



**INSIDER TRADING POLICY**

**FEBRUARY 10, 2004**  
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## **TELUS Insider Trading Policy**

### **1. INTRODUCTION**

TELUS Corporation as a public company has internal guidelines to control transactions involving its securities by all TELUS team members to ensure TELUS team members are aware of and comply with their legal obligations and TELUS' policy with respect to "insider trading" and "tipping". "TELUS" or the "Company", as used in this policy, means TELUS Corporation and its Subsidiaries.

We expect every TELUS team member to fully comply with all applicable legal requirements and this Policy. The objectives of this Policy are to:

- educate TELUS team members about their legal obligations with respect to insider trading and tipping; and
- foster and facilitate compliance with applicable laws to prevent transactions by TELUS team members that would not be in full compliance with the legal requirements.

#### **1.1 Scope of this Policy**

This Policy applies to all TELUS team members.

### **2. LEGAL BACKGROUND**

#### **2.1 Insider Trading**

- a) Securities legislation prohibits anyone in a "special relationship" with TELUS (as defined in section 2.3 below) from trading in TELUS securities with knowledge of a material fact or material change (as defined in section 2.3 below) that has not been generally disclosed. This prohibited activity is commonly known as "insider trading".
- b) Securities legislation also prohibits anyone in a "special relationship" with TELUS from trading in the securities of any public company other than TELUS when he or she has knowledge of a material fact or material change regarding that other public company which has not been generally disclosed and which knowledge was gained:
  - during the course of his or her work at TELUS,
  - because he or she is in a "special relationship" with that other public company; or
  - because he or she was "tipped" by another person who was in a "special relationship" with that other public company.

#### **2.2 Tipping**

Securities legislation prohibits a public company or any person in a "special relationship" with a public company from informing any other person, other than in

the “necessary course of business”, of a material fact or material change before the material fact or material change has been generally disclosed. This prohibited activity is commonly known as “tipping.” Both the person who provides the information and the person who receives the information could be liable under securities laws if the person who receives the information trades in securities. See the TELUS Policy on Disclosure and Confidentiality of Information for further information.

### 2.3 Definitions

- a) **“Blacked-out Employee”** means a TELUS team member who is described in Section 3.3(a)(ii) of this Policy.
- b) **“discretionary blackout periods”** are imposed from time to time on TELUS team members, in addition to the regularly scheduled blackout periods, following consultation with the Vice President, Legal Services and General Counsel and Corporate Secretary and the Executive Vice President and Chief Financial Officer.
- c) **“Insider”** means a TELUS team member who is described in Section 3.3(a)(i) of this Policy.
- d) **“material change”**: in relation to the affairs of any Reporting Issuer, means a change in the business, operations, assets or ownership of that Reporting Issuer that would reasonably be expected to have a significant effect on the market price or value of any of the securities of that Reporting Issuer, or a decision to implement such a change made by: (a) senior management of that Reporting Issuer who believe that confirmation of the decision by the board of directors of that Reporting Issuer is probable; or (b) the board of directors of that Reporting Issuer.
- e) **“material fact”**: in relation to securities issued or proposed to be issued by any Reporting Issuer, means a fact that would reasonably be expected to have a significant effect on the market price or value of such securities.
- f) **“Material Information”**: means any information relating to the business and affairs of any Reporting Issuer, that results in, or would reasonably be expected to result in, a significant change in the market price or value of any of the listed securities of that Reporting Issuer. Material Information includes both material changes and material facts. (See attached Schedule A for examples of potential Material Information.
- g) **“regularly scheduled blackout periods”** begin the first day of the month following each quarter or year end and end on the close of business on the first business day following the day on which TELUS discloses its annual or quarterly financial results.

- h) **“Reporting Issuers”**: refers to TELUS Corporation and any Subsidiary of TELUS Corporation which is a reporting issuer, as that term is defined under Canadian securities laws, from time to time. At the date of the August 2005 amendment to this policy, TELUS Communications Inc. is a Reporting Issuer.
- i) **“special relationship”**: for the purpose of this Policy, a person is in a special relationship with TELUS if the person:
  - (i) is a TELUS team member; or
  - (ii) is engaging in or is proposing to engage in any business or professional activity with or on behalf of any one of the Reporting Issuers or Subsidiaries, and includes, without limitation, a consultant.
- j) **“Subsidiary”** means an affiliated body corporate as defined pursuant to the *Canada Business Corporations Act*, as amended from time to time, and any partnership or other unincorporated association in which TELUS Corporation or any of its affiliated bodies corporate (as so defined) has a controlling interest.
- k) **“TELUS team member”**: refers to each director, officer, employee of TELUS Corporation or any of its Subsidiaries.

