4 million).

(b) Share option awards

General

We use share option awards as a form of retention and incentive compensation. We have a number of share option plans under which employees may receive options to purchase equity shares at a price equal to the fair market value at the time of grant. Share option awards currently granted under the plans may be exercised over specific periods not to exceed seven years from the time of grant; prior to 2003, share option awards were granted with exercise periods not to exceed 10 years.

We apply the fair value method of accounting for share-based compensation awards granted to officers and other employees. Share option awards typically have a three-year vesting period (the requisite service period), but may vest over periods of up to five years. The vesting method of share option awards, which is determined on or before the date of grant, may be either cliff or graded; all share option awards granted subsequent to 2004 have been cliff-vesting awards.

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

Period ended March 31, 2013	Three months	
	Number of share options*	Weighted average share option price*
Outstanding, beginning of period	14,541,378	$ 21.52
Exercised[(1)]	(3,864,656)	$ 18.72
Forfeited	(95,482)	$ 23.61
Expired	(56,518)	$ 21.48
Outstanding, end of period	10,524,722	$ 22.53

(1) The total intrinsic value of share option awards exercised for the three-month period ended March 31, 2013, was $61 million (reflecting a weighted average price at the dates of exercise of $34.51 per share*).

The following table reconciles the number of share options exercised and the associated number of equity shares issued.

Period ended March 31, 2013	Three months*
Non-Voting Shares issued pursuant to exercise of share options	200
Common Shares and Non-Voting Shares issued or issuable pursuant to use of share option award net-equity settlement feature	1,755,602
Impact of our choosing to settle share option award exercises using net-equity settlement feature	2,108,854
Share options exercised	3,864,656

* Amounts reflect retrospective application of April 16, 2013, stock split (see *Note 21(b)*).

The following is a life and exercise price stratification of our share options outstanding, all of which are for Common Shares, as at March 31, 2013.

Options outstanding						Options exercisable	
Range of option prices*					Total	Number of shares*	Weighted average price*
Low	$ 14.91	$ 20.78	$ 25.01	$ 30.15	$ 14.91		
High	$ 19.84	$ 24.63	$ 29.48	$ 32.32	$ 32.32		
Year of expiry and number of shares*							
2013	—	22,970	12,562	—	35,532	35,532	$ 24.91
2014	—	3,820	896,962	41,980	942,762	942,762	$ 28.34
2015	3,260	1,259,092	—	—	1,262,352	1,262,352	$ 21.95
2016	997,038	—	—	—	997,038	997,038	$ 15.32
2017	2,282,944	103,520	—	—	2,386,464	2,119,112	$ 16.32
2018	—	2,704,636	100,880	—	2,805,516	—	$ —
2019	—	—	2,078,568	16,490	2,095,058	—	$ —
	3,283,242	4,094,038	3,088,972	58,470	10,524,722	5,356,796	
Weighted average remaining contractual life (years)	3.6	4.0	4.6	2.6	4.0		
Weighted average price*	$ 16.14	$ 22.81	$ 28.76	$ 31.83	$ 22.53		
Aggregate intrinsic value(1) (millions)	$ 62	$ 50	$ 20	$ —	$ 132		
Options exercisable							
Number of shares*	3,119,410	1,285,882	909,524	41,980	5,356,796		
Weighted average remaining contractual life (years)	3.6	1.9	0.9	1.2	2.7		
Weighted average price*	$ 16.01	$ 21.99	$ 28.19	$ 31.88	$ 19.64		
Aggregate intrinsic value(1) (millions)	$ 60	$ 17	$ 6	$ —	$ 83		

(1) The aggregate intrinsic value is calculated upon the March 31, 2013, price of $35.08 per Common Share*.

(c) 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 equity share together with the dividends that would have arisen thereon had it been an issued and outstanding equity 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 shares at the grant date. The restricted stock units become payable when vesting is completed. The restricted stock units 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.

The following table presents a summary of the activity related to our restricted stock units.

Period ended March 31, 2013	Three months		
	Number of restricted stock units*		Weighted average grant-date fair value*
	Non-vested	Vested	
Outstanding, beginning of period			
Non-vested	2,937,872	—	$ 26.29
Vested	—	24,864	$ 24.10
Issued			
Initial award	2,283,110	—	$ 34.70
In lieu of dividends	47,068	74	$ 34.94
Vested	(76,089)	76,089	$ 28.99
Settled in cash	—	(84,588)	$ 28.12
Forfeited and cancelled	(13,246)	—	$ 26.88
Outstanding, end of period			
Non-vested	5,178,715	—	$ 29.99
Vested	—	16,439	$ 26.07

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 March 31, 2013, is set out in the following table.

* Amounts reflect retrospective application of April 16, 2013, stock split (see *Note 21(b)*).

