

audit committee: mandate and report

Mandate

The Audit Committee supports the Board in fulfilling its oversight responsibilities regarding the integrity of the Company's accounting and financial reporting, internal controls and disclosure controls, legal and regulatory compliance, ethics policy and reporting and timeliness of filings with regulatory authorities, the independence and performance of the Company's external and internal auditors, the management of the Company's risks, creditworthiness, treasury plans and financial policy, and the Company's whistleblower and complaint procedures. For more information on TELUS' Audit Committee, including the text of its terms of reference, refer to the Audit Committee section in TELUS' Annual Information Form for the year ended December 31, 2008.

Membership

Name	Independent
Brian MacNeill (Chair) Audit committee financial expert	Yes
Micheline Bouchard	Yes
Pierre Ducros	Yes
Rusty Goepel	Yes
Ron Triffo	Yes

The Board has determined that each member of the Committee is independent and financially literate, and that the Committee Chair is an audit committee financial expert and has accounting or related financial management expertise as defined by applicable securities laws. Information regarding the education and experience of the members of the Committee is contained in TELUS' Annual Information Form for the year ended December 31, 2008.

Meetings

The Committee meets at least once each quarter and reports on its activities to the Board. Activities reviewed are based on its mandate and annual work plan. At each regularly scheduled quarterly meeting, it meets separately, in-camera with both the Chief Internal Auditor and external auditors. It also meets separately with management and without management present, at each regularly scheduled meeting. The Committee met five times during 2008 and held four in-camera sessions.

Highlights

Financial reporting

- received presentations from the Company's Chief Financial Officer (CFO) and made inquiries related to the quarterly and annual financial performance and operating results of the Company, including its reporting segments, relative to results in prior periods and to investor expectations;
- reviewed, throughout the year, any changes or adoption of significant accounting policies and significant estimates impacting the current and future financial statements of the Company;
- reviewed and discussed with the CEO and the CFO their readiness to certify the annual financial statements and related disclosure material, as required under the U.S. *Sarbanes-Oxley Act* (SOX), and the annual and interim financial statements and related disclosure materials, as required under Canadian securities legislation;
- reviewed and recommended to the Board for approval, the public release and filing of the annual audited consolidated financial statements and quarterly unaudited consolidated financial statements of the Company and subsidiaries whose financial statements are publicly filed, including related news releases and management's discussion and analysis; and
- reviewed and recommended to the Board for approval key securities filings that contain financial information, including the Annual Information Form and Form 40-F.

External auditors

- oversaw the work of the external auditors;
- reviewed and approved the annual audit plan;
- monitored the progress of the external audit;
- received reports on the external auditor's internal quality control procedures, independence and confidentiality procedures;
- met quarterly with the external auditors without management present;
- recommended to shareholders the appointment of external auditors;
- reviewed and set the compensation of the external auditors; and
- reviewed and pre-approved all audit, audit-related and non-audit services provided by the external auditors or its affiliates.

Accounting and financial management

- reviewed and approved the Company's major accounting policies, including alternatives and potential key management estimates and judgments and the Company's financial policies and compliance with such policies;
- reviewed with management the adoption of new accounting standards and emerging best practices in response to changes in securities legislation;
- reviewed with management the Company's financial policies and compliance with these policies and recommended adoption of amended annual and long-term policy guidelines concerning matters such as leverage, liquidity, capital structure and credit ratings;
- reviewed quarterly financing reports and approved key treasury matters, including status of capital markets and the unfolding global credit crisis and implications for TELUS, quarterly updated estimates of the Company's weighted average cost of capital, telecom industry credit rating developments, credit ratings and comments about the Company by credit agencies, hedging programs, pension funding updates and financing plans such as renewal and amendments to credit facilities, and debt refinancing plans including the offering of 5.95% notes maturing on April 15, 2015 for aggregate gross proceeds of \$500 million;
- reviewed and recommended to the Board for approval the renewal of the Company's share repurchase program through the TSX;
- reviewed and recommended to the Board for approval an increase to the Company's dividend within the target dividend payout ratio guideline;
- reviewed quarterly reports on derivatives, guarantees and indemnities;
- received quarterly reports regarding taxation matters including any tax adjustments, status of existing and projected tax provisions and new disclosure related to FIN 48;
- reviewed corporate reorganizations; and

