

Glossary

1X: Technology standard for 3G (third generation) high-speed wireless Internet service at speeds of up to 153 Kbps. 1X was the first step in the CDMA2000 evolution. 1X provides enhanced voice network capacity as well as high-speed packet data mobile wireless Internet access.

3G (third generation): Describes wireless technology that offers high-speed packet data mobile wireless Internet access and multimedia communications at minimum transmission rates of 144 Kbps in mobile (outdoor) and two Mbps in fixed (indoor) environments. Analog cellular is the first generation of wireless and digital is the second.

ADSL (asymmetric digital subscriber line): A technology that allows existing copper telephone lines to carry voice, data and video images at high speeds. It is asymmetric in that it uses most of the channel to transmit downstream to the user and only a small part to receive information upstream from the user.

ADSL2+: The next generation of ADSL technology. ADSL2+ increases the downstream data rate to as much as 24 Mbps.

Average revenue per subscriber unit per month (ARPU) is calculated as Network revenue divided by the average number of subscriber units on the network during the period and expressed as a rate per month. Data ARPU is a component of ARPU, calculated on the same basis for revenues derived from services such as text messaging, mobile computing, personal digital assistance devices, Internet browser activity and pay-per-use downloads.

bandwidth: The difference between the top and bottom limiting frequencies of a continuous frequency band, or indicator of the information-carrying capacity of a channel. The greater the bandwidth, the greater the information-carrying capacity.

bits per second (bps): A measurement of data transmission speed used for measuring the amount of data that is transferred in a second between two telecommunications points or within network devices. Kbps (kilobits per second) is thousands of bits per second; Mbps (megabits per second) is millions; and Gbps (gigabits per second) is billions.

CDMA (code division multiple access): A wireless technology that spreads a signal over a frequency band that is larger than the signal to enable the use of a common band by many users, and to achieve signal security and privacy. CDMA2000 refers to the family of third generation wireless standards that use CDMA.

cell site: Individual locations of network transmitter, receiver, antenna signalling and related base station equipment.

Churn per month is calculated as the number of subscriber units disconnected during a given period divided by the average number of subscriber units on the network during the period, and expressed as a rate per month. A prepaid subscriber is disconnected when the subscriber has no usage for 90 days following expiry of the prepaid card.

CLEC (competitive local exchange carrier): A category of telecommunications carriers, identified for regulatory purposes, that provide local exchange service in competition with an ILEC, using both the CLEC's own switching and network or the CLEC's switching facilities and a combination of either the CLEC's network facilities or an ILEC's unbundled network facilities.

Cost of acquisition (COA) consists of the total of handset subsidies, commissions, and advertising and promotion expenses related to the initial subscriber acquisition during a given period. As defined, COA excludes costs to retain existing subscribers (retention spend).

COA per gross subscriber addition is calculated as cost of acquisition divided by gross subscriber activations during the period.

COA per gross subscriber addition to lifetime revenue is calculated as cost of acquisition for new subscribers divided by expected lifetime revenue of the subscriber base, expressed as a percentage.

CRTC (Canadian Radio-television and Telecommunications Commission): The federal regulator for radio and television broadcasters, and cable-TV and telecommunications companies in Canada.

digital: A transmission method employing a sequence of discrete, distinct pulses that represent the binary digits 0 and 1 to indicate specific information, in contrast to the continuous signal of analog. Digital networks provide improved clarity, capacity, features and privacy compared to analog systems.

Dividend payout ratio is defined as the most recent quarterly dividend declared per share multiplied by four and divided by basic earnings per share for the 12-month trailing period. The target guideline for the annual dividend payout ratio is on a prospective basis, rather than on a trailing basis, and is 45 to 55% of sustainable net earnings.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is a non-GAAP metric that can be used to evaluate a company's profitability.

EBITDA excluding COA is a measure of operational profitability normalized for the period costs of adding new customers.

EBITDA – excluding restructuring costs is used in the calculation of Net debt to EBITDA and EBITDA interest coverage, consistent with the calculation of the Leverage Ratio and the Coverage Ratio in credit facility covenants. Restructuring costs were \$20.4 million and \$67.8 million, respectively, for the years ended December 31, 2007 and 2006.

EBITDA – excluding restructuring costs interest coverage is defined as EBITDA excluding restructuring costs divided by Net interest cost. Historically, this measure is substantially the same as the Coverage Ratio covenant in TELUS' credit facilities.

EVDO (evolution data optimized): Part of the CDMA family of standards, EVDO is wireless radio broadband protocol that delivers data download rates of up to 2.4 Mbps. It is suitable for high bandwidth download applications such as enterprise VPN computing, music transfers and video streaming. EVDO Rev A (DOrA), the next generation of EVDO, adds data download rates of up to 3.1 Mbps, upload rates of up to 1.8 Mbps and higher system capacity, as well as improved quality of service support for data packet applications.

fibre network: Transmits information by light pulses along hair-thin glass fibres, making it useful for transmitting large amounts of data between computers or many simultaneous telephone conversations.

forbearance: Policies refraining from the regulation of telecom services, allowing for greater reliance on competition and market forces.

GPS (global positioning system): A radio navigation system that allows users to determine and communicate their exact location, from anywhere in the world.