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*
2013	964,000	$ 26.19	617,237	1,581,237
2014	130,000	$ 33.30	190,384	320,384
2015	2,642,000	$ 34.63	635,094	3,277,094
	3,736,000		1,442,715	5,178,715

(d) Employee share purchase plan

We have an employee share purchase plan under which eligible employees up to a certain job classification can purchase our Common Shares through regular payroll deductions by contributing between 1% and 10% of their pay; for more highly compensated job classifications, employees may contribute between 1% and 55% of their pay. For every dollar contributed by an employee, up to a maximum of 6% of eligible employee pay, we are required to contribute a percentage between 20% and 40% as designated by us. For the three-month periods ended March 31, 2013 and 2012, we contributed 40% for employees up to a certain job classification; for more highly compensated job classifications, we contributed 35%. We record our contributions as a component of Employee benefits expense and our contribution vests on the earlier of a plan participant's last day in our employ or the last business day of the calendar year of our contribution, unless the plan participant's employment is terminated with cause, in which case the plan participant will forfeit any in-year contribution from us.

Periods ended March 31 (millions)	Three months 2013	Three months 2012
Employee contributions	**$ 27**	$ 23
Employer contributions	**9**	8
	$ 36	$ 31

Under this plan, we have the option of offering shares from Treasury or having the trustee acquire shares in the stock market. For the three-month periods ended March 31, 2013 and 2012, all Common Shares issued to employees under the plan were purchased in the stock market at normal trading prices.

14 employee future benefits

(a) Defined benefit pension plans – details

Expense

Our defined benefit pension plan expense was as follows:

Three-month periods ended March 31 (millions)	**2013**				2012 (adjusted – Note 2(a))			
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	**$ 25**	**$ —**	**$ —**	**$ 25**	$ 23	$ —	$ —	$ 23
Past service cost	**—**	**—**	**—**	**—**	3	—	—	3
Net interest; return on plan assets								
Interest expense arising from accrued benefit obligation	**—**	**82**	**—**	**82**	—	86	—	86
Return, including interest income, on plan assets[1]	**—**	**(69)**	**(225)**	**(294)**	—	(75)	(239)	(314)
	—	**13**	**(225)**	**(212)**	—	11	(239)	(228)
Administrative fees	**1**	**—**	**—**	**1**	1	—	—	1
Re-measurements arising from:								
Demographic assumptions	**—**	**—**	**—**	**—**	—	—	(9)	(9)
	$ 26	**$ 13**	**$ (225)**	**$ (186)**	$ 27	$ 11	$ (248)	$ (210)

(1) The interest income on plan assets included in the 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 obligation.

* Amounts reflect retrospective application of April 16, 2013, stock split (see *Note 21(b)*).

(b) Defined contribution plans

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

Periods ended March 31 (millions)	Three months 2013	2012
Union pension plan and public service pension plan contributions	**$ 7**	$ 7
Other defined contribution pension plans	**12**	10
	$ 19	$ 17

15 property, plant and equipment

(millions)	Network assets	Buildings and leasehold improvements	Assets under finance lease	Other	Land	Assets under construction	Total
At cost							
As at December 31, 2012	$ 24,004	$ 2,620	$ 6	$ 1,624	$ 55	$ 377	$ 28,686
Additions	**118**	**1**	**1**	**10**	**—**	**248**	**378**
Additions arising from business acquisitions *(Note 16(c))*	**—**	**—**	**—**	**1**	**—**	**—**	**1**
Dispositions, retirements and other	**(24)**	**—**	**—**	**(106)**	**—**	**—**	**(130)**
Reclassifications	**140**	**13**	—	**14**	**—**	**(167)**	**—**
As at March 31, 2013	**$ 24,238**	**$ 2,634**	**$ 7**	**$ 1,543**	**$ 55**	**$ 458**	**$ 28,935**
Accumulated depreciation							
As at December 31, 2012	$ 17,493	$ 1,674	$ 6	$ 1,348	$ —	$ —	$ 20,521
Depreciation	**290**	**33**	**1**	**23**	**—**	**—**	**347**
Dispositions, retirements and other	**(22)**	**—**	**—**	**(110)**	**—**	**—**	**(132)**
As at March 31, 2013	**$ 17,761**	**$ 1,707**	**$ 7**	**$ 1,261**	**$ —**	**$ —**	**$ 20,736**
Net book value							
As at December 31, 2012	$ 6,511	$ 946	$ —	$ 276	$ 55	$ 377	$ 8,165
As at March 31, 2013	**$ 6,477**	**$ 927**	**$ —**	**$ 282**	**$ 55**	**$ 458**	**$ 8,199**

The gross carrying amount of fully depreciated property, plant and equipment that was still in use as at March 31, 2013, was $2.8 billion (December 31, 2012 – $2.9 billion).

As at March 31, 2013, our contractual commitments for the acquisition of property, plant and equipment were $197 million over a period through to 2014 (December 31, 2012 – $187 million over a period through to 2014).

