

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which, except for any text in italics, will be attached to, endorsed on or incorporated by reference into each global Note and the relevant provisions of such Terms and Conditions will be endorsed upon each definitive Note; provided that the applicable Final Terms in relation to any Series (as defined below) of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with such Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Series of Notes. Part A of the applicable Final Terms will be endorsed on, or attached to, each temporary global Note and permanent global Note and the relevant provisions thereof will be endorsed on each definitive Note. All capitalised terms that are not defined in these Terms and Conditions will have the meanings given to them in the applicable Final Terms.*

This Note is one of a Series of Notes (the "Notes", which expression shall mean (i) in relation to any Notes represented by a global Note, units of the lowest Specified Denomination in the Specified Currency of the Notes, (ii) definitive Notes issued in exchange for a permanent global Note, and (iii) any global Note issued by Québec subject to, and with the benefit of, an Agency Agreement amended and restated as of June 18, 2008 (as amended from time to time) (the "Agency Agreement") made between Québec, Citibank, N.A., London Branch, as issuing and principal paying agent (the "Agent", which expression shall include any successor as issuing and principal paying agent) and the other paying agent named therein (together with the Agent, the "Paying Agents", which expression shall include any additional or successor paying agents)).

Interest bearing definitive Notes will (unless otherwise specified in the applicable Final Terms) have interest coupons ("Coupons") and, if applicable, talons for further Coupons ("Talons") attached. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes repayable in instalments will have receipts ("Receipts") attached for the payment of the instalments of principal (other than the final instalment).

As used herein, "Series" means all Notes which are denominated in the same currency and which have the same Maturity Date, Interest Basis, Redemption/Payment Basis and Interest Payment Dates (if any) (all as specified in the applicable Final Terms) and the terms of which (save for the Issue Date, the Interest Commencement Date and/or the Issue Price) are otherwise identical (including whether or not the Notes are listed) and the expressions "Notes of the relevant Series" and "holders of Notes of the relevant Series" and related expressions shall be construed accordingly. As used herein, "Tranche" means all Notes of the same Series with the same Issue Date and Interest Commencement Date. Québec may create and issue additional Tranches in accordance with Condition 15.

Part A of the Final Terms (or the relevant provisions thereof) applicable to this Tranche of Notes is attached to or endorsed on this Note and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Tranche of Notes. References to the "applicable Final Terms" are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on or incorporated by reference in this Note.

Copies of the Agency Agreement (which contains the forms of Final Terms) are available for inspection during normal business hours at the specified office of the Agent in London, England and for collection without charge from the office of the Direction du financement des organismes publics et de la documentation financière, at the Ministère des Finances, in Ville de Québec, Canada. Copies of the applicable Final Terms will be available for inspection, subject as provided below, during normal business hours at the specified office of the Agent and for collection without charge from the office of the Direction du financement des organismes publics et de la documentation financière, at the Ministère des Finances, in Ville de Québec, Canada. In addition, copies of the applicable Final Terms relating to Notes which are either admitted to trading on the London Stock Exchange's Regulated Market or offered in the United Kingdom in circumstances where a prospectus is required to be published in accordance with Directive 2003/71/EC (the "Prospectus Directive"), can be viewed on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/en-gb/pricesnews/marketnews/> under the name of "Quebec" and the headline "Publication of Prospectus". Copies of each Final Terms relating to Notes which are admitted to trading on any other regulated market in the European Economic Area or offered in any other Member State of the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will be made available for viewing in accordance with Article 14.2 of the Prospectus Directive and the rules and regulations of the relevant regulated market. Copies of each Final Terms relating to any other Notes will only be available for inspection or for collection without charge by a holder of such Notes upon production of evidence satisfactory to the Agent or Québec, as applicable, as to the identity of such holder.

The holders of the Notes (the "Noteholders", which expression shall, in relation to any Notes represented by a global Note, be construed as provided in Condition 1, the holders of the Coupons (the "Couponholders") and the holders of Receipts (the "Receiptholders") are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the applicable Final Terms, which are binding on them.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

## 1. Form and Title

The Notes in this Series are in bearer form in the Specified Currency and, in the case of definitive Notes, serially numbered in the Specified Denomination(s).

Bearer Notes of this Series are deposited on or prior to the relevant Issue Date (i) if the Notes are issued in new global note ("NGN") form as specified in the applicable Final Terms, with a common safekeeper (the "Common Safekeeper") and (ii) if the Notes are issued in classic global note ("CGN") form as specified in the applicable Final Terms, with a common depository for Euroclear Bank S.A./N.V. ("Euroclear") and/or Clearstream Banking, *société anonyme* ("Clearstream, Luxembourg"). Unless specified otherwise in the applicable Final Terms, the Notes will be issued in CGN form.

*So long as the Notes are represented by a global Note and the relevant clearing system(s) so permit, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) specified in the applicable Final Terms and (unless otherwise specified in the applicable Final Terms) higher integral multiples of at least 1,000 in the relevant currency as specified in the relevant Final Terms (the "Integral Amount"), notwithstanding that no definitive Notes will be issued with a denomination above the Definitive Amount in such currency. For the purposes of these Terms and Conditions, the "Definitive Amount" shall be equal to two times the lowest Specified Denomination minus the Integral Amount.*

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or an Index Linked Interest Note or any appropriate combination thereof, depending upon the Interest Basis specified in the applicable Final Terms.