### 3. OBLIGATIONS

#### 3.1 Obligations on all TELUS team members

- a) TELUS team members cannot trade in securities of a Reporting Issuer while in possession of Material Information with respect to that Reporting Issuer which has not yet been generally disclosed.
- b) TELUS team members cannot trade in securities of one of the Reporting Issuers while in possession of Material Information with respect to another Reporting Issuer which has not yet been generally disclosed and which also constitutes Material Information with respect to the first Reporting Issuer.
- c) TELUS team members cannot trade in the securities of another public company while in possession of Material Information regarding that public company which knowledge was gained during the course of their work at TELUS, if the Material Information has not been generally disclosed to the public.
- d) TELUS team members cannot inform other people of Material Information regarding TELUS before that Material Information has been generally disclosed, unless the TELUS team member discloses that Material Information in the “necessary course of business”.
- e) TELUS team members cannot inform other people of Material Information regarding a public company where they have gained knowledge of Material Information regarding that public company in the course of their work at TELUS before that Material Information has been generally disclosed,

unless the TELUS team member discloses that Material Information in the “necessary course of business”.

The “necessary course of business” exception is a limited one and exists so as not to unduly interfere with a company’s ordinary business activities. The exception could cover communications that are required to be made to further the business purposes of TELUS with:

- vendors, suppliers or strategic partners on issues such as sales and marketing and supply contracts;
- employees, officers and board members;
- lenders, legal counsel and underwriters, auditors and other professional advisors to a company;
- parties to negotiations;
- credit rating agencies;
- labour unions and industry associations; or
- government agencies.

See also the TELUS Policy on Corporate Disclosure and Confidentiality of Information for more information.

### **3.2 Prohibitions against short selling and certain trading**

In addition to the obligations set forth in Section 3.1 above, all TELUS team members who are Insiders (as defined in section 3.3(a) below) and all TELUS team members who hold Vice-President positions in TELUS, including individuals in acting positions, shall not engage in the short selling of, or trading in puts, calls or options in respect of the securities of TELUS.

### **3.3 Additional Obligations on Insiders and Blacked-out Employees**

Additional obligations are imposed on TELUS team members who are Insiders and Blacked-out Employees, in the manners described in this section 3.3.

#### *a) Definitions*

##### **i) Who is an Insider?**

The following are Insiders of TELUS Corporation:

- directors and officers of TELUS Corporation
- directors and officers of major subsidiaries of TELUS Corporation. A “major subsidiary” is one whose assets, on a consolidated basis with its own subsidiaries, constitute 10% or more of the consolidated assets of TELUS Corporation reported on TELUS Corporation’s most recently audited balance sheet. At this time, major subsidiaries of TELUS Corporation are TELUS Communications Inc. and TELE-MOBILE Company.

The following are Insiders of TELUS Communications Inc.:

- directors and officers of TELUS Communications Inc.
  - directors and officers of TELE-MOBILE Company
  - directors and officers of TELUS Corporation
- ii) Who is a Blacked-out Employee for the purposes of regularly scheduled blackout periods?

The following are Blacked-out Employees of TELUS during regularly scheduled blackout periods:

- All Insiders and Vice Presidents, including members in acting positions
  - All TELUS team members who receive notice from the Corporate Secretary that they are designated Blacked-out Employees during such periods.
- iii) Who is a Blacked-out Employee for the purposes of discretionary blackout periods?

All TELUS team members who receive notice that they are designated Blacked-out Employees during such periods.

*b) Additional Obligations on Insiders*

i) Insider Reports

Under securities laws and TELUS policy, Insiders are required to file a report (the “Insider Report”) with securities regulators any time they trade in shares, debt securities, options (including the grant and exercise of options), deferred share units or restricted stock units of the Company, including certain derivative based transactions and equity monetization transactions related thereto. Examples of such derivative based transactions include total return swaps and credit default swaps. Insiders must file an Insider Report electronically through the “System for Electronic Disclosure by Insiders” (“SEDI”) within 10 days after each trade.

Securities legislation provides some exemptions from filing insider reports. TELUS has also obtained exemption orders that provide some relief from the insider reporting requirements with respect to trades in certain securities. Please contact the Corporate Secretary for further information on exemptions.

ii) Notice to Corporate Secretary

All Insiders must give prior notice to the Corporate Secretary any time they wish to trade in any of the securities of TELUS.

- c) *Obligations on Blacked-out Employees*
- i) During regularly scheduled blackout periods, the affected Blacked-out Employees cannot:
- a) trade in any shares or debt securities of TELUS or any other Reporting Issuers;
  - b) exercise stock options;
  - c) trade in deferred share units or restricted stock units;
  - d) change the percentage contribution to their TELUS employee share purchase plan; and
  - e) join or withdraw from the TELUS employee share purchase plan.
- Blacked-out Employees may, however, continue to make purchases under the TELUS employee share purchase plan.
- ii) During a discretionary blackout period, the affected Blacked-out Employees cannot:
- a) trade in the securities specified in the blackout notice;
  - b) exercise stock options;
  - c) trade in deferred share units or restricted stock units;
  - d) change the percentage contribution to their TELUS employee share purchase plan; and
  - e) join or withdraw from the TELUS employee share purchase plan.
- Blacked-out Employees subject to a discretionary blackout period may, however, continue to make purchases under the TELUS employee share purchase plan.

