



TELUS Corporation
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January 8, 2007

Mr. Robert H. Herz
Chairman, Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116



LETTER OF COMMENT NO. **35**

VIA e-Mail and FAX

Dear Chairman Herz:

RE: REQUEST TO DELAY EFFECTIVE DATE OF IMPLEMENTATION OF FIN 38

TELUS Background:

TELUS Corporation (NYSE: TU; TSX: T) is a leading national telecommunications company in Canada, with CDNS\$ 8.5 billion of annual revenue and 10.5 million customer connections including 4.9 million wireless subscribers, 4.6 million wireline network access lines and 1.1 million Internet subscribers. TELUS Corporation ("TELUS") provides a wide range of communications products and services including data, Internet protocol (IP), voice, entertainment and video.

As recent as December, 2006, the Canadian Institute of Chartered Accountants ("CICA") presented TELUS with the Award of Excellence for best Canadian Corporate Governance Disclosure across all industry sectors. TELUS' governance disclosure was judged to be the best among all 90 entrants. The CICA also awarded TELUS the Award of Excellence for Corporate Reporting in the Communications and Media sector for its 2005 Annual Report. TELUS received the highest average ranking for its financial reporting, corporate governance disclosure and electronic disclosure. This is the 12th consecutive year the CICA has recognized TELUS for excellence in corporate reporting.

In its tenth year of surveying reports from around the world, **enterprise.com**, the Belgium-based organization controlled by U.S. Corporate Essentials, Inc., announced in its September, 2006 Annual Report on Annual Reports (the "ARAR"), the only international ranking of corporate annual reports, that TELUS produced the best annual report in the world for 2005. In this rating, TELUS scored exceptionally well for overall financial reporting, profile and business at a glance, strategy, outlook and prospects, financial highlights, the CEO's message, management's discussion and analysis, and risk factors. The ARAR evaluates 25 aspects of corporate reporting, including such other aspects such as social responsibility and corporate governance by way of an independent, international rating panel to judge annual reports and publishes the rankings for the top 300.

Although TELUS is a Canadian Corporation, as a reporting issuer in the USA, it must provide information under US Generally Accepted Accounting Principles ("GAAP") where these differ from Canadian GAAP. When new principles are introduced, TELUS has, in the past, followed a practice of being as thorough and complete as possible in its adoption of such new information reporting requirements. Often, TELUS has been an early adopter of new accounting pronouncements.

TELUS' Position on FIN 48:

On the attached letter of July 11, 2006 to Mr. Donald Thomas of the FASB, TELUS expressed its serious concern regarding the required disclosure by FIN 48 of unrecognized tax benefits and the process that ultimately resulted in this aspect of the interpretation.

It is within the forgoing context that TELUS strongly urges the Financial Accounting Standards Board to delay the effective date for corporations to adopt the FIN 48 Interpretation on Accounting for Uncertainty in Income Taxes to allow more time to address the practical challenges to corporations and their auditors posed by the new interpretation.

Moreover, TELUS notes that the IASB is expected to issue an exposure draft for revisions to IAS 12 in the first quarter of 2007 to deal with, *inter alia*, accounting for uncertainty in income taxes. An implementation delay and possible further re-review of FIN 48 for possible synchronization with IAS 12 would appear to be a sensible approach to reduce the likelihood of diversity in practice, which in part prompted the development of FIN 48 in the first instance.

Respectfully,
TELUS Corporation



Robert G. McFarlane
Executive Vice-President and Chief Financial Officer

cc: Mr. Brian MacNeill, Chair, Audit Committee, TELUS Corporation
Mr. Tim McGillicuddy, VP, Taxation, TELUS Corporation

Attach: Letter to Mr. Donald Thomas, FASB dated July 11, 2006



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July 11, 2006

Mr. Donald Thomas
Project Manager
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

VIA e-Mail, Fax and Courier

Dear Sir:

**Re: Accounting for Uncertain Tax Positions
Interpretation of FASB Statement No. 109**

We have been following the course of the Exposure Draft for the Accounting for Uncertain Tax Positions - Interpretation of FASB Statement No. 109 and would like to express our serious concern regarding the FASB decision regarding disclosure of unrecognized tax benefits that was ultimately documented after the Board meeting of May 10, 2006. As a Canadian company with shares listed on a stock exchange in the United States, TELUS Corporation (herein referred to as "TELUS" or the "Company") is required to comply with U.S. GAAP. TELUS' primary concern is as follows:

- The disclosure will effectively provide tax authorities with the Company's views on TELUS' filing positions that have a reasonable chance of being successfully challenged. Disclosure of the Company's views as to whether a benefit does not meet the "more likely than not" standard will detract from TELUS' ability to ultimately resolve the issues in the Company's favour and ultimately to the benefit of TELUS' shareholders. It is TELUS' experience that even though an assessment may be made for financial statement purposes that a benefit does not meet the realizable standard, the ultimate determination of such an item may not be in accordance with the Company's assessment. This is particularly true when there are many items in dispute and matters are settled with a tax authority on a "package" basis. Moreover, even though an assessment may be made by a taxpayer that a benefit does not meet the "more likely than not" standard, a taxpayer may still decide to pursue the matter in a vigorous way if there is a high (up to 50%) chance of success, particularly if the assessment as to the benefit not being realizable results from lack of precedent or the novelty of the issue. It is TELUS view that it is more likely that such disputes will need to be taken to

higher levels for resolution (beyond audit and appeals avenues within the taxation authority) resulting in higher costs to both the Company and the fisc. This will certainly result in less shareholder value in the long run.

We would also note that the process followed by FASB in determining this disclosure has not allowed for adequate participation by all companies impacted by the Interpretation. As a Canadian issuer we do not have access to FASB deliberations beyond what is in the public domain and we understand that a significant amount of discussion has taken place in respect of the Interpretation that was not documented on the FASB website. As such, we were not able to be as involved in this process as we would have desired.

It is respectfully submitted that further discussion should take place with respect to the disclosure of the tax reserves in the financial statements.

We would be pleased to discuss this further if you would like us to elaborate on our views. Arrangements can be made by contacting Mr. Timothy McGillicuddy at (780)493-3604.

Yours truly,
TELUS Corporation



Robert McFarlane
Executive Vice-President and Chief Financial Officer

cc: Claude Rinfret, Deloitte & Touche, Vancouver
Karen Keilty, Deloitte & Touche, Vancouver
John Van Ogtrop, Deloitte & Touche, Toronto
Timothy McGillicuddy, Vice-President, Taxation, TELUS