This Note may also be an Index Linked Redemption Amount Note (collectively with Index Linked Interest Notes, "*Index Linked Notes*" and either, an "*Index Linked Note*"), a Dual Currency Note, a Partly Paid Note, an Instalment Note, or a combination of any of the foregoing, depending upon the Redemption/Payment Basis specified in the applicable Final Terms.

Notes in definitive form are issued with Coupons and, if applicable, Talons for further Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Talons in these Terms and Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Subject as set out below, title to the Notes, Receipts and Coupons will pass by delivery. The holder of each Receipt or Coupon, whether or not such Receipt or Coupon is attached to a bearer Note, in his capacity as such, shall be subject to and bound by all the provisions contained in the relevant Note. Québec and any Paying Agent may deem and treat the bearer of any Note, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Receipt or global Note, without prejudice to the provisions set out below.

Receipts presented without the definitive Note to which they appertain and unmatured Receipts do not constitute valid obligations of Québec.

For so long as any of the Notes are represented by a global Note, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by Québec, the Agent and any other Paying Agent, as the holder of such nominal amount of such Notes for all purposes other than, save as specifically otherwise provided in the relevant global Note, with respect to the payment of principal or interest on the Notes, the right to which shall be vested, as against Québec, the Agent and any other Paying Agent, solely in the bearer of the relevant global Note in accordance with and subject to its terms (and the expressions "*Noteholder*" and "*holder of Notes*" and related expressions shall be construed accordingly). Notes which are represented by a global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, Luxembourg, as the case may be.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system (including Euroclear France S.A. and the "*intermédiaires financiers habilités*" authorised to maintain accounts therein on behalf of their clients (together "Euroclear France")) approved by Québec and the Agent and as specified in the applicable Final Terms.

## 2. Definitive Certificates

Unless otherwise specified in the applicable Final Terms, interests in a permanent global Note will only be exchangeable in whole but not in part by the owners of interests in such global Note for security-printed definitive Notes, if such exchange is permitted by applicable law and (i) in the case of a permanent global Note held on behalf of Euroclear and/or Clearstream, Luxembourg, if Euroclear or Clearstream, Luxembourg, as the case may be, is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to cease business permanently or does in fact do so and Québec and the Agent do not appoint a qualified successor within 90 days of the occurrence of any such event; or (ii) upon the occurrence of an Event of Default (as defined in Condition 10) and the relevant clearing system acting on

instructions of any person who is shown on a relevant due date in the records of such clearing system as the holder of a particular nominal amount of Notes represented by such permanent global Note having requested in writing definitive Notes from the Agent; or (iii) if Québec would suffer a material disadvantage in respect of the Notes as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction referred to in Condition 9 which would not be suffered were definitive Notes to be issued and a certificate to such effect (signed by an authorised signatory of Québec) is delivered to the Agent for display to the Noteholders together with a request that definitive Notes be issued. In such circumstances, Québec will cause sufficient definitive Notes to be executed and delivered as soon as practicable (and in any event within 45 days of the occurrence of any of the circumstances described in (i) above or the making of the written request described in (ii) or (iii) above) to the Agent and/or Paying Agent, as the case may be, (the "Permanent Exchange Date") for completion, authentication and delivery, without charge, to the owners of interests in such permanent global Notes.

### 3. Status of Notes

The Notes constitute direct, unsecured, legal, valid, binding and unconditional obligations of Québec. The Notes will rank equally among themselves and with all other debentures, notes or similar debt securities issued by Québec and outstanding at the date of issue of the Notes and in the future. The payment of principal and interest on the Notes will be a charge on and payable out of the Consolidated Revenue Fund of Québec.

### 4. Interest

#### (a) Interest on Fixed Rate Notes

(i)

Each Fixed Rate Note bears interest on its outstanding nominal amount (or if it is a Partly Paid Note, the amount paid up) from and including the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest specified in the applicable Final Terms payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date so specified if it does not fall on an Interest Payment Date. The amount of interest payable on each Interest Payment Date will amount to a Fixed Coupon Amount or, if so specified in the applicable Final Terms, to the Broken Amount so specified.

(ii)

Interest will be paid, in respect of Fixed Rate Notes in definitive form, against surrender of the appropriate Coupons, subject to and in accordance with the provisions of Condition 6.

(iii)

If interest is required to be calculated for a period ending other than on an Interest Payment Date, such interest shall be the product of the Rate of Interest, the Calculation Amount and the applicable Day Count Fraction for such period, rounding the resultant figure to the nearest cent (or its approximate equivalent sub-unit of the relevant Specified Currency), half a cent (or its approximate equivalent sub-unit of the relevant Specified Currency) being rounded upwards or otherwise in accordance with applicable market convention.