### **3.4 Exceptions to trading during black-out periods**

- a) Notwithstanding the prohibitions in section 3.3(c), affected Blacked-out Employees may exercise options during a blackout period, but only if all of the following conditions are met:
- i) the options will expire during the blackout period;
  - ii) the options are in-the-money at the time of exercise;
  - iii) the Blacked-out Employee is not in possession of any Material Information that has not been generally disclosed, be it Material Information that is the cause of the blackout period or any other Material Information; and
  - iv) the Blacked-out Employee has delivered written notice to the Corporate Secretary of his or her intent to exercise options at least three business days prior to such exercise and at the same time delivers a written acknowledgement confirming that the above conditions have

been met and that he or she will not trade the shares received on exercise of the options until such time that:

- i) the blackout period has expired; and
- ii) the Blacked-out Employee is not otherwise subject to another blackout period or prohibited by law from trading in such shares.

Please note that:

- Blacked-out Employees may, as a result of the condition in paragraph 3.4(a)(iv) above, be prevented from trading in shares received on exercise of the options for a period that extends beyond the expiry of the blackout period during which they exercised such options; and
  - the “cashless” exercise of options is not available for options exercised pursuant to this exception.
- b) Notwithstanding the prohibitions in section 3.3(c) imposed during a regularly scheduled blackout period, Blacked-out Employees who wish to do a cashless exercise of options at the end of a calendar year with the sale of the shares acquired on exercise of such options taking place after the calendar year end during the regularly scheduled blackout period commencing on January 1, may do so but only if all of the following conditions are met:
- i) the Blacked-out Employee must provide irrevocable instructions on or before the last trading day of the calendar year, to the administrator of the Company’s option plan, to exercise the options and sell the shares acquired on such exercise;
  - ii) the sale of shares acquired on exercise of the options must occur on the first trading day after January 1; and
  - iii) at the time that the irrevocable instructions are given, the Blacked-out Employee must not: be in possession of any undisclosed Material Information, be otherwise subject to another trading ban, or be otherwise prohibited by law from trading in such shares.

Any shares not sold on the first trading day after January 1 may not be sold until the regularly scheduled black-out period commencing after year end has expired and the Blacked-out Employee is not otherwise prohibited by law or this Policy from selling such shares. Therefore, if the Blacked-out Employee is unable to sell all of the shares acquired on the option exercise on the first trading day, he or she will, as a result of the condition in paragraph 3.4(b)(iii) above, be required to self fund the option price of the unsold shares until such time that a sale is permitted.

### **3.5 Waiver**

Notwithstanding any of the prohibitions contained in section 3.3, the General Counsel may, at his or her discretion, waive the prohibitions contained in section 3.3 in exceptional circumstances, provided that the TELUS team member seeking the waiver does not have any undisclosed Material Information and that making such an exception would not violate any applicable securities laws. The General Counsel will report any such waivers to the Corporate Governance Committee at the next regularly scheduled meeting of the Corporate Governance Committee.

### **3.6 Potential Civil and Criminal Penalties**

The consequences of prohibited insider trading, tipping or a failure to file an insider report where required on a timely basis can be severe and may include dismissal, fines, and criminal sanctions.

**Insider Trading**  
**Quick reference list**

**DO NOT TRADE IN SECURITIES OF TELUS OR OF ANOTHER PUBLIC COMPANY WHEN YOU:**

- know Material Information about TELUS which has not been generally disclosed and disseminated to the public
- know Material Information about another public company which has not been generally disclosed and disseminated to the public and you learned of such Material Information because of your business or dealings with TELUS
- have received notice from the Corporate Secretary or his/her designee that you are subject to a blackout period
- have received any other notice from the Corporate Secretary's office that you cannot trade in securities

## **Schedule A**

### **Except from s. 4.3 of National Policy 51-201: Examples of Potentially Material Information**

The following are examples of information that would be Material Information if they result in, or would reasonably be expected to result in, a significant change in the market price or value of any of the listed securities of either TELUS Corporation or TELUS Communications Inc.:

- Changes in share ownership that may affect control of a company
- Major reorganizations, amalgamations or mergers
- Takeover bids, issuer bids or insider bids
- Public or private sale of additional securities
- Planned repurchases or redemptions of securities
- Planned splits of common shares
- Changes in a company's dividend payments or policies
- Material modification to rights of security holders
- A significant increase or decrease in near-term earnings prospects
- Unexpected changes in financial results for any periods
- Changes in the value or composition of a company's assets
- Any development that affects the company's technology, products or markets
- Major labour disputes or disputes with major contractors or suppliers
- Significant new contracts, products, patents or services or significant losses of contracts or business
- The commencement of, or developments in, material legal proceedings or regulatory matters
- Significant acquisitions or dispositions of assets, property or joint venture interests
- The borrowing or lending of a significant amount of money
- Any mortgaging or encumbering of a company's assets
- Changes in rating agency decisions
- Significant new credit arrangements