16 intangible assets and goodwill

(a) Intangible assets and goodwill, net

	Intangible assets subject to amortization						Intangible assets with indefinite lives					
(millions)	Subscriber base	Customer contracts, related customer relationships and leasehold interests	Software	Access to rights-of-way and other	Assets under construction	Total	Spectrum licences	Acquired brand	Total	Total intangible assets	Goodwill[1]	Total intangible assets and goodwill
At cost												
As at December 31, 2012	$ 245	$ 206	$ 2,889	$ 95	$ 185	$ 3,620	$ 4,876	$ 7	$ 4,883	$ 8,503	$ 4,066	$ 12,569
Additions	**—**	**—**	**1**	**1**	**87**	**89**	**—**	**—**	**—**	**89**	**—**	**89**
Additions arising from business acquisitions *(c)*	**—**	**5**	**5**	**1**	**—**	**11**	**—**	**—**	**—**	**11**	**21**	**32**
Dispositions, retirements and other	**—**	**—**	**(29)**	**(24)**	**—**	**(53)**	**—**	**—**	**—**	**(53)**	**—**	**(53)**
Reclassifications	**—**	**—**	**96**	**—**	**(96)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
As at March 31, 2013	**$ 245**	**$ 211**	**$ 2,962**	**$ 73**	**$ 176**	**$ 3,667**	**$ 4,876**	**$ 7**	**$ 4,883**	**$ 8,550**	**$ 4,087**	**$ 12,637**
Accumulated amortization												
As at December 31, 2012	$ 71	$ 81	$ 2,102	$ 68	$ —	$ 2,322	$ —	$ —	$ —	$ 2,322	$ 364	$ 2,686
Amortization	**3**	**5**	**93**	**3**	**—**	**104**	**—**	**—**	**—**	**104**	**—**	**104**
Dispositions, retirements and other	**—**	**—**	**(29)**	**(25)**	**—**	**(54)**	**—**	**—**	**—**	**(54)**	**—**	**(54)**
As at March 31, 2013	**$ 74**	**$ 86**	**$ 2,166**	**$ 46**	**$ —**	**$ 2,372**	**$ —**	**$ —**	**$ —**	**$ 2,372**	**$ 364**	**$ 2,736**
Net book value												
As at December 31, 2012	$ 174	$ 125	$ 787	$ 27	$ 185	$ 1,298	$ 4,876	$ 7	$ 4,883	$ 6,181	$ 3,702	$ 9,883
As at March 31, 2013	**$ 171**	**$ 125**	**$ 796**	**$ 27**	**$ 176**	**$ 1,295**	**$ 4,876**	**$ 7**	**$ 4,883**	**$ 6,178**	**$ 3,723**	**$ 9,901**

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

The gross carrying amount of fully amortized intangible assets subject to amortization that were still in use as at March 31, 2013, was $688 million (December 31, 2012 – $683 million).

As at March 31, 2013, our contractual commitments for the acquisition of intangible assets were $114 million over a period through to 2018 (December 31, 2012 – $119 million over a period through to 2018).

(b) Intangible assets subject to amortization

Estimated aggregate amortization expense for intangible assets subject to amortization, calculated for such assets held as at March 31, 2013, for each of the next five fiscal years is as follows:

Years ending December 31 (millions)	
2013 (balance of year)	**$ 292**
2014	**305**
2015	**207**
2016	**114**
2017	**55**

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(c) Business acquisitions

During the three-month period ended March 31, 2013, we acquired 100% ownership of multiple businesses (including a TELUS-branded wireless dealership business) complementary to our existing lines of business. There was $3 million of contingent consideration recorded in association with the transactions; payment of contingent consideration is dependent upon achievement of revenue and gross customer contract growth targets through 2015.

The primary factor that contributed 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 degree 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 locations of the acquired businesses). A portion of the amount assigned to goodwill may be deductible for income tax purposes.

Acquisition-date fair values

The acquisition-date fair values assigned to assets acquired and liabilities assumed in the individually immaterial acquisitions are as set out in the following table:

(millions)	Various 2013
Assets	
Current assets	$ 6
Non-current assets	
Property, plant and equipment	1
Intangible assets subject to amortization	11
Deferred income taxes	4
Total identifiable assets acquired	22
Liabilities	
Current liabilities	12
Non-current liabilities	2
Total liabilities assumed	14
Net identifiable assets acquired	8
Goodwill	21
Net assets acquired	$ 29
Acquisition effected by way of:	
Cash consideration	$ 24
Accounts payable	2
Provisions	3
	$ 29

Pro forma disclosures

The difference between the results of operations currently presented and the pro forma operating revenues, net income and basic and diluted net income per equity share amounts reflecting the results of operations as if the business acquisitions noted above had been completed at the beginning of the fiscal year is immaterial (as are the post-acquisition operating revenues and net income for three-month period ended March 31, 2013, for the acquired businesses).

17 real estate joint venture

(a) General

In the first quarter of 2011, we announced that we had 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. The project will result in us, as one of the tenants, having new national headquarters. The new-build office tower, scheduled for completion in 2014, is to be built to the 2009 Leadership in Energy and Environmental Design (LEED) Platinum standard and the neighbouring new-build residential condominium tower, scheduled for completion in 2015, is to be built to the LEED Gold standard.

(b) Real estate joint venture summarized financial information

As at (millions)	March 31, 2013	December 31, 2012
ASSETS		
Current assets		
Cash and temporary investments, net	**$ 2**	$ 5
Sales contract deposits held by arm's-length trustee	**43**	26
Other	**5**	6
	50	37
Non-current assets		
Property under development		
Office	**67**	57
Residential condominiums (subject to sales contracts)	**54**	52
	121	109
	$ 171	$ 146
LIABILITIES AND OWNERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**$ 3**	$ 7
Non-current liabilities		
Sales contract deposits		
Payable	**4**	—
Held by arm's-length trustee	**43**	26
Construction credit facilities	**62**	54
Construction holdback liabilities	**1**	1
Other financial liabilities(1)	**18**	18
Liabilities	**131**	106
Owners' equity		
TELUS(2)	**20**	20
Other partner	**20**	20
	40	40
	$ 171	$ 146

(1) Non-current other financial liabilities are due to us; such amounts are non-interest bearing, are secured (as set out in *(c)* following), are payable in cash and are due subsequent to repayment of construction credit facilities.