(iv)

For the purposes of these Conditions:

"Day Count Fraction" means in respect of the calculation of an amount of interest in accordance with Condition 4(a)(iii):

(A) if "Actual / Actual (ICMA)" is specified in the applicable Final Terms:

- (a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "Accrual Period") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
- (b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
  - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and

- (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and
- (B) if “30/360” is specified in the applicable Final Terms, the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of a 360-day year consisting of 12 months of 30 days) divided by 360; and
- (C) if none of the above are specified in the applicable Final Terms, the day count fraction specified in the applicable Final Terms;

“*Determination Period*” means the period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

“*sub-unit*” means with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

**(b) Interest on Floating Rate Notes and Index Linked Interest Notes**

**(i) Interest Payment Dates**

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount (or if it is a Partly Paid Note, the amount paid up) from and including the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) (each an “*Interest Payment Date*”) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each, an “*Interest Payment Date*”) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or the first) Interest Payment Date).

Unless otherwise specified in the applicable Final Terms, (A) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date shall occur or (B) if any Interest Payment Date would otherwise fall on a day which is not a Business Day (as defined below), it shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day (the “*Modified Following Business Day Convention*”).

If a Business Day Convention other than the Modified Following Business Day Convention is specified in the applicable Final Terms then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with this Condition 4(b)(i), the Floating Rate Convention, such Interest Payment Date (i) in the case of (A) above, shall be the last day that is a Business Day in the relevant month and the provisions of (2) below shall apply *mutatis mutandis* or (ii) in the case of (B) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day and each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In this Condition 4(b), “*Business Day*” means (unless otherwise stated in the applicable Final Terms) a day which is both:

- (x) a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and
- (y) either (aa) in relation to Notes denominated or payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the country of such Specified Currency (which, in the case of Australian dollars, shall be Sydney and Melbourne and, in the case of New Zealand dollars, shall be Auckland and Wellington) or (bb) in relation to Notes denominated or payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) system (the “*TARGET2 System*”) is open.

(ii) *Interest Payments*

Interest will be paid, in respect of Floating Rate Notes and Index Linked Interest Notes in definitive form, against surrender of the appropriate Coupons, subject to and in accordance with the provisions of Condition 6.

(iii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Final Terms.

(A) ISDA Determination

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus the Margin (if any, as specified in the applicable Final Terms). For the purpose of this subparagraph (iii), “*ISDA Rate*” for any Interest Period means a rate equal to the Floating Rate that would be determined by the Agent or other person specified in the applicable Final Terms under a swap transaction as if the Agent or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as amended, supplemented or updated as at the Issue Date of the first Tranche of the Notes, published by the International Swaps and Derivatives Association, Inc. (the “*ISDA Definitions*”) (the foregoing manner of determining the rate of interest being hereinafter referred to as the “*ISDA Determination*”) and under which:

- (1) Québec was the Floating Rate Payer;
- (2) the Floating Rate Option (which may refer to a Rate Option or Price Option specified in the ISDA Definitions) was as specified in the applicable Final Terms;
- (3) the Designated Maturity was as specified in the applicable Final Terms;
- (4) the relevant Reset Date was either (1) if the applicable Floating Rate Option is based on the London interbank offered rate (“*LIBOR*”) or on the Euro-zone inter-bank offered rate (“*EURIBOR*”) for a currency, the first day of each Interest Period or (2) in any other case, as specified in the applicable Final Terms; and
- (5) all other terms were as specified in the applicable Final Terms.

For the purpose of this paragraph (iii), “*Floating Rate*”, “*Floating Rate Payer*”, “*Designated Maturity*”, “*Calculation Agent*”, “*Floating Rate Option*”, “*Rate Option*”, “*Price Option*” and “*Reset Date*” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum), for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page specified in the applicable Final Terms as at the Specified Time on the Interest Determination Date

in respect of such Interest Period plus or minus the Margin (if any, as specified in the applicable Final Terms), all as determined by the Agent. If five or more such offered quotations are available on such Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of Condition 4(b)(iii)(B)(1), no such offered quotation appears or, in the case of Condition 4(b)(iii)(B)(2), fewer than three such offered quotations appear, in each case as at such Specified Time the Agent shall request the principal London office of each of the Reference Banks to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rate, as communicated to (and at the request of) the Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of Québec suitable for such purpose) informs the Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the reference rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as specified in the applicable Final Terms.

In this Condition 4(b)(iii)(B):

*“Reference Banks”* means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Agent or as specified in the applicable Final Terms;

*“Relevant Screen Page”* means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuters Money 3000 Service (“Reuters”)) as may be specified in the applicable Final Terms for the purposes of providing a Reference Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information services, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of deploying rates or prices comparable to that Reference Rate;

*“Specified Time”* means 11.00 a.m. (London time, in the case of a determination of LIBOR, or Brussels time, in the case of a determination of EURIBOR); and

*“Euro-zone”* means the region comprised of Member States of the European Union that adopt the euro as the single currency in accordance with the Treaty establishing the European Community, as amended.