- reviewed and discussed with management at each regularly scheduled quarterly meeting the results of significant capital expenditures including specific milestone reviews of major capital projects together with variances to authorized business cases (including several major systems and technology deployments and certain large customer implementations), and recommended to the Board any capital project spending approvals in excess of previous authorizations related to major capital projects consistent with the approval process pursuant to the Company's Board delegation policy.

Internal controls and disclosure controls

- reviewed and approved the internal audit program to provide assurance regarding risk exposures and internal controls;
- reviewed quarterly reports on internal audit activities;
- reviewed internal audit's evaluation of the Company's disclosure controls and internal control systems and risk mitigation progress;
- met regularly with the Chief Internal Auditor without management present;
- reviewed and approved the Internal Audit Charter, which defines the scope, responsibilities and mandate of TELUS' internal audit function;
- monitored the adequacy of resourcing (including compensation, retention and people sourcing strategies) and the independence and objectivity of the internal audit function;
- received briefings from management regarding key audit report follow-ups;
- reviewed, quarterly, the results of the cascading certifications by key stakeholders in the financial reporting and disclosure controls processes to provide reasonable assurance and confidence to the CEO and CFO;
- considered reports from the Chief Compliance Officer and General Counsel on matters relating to compliance with laws and regulations including those pertaining to the Company's Canadian domestic and international operations;

audit committee: mandate and report continued

- received and considered quarterly reports regarding the receipt, investigation and treatment of whistleblower, ethics and internal controls complaints; and
- reviewed annually the expenses of the executive team and the adequacy of, and compliance to, Company policies covering the executive team's expense accounts and perquisites and their use of corporate assets.

Enterprise risk management

- reviewed the results of management's annual risk assessment (and quarterly updates thereto), the identification of key risks and the engagement of executives to mitigate risk exposures;
- considered reports on the Company's business continuity, including work stoppage, and disaster recovery plans;
- reviewed reports on management's approach for safeguarding corporate assets and information systems;
- monitored the Company's environmental risk management activities and results, and reviewed the Company's corporate social responsibility report;
- reviewed the adequacy of the Company's insurance coverages including property insurance coverage, monitored certain developments in the insurance industry in late 2008 and reviewed the Company's property risk management program;
- reviewed reports on employee health and safety programs and results; and
- received periodic presentations on risk mitigation strategies from certain executive key risk owners.

Audit Committee related governance

- reviewed the Committee's terms of reference and determined that no amendment was necessary;
- reviewed and approved the Committee's annual work plan;
- received and reviewed with management frequent updates throughout the year regarding changing governance-related laws, rules and emerging best practices and implications of the proposals of Canadian and U.S. regulators with respect to the Committee;

- reviewed and recommended to the Board for approval the 2008 Ethics Policy;
- reviewed non-material updates to the Disclosure Policy;
- monitored management's annual conflict of interest disclosure and review process;
- received and reviewed management's annual sustainment plan and quarterly reports on the status relative to plan for activities to ensure SOX 404 compliance for the 2008 financial year, including a specific review of status of remediation efforts with respect to significant deficiencies (there were no known material weaknesses);
- reviewed and approved changes to the approval process governing Chair and CEO expenses; and
- received and reviewed status reports and educational updates on management's multi-year plan for transitioning to International Financial Reporting Standards.

Signed, the members of the Audit Committee



Brian MacNeill (Chair)



Micheline Bouchard



Pierre Ducros



Rusty Goepel



Ron Triffo