(2) The equity amount recorded by the real estate joint venture differs from that recorded by us by the amount of the deferred gain on our real estate contributed (as set out in *(c)* following).

During the three-month period ended March 31, 2013, the real estate joint venture capitalized less than $1 million (2012 – $NIL) of financing costs.

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(c) Our transactions with the real estate joint venture

Three-month periods ended March 31 (millions)	2013			2012		
	Loans and receivables; other	Equity	Total	Loans and receivables; other	Equity	Total
Related to real estate joint venture statement of income and other comprehensive income						
Comprehensive income (loss) attributable to us	**$ —**	**$ —**	**$ —**	$ —	$ (2)	$ (2)
Related to real estate joint venture statement of financial position						
Items not affecting currently reported cash flows						
Our real estate contributed	**—**	**—**	**—**	1	1	2
Cash flows in the currently reported period						
Construction credit facilities						
Amounts advanced	**4**	**—**	**4**	—	—	—
Funds we advanced[1] or contributed, excluding construction credit facilities	**—**	**—**	**—**	—	15	15
	4	**—**	**4**	1	16	17
Net increase	**4**	**—**	**4**	1	14	15
Account with real estate joint venture						
Balance, beginning of period	**44**	**11**	**55**	—	—	—
Balance, end of period	**$ 48**	**$ 11**	**$ 59**	$ 1	$ 14	$ 15
Account with real estate joint venture						
Current assets	**$ —**	**$ —**	**$ —**	$ 1	$ —	$ 1
Non-current assets[2]	**49**	**11**	**60**	—	14	14
Current and non-current liabilities	**(1)**	**—**	**(1)**	—	—	—
	$ 48	**$ 11**	**$ 59**	$ 1	$ 14	$ 15

(1) As security for the non-interest bearing note underlying the funds advanced during the three-month period ended June 30, 2012, we have an $18 mortgage on the residential condominium tower and such mortgage is subordinate to the construction financing security. The note is to be repaid prior to any unit sales-related distributions to the owners arising from the residential condominium tower, excepting repayment of construction credit facilities.

(2) Non-current loans and receivables are included in our Consolidated Statements of Financial Position as Other long-term assets.

(d) Commitments and contingent liabilities

Construction commitment

The real estate joint venture is expected to spend a combined total of approximately $470 million on the construction of an office tower and a residential condominium tower. Construction activity has commenced on both the office tower and the residential condominium tower. As at March 31, 2013, the real estate joint venture's construction-related contractual commitments were approximately $145 million through to 2015 (December 31, 2012 – $150 million through to 2015).

Operating lease

In the first quarter of 2012, as one of the future office tower tenants, we entered into a 20-year operating lease for our new national headquarter premises with the real estate joint venture at market rates.

Construction credit facilities

In the third quarter of 2012, the real estate joint venture signed definitive credit agreements with two Canadian financial institutions (as 50% lender) and TELUS Corporation (as 50% lender) to provide approximately $413 million of construction financing for the TELUS Garden project. The 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 facilities are available by way of bankers' acceptance or prime loan and bear interest at rates in line with similar construction financing facilities.

Other

We are to receive 50% of the earnings from the sale of residential condominium tower units in excess of the first $18 million of earnings; we are to receive 25% of the first $18 million of earnings and the arm's-length co-owner is to receive 75%.

We have guaranteed the payment of 50% of the real estate joint venture's construction credit facility carrying costs and costs to complete. We have also provided an environmental indemnity in favour of the construction lenders. If we pay out under such guarantee or indemnity because the arm's-length co-owner has not paid its pro rata share of project costs, then we have recourse options available, including against the arm's-length co-owner's interest in the real estate joint venture.

As at March 31, 2013, we had no liability recorded in respect of real estate joint venture obligations and guarantees.

18 short-term borrowings

On July 26, 2002, one of our subsidiaries, TELUS Communications Inc. (see *Note 23(a)*), entered into an agreement with an arm's-length securitization trust associated with a major Schedule I bank under which TELUS Communications Inc. is able to sell an interest in certain trade receivables up to a maximum of $500 million (December 31, 2012 – $500 million). This revolving-period securitization agreement's current term ends August 1, 2014. TELUS Communications Inc. is required to maintain at least a BBB (low) 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 March 31, 2013, we had transferred, but continued to recognize, trade receivables of $455 million (December 31, 2012 – $454 million). Short-term borrowings of $400 million (December 31, 2012 – $400 million) are comprised of amounts loaned 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.