*(iv) Minimum and/or Maximum Rate of Interest*

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period then, in the event that the Rate of Interest in respect of any such Interest Period determined in accordance with the following provisions is less than such Minimum Rate of Interest, the Rate of Interest for such period shall be such Minimum Rate of Interest. If the applicable Final

Terms specifies a Maximum Rate of Interest for any Interest Period then, in the event that the Rate of Interest in respect of any such Interest Period determined in accordance with the following provisions is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(v) *Determination of Rate of Interest and Calculation of Interest Amount*

The Agent will, on or as soon as practicable after each date on which the Rate of Interest is to be determined, determine the Rate of Interest (subject to any Minimum or Maximum Rate of Interest specified in the applicable Final Terms) and calculate the amount of interest (the "Interest Amount") payable on the Floating Rate Notes or the Index Linked Interest Notes in respect of each Calculation Amount specified in the applicable Final Terms for the relevant Interest Period. The amount of interest payable per Calculation Amount in respect of any Note for any Interest Period shall be equal to the product of the Rate of Interest (adjusted as required by Condition 4(b)(iii)), the Calculation Amount specified in the applicable Final Terms and the Day Count Fraction for such Interest Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Period, in which case the amount of interest payable per Calculation Amount in respect of such Notes for such Interest Period shall equal such Interest Amount (or be calculated in accordance with such formula). As applicable, the resultant figure shall be rounded to the nearest cent (or its approximate equivalent sub-unit of the relevant Specified Currency), half a cent (or its approximate equivalent sub-unit of the relevant Specified Currency) being rounded upwards or otherwise in accordance with applicable market convention.

"Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with Condition 4(b) on any Note for any period of time not comprising a complete year (whether or not constituting an Interest Period, the "Calculation Period"):

- (A) if "Actual/Actual" or "Actual/Actual (ISDA)" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (B) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365;
- (C) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 360;
- (D) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30; and

- (E) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

*(vi) Notification of Rate of Interest and Interest Amount*

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to Québec and to any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed or admitted to trading, and to be given in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. For the purposes of this Condition 4(b)(vi), the expression “London Business Day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London.

*(vii) Certificates to be Final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of Condition 4(b) by the Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on Québec, the Agent, the other Paying Agent and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent in connection with the exercise or non-exercise by them of their powers, duties and discretions pursuant to such provisions.

*(c) Index Linked Interest Notes and Dual Currency Notes*

In the case of Index Linked Interest Notes or Dual Currency Notes, if the Rate of Interest or amount of interest is to be determined by reference to an index and/or a formula or, as the case may be, an exchange rate, the Rate of Interest or amount of interest payable shall be determined in accordance with the provisions of Conditions 4(b)(v) to (vii) as if the references therein to the Agent were to the Calculation Agent specified in the applicable Final Terms.

*(d) Zero Coupon Notes*

Where a Zero Coupon Note becomes due and repayable prior to the Maturity Date and is not paid when due, the amount due and repayable shall be the Amortised Face Amount of such Note as determined in accordance with Condition 5(e)(iii). As from the Maturity Date, any overdue principal of such Note shall bear interest at a rate per annum equal to the Accrual Yield specified in the relevant Final Terms.

*(e) Accrual of Interest*

This Note will cease to bear interest (if any) from the due date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the holder of such Note; and (ii) the day on which the Agent has notified the holder thereof (either in accordance with Condition 13 or individually) of receipt of all sums due in respect thereof up to that date. Such interest will accrue at a rate per annum equal to (A) the Fixed Rate, in the case of Fixed Rate Notes; (B) the Accrual Yield, in the case of Zero Coupon Notes; or (C) the Rate of Interest provided for in the Notes, in the case of all other Notes.

*(f) Partly Paid Notes*

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

**(g) Interest Act (Canada) Disclosure**

For the purpose of disclosure pursuant to the *Interest Act* (Canada), whenever any Rate of Interest to be paid under the Notes is to be calculated on the basis of a year of 360 days or any other period of time that is less than a calendar year, the yearly rate of interest to which such Rate of Interest is equivalent is the Rate of Interest multiplied by the actual number of days in the calendar year in which same is to be ascertained and divided by either 360 or such other period of time that is less than a calendar year, as the case may be. In the event such yearly rate of interest requires computing distinct Rates of Interest, such yearly interest rate shall be determined by multiplying a weighted average of such Rates of Interest, giving effect to the number of days elapsed in each Interest Period, by a fraction the numerator of which is the actual aggregate number of days forming part of such Interest Periods in which such yearly rate of interest is to be ascertained and the denominator of which is 360 (or such other period of time that is less than a calendar year, as the case may be).

**5. Redemption and Purchase**

**(a) At Maturity**

Unless previously repaid, this Note will be repaid by Québec at its Final Redemption Amount in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

**(b) Early Redemption for Tax Reasons**

If, as a result of any change in the laws of Canada or any province, territory or political division thereof or the interpretation or administration of any such laws, which change becomes effective on or after the Issue Date of the latest Tranche of Notes of this Series, Québec would, on the occasion of the next payment due in respect of the Notes of this Series, be required to pay additional amounts as provided in Condition 9, Québec may, at its option, having given not more than 60 nor less than 30 days' notice (or such other notice period as may be specified in the applicable Final Terms) to the Agent and, in accordance with Condition 13, to the holders of the Notes of this Series (which notice shall be irrevocable), at any time or, if the Notes of this Series are Floating Rate Notes, on any Interest Payment Date repay all, but not some only, of the Notes of this Series on the date fixed in the notice for redemption each at its Early Redemption Amount referred to in Condition 5(e), together, if appropriate, with interest accrued to, but excluding, the date of redemption. Upon the expiry of such notice, Québec shall be bound to redeem the Notes of this Series accordingly.