GSM (global system for mobile communication): A digital PCS mobile phone standard used in many parts of the world.

hosting: The business of housing, serving and maintaining files for one or more websites.

hotspot: A Wi-Fi wireless access point in a public place.

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HSPA (high-speed packet access): A third generation GSM technology capable of delivering wireless data download speeds similar to, and potentially faster than, EVDO Rev A.

iDEN (integrated digital enhanced network): A network technology developed by Motorola to utilize 800 MHz channels for digital service. The digital signals offer greatly enhanced spectrum efficiency and system capacity. TELUS uses this technology for its Mike service, which also includes PTT service.

ILEC (incumbent local exchange carrier): An established telecommunications company providing local telephone service.

Interest coverage on long-term debt is calculated on a 12-month trailing basis as Net income before interest expense on long-term debt and income tax expense, divided by interest expense on long-term debt.

IP (Internet protocol): A packet-based protocol for delivering data across networks.

IP-based network: A network designed using IP and QoS (Quality of Service) technology to reliably and efficiently support all types of customer traffic including voice, data and video. An IP-based network enables a variety of IP-based customer devices and advanced applications to communicate over a single common network.

IP TV (Internet protocol television): Television service that uses a two-way digital broadcast signal sent through a switched telephone or other network by way of broadband connection. The TELUS service is trademarked as TELUS TV.

LAN (local area network): A way of connecting several computers, typically in the same room or building, so they can share files and devices such as printers and copiers.

Lifetime revenue per subscriber is calculated as ARPU divided by the churn per month. The metric provides a means of estimating the average total revenue expected from existing subscribers.

LNP (local number portability): The ability of wireless or wireline telephone customers to retain their phone numbers when switching between service providers.

local loop: The transmission path between the telecommunications network and a customer's terminal equipment.

LTE (long term evolution): The evolution of mobile communications technology, capable of wireless broadband speeds of up to 100 Mbps, with commercial deployment expected to start in 2010 or later.

MMS (multimedia messaging service): Allows wireless customers to send and receive messages that contain much more than text including formatted text, graphics, photographs, and audio and video clips.

MVNO (mobile virtual network operator): A mobile service operator without licensed spectrum or network that leases wireless capacity from other carriers to resell to end customers.

Net debt is a non-GAAP measure whose nearest GAAP measure is Long-term debt, including Current maturities of long-term debt.

Net debt to EBITDA – excluding restructuring costs is defined as Net debt as at the end of the period divided by the 12-month trailing EBITDA excluding restructuring costs. TELUS' guideline range for Net debt to EBITDA is from 1.5 to 2.0 times.

Net debt to total capitalization provides a measure of the proportion of debt used in the Company's capital structure.

Net interest cost is defined as Financing costs before gains on redemption and repayment of debt, calculated on a 12-month trailing basis.

non-ILEC (non-incumbent local exchange carrier): The telecommunications operations of TELUS outside its traditional operating territories, where TELUS competes with the incumbent telephone company (e.g. Ontario and Quebec).

PCS (personal communications services): Digital wireless voice, data and text messaging services in the 1.9 GHz frequency range.

POP: One person living in a populated area that is included in a network's coverage area.

postpaid: A conventional method of payment for wireless service where a subscriber pays for a significant portion of services and usage in arrears, subsequent to consuming the services.

prepaid: A method of payment for wireless service that allows a subscriber to prepay for a set amount of airtime in advance of actual usage.

price cap: A form of regulation utilized by the CRTC in Canada that sets the maximum prices ILECs can charge for designated groups of services.

PTT (Push To Talk): A two-way communication service that works like a walkie-talkie using a button switch. With PTT, communication can only travel in one direction at any given moment. PTT is provided by TELUS through its Mike service using iDEN technology.

Retention spend to Network revenue represents direct costs associated with marketing and promotional efforts aimed at the retention of the existing subscriber base divided by Network revenue.

roaming: A service offered by wireless network operators that allows subscribers to use their mobile phones while in the service area of another operator.

smartphone: An advanced mobile device or personal digital assistant (PDA) that provides text messaging, e-mail, multimedia downloads and social networking (e.g. Facebook Mobile) functionality in addition to voice.

SMS (short messaging service): A wireless messaging service that permits the transmission of a short text message from and/or to a digital wireless terminal.

spectrum: The range of electromagnetic radio frequencies used in the transmission of sound, data and video. The capacity of a wireless network is in part a function of the amount of spectrum licensed and utilized by the carrier.

VoIP (voice over Internet protocol): The transmission of voice signals over the Internet or IP network.

VPN (virtual private network): A private data network that makes use of a public telecommunications infrastructure, maintaining privacy through the use of a private secure network and security procedures.

WAN (wide area network): A data network extending a LAN outside its building, over telecommunication lines or wirelessly, to link with other LANs over great distances.

Wi-Fi (wireless fidelity): The commercial name for networking technology that allows any user with a Wi-Fi enabled device to connect to a wireless access point (e.g. hotspot) supporting high speeds of more than 100 Mbps.

WiMax: A standards-based wireless technology that provides high throughput broadband connections over long distances.

WNP (wireless number portability): See LNP.