19 provisions

(a) General

(millions)	Asset retirement obligation	Employee related *(b)*	Other *(b)*	Total
As at December 31, 2012	$ 156	$ 34	$ 81	$ 271
Addition	—	**12**	**7**	**19**
Use	—	**(14)**	**(6)**	**(20)**
Reversal	—	**(2)**	—	**(2)**
Interest effect[1]	**2**	—	—	**2**
As at March 31, 2013	**$ 158**	**$ 30**	**$ 82**	**$ 270**
Current	$ 3	$ 33	$ 13	$ 49
Non-current	153	1	68	222
As at December 31, 2012	$ 156	$ 34	$ 81	$ 271
Current	**$ 3**	**$ 29**	**$ 13**	**$ 45**
Non-current	**155**	**1**	**69**	**225**
As at March 31, 2013	**$ 158**	**$ 30**	**$ 82**	**$ 270**

(1) The difference, if any, between the interest effect in this table and the amount disclosed in *Note 8*, is in respect of any change in the discount rate applicable to the provision, such difference being included in the cost of the associated asset(s).

Asset retirement obligation

We recognize 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 long-term assets are retired.

Employee related

The employee related provisions are largely in respect of restructuring activities (as discussed further in *(b)* following). 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 disputes and non-employee related restructuring activities (as discussed further in *(b)* following), as well as written put options 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 22(b)*, we are involved in a number of legal disputes and are aware of certain other possible legal disputes. In respect of legal disputes, we have established provisions, when warranted, after taking into account legal assessment, information presently available, and the expected availability of insurance or other recourse. The timing of cash outflows associated with legal claims cannot be reasonably determined.

In connection with business acquisitions, we have provided for contingent consideration and have also provided written put options in respect of non-controlling interests; cash outflows are not expected to occur prior to initial exercisability of the written put options in December 2015.

(b) Restructuring

Employee related provisions and other provisions, in *(a)* preceding, include amounts in respect of restructuring activities. In 2013, restructuring activities included ongoing efficiency initiatives such as:

- simplifying or automating processes to achieve operating efficiencies, which includes workforce reductions;
- simplifying organizational structures through consolidation of functions and reducing organizational layers;
- consolidating administrative real estate to create a smaller environmental footprint through mobile working, encouraging less inter-city travel, reduced daily commutes, and use of reduced real estate space, which includes vacating premises; and
- decommissioning uneconomic services and products.

Three-month periods ended March 31 (millions)	**2013**			2012		
	Employee related(1)	Other(1)	Total(1)	Employee related(1)	Other(1)	Total(1)
Restructuring costs						
Addition						
Workforce						
Voluntary	**$ —**	**$ —**	**$ —**	$ 12	$ —	$ 12
Involuntary	**12**	**—**	**12**	1	—	1
Other	**—**	**1**	**1**	—	—	—
Reversal						
Workforce						
Involuntary	**(2)**	**—**	**(2)**	—	—	—
	10	**1**	**11**	13	—	13
Use						
Workforce						
Voluntary	**4**	**—**	**4**	3	—	3
Involuntary and other	**10**	**—**	**10**	6	—	6
Other	**—**	**3**	**3**	—	2	2
	14	**3**	**17**	9	2	11
Expenses greater (less) than disbursements	**(4)**	**(2)**	**(6)**	4	(2)	2
Restructuring accounts payable and accrued liabilities						
Balance, beginning of period	**33**	**26**	**59**	36	27	63
Balance, end of period	**$ 29**	**$ 24**	**$ 53**	$ 40	$ 25	$ 65

(1) The transactions and balances in this column are included in, and thus are a subset of, the transactions and balances in the columns with the same caption in *(a)* preceding.

These initiatives were intended to improve our long-term operating productivity and competitiveness. We expect that substantially all of the cash outflows in respect of the balance accrued as at the financial statement date will occur within twelve months thereof.

20 long-term debt

(a) Details of long-term debt

As at ($ in millions)			March 31, 2013	December 31, 2012
Series	*Rate of interest*	*Maturity*		
TELUS Corporation Notes				
CB	5.00%[1]	June 2013	**$ 300**	$ 300
CD	4.95%[1]	March 2017	**694**	693
CE	5.95%[1]	April 2015	**499**	499
CF	4.95%[1]	May 2014	**700**	699
CG	5.05%[1]	December 2019	**992**	992
CH	5.05%[1]	July 2020	**994**	994
CI	3.65%[1]	May 2016	**596**	596
CJ	3.35%[1]	March 2023	**496**	496
			5,271	5,269
TELUS Corporation Commercial Paper	1.15%	Through April 2013	**174**	245
TELUS Communications Inc. Debentures				
2	11.90%[1]	November 2015	**125**	125
3	10.65%[1]	June 2021	**174**	174
5	9.65%[1]	April 2022	**245**	245
B	8.80%[1]	September 2025	**198**	198
			742	742
Long-Term Debt			**$ 6,187**	$ 6,256
Current			**$ 474**	$ 545
Non-current			**5,713**	5,711
Long-Term Debt			**$ 6,187**	$ 6,256

(1) Interest is payable semi-annually.

(b) TELUS Corporation notes

General

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 and lease-back transactions and incur new indebtedness.

On April 1, 2013, we exercised our right to early redeem, on May 15, 2013, all of our publicly held 4.95% Notes, Series CF. The loss on redemption, which will be recorded during the three-month period ended June 30, 2013, is expected to be approximately $23 million.