**(c) Early Redemption at the Option of Québec (Issuer Call Option)**

If an Issuer Call Option is specified in the applicable Final Terms as being applicable, Québec may, having given not more than 60 nor less than 30 days' notice (or such other notice period as may be specified in the applicable Final Terms) to the Agent and, in accordance with Condition 13, the holders of the Notes of this Series (which notice shall be irrevocable), repay all or some only of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to, but excluding any such Optional Redemption Date. In the event of a redemption of some only of such Notes, such redemption must be for an amount not less than the Minimum Redemption Amount or not greater than the Maximum Redemption Amount, as specified in the applicable Final Terms. In the case of a partial redemption of definitive Notes, the Notes to be redeemed will be selected individually by lot not more than 60 days prior to the date fixed for redemption and a list of the Notes called for redemption will be published in accordance with Condition 13 not less than 30 days prior to such date. In the case of a partial redemption of Notes which are represented by a global Note, the relevant Notes will be redeemed in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, such partial redemption to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion, subject to applicable laws and stock exchange requirements.

**(d) Early Redemption at the Option of the Noteholders (Noteholder Put Option)**

If and to the extent a Noteholder Put Option is specified in the applicable Final Terms as being applicable, upon the holder of any Note giving to Québec in accordance with Condition 13 not more than 60 nor less than 30 days' notice (or such lesser period if so specified in the applicable Final Terms) (which notice shall be irrevocable), Québec will, upon the expiry of such notice, redeem (subject to, and in accordance with, the terms specified in the applicable Final Terms) in whole (but not in part) such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in the applicable Final Terms together, if appropriate, with interest accrued to, but excluding such Optional Redemption Date.

**(e) Early Redemption Amounts**

For the purposes of paragraph (b) above and Condition 10, Notes will be redeemed at an amount (the "Early Redemption Amount") calculated as follows:

- (i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of Notes (other than Zero Coupon Notes) with a Final Redemption Amount which is or may be greater or less than the Issue Price, at the amount set out in the applicable Final Terms; or

(iii) in the case of Zero Coupon Notes, at an amount (the "*Amortised Face Amount*") equal to:

- (A) the sum of (x) the Reference Price specified in the applicable Final Terms and (y) the product of the Accrual Yield specified in the applicable Final Terms (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable; or
- (B) if the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 5(b) or upon its becoming due and repayable as provided in Condition 10 is not paid or available for payment when due, the amount due and repayable in respect of such Zero Coupon Note shall be the Amortised Face Amount of such Zero Coupon Note calculated as provided above as though the references in sub-paragraph (A) to the date fixed for redemption or the date upon which the Zero Coupon Note becomes due and repayable were replaced by references to the date (the "*Reference Date*") which is the earlier of:
  - (1) the date on which all amounts due in respect of the Note have been paid; and
  - (2) the date on which the full amount of the moneys repayable has been received by the Agent and notice to that effect has been given in accordance with Condition 13.

The calculation of the Amortised Face Amount in accordance with this sub-paragraph (B) will continue to be made, after as well as before judgment, until the Reference Date unless the Reference Date falls on or after the Maturity Date, in which case the amount due and repayable shall be the nominal amount of such Note together with interest at a rate per annum equal to the Accrual Yield. Where any such calculation is to be made for a period of less than a full year, it shall be made on the basis of the Day Count Fraction specified in the applicable Final Terms; or

(iv) in the case of Index Linked Notes (unless otherwise specified in the applicable Final Terms) at an amount that on the date for redemption would have the effect of preserving for the holders of the Notes the economic equivalent of the obligation of Québec to make payments (of interest and/or principal) in respect of the Notes that would otherwise have fallen due after the date fixed; or

(v) in the case of Dual Currency Notes, at a price determined as specified in the applicable Final Terms.

**(f) Instalment Notes**

Any Instalment Note will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms. In the case of definitive Notes, all instalments (other than the final instalment) will be paid against surrender of the relevant Receipt (which must be presented with the Note to which it appertains) and in the case of the final instalment against surrender of the relevant Note, all as more fully described in Condition 6(b).

**(g) Partly Paid Notes**

If the Notes are Partly Paid Notes, they will be redeemed, whether at maturity, early redemption or otherwise in accordance with the provisions of this Condition 5 and the applicable Final Terms.

**(h) Purchases**

Subject to any applicable legal or regulatory restrictions, Québec may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts and Coupons appertaining thereto are surrendered therewith) in the open market or by private treaty at any price. If purchases are made by tender, tenders must be available to all holders of Notes of the relevant Series alike. Any Notes so purchased may be held, reissued, resold or, at the option of Québec, surrendered to the Agent for cancellation.