				Principal face amount		Redemption present value spread (basis points)
Series	Issued	Maturity	Issue price	Originally issued	Outstanding at financial statement date	
5.00% Notes, Series CB	May 2006	June 2013	$998.80	$300 million	$300 million	16[1]
4.95% Notes, Series CD	March 2007	March 2017	$999.53	$700 million	$700 million	24[1]
5.95% Notes, Series CE[2]	April 2008	April 2015	$998.97	$500 million	$500 million	66[1]
4.95% Notes, Series CF[2]	May 2009	May 2014[3]	$999.96	$700 million	$700 million	71[1]
5.05% Notes, Series CG[2]	December 2009	December 2019	$994.19	$1.0 billion	$1.0 billion	45.5[1]
5.05% Notes, Series CH[2]	July 2010	July 2020	$997.44	$1.0 billion	$1.0 billion	47[1]
3.65% Notes, Series CI[2]	May 2011	May 2016	$996.29	$600 million	$600 million	29.5[1]
3.35% Notes, Series CJ[2]	December 2012	March 2023	$998.83	$500 million	$500 million	40[3]
3.35% Notes, Series CK[2]	April 2013[4]	April 2024	$994.35	$1.1 billion	$1.1 billion[4]	36[3]
4.40% Notes, Series CL[2]	April 2013[4]	April 2043	$997.68	$600 million	$600 million[4]	47[3]

(1) 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.

(2) 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.

(3) At any time prior to December 15, 2022, January 2, 2024, and October 1, 2042, the Series CJ Notes, the Series CK Notes and the Series CL Notes, respectively, 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. On or after December 15, 2022, January 2, 2024, and October 1, 2042, the Series CJ Notes, the Series CK Notes and the Series CL Notes, respectively, 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.

(4) Issued subsequent to the statement of financial position date and prior to the date of issuance of these condensed interim consolidated financial statements.

(c) TELUS Corporation commercial paper

TELUS Corporation has an unsecured commercial paper program, that is backstopped by our $2.0 billion syndicated credit facility, enabling us to issue commercial paper up to a maximum aggregate amount of $1.2 billion, which is to be used for general corporate purposes, including capital expenditures and investments. 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.

(d) TELUS Corporation credit facility

TELUS Corporation has an unsecured, revolving $2.0 billion bank credit facility, expiring on November 3, 2016, with a syndicate of financial institutions, which is to be used for general corporate purposes, including the backstop 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. The financial ratio tests are that we may not permit our net debt to operating cash flow ratio to exceed 4.0:1 and may not permit our operating cash flow to interest expense ratio to be less than 2.0:1, each as defined under the credit facility.

Continued access to TELUS Corporation's credit facility is not contingent on the maintenance by TELUS Corporation of a specific credit rating.

As at (millions)	**March 31, 2013**	December 31, 2012
Net available	**$ 1,826**	$ 1,755
Backstop of commercial paper	**174**	245
Gross available	**$ 2,000**	$ 2,000

In addition to the ability to provide letters of credit pursuant to our $2.0 billion bank credit facility, we have $120 million (December 31, 2012 – $120 million) of letter of credit facilities expiring mid-2013, of which $120 million was utilized at March 31, 2013 (December 31, 2012 – $120 million).

(e) Long-term debt maturities

Anticipated requirements to meet long-term debt repayments, calculated upon such long-term debts owing as at March 31, 2013, but excluding events after the date of the statement of financial position, for each of the next five fiscal years are as follows:

Years ending December 31 (millions)	
2013 (balance of year)	**$ 474**
2014	**700**
2015	**625**
2016	**600**
2017	**700**
Thereafter	**4,224**
Future cash outflows in respect of long-term debt principal repayments	**7,323**
Future cash outflows in respect of associated interest and like carrying costs[1]	**2,601**
Undiscounted contractual maturities (*Note 4(b)*)	**$ 9,924**

(1) 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 as at March 31, 2013.

21 equity share capital

(a) General

As at March 31, 2013 and December 31, 2012, our authorized share capital consisted of one billion no par value shares of each of the following classes: First Preferred Shares; Second Preferred Shares; Common Shares; and Non-Voting Shares. Only holders of Common Shares may vote at our general meetings with each holder of Common Shares being entitled to one vote per Common Share held at all such meetings. Non-Voting Shares have conversion rights in certain instances, such as if there are changes in Canadian telecommunications, radiocommunication and broadcasting regulations so that there is no restriction on non-Canadians owning or controlling our Common Shares. In that instance, shareholders have the right to convert their Non-Voting Shares into Common Shares on a one-for-one basis, and we have the right to require conversion on the same basis.

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 and Non-Voting Shares participating equally, without preference or distinction.

The following changes to the Notice of Articles and to our Articles will take effect upon receipt of shareholder approval at our annual and special meeting on May 9, 2013: the Non-Voting Shares are eliminated from our authorized share structure and the maximum number of Common Shares that we are authorized to issue is increased from one billion to two billion; our Articles are amended and restated to, among other changes, eliminate all references to the Non-Voting Shares.

Reflecting the retrospective application of the April 16, 2013, stock split, as at March 31, 2013, approximately 51 million Common Shares were reserved for issuance, from Treasury, under a share option plan (see *Note 13(b)*).

(b) Stock split

A subdivision of our Common Shares on a two-for one basis was effected April 16, 2013. All references, unless otherwise indicated, to the number of shares outstanding, per share amounts and share-based compensation information in these condensed interim consolidated financial statements have been retrospectively restated to reflect the impact of the subdivision.

(c) Share exchange

On February 4, 2013, in accordance with the terms of a court-approved plan of arrangement, we exchanged all of our then issued and outstanding Non-Voting Shares for Common Shares on a one-for-one basis.

(d) Normal course issuer bid

On May 8, 2013, our Board of Directors authorized management to file with the Toronto Stock Exchange a request for approval to make a normal course issuer bid for the purchase, until December 31, 2013, of up to 15 million Common Shares.

22 commitments and contingent liabilities

(a) Indemnification obligations

In the normal course of operations, we provide indemnification in conjunction with certain transactions. The terms of these indemnification obligations range in duration. In some cases, these indemnifications would require us to compensate the indemnified parties for costs incurred as a result of litigation claims or statutory sanctions or damages that may be suffered by an indemnified party. In many cases, there is no maximum limit on these indemnification obligations and the overall maximum amount of such indemnification obligations cannot be reasonably estimated. Where appropriate, an indemnification obligation is recorded as a liability. Other than obligations recorded as liabilities at the time of the transaction, historically we have not made significant payments under these indemnifications.

In connection with the 2001 disposition of our directory business, we agreed to bear a proportionate share of the new owner's increased directory publication costs if the increased costs were to arise from a change in the applicable CRTC regulatory requirements. Our proportionate share is 15% through, and ending, May 2016. As well, should the CRTC take any action which would result in the owner being prevented from carrying on the directory business as specified in the agreement, TELUS would indemnify the owner in respect of any losses that the owner incurs.

See *Note 17* for details regarding our guarantees to the TELUS Garden real estate joint venture.

As at March 31, 2013, we had no liability recorded in respect of indemnification obligations.

(b) Claims and lawsuits

General

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

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, both at the trial and the appeal level; and the unpredictable nature of opposing parties and their demands.

However, subject to the foregoing limitations, management is of the opinion, based upon legal assessment 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, with the exception of the following items.

Certified class actions

Certified class actions against us include a class action brought in August 2004, in Saskatchewan, against a number of past and present wireless service providers including us. The claim alleges that each of the carriers is in breach of contract and has violated competition, trade practices and consumer protection legislation across Canada in connection with the collection of system access fees, and seeks direct and punitive damages in an unspecified amount. In September 2007, a national class was certified by the Saskatchewan Court of Queen's Bench. Our appeal of the certification order was dismissed on November 15, 2011. An application for leave to appeal this decision to the Supreme Court of Canada was denied on June 28, 2012. Since the enactment of opt-out class action legislation in Saskatchewan, plaintiffs' counsel applied to certify a new national class in Saskatchewan making substantially the same allegations. That application 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 application for leave to appeal the stay was heard on November 14, 2012, and the decision was reserved. In late 2011 and early 2013, further class actions relating to system access fees were filed in British Columbia and Alberta, respectively; these actions are not yet certified. 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 a reliable estimate of the exposure cannot be made at this preliminary stage of the lawsuits.

Uncertified class actions

Uncertified class actions against us include: a 2008 class action brought in Saskatchewan alleging that, among other things, Canadian telecommunications carriers including us have failed to provide proper notice of 9-1-1 charges to the public and have been deceitfully passing them off as government charges; a 2008 class action brought in Ontario alleging that we have misrepresented our practice of "rounding up" wireless airtime to the nearest minute and charging for the full minute; and a 2012 class action brought in Quebec alleging that we improperly unilaterally amended customer contracts to increase various wireless service rates. The plaintiffs in these actions seek direct and punitive damages and other relief. We are assessing the merits of these claims but the potential for liability and magnitude of potential loss cannot be readily determined at this time.

Intellectual property infringement claims

Claims and possible claims received by us include notice of one claim that certain wireless products used on our network infringe two third-party patents. We are assessing the merits of this claim but the potential for liability and magnitude of potential loss cannot be readily determined at this time.

23 related party transactions

(a) Investments in significant controlled entities

As at	Country of incorporation	**March 31, 2013**	December 31, 2012
		Per cent of equity held by immediate parent	
Parent entity			
TELUS Corporation	Canada		
Controlled entities			
TELUS Communications Inc.	Canada	**100%**	100%
TELE-MOBILE COMPANY	Canada	**100%**	100%
TELUS Communications Company	Canada	**100%**	100%

(b) 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:

Periods ended March 31 (millions)	Three months **2013**	Three months 2012 *(adjusted – Note 2(a))*
Short-term benefits	**$ 2**	$ 2
Post-employment pension[(1)] and other benefits	**1**	3
Share-based compensation[(2)]	**7**	3
	$ 10	$ 8

(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 period ended March 31, 2013, share-based compensation is net of $1 (2012 – $1) of effects of derivatives used to manage share-based compensation costs (*Note 13(b)-(c)*).

As disclosed in *Note 13*, we made awards of share-based compensation in fiscal 2013. In respect of our key management personnel, for the three-month period ended March 31, 2013, the total fair value, at date of grant, of restricted stock units awarded was $18 million (2012 – $NIL); no share options were awarded to our key management personnel in fiscal 2013 or 2012. 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 fiscal 2013 and 2012 awards are included in the amounts in the table above.