**(i) Cancellation**

All Notes which are redeemed will be cancelled forthwith, together with all unmatured Receipts and Coupons attached thereto or surrendered therewith at the time of redemption. All Notes so redeemed and cancelled and the Notes purchased and cancelled pursuant to (h) above (together with all unmatured Receipts and Coupons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

**(j) Further Provisions applicable to Redemption Amount and Instalment Amounts**

The provisions of Conditions 4(b)(v), (vi) and (vii) shall apply with necessary adaptations to any determination or calculation of the Redemption Amount or any Instalment Amount required by the applicable Final Terms to be made by the Calculation Agent.

References herein to "*Redemption Amount*" shall mean, as appropriate, the Final Redemption Amount, the final Instalment Amount and the Early Redemption Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the applicable Final Terms.

## **6. Payments**

### **(a) Method of Payment**

Subject as provided below:

- (i) payments in a Specified Currency other than euro or U.S. dollars will be made by credit or transfer to an account in the Specified Currency (which, in the case of a payment in yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank located in the principal financial centre of the country of such Specified Currency;
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) with a bank outside of the United States specified by the payee or, at the option of the payee, by a euro cheque; and
- (iii) payments in U.S. dollars will be made by credit or transfer to a U.S. dollar account maintained by the payee outside of the United States or, at the option of the payee, by cheque drawn on a United States bank.

In no event will payment of amounts due in respect of Notes be made by a cheque mailed to an address in the United States (which expression, as used in this Condition 6, means the United States of America, including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction).

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9. References to "*Specified Currency*" include any successor currency under applicable law.

### **(b) Presentation of Notes, Receipts, Coupons and Talons**

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the Specified Currency against surrender of definitive Notes and payments of interest in respect of the definitive Notes will (subject as provided below) be made in the Specified Currency against surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States.

Payments of principal in respect of instalments (if any), other than the final instalment, will (subject as provided below) be made against presentation and surrender of the relevant Receipt. Each Receipt must be presented for payment of the relevant instalment together with the relevant definitive Note against which the amount will be payable in respect of that instalment. If any definitive Note is redeemed or becomes repayable prior to the stated Maturity Date in respect thereof, principal will be payable on surrender of such definitive Note together with all unmatured Receipts appertaining thereto. Receipts presented without the definitive Note to which they appertain and unmatured Receipts do not constitute valid obligations of Québec.

Fixed Rate Notes in definitive form (other than Dual Currency Notes, Index Linked Interest Notes or Long Maturity Notes (as defined below)) must be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons) failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the aggregate amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time after the Relevant Date (as defined in Condition 9) in respect of such principal and before the expiration of the relevant period of prescription under Condition 12. Upon any Fixed Rate Note becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Interest Note or Long Maturity Note in definitive form becomes due and repayable, all unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons, shall be made in respect thereof. A "*Long Maturity Note*" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose Nominal Amount on issue is less than the aggregate interest payable thereon provided such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the Nominal Amount of such Note.

**(c) Payment of Accrued Interest on Redemption**

If the due date for redemption of any Note in definitive form is not an Interest Payment Date, interest (if any) accrued in respect of such Note from and including the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

**(d) Payment in respect of Global Notes**

Payments of principal and interest (if any) in respect of Notes represented by any global Note will (subject as provided below) be made in the manner specified above and otherwise in the manner specified in the relevant global Note against presentation or surrender, as the case may be, of such global Note at the specified office of the Agent. A record of each payment made against presentation or surrender of such global Note, distinguishing between any payment of principal and any payment of interest, will be made on such global Note by the Agent and such record shall be *prima facie* evidence that the payment in question has been made.

Subject as provided in a global Note:

- (i) the holder of the relevant global Note shall be the only person entitled to receive payments in respect of Notes represented by such global Note and Québec will be discharged by payment to, or to the order of, the holder of such global Note in respect of each amount so paid; and
- (ii) each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular nominal amount of Notes must look solely to Euroclear and/or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by Québec to, or to the order of, the holder of the relevant global Note.

*In certain limited circumstances in which payments in respect of a global Note are not made when due, owners of interests in such global Note may become entitled to proceed directly against Québec. See "Form of the Notes".*

**(e) Payments in respect of Definitive Notes**

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the Specified Currency against surrender of definitive Notes and payments of interest in respect of the definitive Notes will (subject as provided below) be made in the Specified Currency against surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States.

Notwithstanding anything in this Condition 6, if the definitive Notes are denominated or payable in U.S. dollars, payments in respect of the Notes will only be made at the specified office of a Paying Agent in the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)) if:

- (i) Québec has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment at such specified offices outside the United States of the full amount owing in respect of the Notes in the manner provided above when due;
- (ii) payment of the full amount owing in respect of the Notes at such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of Québec, adverse tax consequences to Québec.

**(f) Payment Business Day**

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Business Day in a place of presentation, the holder thereof shall not be entitled to payment until the next following Payment Business Day in such place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, unless specified in the applicable Final Terms, "Payment Business Day" means:

- (i) a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) the relevant place of presentation; and
  - (B) any additional Financial Centre specified in the applicable Final Terms; and
- (ii) a Business Day as defined in Condition 4(b)(i).

**(g) Interpretation of Principal and Interest**

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable under Condition 9 in respect of principal;
- (ii) the Optional Redemption Amount of the Notes;
- (iii) the Final Redemption Amount of the Notes;
- (iv) the Early Redemption Amount of the Notes;
- (v) in relation to Notes redeemable in instalments, the Instalment Amounts; and
- (vi) any premium and any other amounts which may be payable under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable under Condition 9 in respect of interest.

**7. Agent and Paying Agent**

The names of the initial Agent and the other initial Paying Agent and their initial specified offices are set out on the Notes. In acting under the Agency Agreement, the Agent and the Paying Agent(s) will act solely as agents of Québec and do not assume any obligations or relationship of agency or trust to or with the Noteholders, Receiptholders or Couponholders, except that (without affecting the obligations of Québec to the Noteholders, Receiptholders and Couponholders to repay Notes and pay interest thereon) funds received by the Agent for the payment of principal of or interest on the Notes shall be held by it in trust for the Noteholders and/or Receiptholders and/or Couponholders until the expiration of the relevant period of prescription under Condition 12. Québec agrees to perform and observe the obligations imposed upon it under the Agency Agreement and to cause the Agent and the Paying Agent to perform and observe the obligations imposed upon them under the Agency Agreement. The Agency Agreement contains provisions for the indemnification of the Agent and the Paying Agent and for relief from responsibility in certain circumstances, and entitles any of them to enter into business transactions with Québec without being liable to account to the Noteholders, Receiptholders or the Couponholders for any resulting profit.

Québec is entitled to vary or terminate the appointment of the Agent, any Paying Agent or any other paying agent appointed under the terms of the Agency Agreement and/or appoint additional or other paying agents and/or approve any change in the specified office through which any paying agent acts, provided that:

- (i) so long as the Notes of this Series are listed on any stock exchange, there will at all times be a Paying Agent (which may be the Agent) with a specified office in each location required by the rules and regulations of the relevant stock exchange (or any other relevant authority);
- (ii) so long as any Notes are outstanding, there will at all times be a Paying Agent (which may be the Agent) with a specified office in a city approved by the Agent in continental Europe;
- (iii) Québec will ensure that, to the extent possible, it maintains a paying agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November, 2000 on the taxation of savings income or any other law implementing or complying with, or introduced in order to conform to, such Directive; and
- (iv) so long as any Notes are outstanding, there will at all times be an Agent.

In addition, Québec shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the second paragraph of Condition 6(e). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Agent and the Noteholders in accordance with Condition 13 provided that no such variation, termination, appointment or change shall take effect (except in the case of insolvency) within 15 days before or after any Interest Payment Date. Notwithstanding the foregoing, Québec may (after consultation with the Agent) appoint one or more additional paying agents (which it may also designate as the sole paying agent(s) where required by applicable law or market practice) for a specific Series of Notes, who shall be specified in the applicable Final Terms and whose appointment shall be of immediate effect without any further requirement to give notice to the Noteholders.

**8. Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange

for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to, and including, the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 6(b) and Condition 12. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

## 9. Taxation

All payments of principal and interest by Québec will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or charges of whatever nature imposed or levied by or on behalf of the Government of Canada or any province, territory or political division thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or charges is required by law or by the interpretation or administration thereof. In that event, Québec will, subject to its right of redemption set out in Condition 5(b), pay such additional amounts as may be necessary in order that the net amounts receivable by the Noteholders, the Receiptholders or the Couponholders, as the case may be, after such withholding or deduction shall equal the respective amounts of principal or interest which would have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amount shall be payable with respect to any Note, Receipt or Coupon presented for payment:

- (i) by, or on behalf of, a Noteholder, Receiptholder or Couponholder who is liable to such taxes or duties in respect of such Note, Receipt or Coupon by reason of that person having some connection with Canada other than the mere holding or use outside Canada, or ownership as a non-resident of Canada, of such Note, Receipt or Coupon; or
- (ii) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on or before such thirtieth day; or
- (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November, 2000 on the taxation of savings income or any other law implementing or complying with, or introduced in order to conform to, such Directive; or
- (iv) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used herein, "Relevant Date" means:

- (A) the date on which such payment first becomes due; or
- (B) if the full amount of the moneys payable has not been received by the Agent on or prior to such due date, the date on which the full amount of such moneys having been so received, notice to that effect shall have been given to the Noteholders in accordance with Condition 13.