Reflecting the retrospective application of the April 16, 2013, stock split (see *Note 21(b)*), during the three-month period ended March 31, 2013, key management personnel exercised 924,102 share options (2012 – 970,960 share options) which had an intrinsic value of $16 million (2012 – $12 million) at the time of exercise, reflecting a weighted average price at the date of exercise of $34.63 (2012 – $28.69).

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

As at (millions)	**March 31, 2013**	December 31, 2012
Restricted stock units	**$ 24**	$ 18
Deferred share units[(1)]	**28**	26
	$ 52	$ 44

(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, equity shares or cash. Deferred share units entitle directors to a specified number of, or a cash payment based on the value of, our equity 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 period ended March 31, 2013, $NIL (2012 - $NIL) was paid out.

Our key management personnel receive telecommunications services from us, which are immaterial and domestic in nature.

Employment agreements with members of the Executive Leadership Team typically provide for severance payments if an executive's employment is terminated without cause: 18 months (24 months for the Chief Executive Officer) 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 (other than for the Chief Executive Officer, who would receive twice the average of the preceding three years' annual cash bonus). In the event of a change in control (as defined), the Executive Leadership Team members are not entitled

to treatment any different than our other employees with respect to unvested share-based compensation, other than the Chief Executive Officer, whose unvested share-based compensation would immediately vest.

(c) Transactions with defined benefit pension plans
During the three-month period ended March 31, 2013, 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 $1 million (2012 – $1 million).

(d) Transactions with real estate joint venture
During the three-month period ended March 31, 2013, we had transactions with the real estate joint venture, which is a related party, as set out in *Note 17*.

24 additional financial information

(a) Statement of financial position

As at (millions)	March 31, 2013	December 31, 2012
Accounts receivable		
Customer accounts receivable	**$ 1,256**	$ 1,261
Accrued receivables – customer	**123**	114
Allowance for doubtful accounts	**(42)**	(44)
	1,337	1,331
Accrued receivables – other	**171**	210
Other	**2**	—
	$ 1,510	$ 1,541
Inventories[(1)]		
Wireless handsets, parts and accessories	**$ 261**	$ 307
Other	**40**	43
	$ 301	$ 350
Accounts payable and accrued liabilities		
Accrued liabilities	**$ 605**	$ 611
Payroll and other employee related liabilities	**233**	332
Restricted stock units liability	**41**	34
	879	977
Trade accounts payable	**399**	423
Interest payable	**90**	65
Other	**55**	46
	$ 1,423	$ 1,511
Advance billings and customer deposits		
Advance billings	**$ 640**	$ 627
Regulatory deferral accounts	**24**	23
Deferred customer activation and connection fees	**24**	26
Customer deposits	**32**	27
	$ 720	$ 703
Other long-term liabilities		
Pension and other post-retirement liabilities	**$ 1,198**	$ 1,415
Other	**123**	116
Restricted stock units and deferred share units liabilities	**48**	38
	1,369	1,569
Regulatory deferral accounts	**52**	60
Deferred customer activation and connection fees	**49**	51
Deferred gain on sale-leaseback of buildings	**2**	2
	$ 1,472	$ 1,682

(1) Cost of goods sold for the three-month period ended March 31, 2013 was $325 (2012 – $349).

(b) Supplementary cash flow information

Periods ended March 31 (millions)	Note	Three months 2013	2012
Net change in non-cash operating working capital			
Accounts receivable		**$ 36**	$ 18
Inventories		**49**	83
Prepaid expenses		**(78)**	(84)
Accounts payable and accrued liabilities		**(70)**	(11)
Income and other taxes receivable and payable, net		**282**	360
Advance billings and customer deposits		**17**	8
Provisions		**(6)**	(16)
		$ 230	$ 358
Cash payments for capital assets, excluding spectrum licences			
Capital asset additions, excluding spectrum licences			
Capital expenditures			
Property, plant and equipment	*15*	**$ (378)**	$ (369)
Intangible assets	*16(a)*	**(89)**	(72)
		(467)	(441)
Non-cash items included above			
Change in associated non-cash investing working capital		**(35)**	(11)
		$ (502)	$ (452)
Cash payments for acquisitions and related investments			
Acquisitions and related investments	*16(c)*	**$ (29)**	$ (32)
Change in associated non-cash investing working capital		**2**	2
Change in associated non-current provisions		**1**	—
		$ (26)	$ (30)
Proceeds on dispositions			
Change in associated non-cash investing working capital		**$ —**	$ 4
Dividends paid to holders of equity shares	*12*		
Current period dividends			
Declared		**$ (209)**	$ (387)
Payable at end of period		**209**	387
		—	—
Dividends declared in a previous fiscal period, payable in current fiscal period		**(208)**	(188)
		$ (208)	$ (188)
Long-term debt issued			
TELUS Corporation Commercial Paper		**$ 580**	$ 1,350
Redemptions and repayment of long-term debt			
TELUS Corporation Commercial Paper		**$ (651)**	$ (1,092)
Other		**—**	(300)
		$ (651)	$ (1,392)