## 10. Events of Default

In the event that (a) Québec shall default in the payment of the principal of, or premium, interest or additional amounts, if any, on, the Notes or Coupons (if any) as and when the same shall become due and payable, and such default shall continue for a period of 45 days or (b) default shall be made in the due performance or observance by Québec of any covenant or agreement contained in the Notes (other than the payment of principal, premium, interest or additional amounts) or in the Agency Agreement, and such default shall continue for a period of 60 days or (c) Québec shall default in the payment of any principal of, or premium, interest or additional amounts, if any, on, any indebtedness (direct or under a guarantee) for borrowed money of Québec, other than the Notes, as and when the same shall become due and payable, and such default shall continue for a period of 45 days, provided that the foregoing shall not be taken into account so long as the aggregate nominal amount of all such indebtedness (direct or under a guarantee) for borrowed money of Québec with respect to which the foregoing has occurred does not exceed U.S.\$50,000,000 (or its equivalent in other currencies) (each of (a), (b) and (c), an "Event of Default"), then at any time thereafter and during the continuance of such Event of Default, any Noteholder may deliver or cause to be delivered to Québec, Direction du financement des organismes publics et de la documentation financière, Ministère des Finances, 12, rue Saint-Louis, Québec, Québec, G1R 5L3, a written notice that such Noteholder elects to declare the principal of the Note(s) held by him (the serial number or numbers of which shall be set forth in such notice in the case of Definitive Notes) to be due and payable and, in the cases falling within either (a) or (c) above, on the fifteenth day after delivery of such notice or, in the cases falling within (b) above, on the thirtieth day after delivery of such notice, the principal of the Note(s) referred to in such notice plus accrued interest thereon shall become due and payable at the places for payment therein specified, unless prior to that time, all such Events of Default theretofore existing shall have been cured.

### **11. Replacement of Notes, Receipts, Coupons and Talons**

Should this Note or any Receipt, Coupon or Talon be mutilated, defaced or destroyed or be lost or stolen, it may be replaced at the specified office of the Agent in London (or such other place as may be notified to the Noteholders), in accordance with all applicable laws and regulations including the provisions of the Financial Administration Act of Québec, upon payment by the claimant of the expenses incurred by Québec and the Agent in connection therewith and on such terms as to evidence, indemnity, security or otherwise as Québec and the Agent may require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

### **12. Prescription**

Under current Québec law, Québec's obligation to make any payment on this Note or any Receipt or Coupon will be extinguished three years after the date such payment is due unless such right to payment is judicially exercised prior to the expiration of such three-year period. Any moneys paid by Québec to the Agent for the payment of principal or interest in respect of the Notes and remaining unclaimed when the obligation to make such payment becomes extinguished shall forthwith be repaid to Québec and all liability with respect thereto shall thereupon cease. There shall not be included in any Coupon sheet, issued on exchange of a Talon, any Coupon the claim for payment in respect of which would be void pursuant to this Condition 12 or Condition 6(b) or any Talon which would be void pursuant to Condition 6(b).

### **13. Notices**

All notices regarding the Notes, save where another means of effective communication has been specified in the applicable Final Terms, shall be published in one leading English language daily newspaper with circulation in London, which is expected to be the *Financial Times* in London, or, if this is not practicable, one other such English language newspaper as Québec, in consultation with the Agent, shall decide. Québec shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or market (or any other relevant listing authority) on which the Notes are for the time being listed. Any such notice shall be deemed to have been given on the date of the first publication.

Until such time as any definitive Notes are issued, there may (provided that in the case of Notes listed on a stock exchange, the rules of that stock exchange or other relevant listing authority permit), so long as the global Notes for this Series are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes of this Series. Any such notice shall be deemed to have been given to the holders of the Notes and related Receipts and Coupons of this Series on the seventh day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder of this Series to the Agent shall be in writing and given by lodging the same, together with the relevant Note or Notes, with the Agent. Whilst any of the Notes of this Series are represented by a global Note, such notice may be given by any holder of a Note of this Series to the Agent via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

### **14. Currency Indemnity**

If, under any applicable law and whether pursuant to a judgment being made or registered against Québec or for any other reason, any payment under or in connection with the Notes is made or is to be satisfied in a currency (the "other currency") other than that in which the relevant payment is expressed to be due (the "required currency") under the Notes, then, to the extent that the payment (when converted into the required currency at the rate of exchange on the date of payment or, if it is not practicable for the relevant Noteholder to purchase the required currency with the other currency on the date of payment, at the rate of exchange as soon thereafter as it is practicable for it to do so) actually received by the relevant Noteholder falls short of the amount due under the terms of the Notes, Québec shall, as a separate and independent obligation, indemnify and hold harmless the relevant Noteholder against the amount of such shortfall. For the purpose of this Condition 14, "rate of exchange" means the noon spot rate at which the relevant Noteholder is able, on the London foreign currency exchange market on the relevant date, to purchase the required currency with the other currency as determined by the Agent, and shall take into account any premium and other reasonable cost of exchange.

### **15. Further Tranches**

Québec shall be at liberty from time to time without notice to, or the consent of, the Noteholders, Receiptholders or Couponholders to create and issue further Tranches so that the same shall be consolidated and form a single Series with the Notes.

## **16. Governing Law**

The Agency Agreement and the Notes, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Québec and the laws of Canada applicable therein.

Québec irrevocably consents to the fullest extent permitted by law to the giving of any relief (including, without limitation, the making or enforcement of any order or judgment) made or given in connection with any proceedings arising out of, or in connection with, the Agency Agreement, the Notes, the Receipts, the Coupons and the Talons.